

SAMSUNG SDI



SAMSUNG SDI

SUSTAINABILITY REPORT 2015





Samsung SDI Sustainability Report 2015

Samsung SDI presents its 13th sustainability report.

Reporting Period

This report is based on Samsung SDI's performance from January 1, 2015 to December 31, 2015. For specific contents, the data up to March 2016 is included. 5 years of data results (2011-2015) were selectively applied to derive sufficient quantitative data that could allow for changes in trends to be effectively compared.

Reporting Framework

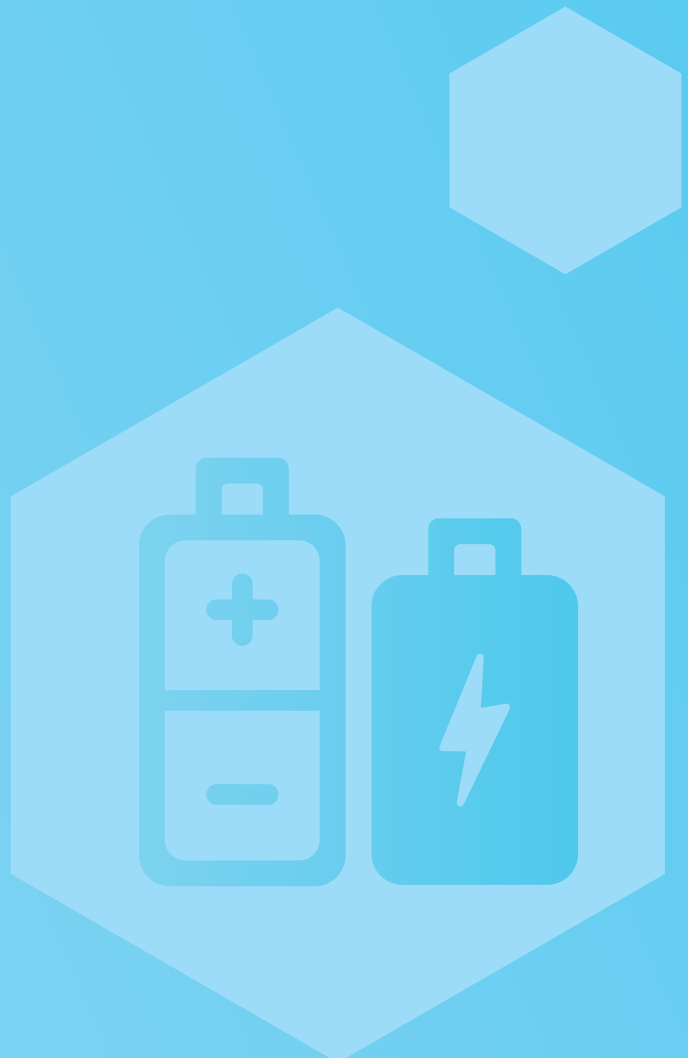
This report is developed in accordance with the 'Core Option' requirements of the GRI G4 Guidelines, which is the standard for global sustainability reports. Quantitative data was extracted in accordance with GRI G4 protocol. For matters not stipulated in the protocol, internal management standards were applied and can be checked in the GRI Index and environmental, social achievements report page. In 2015, to report the company's various activities for sustainable development, including financial/non-financial achievements, this sustainability report was published under the Integrated Report framework (<IR> Framework) of the International Integrated Reporting Council (IIRC).

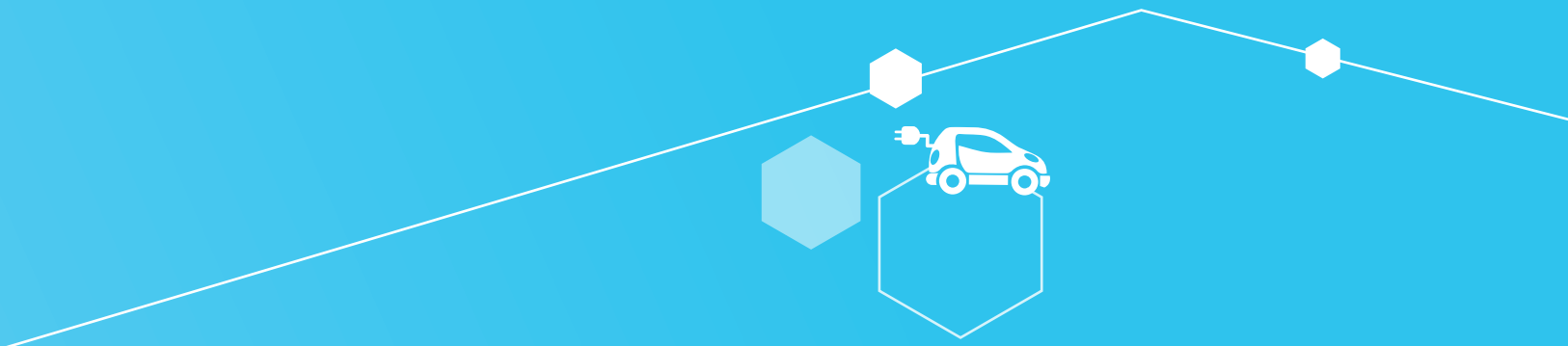
Reporting Scope and Boundary

This report covers all domestic and overseas production sites, sales subsidiaries, offices, and the R&D centers of Samsung SDI. Areas where there has been difficulty in collecting data have been mentioned in the report. In relation to the contents of previous reports, if there were any changes in data or social and environmental data due to the sale of Samsung SDI's Chemical Division, the data was recalculated and reported. Financial performance was recorded under conditions set by Korea International Financial Reporting Standards(K-IFRS) and included Samsung SDI's Chemical Division, based on data as of the end of 2015.

Assurance

The financial data of this report has been prepared based on an independent financial audit from Samjong KPMG, and the non-financial data has been subjected to third party assurance by DNV GL in accordance with the standards of AA1000AS (2008) for assuring data accuracy, objectivity and reliability.





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COVER STORY

Our cover design embodies Samsung SDI's determination to develop into a premier material/energy company in 2016. The focal point of the cover is the hexagon, a flawless engineering structure, which is seen to have a diagonal line crossing through it, linking Samsung SDI's electronic materials component to the energy solutions icon. This imagery is intended to represent Samsung's SDI confident growth and bold expansion within the industry.

2015 BUSINESS REVIEW

Automotive Batteries



European Automotives Run on Samsung SDI's Batteries

Samsung SDI attended the Frankfurt Motor Show held in Frankfurt, Germany, in September 2015. Samsung SDI's automotive battery solutions, ranging from battery cells to battery packs, were revealed to the public.



Completion of Factory in Xi'an, China

To reinforce leadership in China's rapidly growing electric vehicle market, Samsung SDI was the very first among global battery manufacturing companies to complete a factory specializing in automotive battery and begin mass production of automotive batteries in China.

Company History

1970~

- | | | | | | |
|--|--|--|--|--|---|
| <p>1970</p> <ul style="list-style-type: none"> Established company Commenced production of Black & White CRT | <p>1975</p> <ul style="list-style-type: none"> Developed quick start CRT | <p>1988</p> <ul style="list-style-type: none"> Developed color monitors Developed Korea's first PDP displays Added annual production of 1 million CPT (color CRT) | <p>1993</p> <ul style="list-style-type: none"> Developed Bio CRT, Developed VFD in Korean Founded German subsidiary | <p>2007</p> <ul style="list-style-type: none"> Mass-produced world's first AMOLED | <p>2010</p> <ul style="list-style-type: none"> Completed construction of battery plant for electric vehicles Achieved global No. 1 in market share of small-sized Li-ion battery business |
| <p>2015. 11</p> <ul style="list-style-type: none"> Supplied cylindrical EV batteries to JAC Motors, China | <p>2015. 10</p> <ul style="list-style-type: none"> Completed automotive battery plant in Xi'an, China | <p>2015. 10</p> <ul style="list-style-type: none"> Participated in InterBattery 2015 Released next generation wearable batteries | <p>2015. 9</p> <ul style="list-style-type: none"> Attended in IAA 2015 (Frankfurt Motor Show) | | |

Small-sized Li-ion Battery



Samsung SDI, Next-Gen Wearable Unpack

Visualizing an era of wearable batteries, Samsung SDI unveiled stripe and band-type batteries to the public at the 'InterBattery 2015' event held in October, 2015 in Seoul, South Korea.

Energy Storage System



Collaboration with Duke Energy, the largest power holding company in the United States

In an effort to successfully establish its basis within the North American ESS market, Samsung SDI supplied its Li-ion batteries and BMS (Battery Management System) to Duke Energy for their 36-megawatt (MW) Energy Storage System (ESS) upgrade project.

Electronic Materials



Signed MOU for Establishment of Polarizer Film Plant in Wuxi, China

To prepare for a full-scale advance into the Chinese polarizer film market, Samsung SDI signed an MOU to establish a polarizer film plant in Wuxi, China. Once the Wuxi plant is completed, it is expected to meet China's demand in real-time.

2015~

- 2015. 8
 - Participated in EUROBIKE 2015 (European bike exhibition)
- 2015. 7
 - Signed a supply contract for 36MW ESS project of Duke Energy
- 2015. 6
 - Participated in InterSolar EU 2015
- 2015. 5
 - Signed MOU to establish polarizer film plant in Wuxi, China
- 2015. 4
 - Participated in Auto Shanghai 2015
- 2015. 3
 - Formed an alliance with ABB, targeting the global micro grid ESS market
- 2015. 2
 - Acquired Magna International's battery pack business
- 2014
 - Launched integrated Samsung SDI
- 2014. 4
 - Fully launched mass production of high value-added OLED materials
- 2014. 7
 - Merged with former Cheil Industries' material business unit and launched integrated Samsung SDI
- 2014. 8
 - Held groundbreaking ceremony for automotive battery plant in Xi'an, China
 - Participated in EUROBIKE 2014
- 2014. 11
 - Signed contract with Sungrow of China to establish an ESS joint venture
- 2014. 12
 - Established Austrian Branch

CEO MESSAGE

Samsung SDI seeks to amass power to drive future growth through bold innovations and challenges to reform into a creative leader in energy and high-tech material.



