

**SAMSUNG**

2008

**SAMSUNG  
ELECTRONICS  
SUSTAINABILITY  
REPORT**



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## About this report

We are publishing our first sustainability report as upgraded effort from the past environmental and social reports. Looking back on our 38-year history of marathon developments, we have achieved global presence and high reputation. Thus, we believe it is high time we share our sustainability endeavors in the past year with various stakeholders and listen to their valuable inputs.

We have prepared this report using the G3 Guidelines of GRI (Global Reporting Initiative). We disclosed the company profiles as well as economic, environmental, and social performance indicators to ensure full sharing of information across all sectors. A new feature of this report is the GRI index tables on pages 61-64, which help the readers understand our reporting coverage and relevant pages.

Financial data included in this report are basically consolidated figures that encompass performances of our subsidiaries. Environmental and social performance information is also consolidated including performances of overseas subsidiaries. We footnoted any data that pertain only to the performance of the headquarters. We will continue to strengthen the data collecting process to expand the scope of the reporting.

In this report, quantitative data are basically presented in three-year trends from 2005 to 2007 for comparison purposes. Qualitative data basically cover a single year of 2007, while some stretch to the date of publishing, September 2008, for specific purposes.

In addition, this report was assured by an independent professional organization to ensure credibility of its contents. Please see pages 58-59 for the assurance report.

For further details on the sustainability report, please visit our website at [www.sec.co.kr](http://www.sec.co.kr) or [www.samsung.com/us](http://www.samsung.com/us)

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# CEO Message

Dear Readers,

I am delighted to share with you Samsung's 2008 Sustainability Report. This Report provides us with the opportunity to describe our focus on corporate responsibility around the world and our commitment to conduct our business in economically, environmentally, and socially sustainable ways.

Today's global economic landscape is threatened by the series of financial shocks and volatility of energy prices. The electronics industry is particularly vulnerable to these threats in the face of a market downturn, increased competition, and shrinking profitability. Shorter life cycles of technologies and product coverage also cloud business predictability.

Yet it is against the backdrop of this very challenging economic climate that Samsung sees our commitment to sustainability and corporate responsibility as more important than ever. A narrow focus on financial performance and a failure to respond to stakeholder expectations present their own threats to market presence. We believe, through how we respond to the growing range of stakeholders calling on companies to do more to address sustainability, that we are also strengthening our core business operations during these difficult economic times.



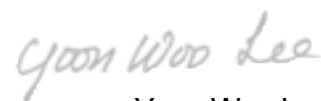
We regard this as directly tied to our leadership in management performance. Samsung has been a pioneer in Integrity Management, Compliance Management, Customer-Oriented Management, Co-Prosperity Management, and Green Management - all based on our philosophy of "devoting our talented people and technologies to produce the best products and services to contribute to global society."

Samsung achieved great success in 2007 in all three areas under the sustainability umbrella. We recorded a record of over USD 100 billion in consolidated sales. Our environmental efforts, in particular those directed at eliminating hazardous substances and enhancing product recycling, were recognized by our top ranking in Greenpeace's influential Guide to Greener Electronics. And on the social front, we provided KRW 227 billion, roughly three percent of our after-tax profits, for community-based initiatives - further evidence of our deep commitment to being a good corporate citizen.

But our horizon does not end here. As part of our commitment to world-class leadership, we will continue to innovate in both sustainable management practices and contributions to the community.

Transparent disclosure of information and proactive communication with stakeholders are both essential components of this leadership commitment. And this sustainability report is a critical part of our efforts to advance transparency and expand outreach and dialogue. We pledge to listen closely to stakeholders as we continue to make Samsung a leader in enhancing the quality of life and strengthening corporate values.

Please feel free to give us your comments on this report and on our sustainability performance in general. We are very proud of our accomplishments, but at the same time we will work harder to make further improvements and fulfill your expectations of us. Thank you for your interest in this report, and for your support and encouragement as we continue to advance our sustainability efforts.



**Yoon-Woo Lee**  
Vice Chairman and CEO  
Samsung Electronics Co., Ltd.



Samsung's core philosophy is about devoting our talented people and technologies to produce the best products and services to contribute to global society

## Introduction

- About Samsung Electronics
- Sustainability at Samsung Electronics

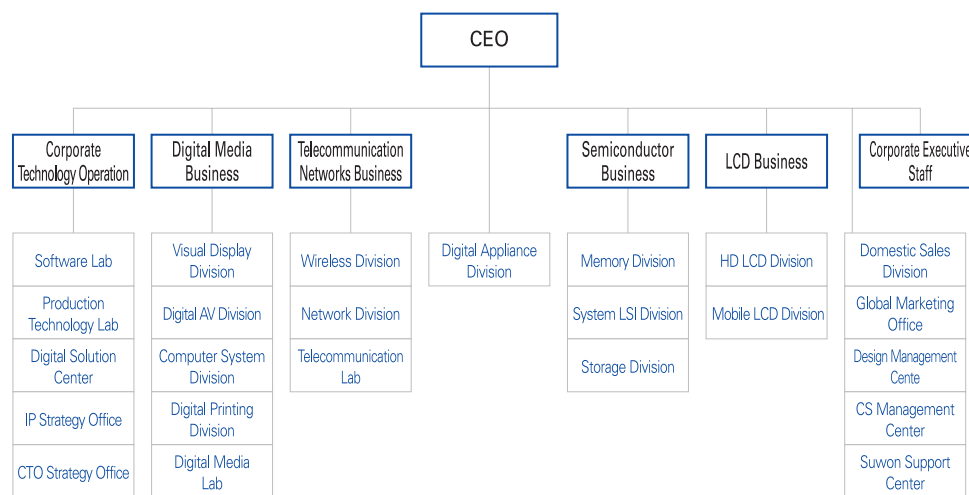
# About Samsung Electronics

We are committed to innovating business management to fulfill our philosophy of “devoting our talented people and technologies to produce the best products and services to contribute to global society.” We will step up our efforts and become a world-class leader of the digital convergence revolution across the globe.

## Company Overview

Established in Korea in 1969, Samsung Electronics Co., Ltd. manufactures and sells a wide variety of electronic products, communication devices, and semiconductors. As of the end of 2007, our global presence includes a total of 107 subsidiaries in the form of production subsidiaries, sales subsidiaries, distribution subsidiaries, research laboratories and 8 overseas business divisions across North America, Europe, China, Southeast Asia, Southwest Asia, Central and South America, CIS, the Middle East and Africa. Our business areas are four-fold : Digital Media, Telecommunication Networks, Semiconductor, and LCD, with headquarters in Suwon, Giheung, and Tangeong in Korea. As of the end of 2007, our total global employment stands at 155,400, which breaks down into 84,700 in Korean divisions, 11,100 in Korean subsidiaries, and 59,600 in overseas subsidiaries.

### [ Organization Chart ]



\*Home Appliances Division merged with Digital Media Business in May 2008. Future performances will be reported under the four business structure.

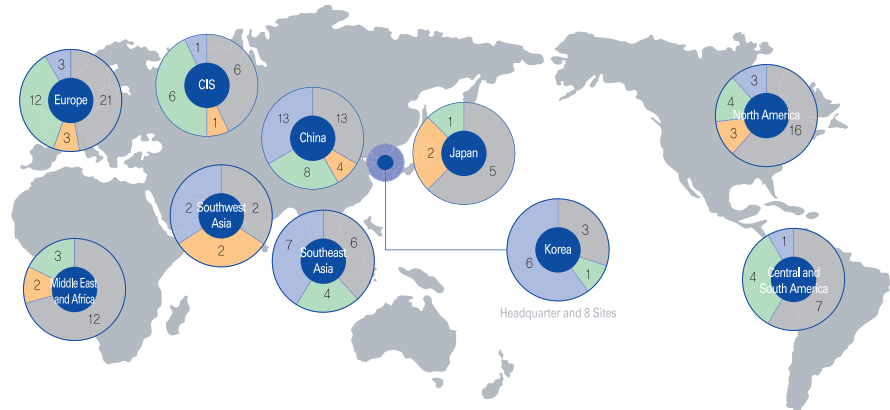
## Introduction

### About Samsung Electronics

Sustainability at Samsung Electronics

### [ Global Network ]

- Production subsidiaries
- Sales subsidiaries
- Research laboratories
- Others : Distribution subsidiaries, branches and etc.



### [ Subsidiaries in Korea ]

| Name                         | Business                   | Product/Service                                                                                  | Stake | Reference                    |
|------------------------------|----------------------------|--------------------------------------------------------------------------------------------------|-------|------------------------------|
| Samsung Gwangju Electronics  | Production, Sales          | Refrigerator, AC, WM, vacuum cleaner, etc.                                                       | 94%   |                              |
| Samsung Card                 | Finance                    | Credit card, cash advance, credit card loan, lease, bill discount                                | 37%   | KRX listed, Samsung Life 28% |
| Secron                       | Production, Sales          | Semiconductor production equipment, parts for precision casting                                  | 51%   | Towa 49%                     |
| Semes                        | Production, Sales          | Semiconductor production equipment, FPD products (LCD equipment)                                 | 63%   | Dai Nippon Screen MFG 22%    |
| Steco                        | Production, Sales          | Semiconductor package (TCP, COF)                                                                 | 51%   | Toray Industries 49%         |
| Samsung Electronics Service  | Service, Wholesale, Retail | Home appliance repair service                                                                    | 83%   |                              |
| Living Plaza                 | Sales                      | Wholesale and retail of electric/electronic products                                             | 100%  |                              |
| Samsung Electronics Logitech | Service, Logistics         | Central Distribution Center, Product delivery, installation, recollection, storage, and shipment | 100%  |                              |
| S-LCD                        | Production, Sales          | LCD products                                                                                     | 50%   | Sony 50%                     |
| SEHF Korea                   | Production, Sales          | Optical cables                                                                                   | 100%  |                              |

\*Blue Tech was liquidated in May 2007

### [ Production Subsidiaries Overseas ]

| Name   | Business          | Product/Service                                   | Stake | Location          |
|--------|-------------------|---------------------------------------------------|-------|-------------------|
| SAMEX  | Production        | CTV, monitor, mobile phone                        | 100%  | Mexico            |
| SEM    | Production, Sales | Refrigerator, AC, etc.                            | 100%  | Mexico            |
| SAS    | Production        | Memory                                            | 100%  | USA               |
| SERK   | Production        | CTV, monitor                                      | 100%  | Russia            |
| SEH    | Production, Sales | CTV                                               | 100%  | Hungary           |
| SESK   | Production        | CTV, monitor, AV products                         | 100%  | Slovakia          |
| SELSK  | Production        | LCD                                               | 100%  | Slovakia          |
| TTSEC  | Production        | CTV                                               | 96%   | Tianjin (China)   |
| TSED   | Production        | Monitor                                           | 80%   | Tianjin (China)   |
| TSEC   | Production        | AV products                                       | 91%   | Tianjin (China)   |
| TSTC   | Production        | Mobile phone                                      | 90%   | Tianjin (China)   |
| SSDP   | Production        | Printer                                           | 100%  | Shenzhen (China)  |
| SSKMT  | Production        | Mobile phone                                      | 60%   | Shenzhen (China)  |
| SEHZ   | Production        | AV products                                       | 100%  | Huizhou (China)   |
| SEHF   | Production        | Optical cables                                    | 100%  | Hainan (China)    |
| SEHK   | Production        | CTV, monitor                                      | 100%  | Zhongshan (China) |
| SSEC   | Production        | Refrigerator, AC, etc.                            | 88%   | Suzhou (China)    |
| SESC   | Production        | Computer                                          | 100%  | Suzhou (China)    |
| SESS   | Production        | Memory, system LSI, module                        | 100%  | Suzhou (China)    |
| SESL   | Production        | LCD panel                                         | 100%  | Suzhou (China)    |
| SEIN   | Production, Sales | CTV, monitor, AV products, ODD                    | 100%  | Indonesia         |
| TSE    | Production, Sales | CTV, monitor, WM, kitchen appliances, etc.        | 92%   | Thailand          |
| SAVINA | Production, Sales | CTV, monitor, AV products                         | 80%   | Vietnam           |
| SDMA   | Production        | CTV, monitor                                      | 100%  | Malaysia          |
| SEMA   | Production        | Microwave, vacuum cleaner, etc.                   | 100%  | Malaysia          |
| SEPHL  | Production        | ODD                                               | 100%  | Philippines       |
| SEDA   | Production, Sales | CTV, mobile phone, monitor, AV product, HDD, etc. | 100%  | Brazil            |
| SEIL   | Production, Sales | CTV, monitor                                      | 100%  | India             |
| STI    | Production        | Mobile phone                                      | 100%  | India             |

## Corporate Governance

The Board of Directors is the highest decision-making body and is assigned the duty of care and the fiduciary duty under the Korean Commerce Act and the Samsung Electronics Articles of Incorporation. Qualified shareholders can submit proposals to the company via the Board of Directors, which then presents them at the General Shareholders Meeting for approval.

### ■ BOD Organization

As of the end of September 2008, 7 out of 9 BOD members are independent directors. Under the Articles of Incorporation, the Outside Directors Recommendation Committee first selects candidates from a pool of professionals with expertise or experience in business management, economics, accounting, law, or relevant technologies, and then the recommendation is finally approved at the General Shareholders Meeting. The independent directors have separate meetings of their own to work on their recommendations. All directors are prohibited from engaging in businesses of the same industry without approval of the board. This arrangement is to prevent conflict of interests, as specified in the Korean Commerce Act and the Samsung Electronics Articles of Incorporation.

### [ List of Directors ]

| Title                | Name           | Gender | Position                                                | Tasks                                           |
|----------------------|----------------|--------|---------------------------------------------------------|-------------------------------------------------|
| CEO, Vice Chairman   | Yoon-Woo Lee   | M      | Vice Chairman & CEO / Chairman of the Board             | Mid/long-term strategy, overall management      |
| CEO, President       | Doh-Seok Choi  | M      | President & CEO / Corporate Executive Staff             | Overall corporate management                    |
| Independent Director | Gwi-Ho Chung   | M      | Attorney-at-law                                         | Outside Directors Recommendation Committee      |
| Independent Director | Jae-Sung Hwang | M      | Senior advisor / Kim & Chang Law Office                 | Audit Committee, Internal Transaction Committee |
| Independent Director | Kap-Hyun Lee   | M      | Former President & CEO / Korea Exchange Bank            | Audit Committee, Internal Transaction Committee |
| Independent Director | Dong-Min Yoon  | M      | Attorney-at-law / Kim & Chang Law Office                | Overall management                              |
| Independent Director | Chae-Woong Lee | M      | Professor of Economics / Sung Kyun Kwan University      | Audit Committee, Internal Transaction Committee |
| Independent Director | Goran S. Maim  | M      | Chairman & CEO / Boathouse Ltd.                         | Overall management                              |
| Independent Director | Oh-Soo Park    | M      | Professor of Business Admin / Seoul National University | Outside Directors Recommendation Committee      |



Please refer to our IR website for more details  
<http://www.samsung.com/us/aboutsamsung/ir/newsMain.do>

### [ Corporate Governance and IR Awards ]

| Organization         | Date    | Awards                                                                                                                                                                                                                |
|----------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asia Money           | 2007.01 | Best Overall For Corporate Governance in Korea<br>Best for Disclosure and Transparency in Korea<br>Best for Investor Relations in Korea<br>Best Managed Large-cap Corporate of the Year in Korea<br>Best IRO in Korea |
| The Asset            | 2007.05 | Best Corporate Governance in Korea                                                                                                                                                                                    |
| Finance Asia         | 2007.05 | Best Managed Company in Korea (No.1)<br>Most Committed to Corporate Governance in Korea (No.1)<br>Best IR in Korea (No.1)<br>Most Committed to Consistent Good Dividend Policy (No.1)<br>Best CFO in Korea (No.1)     |
| Korea Economic Daily | 2007.11 | Best IR by Large Corporate in 2007                                                                                                                                                                                    |

### ■ BOD Roles and Operation

In 2007, a total of seven BOD meetings were held, and 30 agenda items were deliberated. The three-year average attendance rate (2005-2007) of the BOD stands at 83.6%.

#### [ Key BOD Activities in 2007 ]

| No. | Date       | Agenda                                                                                                  | Approval | Independent Directors Attendance |
|-----|------------|---------------------------------------------------------------------------------------------------------|----------|----------------------------------|
| 1   | 2007.01.12 | 3 agenda including approval of the 38th financial statements and operating report                       | Approved | 7/7                              |
| 2   | 2007.02.01 | 4 agenda including convening of the 38th GSM                                                            | Approved | 7/7                              |
| 3   | 2007.03.02 | 5 agenda including approval of disclosure of the 38th consolidated financial statements (2006)          | Approved | 6/7                              |
| 4   | 2007.04.13 | 4 agenda including approval of the 39th 1Q financial statements and quarterly report                    | Approved | 7/7                              |
| 5   | 2007.07.13 | 4 agenda including approval of the 39th 1H financial statements, half-year report, and interim dividend | Approved | 7/7                              |
| 6   | 2007.10.12 | 6 agenda including approval of the 39th 3Q financial statements and quarterly report                    | Approved | 7/7                              |
| 7   | 2007.11.26 | 4 agenda including approval of the merger of Samsung Corning and Corning Precision Glass                | Approved | 6/7                              |



Please refer to our IR website for more details

<http://www.samsung.com/us/aboutsamsung/ir/newsMain.do>

The BOD has four committees : Management Committee, Audit Committee, Outside Director Recommendation Committee, and Internal Transaction Committee. We do not have a separate, dedicated committee for corporate governance, as the function is performed jointly by the Outside Director Recommendation Committee and the Internal Transaction Committee. The Audit Committee, comprised of three independent directors, supervises and supports the management to maximize the corporate value.

### ■ Evaluation and Compensation

The BOD and the committees are subjected to evaluation by HR staffs at the end of every fiscal year between November and December in terms of attendance and performance. Compensation for the independent directors is not linked to performance. For independence reasons, their compensation includes only basic salary and business travel expenses.

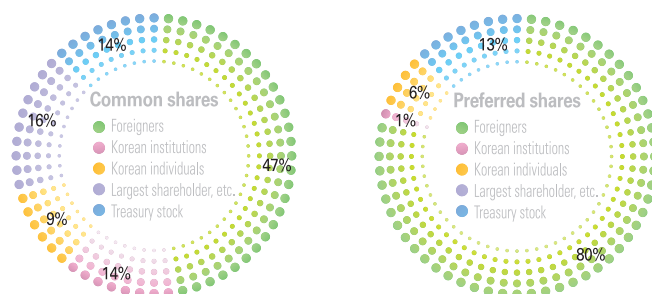
As for the executives, their evaluation and compensation decisions are made in the half-year meetings of the Internal Evaluation and Compensation Committee. Target achievement and job capabilities are comprehensively evaluated against quantitative and qualitative criteria for compensation decisions.

### ■ Shareholder Composition

Samsung Electronics is currently listed in the Korea Exchange (KRX). As of the end of 2007, total shares outstanding are 170,132,764 (147,299,337 common stocks and 22,833,427 preferred stocks). For the convenience of foreign investors, we issue global depository receipts (GDR) in overseas markets. Common stocks are traded in the London Stock Exchange and preferred stocks in the Luxembourg Stock Exchange.