Samsung SDI Co. Ltd. President and CEO, Namseong Cho

Dear Samsung SDI shareholders,

First and foremost, I would like to express my gratitude for your interest and support.

Samsung SDI is striving to strengthen its technical leadership and capture the global market with innovation.

Many IT companies have faced challenges in recent years due to low growth of global economy and sluggish expansion of the IT industry.

Samsung SDI, despite the uncertainty of the global business environment, has overcome these difficulties and taken a step forward by adjusting core business to rechargeable battery from display sector. Through reorganization of the business structure to focus on batteries, structure to focus on rechargeable batteries, we not only secured future growth engine, but also transform fundamental value of the company through innovative R&D and activities.

Breaking it down into business areas, for auto batteries, we expand our capacity in-line with back-log orders we win and at the same time, focused on leading global competitiveness. To target China's rapidly growing electric automotive market, we became the first in the world to complete a factory for automotive batteries in Xi'an of China. We also acquired a pack production subsidiary in Austria in order to establish a complete vertical integration of cells, modules and packs. For small-sized battery business, we expanded the sales of batteries to a new range of applications, such as power tools and electric bicycles, to secure largest market share in global market. Furthermore, within the electronic materials business, we exercised our competitiveness in display materials to see another fruitful growth in semiconductor materials, PV paste became market leader in China market, and to ensure global competitiveness in the polarizer film business, we completed a new production line in Wuxi, China.

Sustainable management is becoming a part of corporate culture within Samsung SDI. We analyzed important issues from the perspective of business sustainability in order to eliminate risks. Likewise, we framed sustainable management as a fundamental value, allowing us to create business opportunities, and we are promoting sustainability so that this culture can proliferate beyond our company to our stakeholders.

Samsung SDI has law-abiding management, and we are doing our best to sustain our growth while being fair and transparent. We systematically reinforced our compliance training system to raise the awareness to our employees.

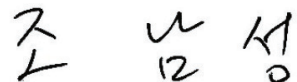
Additionally, we are conducting activities to expand sustainable management throughout our supply chain. as it gradually increases in importance. Through various shared growth activities, not only do we support the competitiveness of our partner companies, but we are also operating programs to guide and improve the implementation of corporate social responsibility. We aim to continuously expand, not only domestically within Korea but also among our partner companies overseas, so that business partners connected with our company are able to practice sustainable management in economic, social, and environmental sectors.

Along with this progress, Samsung SDI is expanding various activities to reduce GHG emissions in response to climate change, which is increasingly becoming a global issue. With a focus on our "safe environment" infrastructure team, a safe environment is the #1 principle of management not only in our domestic but also at our overseas sites, and we are actively promoting expansion of global "safe culture" management.

In 2016, it is expected that the uncertainty of the global economy will continue to grow, through factors such as low oil prices, heightened volatility of financial markets, China's economic recession, etc. However, Samsung SDI seeks to secure the power of the next generation to grow through bold innovations and challenges and to reform into a creative leader in energy and high-tech material. We seek your continued interest and support for Samsung SDI as we make every effort to fulfill your expectations.

Thank you.

Samsung SDI Co. Ltd.
President and CEO, Namseong Cho



COMPANY OVERVIEW

Company Overview

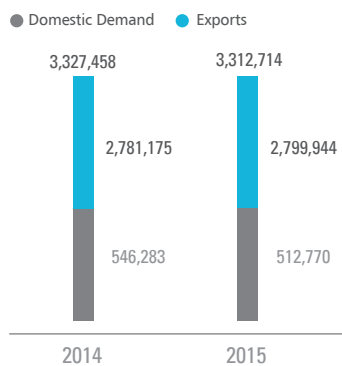
Business Introduction

Through change and innovation, Samsung SDI endeavors to become a global leader in energy and high-tech materials and expand its business in fields such as small-sized batteries and automotive batteries, energy storage systems (ESS), and electronics materials.

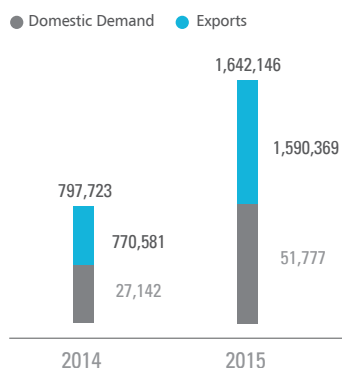


Samsung SDI Energy and High-tech Materials

Battery Business Status
(Unit: Million won)



Electronic Material Status
(Unit: Million won)



* As a result of an M & A with Cheil Industries on July 1, 2014, electronic materials status only includes sales for the second half(6-month period) of 2014.

Small-sized Li-ion Batteries



Cylindrical | Prismatic | Polymer Cells

In the small-sized battery business, we are developing and marketing Li-ion batteries that provide power to various products such as IT devices and non-IT devices, including power and transmission devices. Currently, major products including laptops, cell phones, and power tools are expected to see consistent demand as essential tools for modern living. In newer applications, such as electric bicycles, demand for Li-ion batteries is steadily increasing.

Automotive Battery and Energy Storage System



Battery Cells | Modules | Packs

In the automotive battery business, we are developing high-efficiency, high-capacity Li-ion batteries in order to supply them to global automotive companies. As interest in electric vehicles with eco-friendly technological developments continues to grow, the demand for Li-ion batteries, the energy source for electric vehicles, is expected to see a large-scale growth.



ESS Battery Packs | ESS Systems

In the ESS business, an energy storage device using Li-ion batteries is being developed and sold. The competitive edge is from having differentiated technologies in power and mass production. Providing optimized and customized solutions for each country is very much needed as we expand distribution channels with local partners in Europe, Japan, and the United States.

Electronic Materials



Semiconductor Materials | Display Materials | PV paste

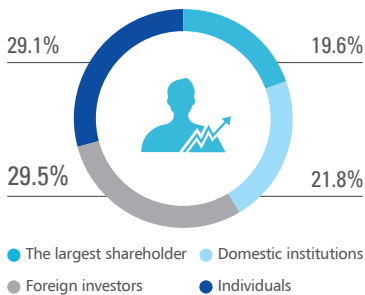
In the electronics material business, we are developing and selling semiconductor and display materials. It is a business that faces rapid technology changes, along with technological advancements in downstream industries such as expansion of micro-processing in semiconductors and increased usage of OLED. We are constantly making efforts to release new products at the right time by precisely anticipating IT business trends and basing decisions on differentiated technology.

Samsung Value System



Shareholders & Investors

▼ Shareholder Structure (Common Shares, 12.31.2015)



Shareholder Return (12.31.2015)

Net income	53,846 million won
Net income per share	766 won
Total dividends	70,314 million won
Payout Ratio	130.6%
Dividend per share*	1,000 won (Common shares)

* Net income was calculated only with controlling interests.

Shareholder Structure

As of December 31 2015, Samsung SDI issued 70,382,426 shares (68,764,530 common shares and 1,617,896 preferred shares) The largest shareholder is Samsung Electronics, owning 19.58% of common shares, and the second largest is NPS, with 8.75% of shares.

To protect the rights of minority shareholders and to reflect their opinions in managerial decision-making, under the Commercial Act, we guarantee the private rights of action, access to accounting ledgers, etc. In 2015, no minority shareholders' rights have been exercised.

Communication with Investors

Each quarter, we hold quarterly earnings release conference calls so that all investors can listen, and through domestic and international IR road shows, financial securities conferences and quarterly earnings release conference calls, we are providing information to shareholders and investors. On our official website, financial information and earnings data can also be checked, and through VOC feedbacks on our website, information can be checked in real time and required feedback can be provided.

GLOBAL NETWORK

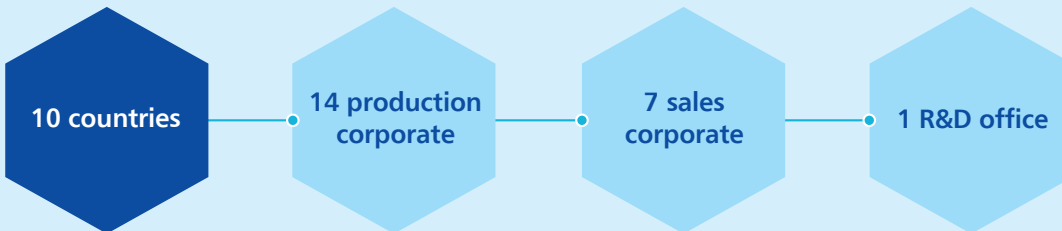
Operation and Financial Status

Samsung SDI, as a creative energy and materials solutions leader, is also becoming a creative leader of technological advancements and markets through constant transformation and innovative thinking.



Global Network

Samsung SDI operates a global network that includes 14 production sites and subsidiaries, seven sales subsidiaries, and other branches and offices in 10 countries around the world. Headquartered in South Korea, Samsung SDI's major production subsidiaries are located in other Asian countries, including China, Malaysia, and Vietnam, as well as Europe. To bring together the lives of people around the globe and lead the way into the future, Samsung SDI continues to pioneer a broader world.



Number of employees
Domestic 11,123 / Overseas 9,815

(Unit: People)

20,938



Intellectual Property Rights
Domestic 4,770 / Overseas 5,964

(unit: Cases)

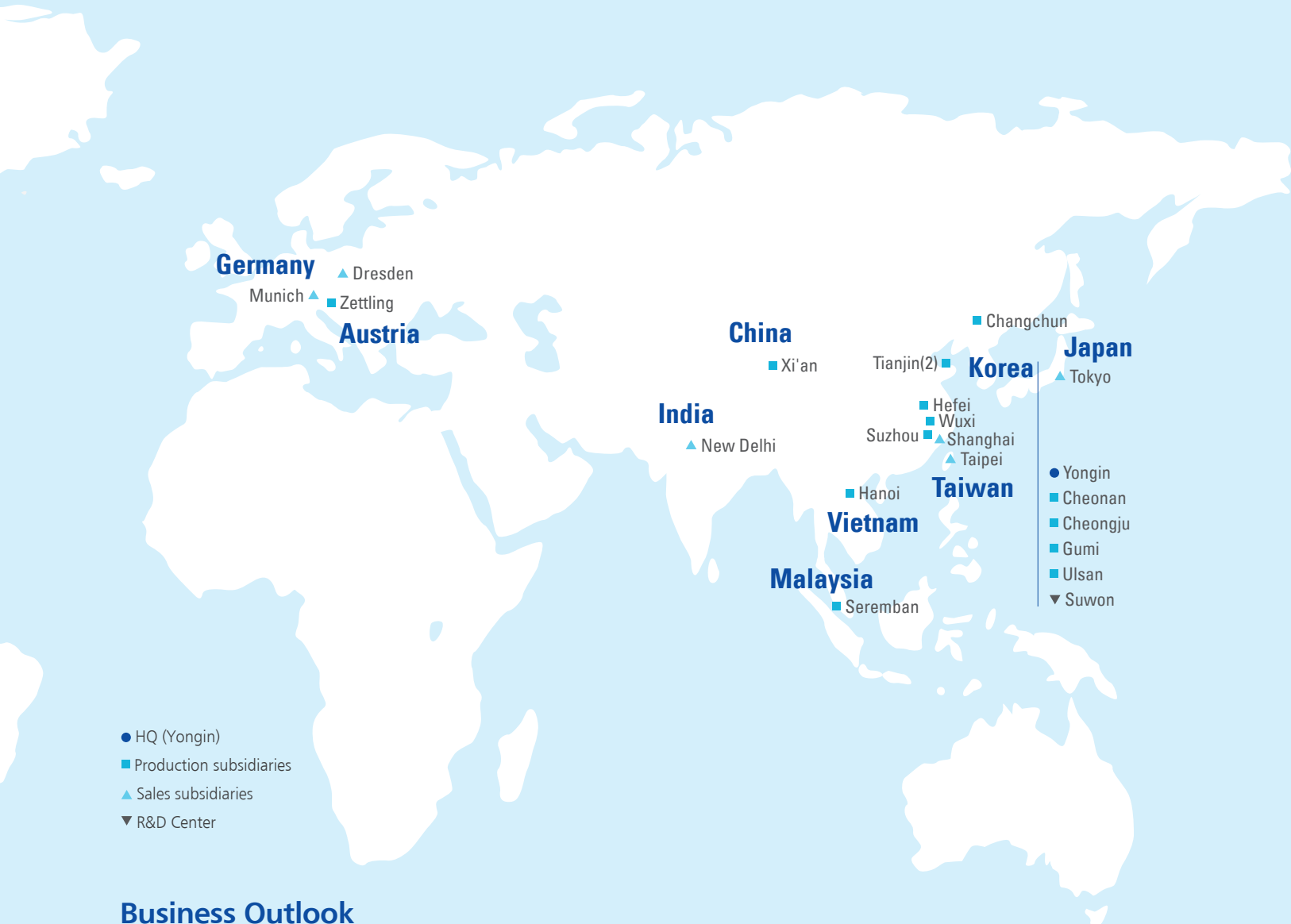
10,734



Social Contribution Expenses

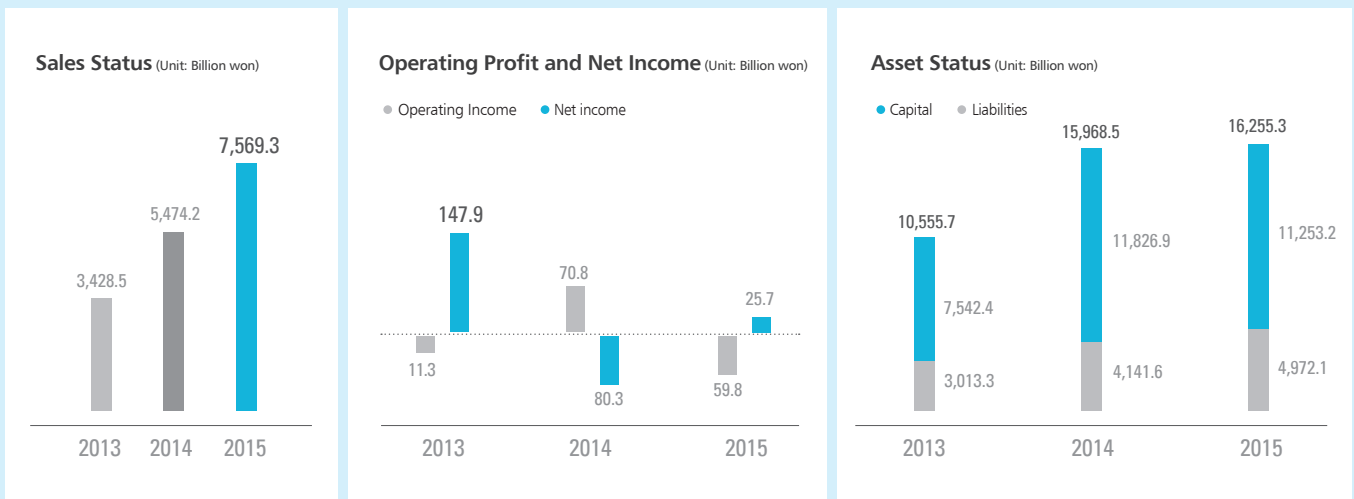
(unit: Million won)

6,752



Business Outlook

Samsung SDI reorganized its 2015 business portfolio to focus on batteries and high-tech materials and is endeavoring to acquire future growth assets by securing differentiated competitiveness.



* Profit and loss in PDP and photovoltaic business sectors were classified by income from discontinued operations.

VALUE CREATION PROCESS Value Creation Model

Business Model



SDI's Definition of Capital and Results by Capital



Financial Capital

% **130.6**

Samsung SDI is a public corporation listed on the Korea Stock Exchange and depends on financial capital provided by shareholders and investors for its business operations. Through our shareholder return policy, we are making efforts to maximize shareholder value. Our cash pay-out ratio for 2015 was 130.6% with a cash pay-out profit ratio of 0.87%.



Manufacturing Capital

billion won **682.2**

Samsung SDI develops and produces electronics material products such as semiconductors and display materials, as well as small and medium/large batteries for charging. For these products, manufacturing infrastructure based on R&D and production is very important, and improvements in productivity and technology through cost efficient infrastructure are vital components of competitiveness reinforcement. In 2015, investment/maintenance costs for infrastructure facilities amounted to 682.2 billion won.

<IR> The framework of the International Integrated Reporting Council was applied.

Samsung SDI manages all factors that are inserted and produced during its business operations by classifying each factor as their respective capital value. Therefore, we report on content that contains explanations and information on each phase of business.




Intellectual Capital

patents **10,734**

The core of Samsung SDI's business competitiveness is closely related with its intellectual capital, such as securing research technologies and patents. R&D is being conducted in each business area with a particular focus on domestic and international R&D research labs, and we are in the process of executing R&D partnership reinforcement activities in various areas. In particular, Samsung SDI owns 10,734 patents on electronics materials and energy parts, creating a world class portfolio of intellectual rights in the global market.



Social, Relational Capital

billion won **3,645.8**

Samsung SDI is constantly communicating with various stakeholders who directly or indirectly influence our business operating phases, and based on cooperative relations with governments, partner companies, and local communities, we are able to successfully operate various business activities. Economic, environmental, and social values created by Samsung SDI are shared with stakeholders, whereas in 2015, economic value distributed among stakeholders amounted to 3,645.8 billion won.*



Human Capital

hours **91**

Samsung SDI recognizes that operations of business acquisition and promotion of human resources are the keys to success, and we promote overall company innovation and next-level product creation through the empowerment of our employees. In order to promote outstanding human resources and secure core research personnel, we operate a systematic personnel management system and a training and performance evaluation system. In 2015, the average staff member received 91 hours of training, and the company invested 1,172,181 won in training per each employee.



Environmental Capital

billion won **9.42**

Samsung SDI uses various environmental capital, including energy in various business operating processes such as R&D, production, and sales, and we emit other substances including GHG. To promote utilization of environmental resources in an eco-friendly way and to reduce the level of contaminating substances, we are executing low-carbon energy management by creating safe environment management policies. In 2015, the company spent 9.42 billion won on investing in and operating environment-related facilities.

* In order to calculate capital related to society and suppliers, regional communities/NGOs, governmental institutions, industrial associations/research personnel from universities and research institutions were reflected within the report.

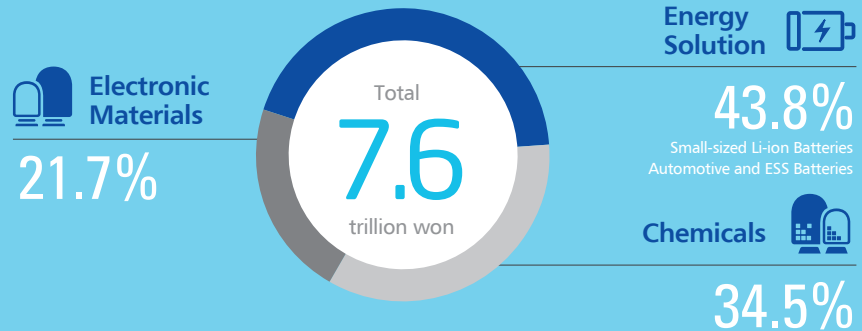
FINANCIAL & NON-FINANCIAL REPORTING

Financial & Non-Financial Reporting

Financial Performance and Distribution

Sales Status by Business Area

Samsung SDI achieved total sales of 7.6 trillion won at the end of 2015, which indicates a year over year growth of 38%. For contributions to sales achieved by each business area, 43.8% was from energy solutions, 21.7% was from electronic materials, and 34.5% was from the chemical division.



Core Issues and Correlation Between Financial and Non-Financial Issues

* As for the chemical division of Samsung SDI, following a reorganization of the unit in preparation for its sale to a third party, a new company division will be prepared to conduct asset transfers within the first half of 2016.