As of the end of 2007, the largest shareholder and related parties own approximately 14% of the total stake including preferred stocks. Treasury stocks account for 14%. Foreign shareholders approximately own 52% stake.

#### [ Composition of Shareholders ]



## Corporate Ethics and Compliance

As a global firm with a large number of worksites across the world, we are fully committed to complying with local laws and regulations as well as internal ethical disciplines. We believe that ethical management is not only a tool for responding to the rapid changes in the global business environment, but also a vehicle for building trust with various stakeholders such as customers, shareholders, employees, business partners, and local communities. Meanwhile, achieving and maintaining world-class ethics for all our employees is a great challenge. Via continuous training and supervision, we seek to be one of the most ethical companies in the world.

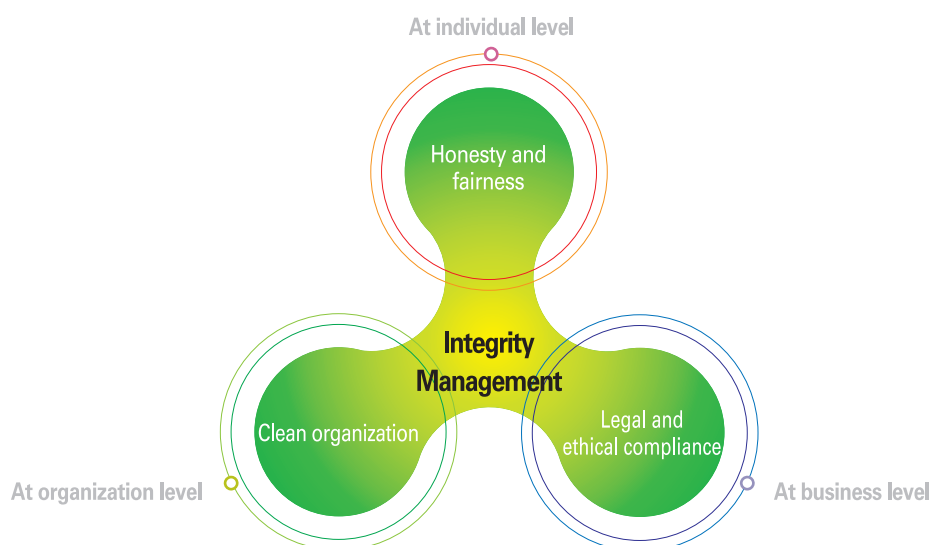
### ■ Integrity Management and Ethical Management

Our long history has endowed us with unique management philosophies and values. Samsung's value system of "management vision, core values, and business principles" is deeply rooted in our management philosophy. The three elements serve as spiritual pillars for all our employees and as a driving engine for our growth.

Integrity management and ethical management boil down to 'being honest, truthful, and fair'. We are entrenching these ideas across the organization.

A company cannot thrive without trust from society. Thus, we will continue to uphold and carry out integrity management and ethical management as we move forward on our path of growth and contribution. As part of such efforts, we established a Code of Conduct in 2005 based on the five Samsung Business Principles of people, excellence, change, integrity, and co-prosperity. It provides detailed guidance and action plans toward our goal of global leadership, including prevention of gender or nationality-based discrimination, transparent disclosure of management information, protection of customer information, and promotion of co-prosperity with business partners.

### [ Integrity Management ]



### ■ Ethical Management Programs

We provide anti-corruption training to all our employees based on the Code of Conduct as part of our commitment to promoting ethical behavior. The following are our key initiatives for ethical management:

#### • Cyber Auditors

The Cyber Audit program, launched in 2002, is a web-based portal which educates employees on the Code of Conduct, defines corruption and other unethical behavior, and offers specific guidelines for our employees around the world. It also serves as an online vehicle for the direct reporting of corruption and other irregular activities.

#### • Anti-Corruption Educational Video

We produce and distribute educational videos in 22 different languages to help all our employees fully understand the Code of Conduct. The video educates employees on the rationale for and specific provisions of the Code of Conduct, real-life infringement cases, the Cyber Audit program, and how to report violations.

#### • Audit Committee

The Audit Committee is a supervisory body which supports the management in its efforts to maximize the corporate values. It was set up in 2000 as an independent committee under the Board of Directors, replacing the existing Auditor. Its duties include auditing internal accounting functions, evaluating the job performance of Directors, requesting submission of operating reports and convocation of the General Shareholders Meeting. We also have an independent internal audit team that reports directly to the CEO. This team was set up to diagnose and encourage ethical management across the organization and consists of experts with over 10 years of experience in their respective industries. It leverages computer systems and networks for the efficient audit of the entire organization.

### Ethical Marketing Communications

We reach out to consumers through various channels including advertising. Abolishment of advertisement censorship in Korea in June 2008 amplified the importance of self-regulation and advertiser ethics. In all of our marketing communications, we fully comply with all relevant regulations including Korea's Labeling Act. Not a single violation occurred during the reporting period.

# Sustainability at Samsung Electronics

Integrating corporate management and sustainable development is an issue of increasing importance in the business world, amid increasing expectations for social and environmental responsibility. In response, we have been improving the process of collecting stakeholder's ideas and setting up corporate-wide vision and strategies for sustainable development

We have designated economic, environmental, and social responsibilities as the key elements of our sustainable management. We are committed to continuing to identify our various stakeholders, build positive relationships with them, and ultimately enhance our value for both the company and the stakeholders.

## [ Our Approach to Sustainability ]



## Stakeholder Engagement

Proactive communication and accommodating ideas and issues raised by various stakeholders is critical to sustainable growth. Recognizing this, we have built diverse engagement programs to better understand and reflect the opinions of our stakeholders.

### [ Stakeholder Engagement Programs ]



## EICC Membership

We joined EICC (Electronic Industry Code of Conduct) in 2007 to include our business partners in the realm of corporate social responsibility. We will do our best to meet the criteria required of EICC members, while supporting our business partners to improve their sustainability.

## Materiality Test

We performed our first-ever Materiality Test in 2008 to assess the most important sustainability issues for the company and our stakeholders. The results of the test will be used not only in issue identification for this report, but also to set sustainability directions and programs for the company going forward.

### ■ Stage 1 : Selection of Issues

Using internal and external factor analysis, we identified 175 issues for the Materiality Test. These were categorized into 27 groups.

#### • External factors

1. Frequency of media exposure : we analyzed media coverage of Samsung Electronics between 2005 and 2007 in around 80 global media outlets
2. Electronic industry analysis : we reviewed reports and data from advanced manufacturers of semiconductors, mobile phones, and LCD
3. Global trend analysis : we studied sustainability guidelines and criteria published by five major organizations including the GRI (Global Reporting Initiative), EICC and GeSI (Global e-Sustainability Initiative)

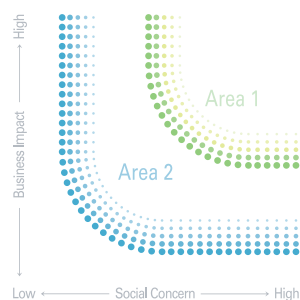
#### • Internal factors

4. Samsung Electronics philosophy, vision, strategic direction, environment & safety policies, annual report, and e-Family (newsletter)
5. GWP survey, employee survey for Materiality Test.

### ■ Stage 2 : Identification of Material Issues

We identified seven material issues in terms of social significance and their impact on corporate management. They include customer satisfaction management, response to climate change, and environment-friendly product development.

#### [ Materiality Matrix ]



#### [ Material Issues ]

##### Area 1

- Customer satisfaction management
- Response to climate change
- Environment-friendly product development

##### Area 2

- Green workplaces
- Healthy development of local communities
- Talent management
- Economic value creation

## Material Sustainability Issues for Samsung Electronics

- Customer Satisfaction Management
- Response to Climate Change
- Environment-friendly Product Development
- Green Workplaces
- Healthy Development of Local Communities
- Talent Management
- Economic Value Creation

- Genuine strength of a company comes from its commitment to understanding and fulfilling its customers.



## Customer Satisfaction Management



Mobile Phone at Samsung  
Electronics has topped NCSI\*  
list for 10 years in a row

Corporate competitiveness, in the era of global competition, begins from understanding its customers - knowing who they are, what they want, and how they are changing. Customer Satisfaction Management is no longer a success recipe in limited industries. It is a critical element for achieving global leadership in all business aspects.

Customers are becoming increasingly knowledgeable, information-rich, and specific with their requirements. Low price and high quality are not enough. Unique added functions, emotional fulfillment, differentiated services, and comprehensive solutions are on their agenda. In this regard, we are fully committed to understanding our customers across all functions from development and production to marketing and after-sales services, as well as to changing our thinking and working processes to serve them better with innovative products and services.

### Customer Satisfaction Strategy

We adopted MDC (Market Driven Change) in 2003 to orient the entire organization toward customers and the market. Its objective is to identify customer needs, develop products with optimized prices and functions, and provide maximum values to customers. Bordeaux LCD TV and Ultra Edition-series mobile phones are two MDC examples that won high popularity in the market.

MDC boils down to listening to customers. We have been surveying customers every year since 1992, under which absolute and relative to competitors customer satisfaction levels are measured for products and services (sales, installation, and repair). The survey helps us identify and share our strengths, weaknesses, and opportunities for improvement, as well as to enhance customer satisfaction.

PROSUMER is yet another initiative aimed at improving customer communication. Today, three PROSUMER communities are functioning: Anycall Dreamers (<http://www.anycall.com>) for mobile phones, Zaigenia (<http://www.zaigenia.com>) for PCs, and Prinity (<http://www.prinity.com>) for printers, where vivid voices of customers and creative ideas are collected and reflected in our product development. Selected panels are invited to work with our experts to evaluate new products and to propose product and marketing ideas. We build on such valuable contribution from the panels to improve products and processes.

\* NCSI : National Customer Satisfaction Index

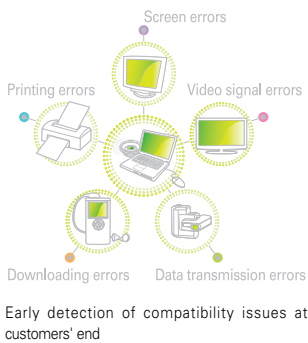
## Material Sustainability Issues for Samsung Electronics

Customer Satisfaction Management  
Response to Climate Change  
Environment-friendly Product Development  
Green Workplaces

For instance, fourth generation members of Anycall Dreamers, which covered the first half of 2008, contributed 19 improvement ideas for the HAPTIC (W420/W4200) model. They were reflected in the actual product. A winner idea in our new product idea contest also turns into a real-life product.

We defined our corporate brand image for 2008 as 'Digital Experience Beyond Imagination', while innovating our business processes to offer customers functional as well as emotional values beyond their expectations.

### [ Product Compatibility Test ]



### [ Monitoring Agents ]



## Product Quality Improvement

Reliable product quality is essential for customer satisfaction. We have established process-specific quality assurance system across all functions from product planning to development, production and sales.

### ■ CS Certification

It is about ensuring quality in the development phase. Product development activities are evaluated against predefined criteria and subjected to final approval of the management before the actual production starts. For software, whose importance increases with higher sophistication of products, we developed test automation tools and standard platforms. We also conduct product compatibility tests, standardized user manuals, improved manual readability, and receive real-life feedback from monitoring agents (housewives, students, and high-demand users) to ensure customer convenience.

### ■ SQCI (Supplier Quality Control Innovation)

It is aimed at achieving zero-defect parts and components from the suppliers. This supplier quality evaluation program sets minimum quality criteria for partnership. The SQCI helps us ensure supply of high quality parts, while helping the suppliers set up their own quality system and improve quality competitiveness.

### [ SQCI Evaluation Process ]



### ■ SQA (Samsung Electronics Quality Award)

It started in 1993 to evaluate and award quality management performance and quality assurance system of business division and overseas production subsidiaries. This contributed to upgrading company-wide quality assurance system and enhancing quality awareness.

### ■ Integrated Quality Information System

By collecting internal and external quality information scattered across the company, it compiles, analyzes, and processes world-wide quality data for more systematic management. We are able to analyze internal quality data from product development, production, and shipment and customer service information to set off early warnings and set up contingency measures (production suspension).

[ 10M Chamber for Electromagnetic Compatibility Test ]



[ Measurement of Laser Radiation ]



[ Bluetooth Performance Test of Mobile Phone ]



## Product Safety Improvement

We operate a testing laboratory certified by international certification bodies for evaluation and verification of products according to international safety standards. With 38 conformity assessment systems in 12 countries, our laboratory provides prompt and accurate process to verify and evaluate the products in accordance with mandatory and voluntary international standards in Safety, Electromagnetic Compatibility, Telecommunication, etc. Our solid background in these assessment systems offers more reliable and safer products to global consumers in America, Europe, China, and all around the world. Additionally, new regulations in Bluetooth, CTIA(US), etc are also some of the fields which we invest in our technology and testing equipment to gain global market accessibility in a timely manner. Furthermore, our on-going safety assessment and improvement activities from development to manufacturing based on a real-life environment help consumers use our products more safely and reliably.

### [ SQA Process ]

Section-Specific  
Quality Assurance

#### Evaluation

- Warranty
- Quality Performance

#### Award

- Grand Prix
- Gold Prize

#### Surveillance

- Improvements
- Best Practice

## Service Quality Improvement

In 2008, we adopted Customer Complaint Management System to more proactively respond to customer complaints. This aims to check and improve the entire process from receiving complaints to completing countermeasures, and to upgrade customer satisfaction. Various customer engagement initiatives, ranging from customer surveys to customer events and PROSUMER panels, will continue to be integral inputs to our management.

### ■ Comprehensive VOC Management System

We operate multiple channels to listen to customers. In 2007 alone, our telephone (Contact Center), website, and e-mail routes received total 5,700 inquiries from Korea and abroad, related to product purchase, repair, and complaints. We make sure to provide prompt and detailed consultation and repair services.

### ■ Contact Center

The Contact Center finds the closest service centers for customers, while offering professional consultation so that customers can take simple actions themselves where they can. We also provide remote repair services for digital devices including mobile phones, PCs, and MP3 players, without having customers visit service centers to fix software issues. The Contact Centers help customers with not only repairs, but also with purchases, orders, and delivery checks. We built Cyber Contact Center in 1999 and plan to expand it to overseas starting from 2008.

### ■ Prompt Response to Customers

Wide network is crucial for prompt customer services. We currently operate 150 and 11,900 service centers in Korea and overseas, respectively. While the Korean centers are exclusive to Samsung products, overseas centers, due to the culture and nature of overseas markets, usually serve multiple brands. However, we have been expanding Samsung-exclusive service centers overseas that fix over 80% of Samsung products. We have also built real-time repair management system to better meet customers' expectations. In cases when repair is delayed, relevant departments are notified for accelerated actions, under our automatic warning system. The system was pilot operated in the US in 2008 and will be expanded to worldwide in 2009.

For more accurate repairs, we provide tailored technical training to the engineers. Shifting from the general trainings of the past, dealing with A to Z of repairs, we adopted in 2007 more specific education focusing on most tricky and common types of repairs. For overseas businesses, we built GTI (Global Technology Information) System in 2006 based on the Korean best practices, allowing headquarter engineers to answer technical and practical questions from overseas on a real-time basis (Q&A menu) for higher convenience and speed.

[ Repair Engineers Training ]



### [ Key Samsung Dedicated Service Centers Overseas ]



### [ CCMS Launching Ceremony ]



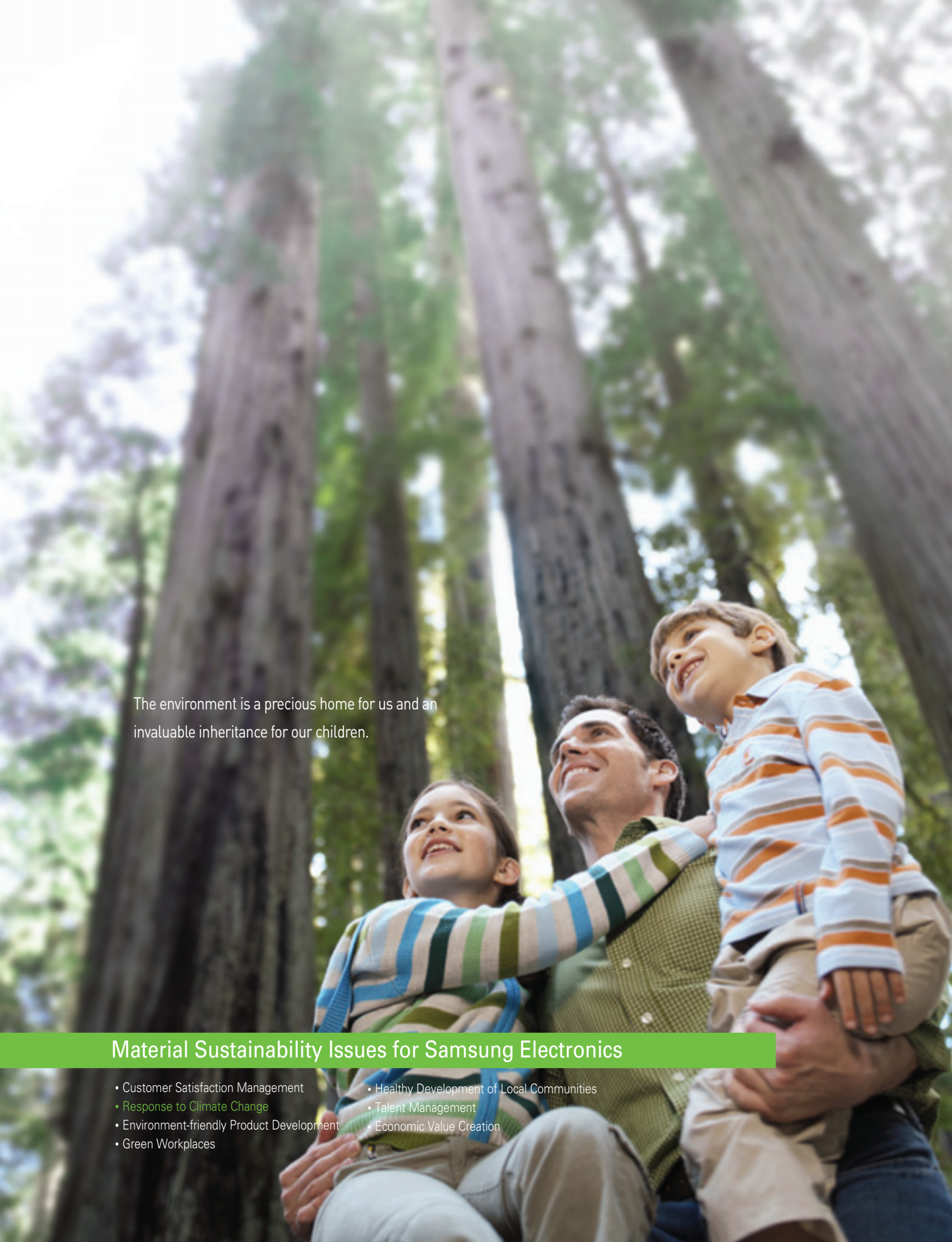
### [ CCMS Manual ]



### ■ CCMS

Our Customer Complaints Management System (CCMS) was certified by the Korean Fair Trade Commission in early January 2008. The system prevents customer complaints in the first place while ensuring prompt responses to the complaints. For launching of CCMS, we linked all corporate functions including business divisions, sales, logistics, and customer services in 2007. We also developed clear criteria for consumer protection and complaint resolution in the form of a global, standardized guidance manual, which was distributed and educated to employees across the world. The manual includes specific tips for complaint prevention. Our efforts also include establishing customer service hubs and logistics infrastructure for more speedy actions. CCMS and its certification helped us upgrade our customer satisfaction management to a new level and will sharpen our edge on the global stage.