Core Issues in 2015	Issue Category	Correlation between Finance and Business
Enhancement of R&D Capability Development of eco-friendly products and services	Sustainable products R&D on products	Finances: Intellectual, human resource capital / Investment in product R&D can lower overall costs and improve sales by enhancing the products' quality while lowering production costs.
Forecasting and Responding to Fluctuations in Future Market Securing Market Leadership	Business Portfolio	Finances: manufacturing capital / By utilizing market forecasts, appropriate investments are carried out by each business area so that unnecessary consumption can be reduced.
Reinforcing Site Safety Handling and Managing Hazardous Chemical Materials	Workplace Health & Safety	Finances: human, social, relationship, and environmental capital / Any workplace accidents may have a negative impact on external factors such as marketing, PR, etc., may lead to a decrease in sales.
Managing Atmospheric Emissions Energy Reduction and Usage of Renewable Energy	Response to Climate Change	Finances: Environmental capital / If environmental laws or regulations are violated, financial losses such as fines can be incurred. Furthermore, sales may also be impacted due to damage in external reputation.
Supply Chain Sustainability and Risk Management	Shared growth with Partner Companies	Finances: Social, relationship capital / When looking to secure management of a sustainable supply chain, product quality as well as negligence of social responsibilities by partner companies act as important factors that can negatively influence corporate operation and profits.
Enhancement of Employee Competence	Enhancement of Internal Competence	Finances: Human capital / By strengthening employee capability, productivity can be enhanced and consequential market dominance can contribute to sales.
Health and Safety of Consumers and Customers	Customer Satisfaction Management	Finances: Financial, social, relationship capital / If the safety and health of customers are negatively impacted, possible outcomes may include a damaged public image and financial loss due to corresponding monetary compensation.

Stakeholder Distribution

To reciprocate our stakeholders' contributions, who directly or indirectly assisted in our company's growth, Samsung SDI is allocating its value through various channels. The financial profit created through Samsung SDI's business value chain has been shared amongst our stakeholders through either direct or indirect measures, where the total amount of value distributed amounts to 4.9 trillion won.

Category	Capital	Measure	Value Return
Customers	Financial, social, and relationship capital	Sales	7.57 trillion won
Employees	Human capital	Wage and Welfare Benefits	1.22 trillion won
Shareholders & Investors	Financial capital	Dividends and Interest Payments	111.4 billion won
Suppliers	Society, relationship capital	Purchase of Raw and Subsidiary Materials Purchase Amount	2.96 trillion won
Local Communities & NGOs	Society, relationship capital	Donations and Social Contribution Support	6.8 billion won
Government Agencies	Society, relationship capital	Taxes and Dues	104.6 billion won
Industry Associations/Collegiate & Inst. Research Capacity	Intellectual, social, relationship capital	R&D costs	571 billion won

* When accounting for stakeholder value distribution sales was excluded from the total performance.

Non-financial Correlation

Quality of goods and services is a fundamental and key competitive factor. In order to lead the market, it is crucial to ensure the competency of one's R&D functions. Superior R&D allows for the development of eco-friendly goods and services that enhance product quality and support technological development, which are necessary factors in today's market to secure sustainable corporate growth.

Market and industry forecasts, accompanied by forecast predictions and strategies, are the most important factors in business promotion and expansion.

Due to the presence and handling of toxic or hazardous materials at worksites, ensuring the safety of the local community and employees is the most fundamental responsibility of Samsung SDI. Managing issues related to worksite health and safety is crucial to the prevention of serious risks before they develop.

Introduction of GHG target management systems and tradable permit system are important elements to formulating a response to environmental regulations. Societal interest in corporate response to climate changes is rising, and special attention is being paid to reduction of GHG emissions and energy conservation, both important elements of eco-friendly business practice.

Mutual growth with our partner companies is an important part of Samsung SDI's overall business operations, ranging from purchasing of raw materials and production to logistics. Likewise, risk management within the value chain is an important element of securing Samsung SDI's competitiveness.

By improving employee capacity to carry out tasks and engage in communication with customers, external credibility can be generated and employee satisfaction improved.

Enhancing fundamental quality competitiveness by upgrading product safety and enabling active communication with customers are vital to business operation.

GOVERNANCE

Governance

BOD Composition and Operating System

Current BOD Composition

As of March 2016, the BOD of Samsung SDI consists of nine directors, including four inside director and five outside directors. Directors with expertise in various areas are appointed through the General Shareholders' Meeting, in accordance with related regulations. In order to secure independence of the BOD and prevent conflicts of interests, Samsung SDI revised its articles of association in its 2016 General Shareholders' Meeting, so that external directors can be appointed as the chairman of the BOD.

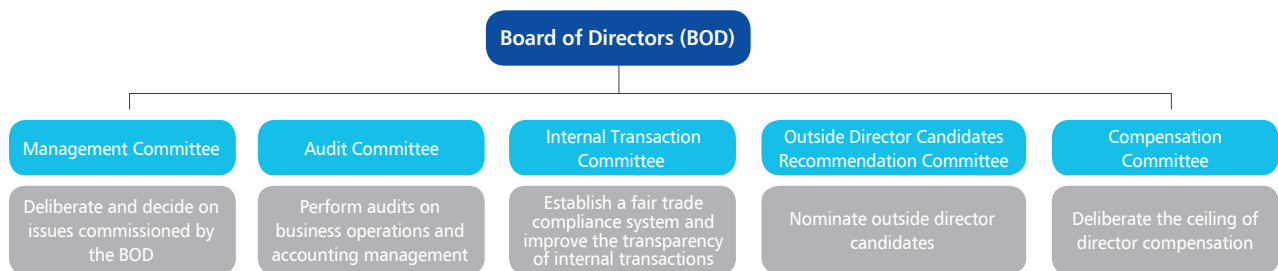
Operation System of the BOD

Samsung SDI regularly convenes for quarterly board meetings along with ad-hoc meetings when required. Voting items presented for resolution by the BOD require more than half of the board members to be present and the approval from more than half of the members who are present. Directors with special interests in connection to resolutions are restricted from exercising their voting rights. The BOD retains the right to consider and decide important matters as directed by laws, regulations, and terms set forth by the articles of association, along with matters from the General Shareholders' Meeting, and basic policies of business management and operation.

Subcommittees of the BOD

The BOD operates five subcommittees; the Management Committee, Audit Committee, Internal Transaction Committee, Outside Director Candidates Recommendation Committee, and Compensation Committee. Some of the BOD's responsibilities are delegated to committees for thorough examination of issues by experts and authorities in relevant fields. The Management Committee, supervised by the company CEO, discusses and has direct responsibility for Samsung SDI's overall performance.

BOD Status



BOD Independence

Samsung SDI defines the standards of the independence of outside directors in accordance with Article 382 of the Korean Commercial Act. If an outside director falls under any of the following subparagraphs, he/she is removed from his/her position as outside director:

1. Directors, executives, and employees who are engaged in regular business with the company, or directors, auditors, executives, and employees who have been engaged in regular business with the company within the past two years.
2. A spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a person.
3. Directors, auditors, executives, and employees of the corporation in cases where the largest shareholder is a corporation.
4. Spouses, lineal ascendants, and lineal descendants of directors, auditors, and executives.
5. Directors, auditors, executives, and employees of a parent company, or a subsidiary company of the company.
6. Directors, auditors, executives, and employees of a corporation which has a significant interest in the company, such as business relations with the said company.
7. Directors, auditors, executives and employees of another corporation for which directors, executives, and employees of the company work as directors or executives.

BOD Independence

Transparency of Elected Directors

In order to guarantee fairness and independence in appointing the BOD, nominees are selected by the BOD when appointing inside directors and by the Outside Director Candidates Recommendation Committee when appointing outside directors. Directors are appointed following approval from the General Shareholders Meeting. Outside directors make up more than half of the seats within the Outside Director Candidates Recommendation Committee, through which we seek to secure the independence of outside directors.

Expertise of Outside Directors

Samsung SDI appoints external experts with diverse knowledge and experience in business, economy, law, and technology as outside directors. The company provides support to outside directors so that they can conduct professional duties in the BOD and its subcommittees. Outside directors will be provided with data so that they can review corresponding resolutions' contents that are presented within subcommittees, and for increased understanding of business activities, outside directors can request to inspect domestic and international business sites, and report on site status.

Upholding the Independence of the Audit Committee of Audit Committee Independence

Samsung SDI established its Audit Committee under Article 542 (11) and Article 542 (12) of the Korean Commercial Act. Under the regulations of the Audit Committee, its members shall be appointed through resolution of the General Shareholders' Meeting, which shall be wholly comprised of externally independent directors.

BOD Activities and Compensation

Total Remuneration of BOD (unit: Million won)

Internal Director	4,413
External Director	404

Average Compensation per person (unit: Million won)

Internal Director	1,103
External Director	80

BOD Annual Activity Status

In 2015, the BOD held four regular BOD meetings, eight ad-hoc BOD meetings, and processed a total of 37 items which were composed of 34 resolutions and three reports, including items detailing the acquisition of MSBS (Magna Steyr Battery Systems), sold shares of Samsung Fine Chemicals, and the reorganization of the chemical division following its acquisition by a third party. In 2015, the BOD attendance rate for outside directors was 95.1%.

Assessment and Compensation of the BOD

Samsung SDI annually evaluates directors based on their business expertise, technological expertise, active BOD participation, whereas the results are discussed in BOD meetings. The remuneration of the BOD is paid within the limit approved in the General Shareholders' Meeting. In 2015, 25 billion won was approved at the General Shareholders' Meeting, while the actual amount paid to directors stood at 10.48 billion won. Individual compensation data as well as calculation criteria and methods for directors and auditors are detailed in Samsung SDI's 46th Business Report. Remuneration consists of a base salary that is pre-determined for each job position and an additional performance salary. Performance assessment covers safety, environment, labor relations, anti-corruption, security, and other social aspects related to management perspective, in addition to sales, net income, stock prices, and other financial indices.

Current BOD Composition

(2016.3.31)

Category	Name	Major Experiences	Active Committee
inside Director	Nam Seong Cho	CEO	Management Committee, Outside Director Candidates Recommendation Committee
	Seh Woong Jeong	Head of Automotive & ESS Business	Management Committee, Outside Director Candidates Recommendation Committee
	Chang Lyong Song	Head of Electronic Materials Business	Outside Director Candidates Recommendation Committee
	Hong Kyung Kim	Team Leader of Corporate Management Office	Management Committee, Compensation Committee, Outside Director Candidates Recommendation Committee
Outside Director	Sung Jae Kim	Head of Insurance Branch of Financial Development Council, Vice President of Hankuk University of Foreign Studies	Audit Committee, Internal Transaction Committee, Compensation Committee, Outside Director Candidates Recommendation Committee
	Min Gee No	16th Vice Minister of the Ministry of Employment and Labor, Non-permanent member representing public interests in the National Labor Relations Commission	Audit Committee, Internal Transaction Committee, Outside Director Candidates Recommendation Committee
	Serck Joo Hong	President of Chohung Bank, Chief Executive Officer of Locus Capital Partners	Audit Committee, Internal Transaction Committee, Compensation Committee, Outside Director Candidates Recommendation Committee
	Ran Do Kim	Invited Researcher of Electronics and Telecommunications Research Institute, Professor of the College of Human Ecology, Seoul National University	Audit Committee, Internal Transaction Committee, Outside Director Candidates Recommendation Committee
	Jai Hie Kim	Head of Research Center of Biometrics Engineering Research Center, Professor of the College of Engineering, Yonsei University	Audit Committee, Internal Transaction Committee, Outside Director Candidates Recommendation Committee

RISK MANAGEMENT

Risk Management

Risk Management

Risk Management System

Samsung SDI analyzes risks which can arise during the company's business activities, in order to promote and be ready to implement strategic responses. The company pays special attention to risks which can be regarded as threats against stable business activities, not only financial risks such as credit risk, liquidity risk, or market risk, but also non-financial risks such as compliance risk or reputation risk are regularly examined. Through a consulting body managed by the CEO, Samsung SDI takes action against risks by establishing and continuously improving its countermeasures. Samsung SDI promotes Business Continuity Management principles to prevent potential risk through proactive and reactive responses. Through these principles, Samsung SDI intends to prevent and take countermeasures against supply chain risks, workplace safety risks, compliance risks, and other potential risks that could negatively impact business operation.

Business Operation Risk Management

Business Continuity Management (BCM)

The Small-sized Battery Division of Samsung SDI operates the Business Continuity Management (BCM) system to mitigate risk and take prompt countermeasures. When investing in businesses and developing products, by executing risk dispersion policy by areas and removing risk factors which threaten business sustainability in advance, the company exercises its risk reduction platform. Through sustainable business management, even in circumstances such as various disasters and accidents which can cause disruptions in business activity, by focusing the unified capacity of the company, activity can be normalized within the shortest time possible and minimize stakeholder loss, such as the outflow of customers. Samsung SDI is continually making efforts to secure top-tier business sustainability strategies. We aim to execute regular training and education for employees so that business sustainability can be internalized within Samsung SDI's existing corporate culture.

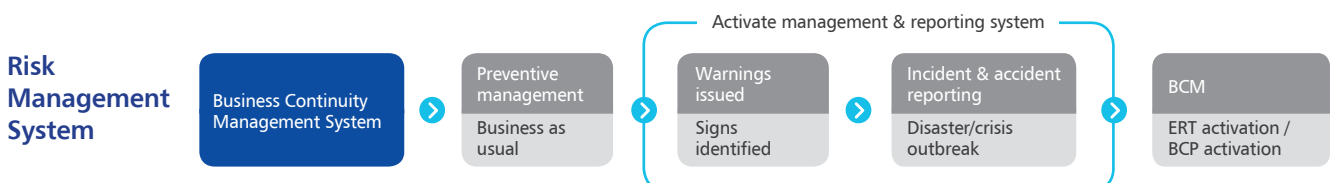
Emergency Response Team (ERT) Operation

Since 2013, Samsung SDI's Small-sized Battery Division has operated the Emergency Response Team (ERT) to respond to the initial stages of worksite accidents, and has also increased its employees' ability to systematically respond to sudden accidents through emergency response drills. ERT is an organization which, through emergency responses toward serious incidents and accidents, saves lives, prevents losses, guarantees a fundamental level of business operation, and mediates relationships among stakeholders. Specifically, the organization oversees risk management by classifying risks into 11 core categories including chemical leakage, radiation leakage, contagious diseases, and natural disasters according to business site, and drafting response scenarios. In 2015, training was held to confirm the effectiveness of BCP (Business Continuity Plan) through EOC (Emergency Operations Center) operation and emergency response training conducted by ERT at individual worksites. Furthermore, we conducted risk assessment of overseas subsidiaries and reinforced risk response capacity by conducting risk response training of relevant subsidiaries.

Compliance Risk

Compliance Risk Management

In order to ensure transparency of business activities, Samsung SDI is operating the IT-based Internal Control System, which recently underwent improvement so that work performances, regulations, laws, internal regulations and procedures can be properly followed and compliance risks can be managed. The main duties of the Internal Control System include verifying and evaluating asset protection and corruption prevention, as well as operating internal accounting management to enhance credibility of financial information. This system allows Samsung SDI to fulfill its legal obligations related to creditability of financial information and published data.



Non-financial Risk Management

Domestic and Overseas Partner Companies
BCM Training

55
Companies

Tax Risk Management

A global business trend of reinforcing regulations related with tax evasion, overseas tax evasion, and tax avoidance has recently been observed, whereas preparation for such risks is essential and can be established through the creation and operation of a region-based taxation system. Likewise, through creation and application of reasonable transfer prices, handling oversight aimed toward creation and application of transfer prices. Furthermore, we are examining whether each entity's operational readiness, risk bearing, and used assets are managed and administered in accordance with transfer price policy set by global business sites and partner companies.

Supply Chain Risk Management

Due to the fact that Samsung SDI creates economic value through its relations with suppliers such as manufacturers and equipment companies, the company views it as essential to manage CSR risks found within the supply chain. To diagnose and resolve CSR issues across its supply chain, the S-Partner Certification Program was designed. This program aims to comprehensively evaluate five areas – labor, environment, health and safety, ethics, and operating systems – and certify suppliers according to the evaluation results. Moreover, as regulations surrounding conflict minerals become increasingly prevalent, Samsung SDI is reinforcing risk management activities related to these issues. Samsung SDI has established and conducted official conflict mineral investigations and status analysis system in suppliers' portals and the company's intranet (SMIS) to systematically examine the use of the conflict minerals by its suppliers. For partner companies which provide raw and subsidiary materials and equipment, Samsung SDI is conducting supply chain risk reduction activities by supporting the establishment of BCM (Business Continuity Management). In H1 of 2015, we focused on domestic partner companies, followed by overseas major partner companies in H2 to support the establishment of BCM. Moving forward, we intend to support all domestic and international partner companies in establishing their own BCM plan.

Safety Risk Management at Business Sites

Through self-analysis, Samsung SDI identified that most incidents occurring at the worksites were caused by employee negligence and is currently making various efforts to minimize harm to employees and assets through the Safety Environment Infra Team. Since Samsung SDI conducts its business at production sites and subsidiaries in 21 countries across the globe, raising employee awareness on issues of safety and reinforcing strict safety management at worksites is crucial to the company's overall operation. Samsung SDI aims to strengthen workplace safety management through the creation of a safety culture settlement road map and constant operation of an onsite inspection division, while also improving employees' safety awareness through execution of accident response training and safety education.

Emergency Response System



INTEGRITY

Compliance and Ethics Management

Organization Management

Samsung SDI, by establishing a compliance/ethics management system seeks to proactively respond to growing global compliance risks. In order to meet increasing domestic and international consumer expectations of corporate compliance and transparent management, Samsung SDI exerted great effort to internalize a compliance/ethics management system that currently operates in the form of a compliance support team. Furthermore, the company appoints compliance practice leaders in each team so that compliance risks can be identified and prevention activities can be created. In 2015, to support the autonomy of and increase the participation of compliance practice managers, SDI held events such as a Compliance Conference and oversaw the operation of a rewards system. There are no cases where Samsung SDI was levied a fine or another form of sanction due to violations of an individual country's laws or regulations in 2015.

Compliance System

Compliance System Establishment		
Compliance Risk Management	Compliance Risk Sensing & Site Inspection	Diffusion of Culture of Compliance Conduct education and promotion
<ul style="list-style-type: none"> · Risk selection · Operate autonomous compliance program 	<ul style="list-style-type: none"> · Sensing and managing compliance trends and regulations · Inspection of major compliance risks 	<ul style="list-style-type: none"> · Establishment of compliance culture continuous ongoing education · Regular dispatches of compliance letters

Compliance/Ethics Education and Monitoring



Compliance/Ethics Education	6,971
Corruption Prevention Education	18,028
Supplier Education	75

Customized Training

Samsung SDI executes company-wide anti-corruption and compliance training to raise employees' knowledge of ethics and internalize an ethical work culture. Samsung SDI is conducting compliance/ethics and corruption prevention education for executives, newcomers, experienced staff and compliance practice managers. In 2015, the company planned customized education that reflected employees' individual interests in compliance/ethics management and compiled educational contents focusing on recent case studies. By focusing on specific areas of compliance studies and creating unique curriculums, Samsung SDI intended to improve effectiveness of education programs. In order to spur cooperating companies' interest in and cultivate knowledge of compliance/ethics management, Samsung SDI selected 75 executives and managers from 70 partner companies to be part of compliance training programs surrounding topics such as compliance management, trade secrets, patents, subcontracts, contracts, anti-corruption, and protection of personal information. Moving forward, SDI plans to continuously expand education for partner companies by spreading compliance/ethic management culture along our supply chain.

Details of Compliance/Ethics Education

Subject	Process and contents	Attendees
Executive	Compliance management training	107
	Training on trade secrets	38
	Training on Chinese law environment	19
Employees	Training for all employees	5,773
	Subcontract training	672
	Personal information training	362

Compliance Inspection Status

Compliance Inspection	Inspection number
Themed inspection	2
System self-inspection	1
On-site Inspection	13
Subcontract inspection	6
Meeting Legality Review	97
Total (case)	119

Business Site Corruption Risk Evaluation

Classification	2013	2014	2015	Unit
Total number of business sites	19	20	21	Sites
Number of business sites with corruption risk evaluation	11	13	19	Sites
Ratio of business operators with corruption risk evaluation	58	65	90	%

Strengthen Compliance

Compliance Inspection

Samsung SDI regularly carries out inspections within departments, such as sales, purchasing and R&D, which are the most likely to face legal risks. Samsung SDI is distributing guidelines for employees to self-regulate interactions that occur in fair trade and subcontracting, and making concentrated effort to reinforce inspection of these major risks to eliminate collusion. Theme inspections are also conducted so that compliance of related regulations by job groups can be confirmed. In 2016, the company plans to continuously conduct online/offline inspections for business compliance settlement.