Refusing to stay complacent with Korean certification of the CCMS, we went on to develop a unique S-CCMS for overseas customers. Starting with Brazil in early 2008, we have so far built it in seven overseas subsidiaries. 37 additional subsidiaries will be equipped with the new system in 2009 for world-class customer services.

A low-angle photograph of a family of four sitting in a forest. The father is in the center, holding a young boy on his shoulders. A young girl is sitting to the left, looking up at the trees. The mother is partially visible behind the father. They are all smiling and looking up at the tall, slender trees that reach towards the sky. The forest floor is covered in green foliage and dappled sunlight.

The environment is a precious home for us and an invaluable inheritance for our children.

## Material Sustainability Issues for Samsung Electronics

- Customer Satisfaction Management
- [Response to Climate Change](#)
- Environment-friendly Product Development
- Green Workplaces
- Healthy Development of Local Communities
- Talent Management
- Economic Value Creation

## Response to Climate Change



GHG Reduction in 2007  
(Vis-à-vis 2001)

Climate change is recognized as one of the most serious environmental threats facing the world. At the core of the issue lies increase of greenhouse gases from economic activities of humankind. They increase global atmospheric temperature (global warming) and cause changes in the world climate system. Against this backdrop, the United Nation Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol were adopted and companies across the world are building corporate-level strategies regarding their direct and indirect impact on global warming.

For effective response to climate change, it is important to first identify our current status, analyze external requirements, set up a corporate vision, and implement phased initiatives aligned with the nature of the industry. We, at Samsung Electronics, are in the process of identifying market trends, analyzing opportunities and risks, and reviewing feasible actions to build a phased strategy that includes establishing and verifying a greenhouse gas inventory, assessing potential of reduction, setting targets of reduction, and taking part in emission trading.

### Opportunities and Threats

#### ■ Risks

As of 2007, we are experiencing increasing total greenhouse gas (GHG) emission despite our reduction efforts due to growth of semiconductor and LCD panel production. Though the Korean government does not directly regulate GHG emission, voluntary schemes between companies and the government represent indirect regulations. In addition, Samsung Electronics horizon of risk analysis includes short-term natural disasters such as floods as well as long-term physical risks such as water scarcity and increase of sea level. We also consider the impact of our climate change response for our reputation.

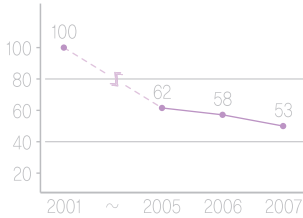
#### ■ Opportunities

We are exploring new business opportunities in the ever-expanding market of renewable energy (i.e. photovoltaic cells). Eco-friendly products market is expected to grow due to increasing demand for high energy efficiency and output products in memory and LCD panel segments.

## Climate Change Policies and Strategies

Our climate change response strategies are three-fold: first, reducing GHG in the production processes with the help of unique and advanced technologies; second, saving energy in the daily activities of our employees; and third, improving energy efficiency of our products.

[ GHG Emission Trend ]



\*This indicator was calculated by the rate of GHG emissions at each business unit. We set 2001 as base year(2001=100).

### ■ GHG Reduction in Production Processes

Our corporate-wide target is to reduce GHG by 45% of the 2001 level by 2010 (in terms of production volume). Energy reduction target (5% reduction annually) is assigned to each business (Semiconductor, LCD, Telecommunication Networks, and Digital Media). While the existing production facilities are encouraged to optimize energy consumption, new facilities are embracing low-power technologies. For semiconductor business, in particular, we plan to reduce energy consumption by 25% and cut PFCs by over 95% for new production lines. Furthermore we have voluntary reduction agreements with the Korea Energy Management Corporation for Korean sites along with other government initiatives.

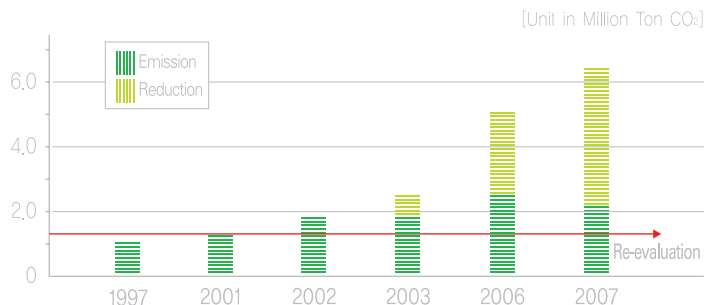
#### • PFCs reduction

PFCs are the key greenhouse gases emitted from semiconductor production process. Under the 1999 voluntary PFCs reduction agreement by World Semiconductor Council (WSC), Korea is obliged to reduce the emission by 10% of the 1997 level by 2010. Despite industry growth and production volume increase, our semiconductor business was able to reduce 67% of PFCs emission (approximately 4.2 million TCO<sub>2</sub>) by 2007, by changing the gas used, optimizing processes, and applying PFCs abatement system.

We also adopted PFCs reduction technologies to new production lines. Application of PFCs abatement system and RPG (Remote Plasma Generator) in the deposition process in 2003 resulted in approximately 85% reduction of PFCs emission in the new lines. In 2006, for new production lines, PFCs abatement system were expanded to the etching process to achieve over 95% reduction. As for the existing lines, process optimization began in 2000 to minimize gas consumption, gas used was changed [from CF<sub>4</sub>, C<sub>2</sub>F<sub>6</sub>, C<sub>3</sub>F<sub>8</sub> to NF<sub>3</sub> (67% to 78%)], and RPG was expanded from 82% to 86%. Meanwhile, integrated PFCs abatement system were developed in 2002 for gradual application. Our PFCs reduction rate improved from 49% in 2006 to 67% in 2007, with additional reduction of approximately 1.8 million TCO<sub>2</sub>.

We plan to meet our reduction target by 2010 by expanding PFCs abatement system and RPG.

### [ PFCs Reduction Performance at Samsung Electronics Semiconductor Business ]



### ■ Energy Conservation in Daily Life

Energy consumption in daily lives is relatively insignificant compared to that in production activities. However, we are committed to enhancing employees' awareness and building an energy saving culture to facilitate GHG reduction at workplaces and in society at large. Our staff training, promotions, and incentive schemes (GHG proposal scheme) encourage the employees to improve awareness and voluntarily reduce greenhouse gases.

### ■ Product Energy Efficiency Improvement

#### • Low-Power LCD TV Module

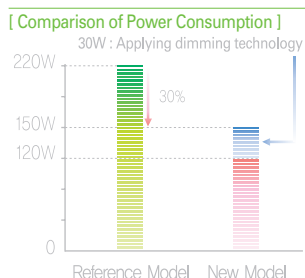
Market demand for environment-friendly, low-power TV is growing amid increasing global spotlight on energy efficiency. One project of LCD Business is to develop a 52-inch LCD TV module with dramatic reduction of power consumption. This project, scheduled to be completed in September 2008, uses the high transmittance of our panels to optimize the optical sheets in the BLU (Back Light Units) and to develop high-efficiency lamps (CCFL : Cold Cathode Fluorescent Lamp) for low power consumption.

The 52-inch LCD TV modules employ new patterned diffuser plate to reduce the number of lamps (CCFL) from 24 to 14, while ensuring the same quality of resolution - which means 30% less power consumption at 150 W.

The new patterned diffuser plate adopts additional optical patterns to prevent quality deterioration from fewer lamps. By adding local dimming technology, which provides light to only critical areas, we can save power consumption from average 20% to maximum 70%. It saves electricity bill by KRW 9,659 for households that consume over 500 kWh on a monthly basis. For the 52-inch LCD TV modules (including BLU and panel), we further plan to reduce the power consumption to 125 W by 2010 by continuous development of low-power technologies and application of high-transmittance panels.

#### • World's First Ultra-Low-Power Server DDR2 DRAM Mass Production

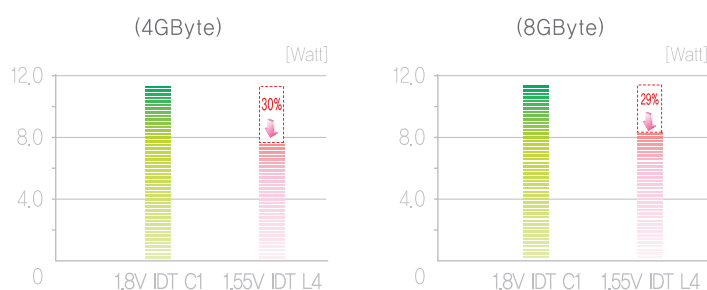
Pioneering the industry, we developed technology for mass production of high-density, ultra-low-power DDR2 memory. The DDR2 DRAM (basic memory size 2GB) is 1.55 V, thus saving approximately 30% energy relative to the existing 1.8 V products. It improves highest energy efficiency in the high-density server memories available in the market at the moment. With dramatic expansion of server size and exponential increase of power consumption at data centers, the server industry is now demanding energy-efficient parts and our 60nm-based 1.55 V DDR2 DRAM best meets the industry expectations.



#### <sup>1)</sup> Electricity Cost Calculation and Parameters

- Power consumption by reference model : 220W (same size, developed in 2008)
  - Power consumption by new model : 120W (dimming technology not applied)
  - TV use scenario : 5hours/day, 30days/month, over 500kWh consumption (643.9 won/kWh)
- Formula :  $((220-120)W \times 5 \times 30 \text{ days}) \times 0.001 \text{ kWh/Wh} \times 643.9 \text{ won/kWh} = 9,659 \text{ won/month}$

### [ Energy Reduction in Ultra Low Power DRAM ]



## Material Sustainability Issues for Samsung Electronics

Customer Satisfaction Management

Response to Climate Change

Environment-friendly Product Development

Green Workplaces

### • Products with Under 1W Standby Power

Part of our commitment to developing low-power products include reducing standby power (power consumed while the product is in the standby mode). Many countries and companies, led by IEA (International Energy Agency), are making an efforts as standby mode requires only minimum functions, such as waiting for remote controller signals. As a result of our endeavors, the share of our products with under-1W standby power increased by 18% in 2007.

Our plan is to achieve under-1W standby power for all products by 2009. Most of our product models in flat TVs, monitors, laser printers, laptop PCs, washing machines, air fresheners, and residential air conditioners achieved the target and our efforts continue for other products. These activities earned us several voluntary energy reduction certifications from Energy Star, Korean e-Standby Program, and Chinese Energy Conservation Program. It helped us boost external credibility and publicize high energy efficiency of our products.

#### [ Energy Star ]



#### ■ Energy Star

It is a program initiated by US EPA to encourage manufacturers to make high-efficiency products, and consumers to buy certified products to protect the environment. European countries, Japan, Canada, and Australia have also recently joined the program. Many of our products including TVs, monitors, printers, refrigerators, and washing machines qualify as Energy Star and detailed information is disclosed on the Energy Star website.



See the website for product-specific criteria and qualified models

<http://www.energystar.org>

#### [ E-Standby Program ]



#### ■ E-Standby Program

It is a Korean voluntary agreement (VA) aimed at encouraging manufacturers' voluntary efforts to adopt an energy saving mode during standby and to minimize standby power. Manufacturers are required to demonstrate their energy saving functions and qualified products receive certification marks. We acquired the marks for office and home appliances such as computers, monitors, microwave ovens, and TVs.



See the website for product-specific criteria and qualified models

<http://www.kemco.or.kr>

#### [ China Energy Conservation Program ]



#### ■ China Energy Conservation Program

It is yet another campaign for reducing standby power consumption and we are qualified for most of our product models, including computers, printers, monitors, and TVs.



See the website for product-specific criteria and qualified models

<http://www.cecp.org.cn>

We also received 'Best Standby Power Company Award' from a consumer organization for our continuous efforts to minimize standby power to below 1W. Our DM-Z59 (a desktop PC) received the 'Best Standby Power Product Award'. Our energy efficiency rankings continue to improve for refrigerators, washing machines, and air conditioners.

To help customers make informed choices, we disclose e-Standby certifications and energy efficiency rankings in our websites, product catalogues, and product labels. Other efforts include organizing environment-friendly product exhibitions to more actively reach out to customers.

#### [ 11th Energy Winner Awarded Products (2007) ]

| Category                                 | Winner model                                       | Product                                                          |
|------------------------------------------|----------------------------------------------------|------------------------------------------------------------------|
| Energy Efficiency                        | FAC Inverter AC<br>(HP-HC230V / 180V / 150V)       | Air conditioner                                                  |
| Energy Technology                        | Hauzen Side-Loading WM<br>(SHV-HVR149ATA / 129ATA) | Washing machine                                                  |
| Energy Conservation                      | High-Performance $\phi$ 7.94 Heat Exchanger        | Heat exchanger                                                   |
| Standby Power                            | Desktop Computer (DM-Z59)                          | Computer                                                         |
| Energy Winner Award<br>(Green Appliance) | Energy<br>Efficiency                               | Premium Zipel Refrigerator (SRT686U**C)                          |
|                                          |                                                    | 4way-CST (STRA-PJT) Commercial AC<br>(RIXBHF0335H1, RIXBHF040H1) |
|                                          |                                                    | 40" LCD TV (LN40R81BD)                                           |
|                                          |                                                    | Note PC (NT-Q1b)                                                 |
| Energy Winner Award<br>(Green Appliance) | Standby<br>Power                                   | Residential Automatic WM<br>(SEW-QA127AH / SEW-QK139AU)          |
|                                          |                                                    | Note PC (NT-R40 PLUS)                                            |
|                                          |                                                    | 19" LCD Monitor (832GW PLUS)                                     |
|                                          |                                                    | Color Laser Printer (CLP-300N)                                   |

## Material Sustainability Issues for Samsung Electronics

- Customer Satisfaction Management
- Response to Climate Change
- Environment-friendly Product Development
- Green Workplaces
- Healthy Development of Local Communities
- Talent Management
- Economic Value Creation

Environment-friendly products are a first step in the green revolution.  
They fulfill customers and strengthen corporate competitiveness.



### [Samsung ECO Mark]



ECO mark is a customer communication promoting environment-friendliness of products.

- Electronics + Leaf = Green Sprout
- ECOlogy + ECOonomy



Increase in Environmentally  
Certified Products

## Environment-Friendly Products Development

Recognizing the importance of environment-friendly products for corporate competitiveness, we adopted two principles for systematic development of eco-friendly products.

First, we embrace life cycle concept for each product. Whereas environment-friendliness was only interpreted as keeping workplaces clean and safe in the past, we now consider an entire life cycle of products from raw materials to production, distribution, usage to waste management for more fundamental environmental impact control. Having long lifecycles, electronic products have especially large environmental impact during the usage period. In this regard, we adopted life cycle assessment (LCA) in 1995 to identify product characteristics and to make environmental efforts throughout the entire product life cycle.

Second, we emphasize improving resource efficiency, increasing energy efficiency, and minimizing environmental hazards. Resource efficiency is using minimum resources and recycling the resources used; energy efficiency translates into reducing power consumption and standby power of products; and minimizing environmental hazards means banning the use of harmful substances during production, use, and waste processing as well as preventing pollutants such as noise and volatile organic compounds (VOC).

## Endeavors for Environment-Friendly Product Development

### ■ Dedicated Organization and System

Since the mid-2000, we have been strengthening product environmental organization and integrating its functions with quality/service organizations for more systematic development of environment-friendly products. Environmental considerations are now part of our new product development and quality assurance criteria - which allows the developers to focus on environmental friendliness as well as functions and design. For higher efficiency, we also integrated internal development system, parts approval system, and environment system.

The EuP (EU) and Resources Recycling Act (Korea) are only some examples of the national policies that encourage companies to build greener distribution network and products. Aiming beyond simple compliance, we set up Eco Design Evaluation System in 2004.

We plan to further upgrade the infrastructure and step up actions to allow more systematic and consistent improvement of green products development. Green Grading, Environment-Friendliness Index, and integration of environmental systems are good examples. Indeed, we want to be more innovative in green production and more active in customer communication - ultimately better aligning production and consumption of eco-friendly products.

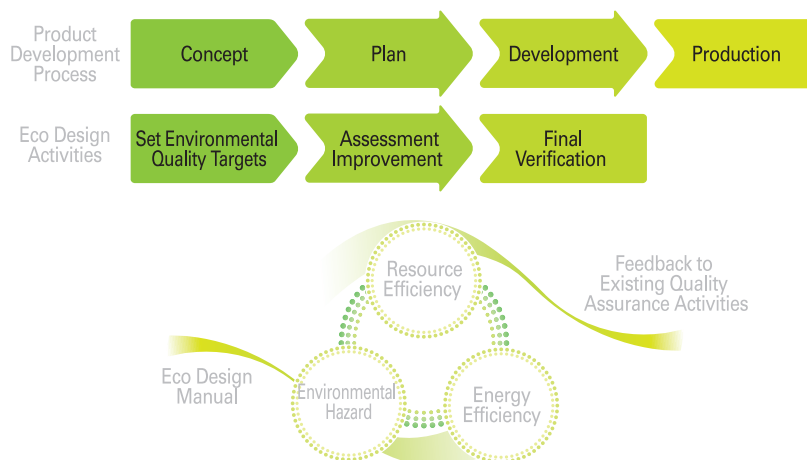
Green product information is currently disclosed via our websites (corporate, semiconductor, and mobile phone) and will be expanded to other channels.



Semiconductor website : <http://www.samsung.com/global/business/semiconductor/ecoproducts/EcoProducts.html>

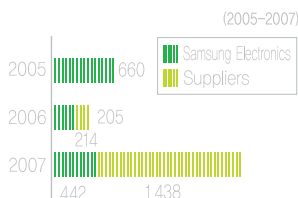
Mobile phones website : <http://www.uk.samsungmobile.com/greenmanagement/main/green.do>

### [ Eco Design Process ]



## Securing Supply Chain Environmental Management

[ Eco Partner Certification Auditor Training Program ]



### ■ Expanding Eco-Partner Certification Program

In 2004, we introduced Eco Partner Certification System to encourage business partners to adopt environmental management. All Korean and overseas business partners were diagnosed and guided for the certification. We manage certification expiration dates and perform regular audits to ensure the business partners upgrade their environmental management systems.

For environmental quality control of raw materials, we also set up a system, where first-tier business partners grant their suppliers (second-tier business partners) Eco Partner Certification. We train the first-tier business partners for more effective certification. Currently around 1,400 employees in the first-tier business partners are capable of certifying their key components suppliers and 1,700 second-tier business partners have been trained and diagnosed by the first tier business partners.

### ■ Hazardous Material Management in Supply Chain

We perform regular inspections on parts and raw materials to fundamentally prevent inflow of harmful substances. Raw material inspection has been completed on around 800 business partners in Korea and overseas and all parts and finished products used in the production site are subjected to hazard substance tests. Our e-HMS prevents purchase or inflow of unverified parts into the production line and thus fundamentally blocks harmful substances.