Autonomous Inspection Activities

Samsung SDI allows all employees to autonomously inspect compliance risks related to their work duties through its compliance system so that they can prevent risk in advance. In 2015, risks such as trade secrets, corruption prevention, cartel and internal trade were emphasized during inspections. Additionally, the compliance index evaluation system was created so that each department can be evaluated and have its results reflected in respective executives evaluations.

Anti-corruption

In 2015, those found in violation of internal regulations were punished following inspections carried out within partner companies and customer service departments that examined trade records, recruitment processes, and management status of products and materials. In 2015, a total of 43 violators saw disciplinary consequences as a result of inspections, and contracts with three business partners were terminated due to corruption.

Reinforcement of Preliminary Domestic Risk Control

Samsung SDI constantly manages global compliance risks through risk sensing and preliminary control activities. We monitor external law enactment/revision activity and major social issues, and work to promote risk assessments within internal business operation and preliminary control processes. In 2016, based on results gathered from external risk sensing, Samsung SDI plans to further reinforce the company's internal compliance monitoring through various methods such as meeting with related departments, assemblies, and private interviews with individuals, etc.

Domestic Business Compliance

Samsung SDI is holding meetings to collect opinions related to compliance from active personnel so that essential compliance business activities are conducted while burdens for active personnel are mitigated. In 2015, Samsung SDI oversaw the establishment of compliance practice manager's individual performance goals in order to carry out performance-based compensation. Likewise, through online and offline reporting processes, the company is accepting various opinions and reports about violations on compliance management and unfair behavior.

Overseas Compliance

Samsung SDI is promoting activities for employees of overseas business sites to comply with their corresponding countries' laws and regulations and global standards. To achieve this, the company is conducting activities such as training programs, and inspections by departments of each subsidiary. In 2015, consulting and legal support for establishment of a compliance program was overseen for newly created overseas subsidiaries and SDI also appointed new compliance practice managers to improve the participation of local employees.

Major Business Introduction

Samsung SDI takes a new leap into becoming the global leader in the material and energy total solutions.

Business Portfolio



**Small-sized
Li-ion Battery**



**Automotive
Batteries**

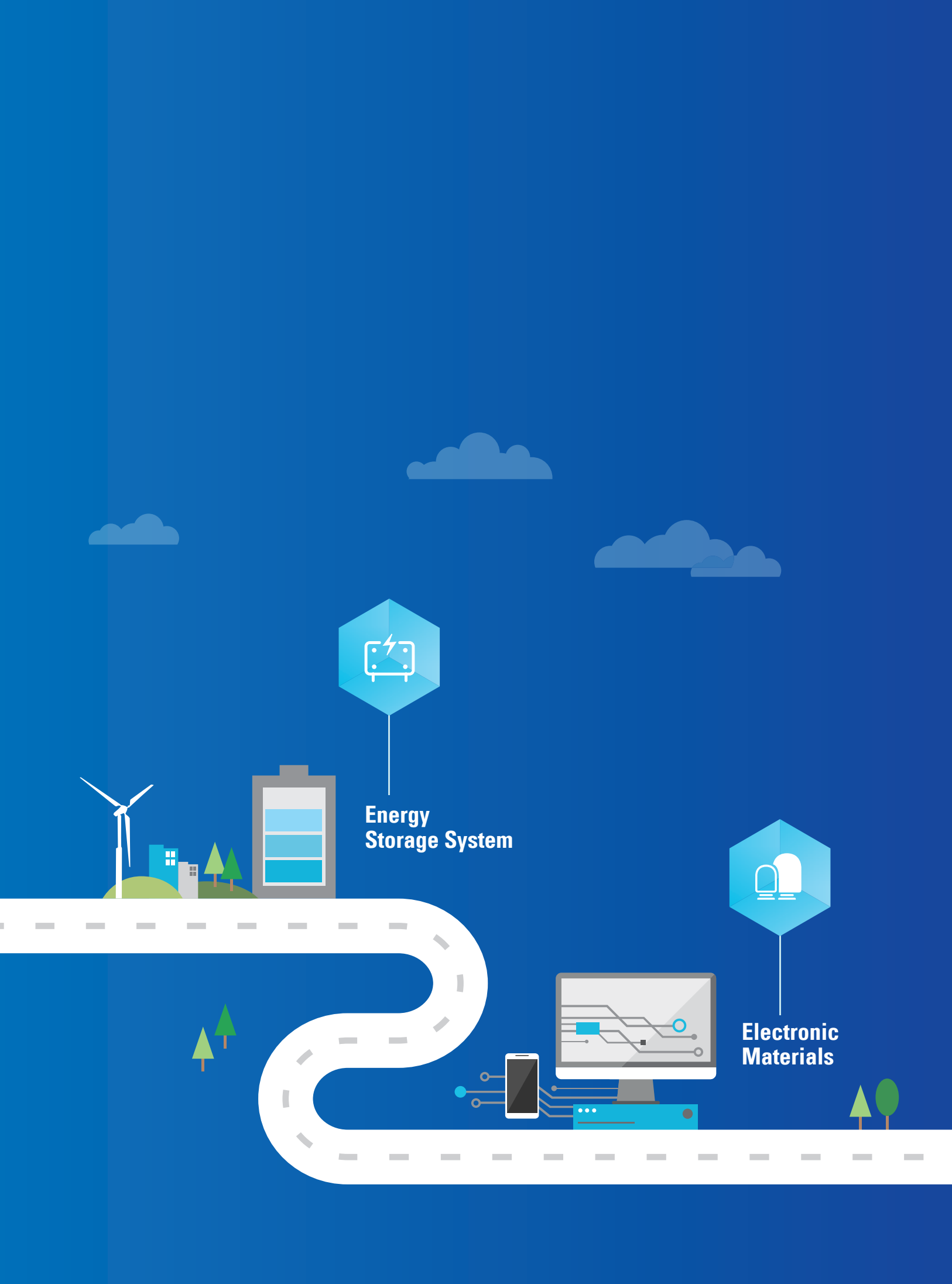




**Energy
Storage System**



**Electronic
Materials**



Value Creating Products

Sustainable products



Era of BoT through next generation battery

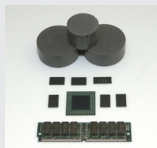
Leading a new era of BoT, where everything is connected through batteries, Samsung SDI's stripe battery and band battery can be applied to wearable devices of various designs. By minimizing the width of internal sealing, energy density was increased in simultaneously with a longer battery life. Not only does this combination create a product with superior quality, but also an ultra-thin battery with outstanding product stability.



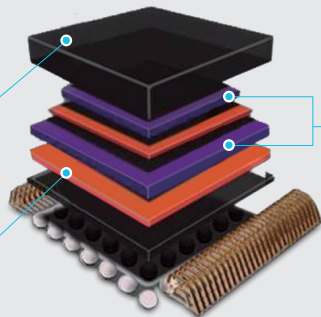
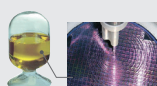
Power Devices

Samsung's Li-ion battery technology allows power devices to run longer and many can now utilize lighter, smaller batteries. In the case of power tools, the company owns technologies such as 3.0 Ah battery cells, the world's largest capacity of Li-ion batteries as well as rapid-charging packs, which can reach a complete charge within 30 min. Li-ion batteries found in vacuum cleaners do not have a memory effect as one of its notable features. It can be charged at any time, and while discharging, voltage drops are extremely small, enabling it to maintain a constant suction force.

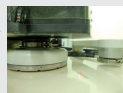
EMC



SOD



CMP



SOH

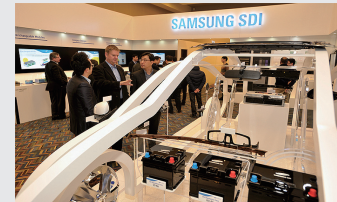


Material for Semiconductors (SOH, SOD, CMP, EMC)

Samsung SDI's manufacturing process includes SOH, an ancillary material that works to form micro patterns within semiconductors, SOD, a coating material applied in the silicon thin film process which insulates between transistors, CMP slurry, an abrasive substance that smooths surfaces and accommodates semiconductors' micropatterned design, as well as EMC, which is responsible for protecting semiconductor circuits from factors in the external environment such as moisture, heat, and shock. The company is working to maximize the potential of these functions, which serve as necessary building blocks of semiconductors.

SAMSUNG

Samsung SDI operates the material R&D center by classifying them by business areas in effort to conduct more efficient R&D and effective technology management. Management is executed so that each business area's R&D results can link to developments of sustainable products. Samsung SDI, meanwhile, focuses its R&D capacity on improving the sustainability of its representative products, leading to overall sustainable corporate growth.



Differentiated Automotive Battery Offered Exclusively by Samsung SDI

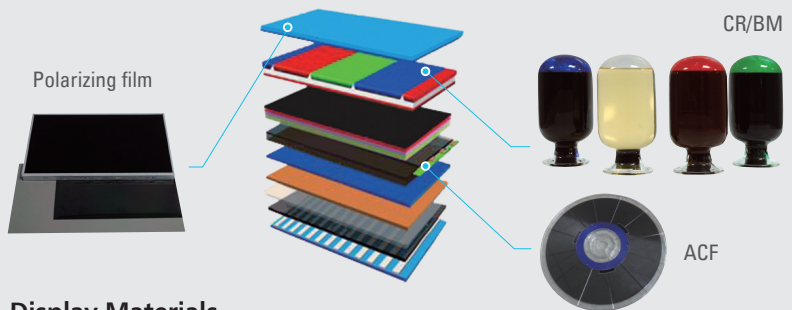
Using world-class Li-ion battery technology, cells for plug-in hybrid vehicles and cells for electric vehicles were designed to standardized sizes so that Samsung SDI's battery modules can easily replace each other. LVS (Low Voltage Systems) is gaining immense popularity for its high fuel efficiency and exhaust gas improvement along with its low price, as a light-weight, next generation battery.