We also audit our production sites against various regulations including the European RoHS. We were able to identify weaknesses and improvement plans by site and shared them across the company to prevent recurrences.

### ■ Building REACH Compliance System

We joined JAMP, a program led by the Japanese industry, to effectively and jointly respond to EU REACH, which took effect in June 2007. A consultative body of affiliates was also set up at the group level for joint measures, including building an integrated system for sharing chemicals information.

Hazardous substances regulations are already, or will be in place in non-EU countries, i.e. Korea, US, China, Japan, Thailand, and Norway. It is important for us to continue to study the regulatory landscape and set up countermeasures.

At Samsung Electronics, global criteria for harmful substances control are applied to all production processes, while harmful chemicals reduction or elimination initiatives are underway across all product categories.

<sup>1)</sup> REACH refers to Registration, Evaluation, Authorization, and Restriction of Chemicals.

It is applied to all chemical substances manufactured in or exported to EU in over 1 tonne annually. They are subject to registration, evaluation, authorization, and restriction according to their production/export volumes and levels of hazard.

### [ e-HMS System for Hazardous Material Management ]



[ BAM Certificate ]



### ■ Hazardous Substances Analysis

In 2004, we set up Environmental Analysis Lab in the CS Management Center for self-analysis of hazardous substance content in products. Total 30 precision analyzers installed in the organic, non-organic, and VOC test rooms are capable of analyzing total 27 substances including 6 RoHS and future regulation candidates (including 10 substances in 2007).

High level of credibility equal to that of a professional analysis laboratory is a prerequisite for conducting precision analysis. Thus, in 2007, we optimized 10 substance-specific analysis processes, including phthalate and bisphenol (endocrine disruptors), formaldehyde (sick house syndrome), and acetaldehyde (atopic dermatitis), based on an internationally certified methodologies. We upgraded data credibility by conducting comparative assessment with a certified external laboratory. In addition, in March 2007, we were qualified by the world-renowned German Federal Institute for Materials Research and Testing (BAM) as a certified test laboratory for VOC analysis in printer products, a third such qualification following UL (US) and KOLAS (Korea). This helps us to more efficiently prepare for major environmental certifications in different countries such as Blue-Angel, as well as to explore new markets and fully ensure safety of consumers.

\* <sup>1)</sup> VOC (Volatile Organic Compounds)

\* <sup>2)</sup> Blue-Angel: The Blue Angel (Blauer Engel) is a German certification for products and services that have environmentally friendly aspects.

[ Samsung Electronics ECO Mark ]



### ■ Environmental Certification

History of our environmental certification goes back to the mid-1990s. Our recent efforts include complying with internal and government regulations, expanding certified products, and obtaining new certifications.

In 2007, we acquired almost 1000 kinds of Korean and overseas environmental certifications for 8 product groups including printers, PCs, monitors and TVs, which are the best record in the industry. We also launched Samsung Electronics' own Eco Mark in 2004 to actively communicate our environment-friendliness to our stakeholders such as consumers, NGOs, and buyers.

### [ Global Regulation of Hazardous Substances ]

#### ■ RoHS (Six substances : Pb, Cd, Hg, Cr+6, PBB, PBDE)

| Category             | Korea (2008.01)                   | EU (2006.07)             | Japan (2006.07)              | China (2007.03)                                            | US (2007.01)                          |
|----------------------|-----------------------------------|--------------------------|------------------------------|------------------------------------------------------------|---------------------------------------|
| Target products      | Electric, electronics             | Electric, electronics    | TV, PC and home appliances   | Electronic information products (home appliances excluded) | Display products, i.e. TV and monitor |
| Regulated substances | Pb, Cd, Hg, Cr+6, PBB, PBDE       |                          |                              |                                                            | Pb, Hg, Cd, Cr+6                      |
| Features             | Exceptions, Self-declare by model | Exceptions, Self-declare | Exceptions, Label if content | No Exceptions, Label if content                            | Exceptions, Hg report                 |

#### ■ Regulation Expansion

- Greenpeace : BFR, PVC, phthalate, antimony, beryllium, etc.
- EU REACH (2007.06~) : prior registration of app. 30,000 chemicals (2008. 06~11)
- Battery regulation : EU and Argentina (Pb, Hg, Cd), US California (HClO<sub>4</sub>)
- Labeling : EU (F-Gas Labeling), US Vermont (Hg Labeling expanded to service parts)
- Norwegian RoHS : 2008 ban on 10 chemicals (As, Bisphenol A, MCCP, HBCDD, etc.)

### [ Key Environment-Friendly Products in 2007 ]

|                                                                                     | Model                                                  | Green Features                                                                                                                                                                                                                                                                                                                             | Certification/Award                                                                                              |
|-------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
|    | Air Purifier<br>(HC-J130RW)                            | <ul style="list-style-type: none"> <li>• Under 1W standby power</li> <li>• 7% improved resource efficiency (vis-à-vis HC-C131C)</li> <li>• RoHS Compliance</li> </ul>                                                                                                                                                                      | CA(Clean Air)<br>BAF certification<br>Korean Eco Label                                                           |
|    | Vacuum Cleaner<br>(VC-MBQ936)                          | <ul style="list-style-type: none"> <li>• Lowest noise in industry (59dB)</li> <li>• German SLG certification / Level A for fine dust precipitation</li> <li>• RoHS Compliance</li> </ul>                                                                                                                                                   | SLG certification<br>BAF certification                                                                           |
|    | Zipel Refrigerator<br>(SRM688ULCT)                     | <ul style="list-style-type: none"> <li>• 27% improved annual energy efficiency (vis-à-vis SRS6851)<br/>: power consumption by 24kWh/year, CO2 emission by 14kg/year</li> <li>• Evermax (new natural organic substance)</li> <li>• Green coolant (R-600a)</li> <li>• RoHS Compliance</li> </ul>                                             | Green Mgt Award(Best Green Product)                                                                              |
|    | Hauzen<br>Drum type Washing Machine<br>(SEW-HVR149ATA) | <ul style="list-style-type: none"> <li>• 15% improved annual energy efficiency (vis-à-vis SEW-5HR147A)<br/>: power consumption by 40kWh/year, CO2 emission by 24kg/year</li> <li>• 20% improvement of water use (vis-a-vis SEW-5HR147A)</li> <li>• Ball balance technology for minimum noise (46dBA)</li> <li>• RoHS Compliance</li> </ul> | Green Mgt Award(Best Green Product)<br>2007 Energy Winner Award<br>IR52 JYS Inventor Award<br>BAF certification  |
|   | Hauzen Air Conditioner<br>(HPN-HC180VAB)               | <ul style="list-style-type: none"> <li>• 3% improved annual energy efficiency (vis-à-vis AP-F1850)<br/>: power consumption by 625kWh/year, CO2 emission by 375kg/year</li> <li>• Smart inverter system to cut electricity cost by 79%</li> <li>• Green coolant (R-410A)</li> <li>• RoHS Compliance</li> </ul>                              | IR52 JSY Inventor Award                                                                                          |
|  | Desktop Computer<br>(DM-X15)                           | <ul style="list-style-type: none"> <li>• 75% improved resource efficiency (vis-à-vis M7200)</li> <li>• Bacteria-free silver nano coating for mouse and keyboard</li> <li>• RoHS Compliance</li> </ul>                                                                                                                                      | Green Mgt Award(Best Green Product)<br>Korean Energy Saving Mark<br>Korean Eco Label                             |
|  | Laptop Computer<br>(NT-Q45)                            | <ul style="list-style-type: none"> <li>• 42% improved resource efficiency (vis-à-vis S860)</li> <li>• Bacteria-free silver nano coating for mouse and keyboard</li> <li>• RoHS Compliance</li> </ul>                                                                                                                                       | Korean Energy Saving Mark<br>Korean Eco Label                                                                    |
|  | Color Laser Printer<br>(CLP 300N)                      | <ul style="list-style-type: none"> <li>• 35% improved annual energy efficiency (vis-à-vis CLP510)<br/>: power consumption by 102kWh/year, CO2 emission by 61kg/year</li> <li>• 58% improved resource efficiency (vis-à-vis CLP510)</li> <li>• NO NOIS™ technology for minimum noise (48dBA)</li> <li>• RoHS Compliance</li> </ul>          | Energy Winner Award 2007<br>Korean Eco Label<br>Chinese Energy Saving Certification<br>Korean Energy Saving Mark |
|  | PAWV LCD TV<br>(LN40R81BD)                             | <ul style="list-style-type: none"> <li>• 35% improved annual energy efficiency (vis-à-vis LT40A2)<br/>: power consumption by 115kWh/year, CO2 emission by 69kg/year</li> <li>• 34% improved resource efficiency (vis-à-vis LT40A2)</li> <li>• RoHS Compliance</li> </ul>                                                                   | Energy Winner Award 2007<br>Korean Eco Label                                                                     |
|  | LCD Monitor<br>(CX961BF)                               | <ul style="list-style-type: none"> <li>• 50% improved annual energy efficiency vis-à-vis 213T)<br/>: power consumption by 69kWh/year, CO2 emission by 41kg/year</li> <li>• 35% improved resource efficiency (vis-à-vis 213T)</li> <li>• RoHS Compliance</li> </ul>                                                                         | TCO 03 certification<br>Korean Eco Label                                                                         |
|  | Ultra Mobile PC<br>(NT-Q1 Ultra)                       | <ul style="list-style-type: none"> <li>• 18% improved annual energy efficiency (vis-à-vis NT-Q1)<br/>: power consumption by 9 kWh/year, CO2 emission by 5.3kg/year</li> <li>• 11% improved resource efficiency (vis-à-vis NT-Q1)</li> <li>• RoHS Compliance</li> </ul>                                                                     | Korean Energy Saving Mark<br>Korean Eco Label                                                                    |
|  | Anycall UFO Phone<br>(SPH-W3000)                       | <ul style="list-style-type: none"> <li>• RoHS Compliance</li> <li>• No TBBP-A (brominated flame retardant)</li> </ul>                                                                                                                                                                                                                      | Korean Energy Saving Mark<br>(Battery charger)                                                                   |



We promise to work green, be socially responsible, and protect the environment

## Material Sustainability Issues for Samsung Electronics

- Customer Satisfaction Management
- Response to Climate Change
- Environment-friendly Product Development
- Green Workplaces
- Healthy Development of Local Communities
- Talent Management
- Economic Value Creation

## Green Workplaces



Increase in e-waste  
recycling in 2007

While being a for-profit entities on one hand, companies should also burden social and environmental responsibilities on the other hand. Though energy consumption and waste generation are inevitable outcome of corporate activities, companies are called upon to minimize their environmental footprints. At Samsung Electronics, we are fully committed to minimizing our impact on the communities, in which we operate, by implementing integrated prevention strategies across all production and service activities.

### Technology Development for Green Workplaces

#### ■ Reduction of Chemicals in Production Processes

Tangeong plant of LCD Business has been controlling pollution sources and improving production processes to minimize pollutants amid increasing volume of production and consequently increasing use of chemicals. For instance, We found out and applied the process condition which can optimize chemical usage and improve structure of facility to optimize the amount of chemicals used and to reduce costs.

As a result, the site not only reduced pollutants generated, but also saved KRW 5.2 billion chemicals cost as of the first half of 2007. We will continue to develop initiatives for reducing environmental footprint and for the green workplaces.

#### [ Benefits of Using Etching Liquid in the Process ]

| Category  | Etching liquid 1                                                                             |             | Etching liquid 2                                                                             |             | Etching liquid 3                                                                            |             |
|-----------|----------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------|-------------|
|           | Before                                                                                       | After       | Before                                                                                       | After       | Before                                                                                      | After       |
| Use       | 3.29ℓ/sheet                                                                                  | 0.98ℓ/sheet | 5.73ℓ/sheet                                                                                  | 1.47ℓ/sheet | 7.44ℓ/sheet                                                                                 | 4.24ℓ/sheet |
| Reduction | 2.31ℓ/sheet<br>161,700ℓ/month (average)<br>(assuming monthly production<br>of 70,000 sheets) |             | 4.26ℓ/sheet<br>298,200ℓ/month (average)<br>(assuming monthly production<br>of 70,000 sheets) |             | 3.2ℓ/sheet<br>224,000ℓ/month (average)<br>(assuming monthly production<br>of 70,000 sheets) |             |

#### ■ Slurry Renewal System

Slurry (chemical liquid used to flatten the wafers) efficiency used to be very low in the past. In 2007, we developed a slurry renewal system to recycle 99% of the used slurry and to reduce the slurry wastes.

## e-Waste Recycling

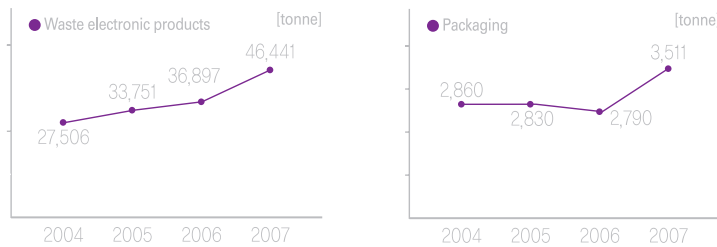
### ■ Recycling Initiatives in Korea

Economic growth, improved living standards, increased consumption of electronic products, product diversification, and shortened product life cycles have all contributed to increase in waste electronic goods. Electrical, Electronic, and Automobile Resources Recycling Act has taken effect in Korea in 2008 to prevent illegal incineration/reclamation of waste electronic products and to promote recycling.

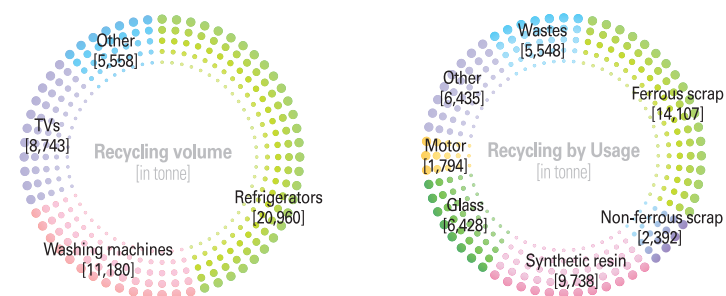
We have long been aware of the importance of green management. Our new Customers' Bill of Rights and integrated collection & recycling system (the first of its kind in the industry) date back to 1995. In 2007, we collected 46,411 tonnes of waste electronic goods from customers, free of charge, marking a 26% increase from the previous year. Around 88% (or 40,894 tonnes) of the wastes, collected via Samsung Electronics Asan Recycling Center and 11 private recyclers, was recycled into iron, copper, plastics, etc. In addition, we have been supporting collecting and green processing of waste electronic products in 22 clean local districts, starting from Ulleung Island in 2002. Our efforts also include building a recycling platform in local communities.

We will continue to develop green recycling technologies for new products (LCD, PDP, etc.) and triple the recycling rate (55,000 tonnes) by 2010 from the 2001 level (18,230 tonnes).

### [ Annual Recycling of Waste Electronics and Packaging ]



### [ Waste Electronics Recycling in 2007 ]



### ■ Expansion of Take back and Recycling Programs

Our Product Life Cycle Stewardship recognizes collection and recycling of waste electronic products as our basic responsibility. In addition to rigorous compliance in the mandatory regions, we are expanding voluntary recycling in non-mandatory areas as well. Recycling rate has improved by over 50% since 2004.

### ■ Overseas Recycling Performance in 2007

Our waste products collection and recycling program are expanding across the globe. Around 190,000 tonnes were recycled in 2007. Meanwhile, we make efforts to recycle waste plastics, generated from waste products and production processes, to reduce the overall volume of wastes (16.1% of total plastics used was recycled in 2007).

[ S.T.A.R. Program LOGO ]



**S.T.A.R. Programme**  
(Samsung Takeback and Recycling Programme)

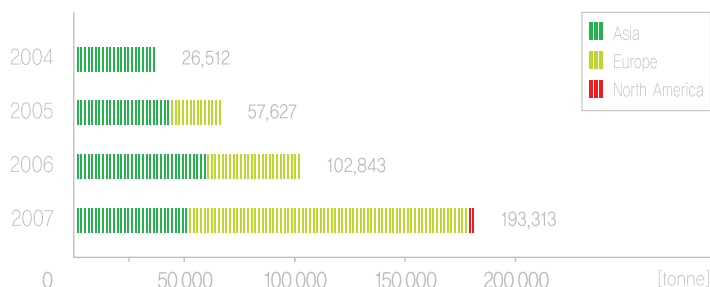
### ■ Voluntary Collection and Recycling

In addition to the compliance activities, we launched green campaigns for toner cartridges and mobile phones, with plans to expand them to other product groups.

STAR Program (Samsung Take-back and Recycling Program), a free-of-charge recycling of waste toner cartridges in 16 European countries launched in 2005, was expanded to the US in 2007 (see <http://www.samsung.com/printer/star/>). Consumers can simply print out the free-recycle labels from the country-specific STAR Program websites and return their used toner cartridges to the Samsung Electronics' partner recycler for green recycling.

For mobile phones, we joined MPPI (Mobile Phone Partnership Initiative), a UNEP program for green mobile phones, to reduce pollution from waste mobile phones. Details are available at Samsung Fun Club ([www.samsungmobile.com](http://www.samsungmobile.com)). Free take-back programs are offered to mobile phone users in 33 countries.

### [ Global Recycling and Reuse Rate ]

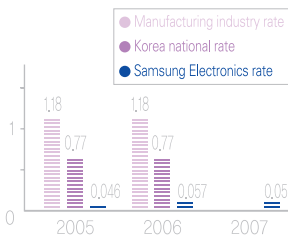


## Workplace Safety Measures

Each site has its occupational healthy and safety committee with the vision of 'Making Safest and Healthiest Workplace'. We are subject to internal as well as national regulations. Trainings and best practice workshops have helped us enhance safety and health awareness among the employees.

We will continue with safety initiatives and trainings to accelerate the falling accident rate to achieve zero accident.

### [ Accident Rate ]



2007 national accident rate and manufacturing industry accident rate will be announced by KOSHA at the end of September 2008.

### [ Safety Drama ]



### ■ Workplace Ergonomics

Musculo-skeletal diseases originate from simple, repetitive muscle movement or excessive load on muscles. Our Suwon site has been identifying and addressing health concerns among the production and research workers to prevent the neurovascular diseases. We also understand that increasing size and complexity of electronic products represent safety threats for our employees, and thus developed automatic lifting and tilting machines for safe handling of heavy products such as TVs and photocopiers. In addition, the production department automated the process of introducing PCBs (Printed Circuit Board) onto the conveyor and improved finished product transportation and packaging processes.

The Suwon site will further collaborate with the academia in developing a risk identification program for its production and office environments and to gradually expand its improvement know-how to overseas business sites.

### ■ Awareness Building Program : 'Safety Drama'

Our Gumi site hosts 'Safety Drama' to build safety awareness and culture. The dramas alert the employees with messages of safety, risks, and human life. Performed by the employee drama club, they are well received by the rest of the workers. Other endeavors for voluntary safety behavior include "Zero Accident Best Practice Workshop", where employees perform role plays related to workplace risks and improvement activities, and Winter Fire Drill Contests. Safety training is no longer a one-way communication, but an interactive and fun event designed to encourage voluntary commitment to safety.

### ■ BCP for Crisis Management and Recovery

At the time of the temporary failure at Giheung plant in August 2007, where an overheated transformer caused power outage and stopped part of the semiconductor production lines, we set up immediate countermeasures and minimized damage. Nevertheless, we learnt our lesson and established a BCP (Business Continuity Plan) to ensure immediate recovery and operation of production lines in contingencies. The BCP specifies ways to minimize recovery time in crises such as fire, explosion, blackout, and disrupted utility supply. We also set up a dedicated organization and prevention programs that prevent human and physical damages. Guidelines and action plans were developed for 7 contingency scenarios covering effective communication, damage minimization, and recovery.

## Global Environment & Safety Competitiveness

### ■ Quality Assurance for New or Expanded Production Lines

Our quality assurance program, adopted in 2003, is applied to all of the new or expanded production lines in Korea and overseas to ensure environment-friendliness and safety. Only the qualified facilities can start operation.

In 2007, we started assessing all workplaces under the 12 Korean and overseas subsidiaries to evaluate their capabilities in terms of accident prevention, energy supply, and structures management.

This enabled us to achieve, throughout all the sites, environmental and safety compliance, operation of fire prevention facilities, full coverage of property insurances, 100% energy reserve, and establishment of an operation/management system.

### ■ Certifications and Global Expertise Training

We assist the overseas production subsidiaries to acquire ISO14001 and OHSAS18001 certifications to effectively respond to buyers, to prevent accidents, and ultimately to have independent management functions. With an objective to having all production subsidiaries fully certified, we provide systematic support to new subsidiaries. In 2007, the semiconductor production site in Austin, US, obtained OHSAS18001 certification.

In addition, we offer environment and safety trainings to the overseas employees. In 2004-2007, total 153 workers took part in expert courses in environment, safety, and utility management. Around 30 more will receive the training in 2008.

### ■ Accident Prevention in Overseas Sites

In 2004, we introduced a loss control program, which quantifies and indexes all of our overseas subsidiaries in terms of their environment-friendliness, safety management, and infrastructure/ facility management. In 2006, we performed the first thermovision diagnosis on electrical facilities and immediately addressed fire and safety risks.

Furthermore, we developed a work manual for overseas subsidiaries for environment, safety, and infrastructure management. The manual, registered in the GPPM system, contributed to standardizing environmental and safety processes across all the subsidiaries (41 items for production subsidiaries and 14 for distribution/sales subsidiaries). We have also been diagnosing key overseas business partners since 2005.

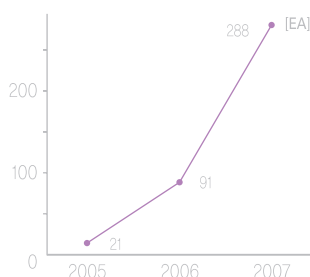
#### <sup>1)</sup> ISO14001

An international environment management standard set by ISO (International Organization for Standardization)

#### <sup>2)</sup> OHSAS18001

Occupational Health and Safety Assessment Series

[ Environment and Safety Support for Overseas Suppliers ]



#### <sup>1)</sup> GPPM

Global Policies and Procedure Manual

#### <sup>2)</sup> 8 Process

Business management (financial, human resources, environment & safety), development, product, procurement, distribution, marketing, sales, and customer service



We aspire to be responsible corporate citizens and engines for community growth.

## Material Sustainability Issues for Samsung Electronics

- Customer Satisfaction Management
- Response to Climate Change
- Environment-friendly Product Development
- Green Workplaces
- Healthy Development of Local Communities
- Talent Management
- Economic Value Creation

## Healthy Development of Local Communities

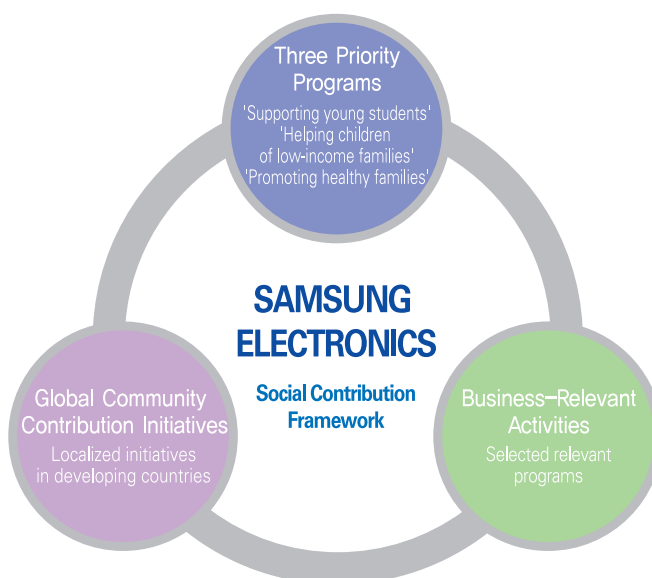


Average Volunteering  
per Employee

For a company, local communities are markets of consumers and pools of skilled workforce. Thus, local communities are important parts of corporate management and growth. Social contribution initiatives, adopted by many companies, in the forms of relationship building and communication, testify to their deep commitment to meeting the requirements of the local communities including employees, customers, investors, and NGOs.

Under one of the key visions of the Samsung group 'Socially Responsible Corporate Citizenship', we have introduced proactive social contribution programs to embrace the members of the local community as our 'family'. Our key focus areas are supporting young students, helping children of the low-income families, and promoting healthy families, while other business-relevant activities are also performed.

### [ Social Contribution Framework ]



## Three Priority Programs

### ■ Supporting Young Students

With a mind to give messages of hope and dreams to children, we support various volunteer programs and partner with professional children organizations. Some of the key programs in this category include National Students Creativity Olympiad, JA Economics Class, and Junior Engineering Class.



#### Case Study in 2007 : JYS Inventors' Class for Kids

This special initiative targets young talents in the Asan community, where education infrastructure is relatively underdeveloped. Total 188 talented students in elementary and middle schools in the community receive this quality training every Saturday.

| Geography | Programs                                     | Activities in 2007                                                                                                                             |
|-----------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Seoul     | Kids' Song Campaign                          | Green Singing Contest, Kids' Singing Concert, Free CDs of children's songs                                                                     |
|           | Students' Science Olympic (Sponsorship)      | National Students Science Contest, Young Scientists Festival in Olympic Park (07.10)                                                           |
|           | National Students' Creativity Olympiad       | 700 students joined Final Round (07.8)                                                                                                         |
| Giheung   | Samsung Semiconductor Scholarship            | 65 students from 13 technical high schools received KRW 80 million and 19 recipients joined Samsung Electronics                                |
| Gumi      | JA Economics Class, Junior Engineering Class | 245 participated in JA Economics Class 120 participated in Junior Engineering Class                                                            |
| Tangjeong | Korea History Class                          | 1203 students from 11 schools took part in the field trips to the historic relics and factories in Asan (partnered with Asan Education Office) |



### ■ Helping Children of Low-Income Families

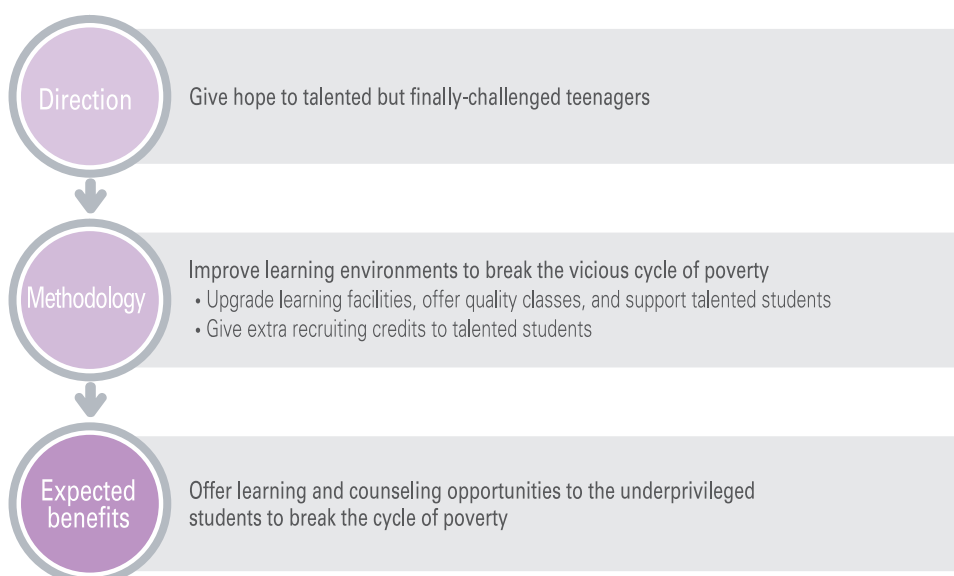
We offer programs for children of low-income families, who often lose opportunities to realize their potentials. By improving their learning environment, providing quality training, and offering volunteer mentors, we help them fulfill their dreams. In this category, volunteer groups in each business site lead various programs mostly focused on academic assistance.



#### Case Study in 2007 : Mentoring for Teenage Breadwinners

We support teenage breadwinners in partnership with Child Fund Korea. In particular, 30 boys and girls in Chungbuk Province were 1:1 matched up with our employees for financial as well as emotional support. The pairs enjoyed picnics, birthday parties, and outings to theme parks such as Ever Land and Caribbean Bay. The mentors are devoted to building friendship through emails and telephone conversations.

| Geography          | Programs                                          | Activities in 2007                                                                                                                                                  |
|--------------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Seoul              | Didimdol (Stepping Stone) Scholarship             | 15 college students with disabled families receive scholarships and join camps every year                                                                           |
| Suwon              | Happy Science School                              | 20 study rooms in Suwon offer hands-on science classes to 1,675 students with 11 experiment items including floating train (involved 311 volunteers in 53 sessions) |
| Giheung / Hwaseong | Love-Filled Learning (Yangji Sunshine Study Room) | Improve safety of learning environment and provide extracurricular activities (i.e. Taekwondo) via volunteering                                                     |
|                    | Happy Home School (KFHI)                          | Multi-leveled extracurricular programs, e.g. violin, foreign languages, essay writing, piano, by three centers at the investment of KRW 85,000,000                  |
|                    | Night Study School (Grutergi Night Study)         | Volunteers offer night-time classes for working teenagers of low-income families (70% acquired high-school diplomas)                                                |
| Onyang             | Study Room Support (Study Room Association)       | Total 322 academic, social, and cultural classes were offered to 8 study rooms in the community                                                                     |
| Gumi               | Dapyeong Study Room                               | Five foreign immigrants offered English classes to children in study rooms in the community. Volunteering and financial support was also provided.                  |
| Cheonan            | Dosol Project                                     | Science classes, study materials, and volunteer teachers for study rooms                                                                                            |
| Tangjeong          | Crystal Home School                               | Study rooms facilities were improved along with free mathematics and English lessons                                                                                |



### ■ Promoting Healthy Families

One of our efforts to building healthy families and communities translates to equipping our employees with professional first aid and emergency relief capabilities and sending them to the partner companies and welfare institutions for emergency relief training. We work together with professional organizations including Korean Red Cross, National Emergency Management Agency, and Korean Emergency Medical Technician Association.

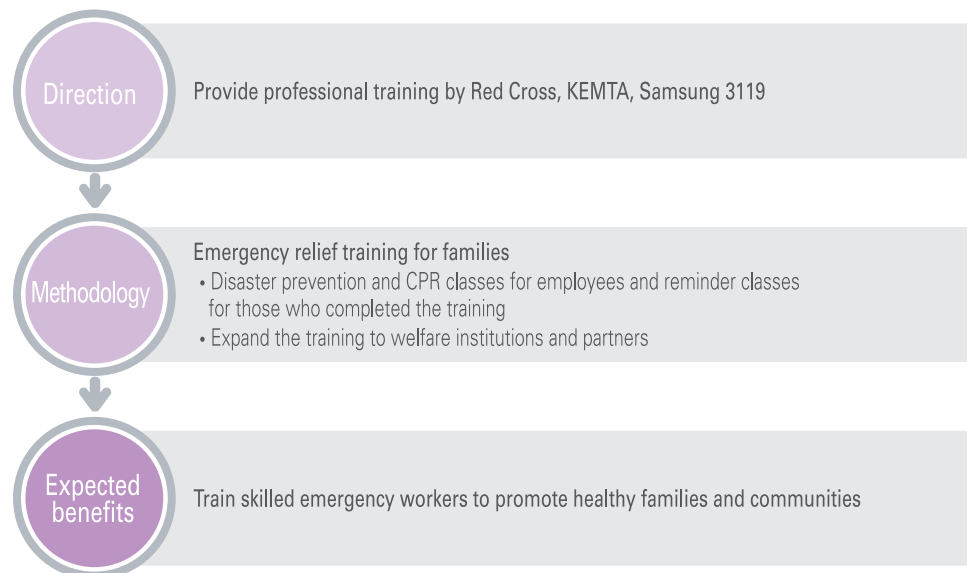
As of the end of 2007, total 44,536 employees received the training, of whom 3,934 completed expert's course and are involved in the community projects.



#### Case Study in 2007 : Emergency Expert Training for Institutions for the Disabled

We provided emergency relief expert courses, including cardiopulmonary resuscitation (CPR), for staffs of the institutions for the disabled in Seoul, which also serve as homes for the disabled. We conducted written and practice tests to ensure their expertise in real-life contingencies. Furthermore, we distributed emergency guidebooks to all our business sites (total 5,000 copies).

| Geography | Programs                                                                                                                                                    | Activities in 2007                                                                                             |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Seoul     | Basic training for staffs in welfare institutions                                                                                                           | 480 participants over 4 sessions                                                                               |
| Suwon     | Community safety training by 3119 Relief Squad                                                                                                              |                                                                                                                |
| Giheung   | Certification of emergency workers, Trainings for new employees                                                                                             | 1,026 participants                                                                                             |
| Onyang    | First aid training and fire drills                                                                                                                          | Basic first aid : 369 participants<br>Advanced first aid : 93 participants<br>Fire drills : 5,259 participants |
| Tangjeong | Three-tiered emergency relief classes : Professional relief workers course, General relief workers course, and Disaster prevention course for new employees | General course : 826 participants<br>New employees course : 1,118 participants                                 |
| Gumi      | First aid & fire extinguisher class for all staffs,<br>First aid class for staff' families and childcare centers in the community                           | 12,000 participants<br>150 participants                                                                        |



## Global Community Initiatives

All of our global community contribution programs are fully localized to target countries and regions, catering to their culture and social needs. Currently a wide variety of donations and volunteering activities are unfolding.



### Case Study in 2007 : Partnership with UNESCO Korea for EFA (Education for All)

The international community is committed to ensuring education for all (EFA) by 2015, leveraging education to fight poverty and improve quality of life. For our part, we partnered with Korean National Commission for UNESCO and set up to support the <Initiative on Teacher Training in Sub Saharan Africa (TISSA)>. As part of the initiative, in 2007, we provided peace education to teachers in Uganda.

## [ Global Contribution Highlights ]



## Business Relevant Activities

We identified business-specific contribution programs for highest efficiency and relevance. This way, we can allocate quality resources and make meaningful contribution to community development.

For instance, the Telecommunication Networks Business helps the hearing-impaired with cochlear implant surgeries and hearing ear dogs, as its mobile phones are related to the hearing function. The Semiconductor Business set up Dementia Prevention Center for the Elderly jointly with a local community, as its semiconductor functions as brains in humans. The LCD Business offer ophthalmologic programs, as its LCD is related to visual senses.

We will continue to develop innovative and relevant contribution programs to better serve our communities.



### Case Study in 2007 : Cochlear Implant and Hearing Ear Dog Programs

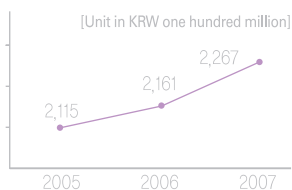
#### <Cochlear Implant Surgeries>

This program was designed to restore hearing functions for the hearing-impaired people in the low-income class. We assist the entire recovery process including renting hearing aids before the surgery, the surgery itself, and rehabilitation for 4 years after the surgery. Since its official launch in 2007, total 51 people received the surgery and are now in rehabilitation as of the end of July 2008. Besides the medical support, we provide mentoring programs for the patients' families and organize friendship events twice a year for emotional support.

#### <Hearing Ear Dogs>

In this program, we look for homeless dogs, test select sound-sensitive ones, and train them for six months to work as ears for the hearing-impaired. These dogs are trained to respond to various sound signals, such as alarm clocks, door bells, fire alarms, baby cries, etc. Since its official launch in April 2007, total 4 hearing ear dogs were donated as of the end of July 2008. We also partner with the Korean Association of the Deaf to offer scholarships to 10 hearing-impaired children every year.

### [ Investments in Community Contribution ]



<sup>1)</sup>The figure includes donations and public sponsorships in Korea and overseas.

## Our Performance

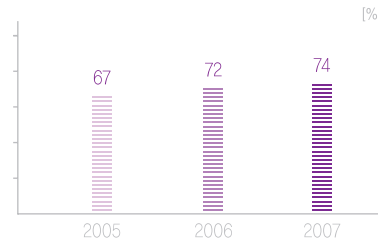
In 2007, we invested KRW 226.7 billion for community contributions, which is a 5% increase from 2006 and approximately 3% of our profits after tax.

We encourage our employees to be more active in the community programs, while managing matching grants to stimulate the culture of giving. Center-specific volunteer groups are encouraged to lead the efforts.

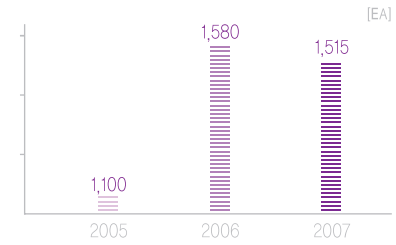
In 2007, 53,247 employees, or 74% of the Samsung Electronics workforce, donated approximately KRW 2.6 billion and 1,515 volunteer groups partnered with 398 community institutions.

[ Samsung Electronics Community Contribution Performance ]

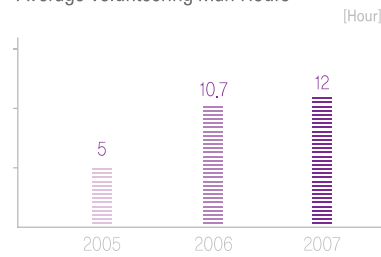
• Employees' Participation in Donations



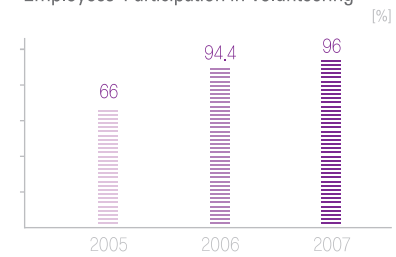
• Number of Volunteers Groups



• Average Volunteering Man-Hours



• Employees' Participation in Volunteering



A photograph of two men in an office environment. One man, wearing a dark blue button-down shirt, is standing and leaning over a desk, pointing his right index finger towards a laptop screen. He is smiling broadly. The other man, wearing a red sweater, is sitting at the desk, looking up at the standing man with a wide, joyful laugh. His hands are clasped together on the desk. The background is a bright, out-of-focus window showing a cityscape.