SDI



Energy Storage System(ESS)

The one-stop ESS solution of Samsung SDI minimizes output fluctuations based on outstanding cell technology and boasts superior energy efficiency that is able to enhance overall power quality. With its ESS battery products, the company is focusing not only on the domestic market and advanced markets, such as Japan, the Americas, Europe, etc., but also emerging markets, and is providing various applications available residential, utility-scale, commercial & industrial, and UPS.



Display Materials

PET (Polyethylene Terephthalate) became the world's first technology to replace TAC (Tri Acetyl Cellulose) film, lowering costs and enhancing durability, which is a core material of existing display polarizing films. In 2015, through the development of ultra-high bright CR (Color Resist) technology, Samsung SDI was able to maintain control in the market.

Research & Development

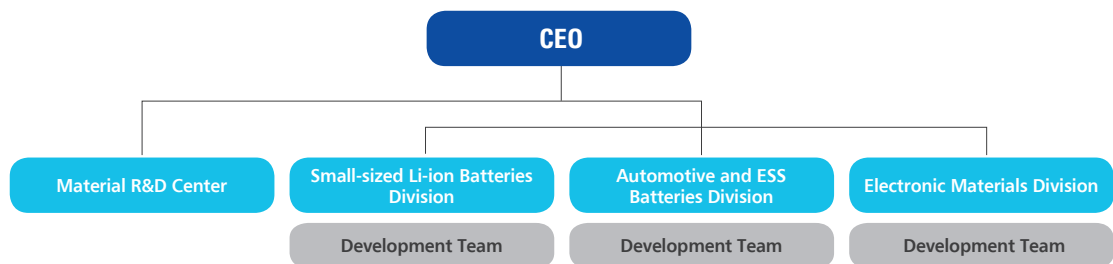
Product R&D

Due to the market's technology advancement and intensified price competition, the need for constant investment into introducing new technologies and developing new products within the industry is growing everyday. Samsung SDI is working to improve customer satisfaction through establishment of an effective R&D system and innovative improvement of products and technologies.

R&D Organization

To overcome ever-growing competition within the battery industry and to secure future growth momentum, Samsung SDI is working to reinforce the professional capabilities of its basic functions. In 2015, to reinforce organizational efficiency and improve output performance, Samsung SDI entirely restructured its organizations according to business areas, including its existing battery research lab. R&D is being conducted for small-sized Li-ion batteries, automotive, and ESS batteries, and the electronics materials department through the Material R&D Center directly under the CEO and composed of a diverse development team spanning multiple departments so that a common vision of reinforcing product competitiveness and creating first class materials can be achieved. Among a total of 2,443 R&D personnel, about 52.4% of them hold Masters or PhD degrees. These personnel are supported in the research lab, so as to enable them to work to the best of their research abilities.

R&D Organization Map



R&D Focused Promotion Direction

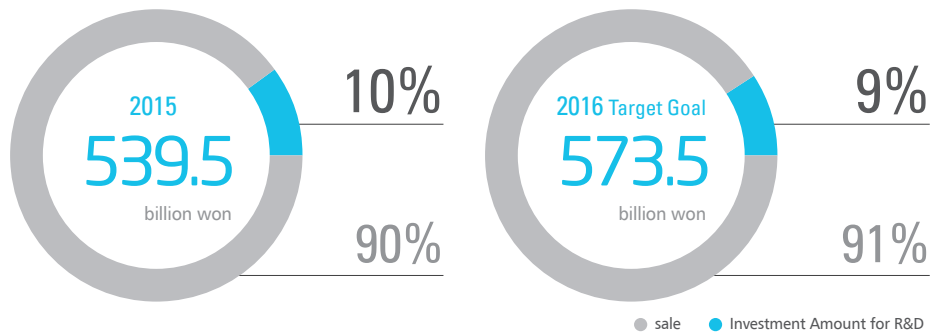
Materials R&D Center	<ul style="list-style-type: none"> - Development of core materials for high-performance and low cost batteries - Improving simulation technology and analysis on lithium ion battery mechanism
Small-Sized Li-ion Batteries Development Team	<ul style="list-style-type: none"> - Reinforcement of competitiveness of polymer products through development of high-energy density material and new processing technology - Pioneering a new application market through differentiation of cylindrical batteries
Automotive and ESS Batteries Development Team	<ul style="list-style-type: none"> - Securing technology leadership of automotive battery through development of high-energy density and high safety technology - Expansion of automotive battery business through differentiation of module and pack technology
Electronic Materials Development Team	<ul style="list-style-type: none"> - Development of differentiated materials applicable to semiconductors and displays - Development of OLED materials and next generation polarizing film, and high transmittance CR

R&D Investments

Samsung SDI is spearheading efforts to enhance customer satisfaction by reinforcing technological competitiveness by each business department and improving product quality through constant R&D investment. In 2015, R&D investment cost was about 539.5 billion won accounting for 10% of sales. In 2016, Samsung SDI plans to further expand R&D investment, and prioritize R&D activities around new products and technologies to accommodate new applications according to the growth of eco-friendly, renewable energy, etc.

Investment Amount for R&D

* Chemical Division was excluded from R&D investment and sales calculation.



Major R&D Performance

Research project	Research result and expected effects
Developed gap-filling polymer material for protection of electrode assembly of cylindrical secondary cell batteries	Improved vibration resistance by fixing and protecting internal components of batteries (jelly roll)
Developed high efficiency PV Paste	Increased market share through development of high efficiency PV Paste
Developed the next-generation polarizing films	Expanded product portfolio by developing polarizing films applicable to new display products
Developed OLED materials	Entered new markets through development of high efficiency OLED materials
Developed slurry and EMC for semiconductors	Increased market share through development of new products Increased market share through superior void characteristics of EMC development

Patent Grants (unit: patents)	
Korea	4,770
United States	2,044
China	1,380
Japan	1,307
Europe	735
Others	498
Total	10,734

Intellectual Property Portfolio

Samsung SDI established a foundation for maintaining possessed technology and developing new technology through synergy of battery technology and materials in the field of energy technology. Focusing on the material R&D center, the company is reinforcing intellectual property portfolio by supporting individual business departments in patent efficiency and pioneering next-generation business areas. As of 2015, the company owns 4,770 patents in the domestic market, and owns 5,964 patents in major overseas markets such as the United States, China, and Japan. Samsung SDI is focusing on securing R&D competitiveness through applying for, registering and maintaining patents.



Small-Sized Li-ion Battery

Our Industry

! Major Issues

- Rapid growth of Chinese EV companies
- Activation of EV Start-ups

Business Overview

Samsung SDI's small-sized Li-ion battery department is constantly making efforts to improve quality and ensure product safety since its establishment of the Li-ion secondary battery business in 2000. SDI is producing batteries used in non-IT products such as vacuum cleaners and power tools, and in IT products, such as laptops and smartphones. In particular, SDI is leading the small sized Li-ion battery market through outstanding technology in automotive batteries and high power batteries.

2016 Market Outlook

In 2016, it is expected that market demand for small-sized secondary batteries will grow by about 12% compared to last year, to record a total of 5.7 billion cells. In particular, the main driver of non-IT business, such as applications including vacuum cleaners and power tools, is demand for bigger and more efficient batteries. Thus, we forecast growth of more than 31% compared to the previous year. Furthermore, because the market for electric vehicles using cylindrical batteries has experienced normalization in 2015, it has experienced rising demand in 2015 and it is expected to see further growth in demand in 2016. As the expansion of IoT (Internet of Things) continues, it is expected that smartphones and smartwatches will maintain a growth rate of 7% and 42% respectively. For all these areas, Samsung SDI plans to drive innovative technology in lithium-ion batteries and maintain its leadership in both IT and non-IT sectors.

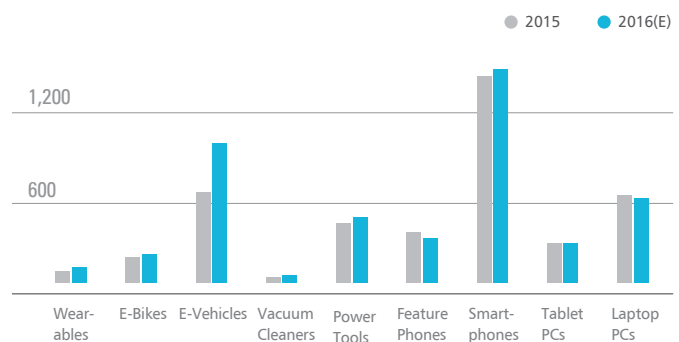
Forecasted Demand for Li-ion Batteries (unit: 1 million batteries)

Category	2015	2016(E)
Non-IT	Wearables*	97
	E-Bikes	219
	E-Vehicles	668
	Vacuum Cleaners	52
	Power Tools	511
	Others	368
IT	Feature Phones**	438
	Smartphones	1,437
	Tablet PC	339
	Laptop PCs	665
	Others	359
	Total	5,153

* Wearable Devices: Products which could be put on items such as healthcare wearables, active cameras, fitness bands, and smartwatches

** Feature Phones: Low performance, low-cost cellular phone mainly used before release of smartphones

Forecasted Demand for Major Applications (unit: 1 million batteries)



* Source: B3, as of Nov. 2015 date of issue

Risks

- Slow growth and negative growth of IT applications such as HHP, NPC, and Tablets
- Need to cut prices due to intensified competition triggered by the emergence of Chinese firms

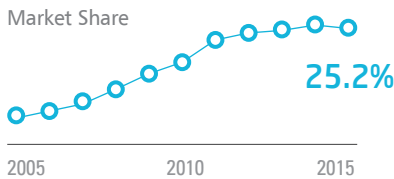
Opportunities

- Expansion of global eco-friendly policies (China regulation against Lead Acid Battery, EU regulation against motor output, EU NiCd Ban, etc)
- Expansion of movements to adopt LIB for existing lead acid battery applied devices, such as golf carts

2016 Business Plans

Samsung SDI, applying new business strategies in 2015, aims to constantly expand our product line in response to market changes such as new technologies dealing with energy density or rapid changes and growth in China or other new markets. Furthermore, through the superiority of high power cylindrical secondary batteries in the next-generation market, such as power tools and new applications, SDI is hoping to achieve sustainable market growth. Through expansion of the rapidly growing electric vehicle market, Samsung SDI hopes to lead this growing market on a global scale through its technical leadership in both large and small battery segments.