Samsung Electronics promises to build a better workplace to encourage employees to develop their potentials, creativity, and spirits of challenge.

## Material Sustainability Issues for Samsung Electronics

- Customer Satisfaction Management
- Response to Climate Change
- Environment-friendly Product Development
- Green Workplaces
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- Talent Management
- Economic Value Creation

## Talent Management

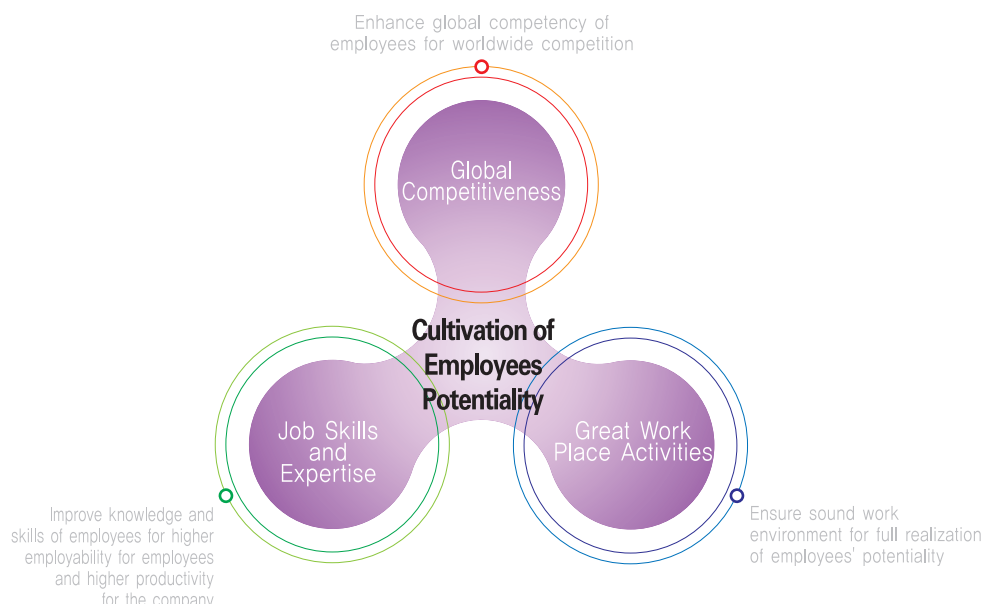


Average Training Hours  
Per Employee

Companies today find themselves in the middle of a whirl of sweeping changes - increasing competition, globalization, technology developments, and changing social trends. To ensure sustainable growth in this ever changing and complex world, Samsung Electronics strongly believes that it is important to cultivate high potentials to better respond to the business environment changes.

Samsung Electronics values recruiting and retaining high potential employees, with the belief that 'a company is its people,' as specified by one of corporate core values. Thus Samsung Electronics regards all employees as the most valuable corporate assets and thereby encourage them to be the best talents for their works.

To improve employees' competitiveness, Samsung Electronics focuses on continuous career development and cultivation of their own capability and potentiality. Also Samsung Electronics provides trainings on International Labor Law to promote an organizational atmosphere where individual personality and diversity is respected as well as prevent unfair discrimination (gender, ethnicity, religion, etc.) and illegal labor practices (child labor, forced labor, etc.) while their work. Samsung Electronics facilitates Great Work Place (GWP) activities to build the workplace where individual diversity is respected and communicated openly, so that all employees have a mindset to face challenges and realize their full potentiality.



## Global Competitiveness

A company needs to explore new business opportunities in order to continue its growth and talented workforce is a critical engine for traveling the challenging path ahead. In this regard, we are deeply devoted to training the talents with global perspectives and values.

### ■ International Recruit Officer

International Recruit Officer (IRO) is a dedicated organization that recruits top talents from across the world. It covers countries including China, India, Russia, and the US.

### ■ International Internships and Scholarships

56 overseas branches run partnership programs with Korean universities, under which they support talented young students to study in Korea, acquire diplomas, and work in Samsung Electronics Headquarters in Korea after graduation. They can choose to return to home countries after 2 years to work in the relevant branches of Samsung Electronics. This aims to enhance our global competitiveness.

### ■ Local Culture Programs

To help new foreign employees understand the Samsung Electronics organizational culture and to lives in Korea, Samsung Electronics assigns them 1:1 mentors and arranges meetings and communication opportunities with executive managers. Global Help Desk is a dedicated organization to help them administrative procedures and others while their settling down in Korea.

## Job Skills and Expertise

Our employee training programs across R&D, marketing, and management support, were realigned to focus more on competency development of employees. Our new roadmap establishes a systematic and futuristic framework for talent development. Our core competency trainings are two-fold : functional training and business-specific field training. The former takes place in SLDC (Samsung Leadership Development Center) for leading and disseminating change, SIGM (Samsung Institute of Global Marketing) for developing marketing professionals, and SATTI (Samsung Advanced Technology Institute) for nurturing engineering expertise. The latter includes specialized field programs by business (Sales & Marketing courses in Digital Media, Telecommunication Networks, Semiconductor, LCD business).

### ■ Corporate Values

We have tiered value-sharing sessions - basic training for new comers and scouted employees, change management education for executives, team leaders, and managers - to promote sharing of Samsung Electronics management philosophies, corporate values, mid-to-long-term visions, strategies, and commitment to change.

### ■ Next Generation Leadership Programs

We manage pools of core talents in each job hierarchy, composed of potential next generation leaders capable of leading business value creation and strengthening global competitiveness.

### ■ Global Pool of Talents

We train global talents through language learning courses (English, Chinese, Japanese, etc.) and 'Local Expert Program' (one-year stay-and-study of overseas markets and culture). For efficient operation at the overseas branches, we offer opportunities to experience the relevant markets and special courses for overseas expatriates. Meanwhile, we provide top-university MBA sponsorship for the high performers in staff functions to enhance global competitiveness and job specialties in management administration.

### ■ Technical Experts Training

Technical experts training programs are provided across the functions : planning, finance, human resources, procurement, marketing, quality assurance, design, and patent management. Samsung Electronics professional university also presents opportunities for systematic education. For R&D, in particular, we introduced industry-academia collaboration programs and academic training sessions at top universities in Korea and overseas.

[ Happy morning with our employees ]



### Great Work Place (GWP) Activities

All our domestic and overseas business sites are GWP (Great Work Place) indexed every year by GPTW (Great Place to Work)<sup>®</sup> institute.

Our internal GWP website, launched in 2006, shares our GWP vision and best practices across the company. Our monthly newsletters also feature a dedicated GWP section that shares best practice departments and employees. LCD and Semiconductor Businesses hold GWP award ceremonies at the end of the year. Company-wide GWP award will start in 2008 to encourage more participation of the employees.

### [ Key GWP Initiatives in 2007, Korea ]

| 1Q                                                                                                                                                                                                                                                                                              | 2Q                                                                                                                                                                                                                                                                                                            | 3Q                                                                                                                                                                                                                                                                                                                                                                                                         | 4Q                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Family trips (Suwon)</li> <li>• 2007 Global New Year Greeting Fair for foreign employees and families (Semiconductor Business)</li> <li>• 6,000<sup>th</sup> Awardee in Praise Relay (Gumi)</li> <li>• Heart-Sharing Team Program (Giheung)</li> </ul> | <ul style="list-style-type: none"> <li>• 1,000 day with zero accident record (Module 1 team at ITD Center) and free hugs event (Cheonan)</li> <li>• Weekend farm (Semiconductor, LCD Business)</li> <li>• Workplace Photograph Contest (Gumi)</li> <li>• Best Non-Smoking Workplace by MOHW (Gumi)</li> </ul> | <ul style="list-style-type: none"> <li>• Digital camp for employees' children (Suwon)</li> <li>• Family Photo Exhibition (Network Division, Gumi)</li> <li>• Summer Vacation Photograph Contest (Semiconductor Business)</li> <li>• Summer Night Firefly Music Concert for Families (LCD Business)</li> <li>• Korean speaking contest for foreign employees</li> <li>• 2007 Family Singing Camp</li> </ul> | <ul style="list-style-type: none"> <li>• GWP Forum (Network Division, Suwon)</li> <li>• Happy Together 2007 GWP Autumn Festival (Semiconductor Business)</li> <li>• GWP Presentations (Telecommunication Lab, Suwon)</li> <li>• Best 998 Workers Contest (DP Center)</li> </ul> |



Through parallel pursuit of social and environmental responsibilities as well as economic objectives, we are determined to transform ourselves into one of the most respected, highly recognized global companies in the world.

## Material Sustainability Issues for Samsung Electronics

- Customer Satisfaction Management
- Response to Climate Change
- Environment-friendly Product Development
- Green Workplaces
- Healthy Development of Local Communities
- Talent Management
- Economic Value Creation

## Economic Value Creation



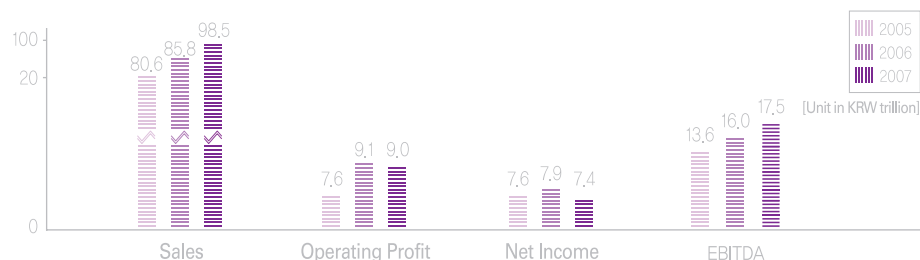
KRW 98.5 Trillion Net  
Sales in 2007

Sustainable management can also be described as a belief that a company can survive only through parallel pursuits of stakeholder interests, social and environmental responsibilities, as well as economic objectives. Based on this perspective, we continue innovation to enhance our stakeholder values and ultimately earn trust and respect from them.

### Economic Performance

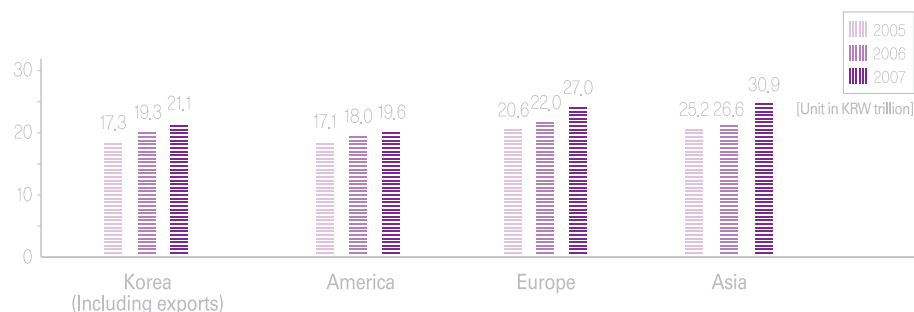
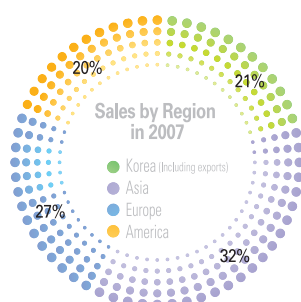
We achieved a record level of sales in 2007 - KRW 98.5 trillion (consolidated), marking a 14.8% increase from the previous year (KRW 85.8 trillion). Operating profit and net income recorded KRW 9.0 trillion and 7.4 trillion, respectively, a slight decrease from the previous year. However, the EBITDA grew by 9.4% from the previous year.

#### [ Sales, Operating Profit, Net Income, EBITDA ]



\*Data provided in previous reports are restated due to different scope of consolidation.

#### [ Net Sales by Region ]



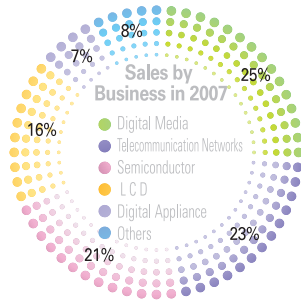
\*For details on region-specific performance, please refer to the audited consolidated financial statements as of December 31 2007.

## Material Sustainability Issues for Samsung Electronics

Healthy Development of Local Communities

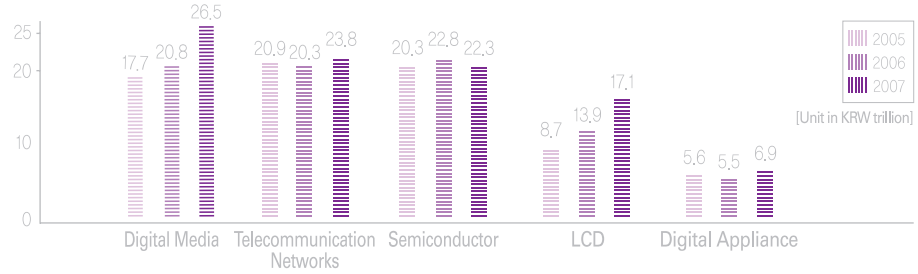
Talent Management

Economic Value Creation



### ■ Performance by Business

#### [ Net Sales by Business ]



\*For details on business-specific performance, please refer to the audited consolidated financial statements as of December 31 2007.

### ■ Key Products and Market Share by Business

#### [ Global and Korean Market Share of Key Products ]

| Product         | 2005  | 2006  | 2007  | Reference                                          |
|-----------------|-------|-------|-------|----------------------------------------------------|
| DRAM            | 31.4% | 29.6% | 27.8% | Global market share (Samsung Electronics estimate) |
| TFT-LCD         | 20.3% | 19.4% | 20.0% | Global market share (Display Search)               |
| Color TV        | 46.3% | 48.3% | 51.6% | Korean market share (GfK)                          |
| Refrigerator    | 43.5% | 44.1% | 44.1% | Korean market share (GfK)                          |
| Washing machine | 45.3% | 39.7% | 45.0% | Korean market share (GfK)                          |
| Air conditioner | 43.1% | 41.0% | 42.5% | Korean market share (GfK)                          |
| PC              | 33.8% | 33.1% | 38.4% | Korean market share (Gartner)                      |
| Monitor         | 40.4% | 39.5% | 42.7% | Korean market share (IDC Korea)                    |
| Printer         | 29.1% | 26.5% | 27.4% | Korean market share (IDC Korea)                    |
| Mobile phone    | 49.4% | 49.5% | 50.0% | Korean market share (Samsung Electronics estimate) |

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

TFT-LCD : data from Display Search (2005-2007)  
Color TV, refrigerator, washing machine, air conditioner : data from Samsung Electronics estimate (2005-2006) and GfK (2007)  
Monitor and printer : data from IDC Korea (2005-2007)  
PC: data from Gartner (2005-2007)

\*It does not include market shares of key competitors, as the data are not consistent across the research organizations. Please refer directly to their respective reports.

### Creation of Economic Values

Economic values created can be summarized as below.

#### [ Summarized Economic Value Creation ]

[Unit in KRW billion]

| Classification                              | 2005     | 2006     | 2007     |
|---------------------------------------------|----------|----------|----------|
| Sales                                       | 80,630   | 85,835   | 98,508   |
| Total purchases <sup>*1</sup>               | (60,293) | (62,353) | (72,795) |
| Other income <sup>*2</sup>                  | 3,020    | 3,265    | 4,145    |
| Other expenses <sup>*3</sup>                | (2,072)  | (2,089)  | (2,999)  |
| Depreciation and amortization <sup>*4</sup> | (6,020)  | (6,873)  | (8,498)  |
| Economic values created                     | 15,265   | 17,785   | 18,361   |

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

\*2.Refers to non-operating income including interest/dividend income and gains on equity method valuation, asset disposition, and foreign currency transaction.

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

\*4. Refer to total depreciation and amortization included in the cost of sales, R&D cost, and other administrative expenses.

### ■ R&D and CAPEX

One of the critical drivers of our economic performance is bold R&D investments and timely and well-planned facility investments.

We are fully committed to increasing competitiveness of our core businesses and acquiring future technologies. In 2007, we invested KRW 6.1 trillion, or 6.2% of consolidated sales, in research and development. Our R&D workforce stands at approximately 39,000 as of the end of 2007, of whom 3,200 hold Ph.D. Such bold R&D investment enables us to launch innovative products across the business segments every year. Meanwhile, we registered 2,725 patents in the US in 2007.

#### [ R&D ]

[Unit in KRW trillion]

|                       | 2005 | 2006 | 2007 |
|-----------------------|------|------|------|
| Sales                 | 80.6 | 85.8 | 98.5 |
| Total R&D expenditure | 5.5  | 5.7  | 6.1  |
| Percentage            | 6.8% | 6.7% | 6.2% |

Our core business such as semiconductor and LCD are capital-intensive, which means that failure to make timely investments in facilities results in loss of leadership. Excessive investment, on the other hand, from wrong market predictions leads to overcapacity and threatens profitability. At Samsung Electronics, capital expenditure decisions are made by the Management Committee, which is delegated by the Board of Directors. The committee basically convenes every Monday with ad-hoc meetings if necessary. It invites relevant managers, executives, or outside experts for careful deliberation. In 2007, we invested KRW 12.5 trillion, or 84.5% of cash flows from operating activities (consolidated) in acquisition of tangible and intangible assets.

#### [ Capital Expenditure ]

[Unit in KRW trillion]

|                                      | 2005  | 2006  | 2007  |
|--------------------------------------|-------|-------|-------|
| Cash flows from operating activities | 13.3  | 15.1  | 14.8  |
| CAPEX                                | 11.8  | 11.9  | 12.5  |
| Percentage                           | 88.4% | 79.2% | 84.5% |

### ■ Contribution to the Korean economy

We have our head office and key sites in Korea. The percentages of our added values, exports, and corporate income tax payments in Korea, in the respective categories, testify to our significance in the Korean economy.

#### [ Significance in the Korean Economy ]

[Unit in KRW trillion]

|                   | 2005  |                     |       | 2006  |                     |       | 2007  |                     |       |
|-------------------|-------|---------------------|-------|-------|---------------------|-------|-------|---------------------|-------|
|                   | Korea | Samsung Electronics | %     | Korea | Samsung Electronics | %     | Korea | Samsung Electronics | %     |
| VA <sup>*1</sup>  | 810.5 | 18.1                | 2.2%  | 848.0 | 18.1                | 2.1%  | 901.2 | 19.1                | 2.1%  |
| Export            | 342.6 | 47.2                | 13.8% | 364.7 | 48.2                | 13.2% | 410.9 | 51.0                | 12.4% |
| Tax <sup>*2</sup> | 29.8  | 1.2                 | 4.1%  | 29.4  | 1.3                 | 4.4%  | 35.4  | 1.2                 | 3.4%  |

Source : Samsung Electronics financial statements (non-consolidated), Bank of Korea (BOK) Economic Statistics System (ECOS), Korea Statistical Information System (KOSIS)

\*1. Value added against business management analysis criteria by BOK (2007)

\*2. Corporate income tax in the non-consolidated financial statements

### ■ Economic Impact

Local communities and countries, in which we operate, are subject to various economic, social, and environmental impacts from our business activities. We fully understand our economic impact and thus developed programs as below to better manage them and expand positive impact. We will continue to do business in a way that is respected by the local communities.

#### **Samsung Electronics in Slovakia**

We were selected as Best Company by 'Trend', one of the most influential economic papers in Slovakia, in their 2007 study of the top 200 companies in the country against the criteria of local economic contribution, business growth, operation efficiency, profitability, productivity, and employment growth.

Our Slovakia plant is located in Galanta City and produces display products such as TV, LCD monitor, and CRT monitor. This plant alone created 3,585 jobs, or 21% of the city population of 17,000 in 2006. Our LCD module plant in Trnava, Slovakia started mass production in January 2008 and contributed to direct employment of 1,200, while creating total 3,700 jobs at its suppliers. Priority of all recruiting decisions is local residents. The Slovakian government expects the high-tech plant to contribute to technology transfer and export growth.

Samsung Electronics in Slovakia will continue to embrace localization policy, provide better wages and welfare benefits than other workplaces in the region, and develop various community programs for the residents.

#### **Tangeong Crystal Valley**

Up until few years ago, Tangeong in Asan City, Korea was a farming village famous for its grape vines. But presence of Samsung LCD Business since 2004 dramatically transformed the village to a 'Crystal Valley'. Completion of Tangeong Industrial Complex in 2015, stretching across 4.62 million m<sup>2</sup>, will have tremendous economic impact on the community in terms of production, export, employment, and tax income. In fact, Asan City population is increasing strongly, exceeding 200,000.

However, lack of housing and convenience facilities in Tangeong has left many employees still commuting from neighborhood areas - which limit the positive impact on the local economy. Recognizing the room for improvement, the municipal government is now building a new, self-sufficient town, fully equipped with housing, education, culture, and shopping facilities. The initiative will push up the population growth.

Meanwhile, we understand the potential hazards from such rapid development. Having identified community issues, such as compensation for resident migration, sudden increase of real estate prices, and environment pollution, we have devised various direct and indirect measures. They include granting the residents with canteen business opportunities in the construction sites, offering job opportunities for residents' adult children, procuring food and materials from the local communities, building public amenities, strictly controlling the environmental footprint, and developing community programs.

## Distribution of Economic Values

We distributed economic values to each stakeholder group as below.

### [ Summarized Economic Value Distribution ]

[Unit in KRW billion]

| Stakeholder                               | Account                      | 2005   | 2006   | 2007   |
|-------------------------------------------|------------------------------|--------|--------|--------|
| Employees                                 | Labor cost <sup>*1</sup>     | 6,072  | 7,089  | 7,880  |
| Government                                | Taxes and dues <sup>*2</sup> | 1,887  | 2,025  | 2,072  |
| Local community                           | Donations <sup>*3</sup>      | 180    | 184    | 192    |
| Creditors                                 | Interest expenses            | 218    | 294    | 294    |
| Shareholders                              | Dividend / stock repurchase  | 2,613  | 2,365  | 2,815  |
| Company                                   | Retained earning             | 4,295  | 5,828  | 5,108  |
| Economic values distributed <sup>*4</sup> |                              | 15,265 | 17,785 | 18,361 |

\*1.Sum of salary, provision for retirement benefits and welfare benefits included in cost of sales, R&D cost, and sales/administrative expenses.

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

\*3.Book-based donations may differ from tax law definition.

\*4.Same as economic values created

### ■ Distribution to employees

We and our subsidiaries' labor cost expenditure is three fold : salaries, retirement payments, and welfare benefits. Labor cost increased by 11% vis-à-vis the previous year. For retirement payment, we have retirement insurance with Samsung Life Insurance and Samsung Fire and Marine Insurance at approximately KRW 1.2 trillion, or around 60.7% of the total retirement payable as of the end of 2007. Samsung Card, one of our subsidiaries, also has a defined benefit retirement pension program with Samsung Life Insurance, in accordance with Employee Retirement Benefit Security Act of Korea.

### [ Labor Cost ]

[Unit in KRW billion]

| Account    | 2005  | 2006  | 2007  |
|------------|-------|-------|-------|
| Labor cost | 6,072 | 7,089 | 7,880 |



### ■ Distribution to governments

We and our subsidiaries' taxes and dues payment to governments remained similar to the previous year. By region, Korea accounted for 81% of our taxes and dues payment in 2007, followed by Asia, where most of our production plants are located. Meanwhile, we receive various government assistances in the forms of tax exemption in return for R&D and facility investments, income tax and regional tax credits for plant constructions, and infrastructure assistance, i.e. building roads around the plants.

### [ Taxes and Dues ]

[Unit in KRW billion]

| Account              | 2005  | 2006  | 2007  |
|----------------------|-------|-------|-------|
| Income tax           | 1,218 | 1,634 | 1,710 |
| Other taxes and dues | 669   | 391   | 362   |
| Total                | 1,887 | 2,025 | 2,072 |

### ■ Distribution to local communities

We and our subsidiaries' community contribution increased 4.8% from the previous year. Our non-consolidated donation expenditure in 2007 breaks down into KRW 81.8 billion for cultural and welfare programs, KRW 86.9 billion for education, and KRW 13.8 billion for support for the underprivileged.

#### [ Donation Expenditure by Type ]

[Unit in KRW billion]

| Account                         | 2005 | 2006 | 2007 |
|---------------------------------|------|------|------|
| Culture and welfare programs    | 77   | 97   | 82   |
| Education                       | 82   | 65   | 87   |
| Support for the underprivileged | 15   | 13   | 14   |
| Donation from subsidiaries      | 6    | 9    | 9    |
| Total                           | 180  | 184  | 192  |

### ■ Distribution to creditors

We and our subsidiaries' interest expenses in 2007 remained relatively unchanged from the previous year. However, interest income increased by 27.4% and thus net interest expenses remained consistent.

#### [ Interest Income, Interest Expenses ]

[Unit in KRW billion]

| Account               | 2005 | 2006 | 2007  |
|-----------------------|------|------|-------|
| Interest income       | 284  | 365  | 465   |
| Interest expenses     | 218  | 294  | 294   |
| Net interest expenses | (66) | (71) | (171) |

### ■ Distribution to shareholders and investors

We and our subsidiaries' dividend payments increased by 42.7% vis-à-vis the previous year. Net treasury stocks purchase also increased 6.4%, increasing shareholders and investors benefits (dividend and net stock repurchase) by 19.0% from the previous year. We repurchase registered common stocks and non-voting preferred stocks at market prices to stabilize our share prices in KRX. Such treasury stocks are used for stock option exercises.

#### [ Dividend and Stock Repurchase ]

[Unit in KRW billion]

| Account                       | 2005  | 2006  | 2007  |
|-------------------------------|-------|-------|-------|
| Dividend                      | 834   | 820   | 1,171 |
| Dividend payout ratio         | 10.9% | 10.4% | 15.8% |
| Net stock repurchase          | 1,779 | 1,545 | 1,644 |
| Dividend and stock repurchase | 2,613 | 2,365 | 2,815 |
| Total payout ratio*           | 34.2% | 29.8% | 37.9% |

\*Ratio of dividend and stock repurchase to net income.



## Appendix

- Assurance Report
- Environmental Performance Indicator
- GRI Index Table
- Global Network

# Assurance Report

## the 2008 Samsung Electronics Sustainability Report

### Introduction

We have been engaged by Samsung Electronics Co., Ltd. to review specified information in the 2008 Samsung Electronics Sustainability Report (further referred to as The Report). The Report is the responsibility of the company's management. Our responsibility is to issue an assurance report in relation to the scope described below.

### Context and Scope

In The Report Samsung Electronics describes its efforts and progress in relation to sustainability and reporting. Our engagement was designed to provide the readers of The Report with:

#### ■ reasonable assurance on whether:

- the data on financial performance, as specified in the section 'Work Undertaken and Conclusions' are properly derived from the audited 2007 consolidated financial statements of Samsung Electronics and its subsidiary companies as well as 2007 non-consolidated financial statements of Samsung Electronics.

#### ■ limited assurance on whether:

- the data on Accident Rate and Average Volunteering Man-Hours in 2007 are reliable.
- the information in the following sections of The Report is fairly stated:
  - Customer Satisfaction Management (p 14 ~ p 19);
  - Response to Climate Change (p 20 ~ p 25);
  - Environment-friendly Product Development (p 26 ~ p 31);

'Fairly stated' means that The Report properly reflects the information contained in the underlying sources such that it is consistent with the source information.

Reasonable assurance is a higher level of assurance than limited assurance, which is reflected in the nature and depth of the work performed.

To obtain a thorough understanding of the financial results and financial position of Samsung Electronics, the reader should consult the audited consolidated financial statements of Samsung Electronics and its subsidiary companies as well as non-consolidated financial statements of Samsung Electronics for the year ended 31 December 2007.

### Standards and Criteria

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000): 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board. Amongst others this standard requires that:

- the assurance team members possess the specific knowledge, skills and professional competencies needed to understand and review the information in The Report, and that they comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence;
- when providing limited assurance, which is a lower level than reasonable assurance, a negative form of conclusion is used.

There are no generally accepted standards for reporting sustainability performance. Samsung Electronics applies its own internal sustainability performance reporting criteria, in addition to using the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative.

### Considerations and Limitation

Environmental, health, safety and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

## Work Undertaken and Conclusions

### ■ Financial Data

We have reconciled the data on financial performance for the year 2007 listed below, with the audited 2007 consolidated financial statements of Samsung Electronics and its subsidiary companies as well as non-consolidated financial statements of Samsung Electronics.

- the financial performance information on page 51 ~ 56

Based on the above, the data on financial performance specified above are properly derived from the 2007 consolidated financial statements of Samsung Electronics and its subsidiaries as well as 2007 non-consolidated financial statements of Samsung Electronics for which the independent auditors issued an unqualified audit opinion dated March 11, 2007 and February 27, 2007 respectively.

### ■ Specific Data

For the reliability of the data on Accident Rate and Average Volunteering Man-Hours for the year 2007 we conducted:

- a review of the data reported by reporting organizations;
- a review of the systems used to generate, aggregate and report these data;
- a review of the data validation process at product division level;
- a review of the calculation made at corporate level;

Based on the above, the data on Accident Rate, Average Volunteering Man-Hours for the year 2007 do not appear to be unreliable.

### ■ Specific Sections

For the information in the sections of The Report, as specified above under 'Context and Scope' we conducted:

- a media and internet search to obtain insight into the relevant sustainability aspects in the reporting period;
- a review of the systems and processes used to generate this information;
- a review of internal documentation and intranet sources;
- interviews with staff in order to assess the information included in the specific sections;

Following our review we discussed changes to the draft Report with Samsung Electronics and reviewed the final version of The Report to ensure that it reflected our findings.

Based on the above, the information in the sections, Customer Satisfaction Management, Response to Climate Change and Environment-friendly Product Development does not appear to be unfairly stated.

### ■ Commentary

We believe that the following information, without affecting the conclusions presented above, may be useful to the reader's decision-making.

Samsung Electronics is currently building an effective system to manage various corporate responsibility issues. In order to enhance the levels of sustainability management and sustainability reporting, Samsung Electronics is advised to identify clear direction of its corporate responsibility management, to realign relevant organizations, and to set up specific tasks. We believe that the company needs to strengthen its stakeholder communication process for listening and responding to the issues raised by the various stakeholders. Stakeholder-focused sustainability management will enable the company to further upgrade its reputation as one of the best global players.



# Environmental Performance Indicator

| Indicator                                                                                 | Scope or boundary        |                           | Unit                 | 2005      | 2006      | 2007       |
|-------------------------------------------------------------------------------------------|--------------------------|---------------------------|----------------------|-----------|-----------|------------|
| Materials used by weight as product group <sup>Note 1)</sup>                              | All                      | Large Household Appliance | Tonne                | 875,515   | 932,217   | 1,128,831  |
|                                                                                           |                          | Display                   |                      | 728,057   | 860,971   | 1,046,309  |
|                                                                                           |                          | Small Appliance           |                      | 233,268   | 246,599   | 237,428    |
| Greenhouse gas emissions <sup>Note 2)</sup>                                               | Korea                    | Direct                    | kilo tonne           | 3,026     | 3,625     | 4,237      |
|                                                                                           |                          | Indirect                  |                      | 2,934     | 3,472     | 4,044      |
|                                                                                           | Overseas                 | Direct                    |                      | 376       | 431       | 479        |
|                                                                                           |                          | Indirect                  |                      | 472       | 541       | 747        |
|                                                                                           | All                      | Direct <sup>Note 3)</sup> |                      | 3,402     | 4,056     | 4,716      |
|                                                                                           |                          | Indirect                  |                      | 3,406     | 4,012     | 4,791      |
|                                                                                           |                          |                           |                      |           |           |            |
| Electricity consumption                                                                   | Korea <sup>Note 4)</sup> | Overseas                  | Mwh                  | 6,920,413 | 8,187,826 | 9,536,514  |
|                                                                                           |                          | Overseas                  |                      | 699,293   | 823,292   | 1,216,458  |
|                                                                                           |                          | All                       |                      | 7,619,706 | 9,011,118 | 10,752,972 |
| LNG consumption                                                                           | Korea                    | Overseas                  | kNm <sup>3</sup>     | 137,474   | 146,036   | 152,565    |
|                                                                                           |                          | Overseas                  |                      | 8,073     | 10,864    | 13,003     |
|                                                                                           |                          | All                       |                      | 145,547   | 156,900   | 165,568    |
| Total water consumption                                                                   | Korea                    |                           | km <sup>3</sup>      | 50,121    | 62,980    | 69,825     |
| Total volume of water reused                                                              | Korea                    |                           | km <sup>3</sup>      | 35,770    | 44,343    | 52,771     |
| Percentage of water reused                                                                | Korea                    |                           | %                    | 71.4      | 70.4      | 75.6       |
| Total volume of wastewater discharge                                                      | Korea                    |                           | km <sup>3</sup>      | 43,561    | 51,034    | 63,196     |
| Total volume of waste discharge                                                           | Korea                    |                           | Tonne                | 360,211   | 390,208   | 457,125    |
| Total volume of e-waste recycled                                                          | Korea                    |                           | Tonne                | 299,043   | 309,213   | 362,274    |
| Percentage of e-waste recycled                                                            | Korea                    |                           | %                    | 83.0      | 79.2      | 79.3       |
| Emissions of ozone-depleting substances                                                   | Korea                    |                           | Tonne                | 987       | 92        | 113        |
| Total number and volume of significant spills                                             | Korea                    |                           | No. of Cases / Tonne | None      | None      | None       |
| Total number and value of fines for noncompliance with environmental laws and regulations | Korea                    |                           | No. of Cases / Won   | None      | None      | None       |
| Total volume of transported waste shipped internationally                                 | Korea                    |                           | Tonne                | None      | None      | None       |
| Total volume of air pollutants discharge                                                  | Korea                    | SOx                       | Tonne                | 5         | 5         | 5          |
|                                                                                           |                          | NOx                       |                      | 22        | 33        | 16         |
|                                                                                           |                          | DUST                      |                      | 7         | 8         | 16         |
|                                                                                           |                          | NH <sub>3</sub>           |                      | 12        | 14        | 13         |
|                                                                                           |                          | HF                        |                      | 9         | 15        | 11         |
| Total volume of water pollutants discharge                                                | Korea                    | COD                       | Tonne                | 1,038     | 1,096     | 980        |
|                                                                                           |                          | SS                        |                      | 690       | 761       | 715        |
|                                                                                           |                          | F                         |                      | 150       | 168       | 203        |
|                                                                                           |                          | Heavy metal               |                      | 0.3       | 0.2       | 0.6        |

<sup>Note 1)</sup> Aggregated by the criteria of SET Product(Large Household Appliance, Display, Small Appliance) taken out of the warehouse.

\*Large Household Appliance (Refrigerator, Washing machine, Air conditioner), Display(TV, Monitor), Small Appliance(Printer, Notebook, Mobile phone, etc.)

<sup>Note 2)</sup> Aggregated by 2006 IPCC Guideline. Information provided in earlier reports are restated due to change of collecting scope.

<sup>Note 3)</sup> Direct emissions include emissions from stationary combustion, mobile combustion, process and fugitive.

<sup>Note 4)</sup> Data provided in previous reports are restated due to change of collecting scope.

# GRI Index Table

| G3                                      |      | Disclosure Items                                                                                                                                                                             | Responses of Samsung Electronics                               | Page      |
|-----------------------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------|
| <b>Profile</b>                          |      |                                                                                                                                                                                              |                                                                |           |
| Strategy and Analysis                   | 1.1  | Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy                                                 | CEO Message                                                    | 2-3       |
|                                         | 1.2  | Description of key impacts, risks, and opportunities                                                                                                                                         | Sustainability at Samsung Electronics                          | 11        |
| Organizational Profile                  | 2.1  | Name of the organization                                                                                                                                                                     | Samsung Electronics Co., Ltd.                                  |           |
|                                         | 2.2  | Primary brands, products, and/or services                                                                                                                                                    | About Samsung Electronics/ Economic Value Creation             | 6, 52     |
|                                         | 2.3  | Operational structure of the organization                                                                                                                                                    | About Samsung Electronics                                      | 5-6       |
|                                         | 2.4  | Location of organization's headquarters                                                                                                                                                      | About Samsung Electronics                                      | 5         |
|                                         | 2.5  | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability reporting                   | About Samsung Electronics Global Network                       | 6, 65-68  |
|                                         | 2.6  | Nature of ownership and legal form                                                                                                                                                           | About Samsung Electronics                                      | 8         |
|                                         | 2.7  | Markets served                                                                                                                                                                               | Economic Value Creation                                        | 51-52     |
|                                         | 2.8  | Scale of the reporting organization                                                                                                                                                          | About Samsung Electronics / Economic Value Creation            | 5, 51     |
|                                         | 2.9  | Significant changes during the reporting period regarding size, structure, or ownership                                                                                                      | About Samsung Electronics                                      | 5-6       |
|                                         | 2.10 | Awards received in the reporting period                                                                                                                                                      | About Samsung Electronics / Response to Climate Change         | 7, 25     |
| Report Parameters                       | 3.1  | Reporting period                                                                                                                                                                             | About this report                                              | 1         |
|                                         | 3.2  | Date of previous report                                                                                                                                                                      | About this report                                              | 1         |
|                                         | 3.3  | Reporting cycle                                                                                                                                                                              | About this report                                              | 1         |
|                                         | 3.4  | Contact point for questions regarding the report or its contents                                                                                                                             | About this report                                              | 1         |
|                                         | 3.5  | Process for defining report content                                                                                                                                                          | Sustainability at Samsung Electronics                          | 13        |
|                                         | 3.6  | Boundary of the report                                                                                                                                                                       | About this report                                              | 1         |
|                                         | 3.7  | State any specific limitations on the scope or boundary of the report                                                                                                                        | About this report                                              | 1         |
|                                         | 3.8  | Basis for reporting that can significantly affect comparability from period to period and/or between organizations                                                                           | About Samsung Electronics                                      | 5         |
|                                         | 3.9  | Data measurement techniques and the bases of calculations                                                                                                                                    | Economic Value Creation / Environmental Performance Indicators | 51-56, 60 |
|                                         | 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement                                                             | Economic Value Creation / Environmental Performance Indicators | 51-56, 60 |
|                                         | 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods                                                                                           | About this report                                              | 1         |
|                                         | 3.12 | Table identifying the location of the Standard Disclosures in the report                                                                                                                     | GRI Index Table                                                | 61-64     |
|                                         | 3.13 | Policy and current practice with regard to seeking external assurance for the report                                                                                                         | About this report/ Assurance Report                            | 1, 58-59  |
| Governance, Commitments, and Engagement | 4.1  | Governance structure of the organization                                                                                                                                                     | About Samsung Electronics                                      | 7-8       |
|                                         | 4.2  | Indicate whether the Chair of the highest governance body is also an executive officer                                                                                                       | About Samsung Electronics                                      | 7         |
|                                         | 4.3  | The number of members of the highest governance body that are independent and/or non-executive members                                                                                       | About Samsung Electronics                                      | 7         |
|                                         | 4.4  | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body                                                                             | About Samsung Electronics                                      | 7         |
|                                         | 4.5  | Linkage between compensation for members of the highest governance body, senior managers, and executives                                                                                     | About Samsung Electronics                                      | 8         |
|                                         | 4.6  | Processes in place for the highest governance body to ensure conflicts of interest are avoided                                                                                               | About Samsung Electronics                                      | 7         |
|                                         | 4.7  | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics | About Samsung Electronics                                      | 7         |
|                                         | 4.8  | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance                                           | Sustainability at Samsung Electronics                          | 11        |
|                                         | 4.9  | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance                                 | About Samsung Electronics                                      | 8         |
|                                         | 4.10 | Processes for evaluating the highest governance body's own performance                                                                                                                       | About Samsung Electronics                                      | 8         |
|                                         | 4.11 | Explanation of whether and how the precautionary approach or principle is addressed                                                                                                          | About Samsung Electronics                                      | 9-10      |
|                                         | 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses                                         | Sustainability at Samsung Electronics                          | 12        |
|                                         | 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations                                                                             | Sustainability at Samsung Electronics                          | 12        |
|                                         | 4.14 | List of stakeholder groups engaged by the organization                                                                                                                                       | Sustainability at Samsung Electronics                          | 12        |
|                                         | 4.15 | Basis for identification and selection of stakeholders with whom to engage                                                                                                                   | Sustainability at Samsung Electronics                          | 12        |
|                                         | 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group                                                                                     | Sustainability at Samsung Electronics                          | 12        |
|                                         | 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded                                                                         | Sustainability at Samsung Electronics                          | 13        |