2015 Activities and Performance



* Source: B3, as of Nov. 2015 date of issue

In 2015, there were developments related with supply and demand of products that Samsung SDI worked diligently to address, such as the breakthrough of the age of Internet of Things, vitalization of wearable devices, high growth rate of new applications of non-IT areas, as well as decreased demand for feature phone batteries due to expansion of smartphone distribution. Samsung SDI not only maintained first place in the power tool market by striving for proliferation and development of new devices, but according to a B3* survey, the company also maintained first place in global market share for small-sized secondary batteries for six consecutive years, exhibiting solid market dominance. Likewise, the company succeeded in becoming the world's first to mass produce free shaped batteries for smartwatches, to meet the needs of the emerging era of Internet of Things.

*B3: Japanese rechargeable battery market research firm

BUSINESS CASE



01. Participated in the Eurobike 2015



Samsung SDI released a battery pack for electric bicycles, which can run 100km at the Eurobike 2015. In this exhibition, the company showcased 12 battery packs which are currently being supplied to global bicycle companies together with cells with varying specs. This includes the standardized six types of battery packs which can be directly used by attaching them externally or inserting them internally into the bicycle. In addition, a new technology was introduced and received strong interest, where through including Bluetooth functionality in a battery pack, users can check battery level, and drivable distance with their smartphones while riding.

02. Smartwatch Battery Technology

Samsung SDI announced the release of battery technology used in Samsung Smartwatch Gear S2 at IFA 2015, the largest IT application exhibition in Europe, hosted in Germany. The battery utilized in the Gear S2 uses new technology which allows it to have a hexagonal shape, this shape better utilizes the space available and allows capacity to be increased by 25%. A semi-circle shaped battery which fits the circular design of a smartwatch is also under development, and if it is commercialized, it is expected its capacity can be improved by 50% compared to rectangular batteries.





Automotive Batteries

Our Industry

! Major Issues

- Full-fledged market entrance of PHEV
- Rapidly growing Chinese Electric Vehicle Market

Business Overview

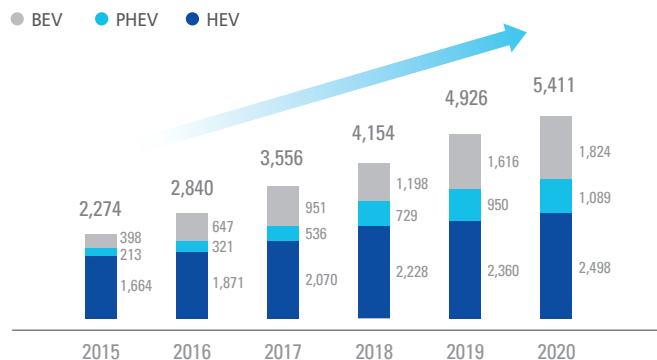
Automotive Battery Business Division is maintaining its cutting-edge technological prowess by executing constant large-scale investments to provide the best products and services to consumers and to secure competitive advantage in the market. Due to growing concern about global warming caused by GHG emissions and climate change, consumer demand for eco-friendly products is continuously increasing. Therefore, automotive manufacturers are introducing various electric vehicles in order to meet consumer need and solve environmental problems. To meet such market changes, the automotive battery business department is focusing on developing sustainable and eco-friendly battery technology. Notably, Li-ion battery has greatly improved energy density compared with existing lead acid, NiCd, and NiMH batteries, has extended battery life, and improved safety. Samsung SDI, a global leader of new and innovative energy solutions, based on amassed experiences in the battery sector for mobile devices, promises to not only develop high-efficiency, high-energy density batteries for electric vehicles, but also nurture the infinite potential use of rechargeable batteries.

2016 Market Outlook

In 2016, it is expected that the electric vehicle market will expand and environmentally friendly vehicles released by global major OEMs will grow in number. Along with next-generation models such as Toyota Prius, Nissan Leaf and GM Volt, various PHEV models such as BMW X5, VW Golf/Passat, Audi Q7 followed by Mitsubishi Outlander and Volvo V60, are expected to be released. In the case of the Chinese market, it is expected that commercial vehicles, which have a high carbon dioxide reduction effect as

well as various environmentally friendly vehicles such as BYD vehicles and small-sized electric vehicles from local OEMs, will lead the market. Accordingly, it is expected that demand for vehicle batteries, due to the massive release of PHEV models and growth of the of China's electric vehicle market, will grow by 25% to reach 2.84 million units.

Mid-term and Long-term Demand Outlook (unit: 1,000 vehicles)



* source: B3

2016 Business Plans

In 2016, the automotive battery business department plans to locate additional strategic customer bases, in an attempt to expand the scope of its customer structure, which had focused primarily on Europe until now. On the other hand, it will seek to raise overall profits by expanding its sales of module/pack products which can create high added value. Winning new, large EV projects and expanding market share in China, where high growth is expected in the future, will improve sales and profits and serve as an opportunity to sustain long-term growth.

Explanation of Electric Vehicle Related Terms
 LIB(Lithium-ion Battery) / EV(Electric Vehicles) / BEV(Battery Electric Vehicles) /
 HEV(Hybrid Electric Vehicles) / PHEV(Plug-in Hybrid Electric Vehicles) /
 ICE(Internal Combustion Engine) / LVS (Low Voltage Battery Systems)

Risks

- Intensified competition among battery producers
- Possibility of slow growth of EV market following the expansion of alternative solutions for fuel efficiency enhancement (ICE engine downsizing, LVS, etc) and low oil price
- Chinese government enforcing new regulations and policies in the battery industry

Opportunities

- Intensified global environmental regulations (CO₂ regulation in Europe, CAFE in the United States, fuel efficiency regulations in China, etc.)
- Expansion of LIB demand following vehicle automation (Smart cars, automated driving, etc.)

2015 Activities and Performance

To possess a total solution for automotive batteries, Samsung SDI acquired the pack business subsidiary of Magna, a world-class automotive parts manufacturer. By doing so, the company not only secured the highest-level competitiveness for pack technology. As a notable contract-winning achievement, the company initiated co-development of Sports Utility Vehicle which can drive up to 500km with a single charge with a premium European OEM in 2015. Winning such contracts proves that Samsung SDI is contributing not only in terms of longer driving distance of electric vehicles, but also helping to increase the electric vehicle market as a whole. Furthermore, in order to respond to the rapidly growing China's electric vehicle market, the company established a plant solely for automotive battery production in Xi'an, and from this, is now able to produce enough batteries each year to meet the demand of 40,000 electric cars. Samsung SDI won battery supply projects from leading companies in the bus/truck market and its major supply chains. The company will continue to proactively conduct marketing activities to form a global network by participating in major global auto shows in Detroit, Frankfurt, and Shanghai.

BUSINESS CASE



01. Acquired Austrian-subsiary of Magna International

In May 2015, in a bid to reinforce its competitiveness in battery pack system solutions, Samsung SDI acquired Magna Steyr Battery Systems (MSBS), which is an Austrian-subsiary of Magna International, established the Samsung SDI Battery Systems, and then held an official celebration for business initiation. Combining Samsung SDI's world-class cell technology and Samsung SDI Battery Systems' battery pack know-how, the company reinforced its capability to provide customers with an enhanced product portfolio and create optimized results and synergies. Furthermore, by combining the two companies' global sales, R&D, and production facilities, the company expects that this merger can contribute to regional development in Europe and North America.

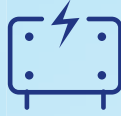


02. Mass Production Initiated at the Xi'an plant in China

In October 2015, Samsung SDI hosted a celebration for the opening of the automotive battery plant in the Gaoxin industrial development area, Xi'an, China. To lead the rapidly-growing Chinese electric vehicle market, Samsung SDI became the first among global battery manufacturing companies to complete a plant dedicated to automotive battery production in China, and initiated mass production in September 2015. Through Samsung SDI's Xi'an plant, which is able to produce high-performance and high-energy batteries that can supply up to 40,000 electric vehicles per year, Samsung SDI signed battery supply contracts with 10 local vehicle manufacturing companies, including the largest bus manufacturing company in China, Yutong Bus, and the leader of the Chinese truck industry, Foton Truck. To meet the increasing demand, Samsung SDI plans to invest \$600 million in the Xi'an plant by 2020 with its local partner, to accomplish its goal of reaching \$1 billion in sales.



Business Portfolio 03



ESS Energy Storage System

Our Industry

! Major Issues

- Increased market participation by global SI companies and power generation companies
- Expansion and actualization of battery ESS project

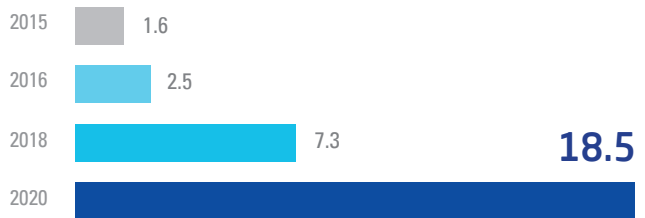
Business Overview

Launched in 2011, the Energy Storage System (ESS) technology of Samsung SDI's ESS division utilizes Samsung SDI's secondary battery technology, which has market leading quality lifespan and performance. It satisfies user's various needs, while providing custom solutions within strategic markets such as electric power use, commercial use, household use, communication use, etc. ESS solutions from kWh to MWh sizes will catalyze the transition from traditional carbon intensive power generation to the new world of renewable energy.

2016 Market Outlook

Developed countries such as the United States, Japan, and Europe are conducting large-scale demonstration projects made possible by ESS-related government subsidies, and are creating price competitiveness through mass production of Li-ion secondary batteries. Furthermore, developed countries are systematically encouraging ESS installation, by passing ESS installation mandates or providing subsidies for connecting renewable energies and ESS. From these developments, the company expects that demand for ESS will increase not only in the United States, the world's largest ESS market, but also in Germany and Japan. Due to KEPCO's frequency regulation ESS and the government initiative to support the development of the ESS industry as part of the 2030 Energy New Business Expansion Strategy, the ESS market in