## Appendix

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| G3                                              | Disclosure Items |                                                                                                                                                                                                              | Application Level | Responses of Samsung Electronics                                                                                                           | Page         |
|-------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Economic Disclosure on Management Approach      |                  |                                                                                                                                                                                                              |                   |                                                                                                                                            | 51           |
| Economic Performance                            | EC1              | Direct economic value generated and distributed                                                                                                                                                              | O                 | Sales, Payment to Business Partners, Employee, Government, Community, Debt and Equity holders, etc.                                        | 51~56        |
|                                                 | EC2              | Financial implications and other risks and opportunities for the organization's activities due to climate change                                                                                             | O                 | Opportunities and Threats due to Climate change                                                                                            | 21           |
|                                                 | EC3              | Coverage of the organization's defined benefit plan obligations                                                                                                                                              | △                 | Provision for retirement benefits, Retirement pension system of Subsidiary                                                                 | 55           |
|                                                 | EC4              | Significant financial assistance received from government                                                                                                                                                    | △                 | Indirect financial assistance received from government                                                                                     | 55           |
| Market Presence                                 | EC5              | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation                                                                                            | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EC6              | Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation                                                                                               | △                 | Policy of spending on locally based suppliers at Tangjeong                                                                                 | 54           |
|                                                 | EC7              | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation                                                                         | △                 | Global policy for recruit, Case of local hiring at Slovakia                                                                                | 48,54        |
| Indirect Economic Impacts                       | EC8              | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement                                                  | O                 | Donation, Social contribution in local community (Korea, Global)                                                                           | 39~45,56     |
|                                                 | EC9              | Understanding and describing significant indirect economic impacts                                                                                                                                           | O                 | Explanation for indirect economic impacts at Tangjeong and Slovakia                                                                        | 54           |
| Environmental Disclosure on Management Approach |                  |                                                                                                                                                                                                              |                   |                                                                                                                                            | 21,27,33     |
| Materials                                       | EN1              | Materials used by weight or volume                                                                                                                                                                           | O                 | Materials used by weight as product group                                                                                                  | 60           |
|                                                 | EN2              | Percentage of materials used that are recycled input materials                                                                                                                                               | O                 | Percentage of plastic used that are recycled                                                                                               | 35           |
| Energy                                          | EN3              | Direct energy consumption by primary energy source                                                                                                                                                           | O                 | LNG consumption                                                                                                                            | 60           |
|                                                 | EN4              | Indirect energy consumption by primary source                                                                                                                                                                | O                 | Electricity consumption                                                                                                                    | 60           |
|                                                 | EN5              | Energy saved due to conservation and efficiency improvements                                                                                                                                                 | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EN6              | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives                                              | O                 | Product Energy Efficiency Improvement, Endeavors for Environment-Friendly Product Development                                              | 23~25, 27~28 |
|                                                 | EN7              | Initiatives to reduce indirect energy consumption and reductions achieved                                                                                                                                    | △                 | Environment-Friendly Network                                                                                                               | 29           |
| Water                                           | EN8              | Total water withdrawal by source                                                                                                                                                                             | O                 | Total water consumption                                                                                                                    | 60           |
|                                                 | EN9              | Water sources significantly affected by withdrawal of water                                                                                                                                                  | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EN10             | Percentage and total volume of water recycled and reused                                                                                                                                                     | O                 | Percentage and total volume of water reused                                                                                                | 60           |
| Bio-diversity                                   | EN11             | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas                                                            | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EN12             | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas                                     | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EN13             | Habitats protected or restored                                                                                                                                                                               | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EN14             | Strategies, current actions, and future plans for managing impacts on biodiversity                                                                                                                           | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EN15             | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk                                                            | X                 | Insufficient data                                                                                                                          |              |
| Emissions, Effluents, and Waste                 | EN16             | Total direct and indirect greenhouse gas emissions by weight                                                                                                                                                 | O                 | Greenhouse gas emissions from LNG and electricity consumption                                                                              | 60           |
|                                                 | EN17             | Other relevant indirect greenhouse gas emissions by weight                                                                                                                                                   | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EN18             | Initiatives to reduce greenhouse gas emissions and reductions achieved                                                                                                                                       | △                 | GHG Reduction in Production Processes, PFCs reduction                                                                                      | 22           |
|                                                 | EN19             | Emissions of ozone-depleting substances by weight                                                                                                                                                            | O                 | Emissions of ozone-depleting substances                                                                                                    | 60           |
|                                                 | EN20             | NO, SO, and other significant air emissions by type and weight                                                                                                                                               | O                 | Total volume of air pollutants discharge                                                                                                   | 60           |
|                                                 | EN21             | Total water discharge by quality and destination                                                                                                                                                             | △                 | Total volume of wastewater discharge                                                                                                       | 60           |
|                                                 | EN22             | Total weight of waste by type and disposal method                                                                                                                                                            | O                 | Total volume of waste discharge, percentage and total volume of e-waste recycled                                                           | 60           |
|                                                 | EN23             | Total number and volume of significant spills                                                                                                                                                                | O                 | Total number and volume of significant spills                                                                                              | 60           |
|                                                 | EN24             | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | O                 | Total volume of transported waste shipped internationally                                                                                  | 60           |
| Products and Services                           | EN25             | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff                          | X                 | Insufficient data                                                                                                                          |              |
|                                                 | EN26             | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation                                                                                                      | O                 | Product Energy Efficiency Improvement, Endeavors for Environment-Friendly Product Development, Environment-Friendly Network, Certification | 23~25, 27~30 |
|                                                 | EN27             | Percentage of products sold and their packaging materials that are reclaimed by category                                                                                                                     | O                 | Recycling of Waste Electronics and Packaging, Overseas Recycling Performance                                                               | 34~35        |
| Compliance                                      | EN28             | Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations                                                                      | O                 | Total number and value of fines for noncompliance with environmental laws and regulations                                                  | 60           |
| Transport                                       | EN29             | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce                                   | X                 | Insufficient data                                                                                                                          |              |
| Overall                                         | EN30             | Total environmental protection expenditures and investments by type                                                                                                                                          | X                 | Insufficient data                                                                                                                          |              |

| G3                                                                | Disclosure Items |                                                                                                                                                                              | Application Level | Responses of Samsung Electronics                                                                                                                | Page               |
|-------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Labor Practices and Decent Work Disclosure on Management Approach |                  |                                                                                                                                                                              |                   |                                                                                                                                                 | 47                 |
| Employment                                                        | LA1              | Total workforce by employment type, employment contract, and region                                                                                                          | △                 | Total global employment by region                                                                                                               | 5                  |
|                                                                   | LA2              | Total number and rate of employee turnover by age group, gender, and region                                                                                                  | X                 | Insufficient data                                                                                                                               |                    |
|                                                                   | LA3              | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations                                                      | △                 | Supporting comprehensive health checkup, medical expenses, personal pension, tuition of children, congratulatory and condolence allowance, etc. | Prior Report 77~78 |
| Labor / Management Relations                                      | LA4              | Percentage of employees covered by collective bargaining agreements                                                                                                          | X                 | No Labor Union at Samsung Electronics                                                                                                           |                    |
|                                                                   | LA5              | Minimum notice period(s) regarding operational changes                                                                                                                       | X                 | No provision for minimum notice period regarding operational changes                                                                            |                    |
| Occupational Health and Safety                                    | LA6              | Percentage of total workforce represented in formal joint management-worker health and safety committees                                                                     | △                 | Operating Industrial Safety and Health Committee by workplaces                                                                                  | 36                 |
|                                                                   | LA7              | Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region                                                           | △                 | Accident Rate                                                                                                                                   | 36                 |
|                                                                   | LA8              | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases | O                 | Workplace Safety Measures, Global Environment & Safety Competitiveness                                                                          | 36~37              |
|                                                                   | LA9              | Health and safety topics covered in formal agreements with trade unions                                                                                                      | △                 | subject to corporate internal as well as national regulations                                                                                   | 36                 |
| Training and Education                                            | LA10             | Average hours of training per year per employee by employee category                                                                                                         | △                 | Average hours of training per year per employee                                                                                                 | 47                 |
|                                                                   | LA11             | Programs for skills management and lifelong learning and assist them in managing career endings                                                                              | △                 | Career transition center                                                                                                                        | Prior Report 78    |
|                                                                   | LA12             | Percentage of employees receiving regular performance and career development reviews                                                                                         | △                 | All employee receive regular performance and ability reviews annually                                                                           | Recruit Website    |
| Diversity and Equal Opportunity                                   | LA13             | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity        | △                 | List of Directors                                                                                                                               | 7                  |
|                                                                   | LA14             | Ratio of basic salary of men to women by employee category                                                                                                                   | △                 | No difference in staff level and base salary between male and female employee                                                                   | 47                 |
| Human Rights Disclosure on Management Approach                    |                  |                                                                                                                                                                              |                   |                                                                                                                                                 | 47                 |
| Investment and Procurement Practices                              | HR1              | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening                             | X                 | Insufficient data                                                                                                                               |                    |
|                                                                   | HR2              | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken                                                          | X                 | Insufficient data                                                                                                                               |                    |
|                                                                   | HR3              | Total hours of employee training on policies and procedures concerning aspects of human rights                                                                               | X                 | Insufficient data                                                                                                                               |                    |
| Non-Discrimination                                                | HR4              | Total number of incidents of discrimination and actions taken                                                                                                                | X                 | Insufficient data                                                                                                                               |                    |
| Freedom of Association and Collective Bargaining                  | HR5              | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights  | △                 | Operating Labor-Management Council, Ombudsman Committee and Open Counseling Center                                                              | Prior Report 78    |
| Child Labor                                                       | HR6              | Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor                             | △                 | Compliance with international labor standards and site-specific labor disciplines to prevent child labor                                        | 47                 |
| Forced and Compulsory Labor                                       | HR7              | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor    | △                 | Compliance with international labor standards and site-specific labor disciplines to prevent forced labor                                       | 47                 |
| Security Practices                                                | HR8              | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights                                                     | X                 | Insufficient data                                                                                                                               |                    |
| Indigenous Rights                                                 | HR9              | Total number of incidents of violations involving rights of indigenous people and actions taken                                                                              | X                 | Insufficient data                                                                                                                               |                    |
| Society Disclosure on Management Approach                         |                  |                                                                                                                                                                              |                   |                                                                                                                                                 | 9,33,39            |
| Community                                                         | SO1              | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities                                               | O                 | Development for Green Workplaces, Global Environment & Safety Competitiveness, Social Contribution Framework, Indirect economic impacts         | 33, 37<br>39,54    |
| Corruption                                                        | SO2              | Percentage and total number of business units analyzed for risks related to corruption                                                                                       | X                 | Insufficient data                                                                                                                               |                    |
|                                                                   | SO3              | Percentage of employees trained in organization's anticorruption policies and procedures                                                                                     | △                 | Anti-Corruption Video Training                                                                                                                  | 10                 |
|                                                                   | SO4              | Actions taken in response to incidents of corruption                                                                                                                         | △                 | Cyber Auditors                                                                                                                                  | 10                 |
| Public Policy                                                     | SO5              | Public policy positions and participation in public policy development and lobbying                                                                                          | △                 | Attendance at legislation hearings                                                                                                              | 12                 |
|                                                                   | SO6              | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country                                                    | X                 | Complying with Code of Conduct, the Political Fund Law in Korea that prohibits corporations from contributing political fund                    |                    |
| Anti-Competitive Behavior                                         | SO7              | Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes                                                            | △                 | Anti-trust violation for DRAM in USA, etc.                                                                                                      | Annual Report 108  |
| Compliance                                                        | SO8              | Monetary value of significant fines and total number of non monetary sanctions for noncompliance with laws and regulations                                                   | △                 | Anti-trust violation for DRAM in USA, Fair Trade Act violation for suppliers in Korea, etc.                                                     | Annual Report 108  |

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| G3                                                       | Disclosure Items |                                                                                                                                                                                                       | Application Level | Responses of Samsung Electronics                              | Page              |
|----------------------------------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------------------|-------------------|
| Product Responsibility Disclosure on Management Approach |                  |                                                                                                                                                                                                       |                   |                                                               | 15                |
| Customer Health and Safety                               | PR1              | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures | O                 | Product Reliability Improvement, Eco Design Process           | 17,28             |
|                                                          | PR2              | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle                                | X                 | Insufficient data                                             |                   |
| Product and Service Labeling                             | PR3              | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements                                          | O                 | Increase in Environmentally Certified Products, Certification | 27,30             |
|                                                          | PR4              | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling                                                              | X                 | Insufficient data                                             |                   |
|                                                          | PR5              | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction                                                                                              | △                 | Customer Satisfaction Management                              | 15~19             |
| Marketing Communication                                  | PR6              | Programs for adherence to laws, standards, and voluntary codes related to marketing communications                                                                                                    | O                 | Ethical Marketing Communications                              | 10                |
|                                                          | PR7              | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship                               | O                 | Ethical Marketing Communications                              | 10                |
| Customer Privacy                                         | PR8              | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data                                                                                           | X                 | Insufficient data                                             |                   |
| Compliance                                               | PR9              | Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services                                                             | △                 | Anti-trust violation for DRAM in USA, etc.                    | Annual Report 108 |



In compiling the 2008 Sustainability Report ("the Report"), Samsung Electronics used the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. Accordingly, Samsung Electronics makes a self-declaration that the Report meets the requirements for GRI's Application Level B+. Samjong KPMG confirmed that the Report meets the requirements for GRI's Application Level B+ ('+' refers to 3rd Party assurance)

# Global Network

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Samsung Electronics Guangzhou Sales  
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Samsung Electronics Shanghai Sales  
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Shanghai Samsung Semiconductor  
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Samsung Electronics Shenyang (SESY),  
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### Hong Kong

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Samsung Malaysia Electronics (SME)  
SDN. BHD., Kuala Lumpur  
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#### Philippines

Samsung Electronics Philippines  
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## Reader Feedback Survey

Thank you for your interest in our 2008 Sustainability Report. We prepared this survey to collect the opinions of various stakeholders, improve our future sustainability report and establish strategy for sustainable management. We will announce the consequence of collecting valuable opinions that you send.

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1. Which of the following applies to you?

- |                                             |                                   |                                           |                                                 |
|---------------------------------------------|-----------------------------------|-------------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Customer           | <input type="checkbox"/> Employee | <input type="checkbox"/> Business partner | <input type="checkbox"/> Shareholder/ Investor  |
| <input type="checkbox"/> Research/ Academia | <input type="checkbox"/> NGO      | <input type="checkbox"/> Media            | <input type="checkbox"/> Corporate SM personnel |
| <input type="checkbox"/> Government         | <input type="checkbox"/> Student  | <input type="checkbox"/> Local community  | <input type="checkbox"/> Other _____            |

2. Is this report frame is well structured and presented in a way that easy to follow?

- ☐ Highly agree    ☐ agree    ☐ Neutral    ☐ Disagree    ☐ Highly Disagree

3. Is this report completely includes all material issues that you think?

- ☐ Highly agree    ☐ agree    ☐ Neutral    ☐ Disagree    ☐ Highly Disagree

4. What are your major areas of interest? (Multiple answer possible)

- |                                                                 |                                                       |                                                  |                                                     |
|-----------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|
| <input type="checkbox"/> Corporate governance                   | <input type="checkbox"/> Corporate culture            | <input type="checkbox"/> Reputation management   | <input type="checkbox"/> Risk management            |
| <input type="checkbox"/> Compliance                             | <input type="checkbox"/> Stakeholder engagement       | <input type="checkbox"/> Partnership for SD      | <input type="checkbox"/> Economic value creation    |
| <input type="checkbox"/> Research & Development                 | <input type="checkbox"/> Restructuring                | <input type="checkbox"/> Diversity               | <input type="checkbox"/> Human right                |
| <input type="checkbox"/> Employee learning & Career development | <input type="checkbox"/> Health & Safety              | <input type="checkbox"/> Remuneration/ benefits  | <input type="checkbox"/> Labor-management relations |
| <input type="checkbox"/> Customer satisfaction                  | <input type="checkbox"/> Responsible marketing        | <input type="checkbox"/> Product safety          | <input type="checkbox"/> Business ethics            |
| <input type="checkbox"/> Community contribution                 | <input type="checkbox"/> Management for co-prosperity | <input type="checkbox"/> CSR in suppliers        | <input type="checkbox"/> Green workplaces           |
| <input type="checkbox"/> Waste & Recycling                      | <input type="checkbox"/> Eco-product development      | <input type="checkbox"/> Climate change & Energy | <input type="checkbox"/> Other _____                |

5. Does this report adequately and specifically convey information on interesting areas of yours?

- ☐ Highly agree    ☐ agree    ☐ Neutral    ☐ Disagree    ☐ Highly Disagree

6. If you have further comment about sustainability report and activity of Samsung Electronics, please feel free to specify.





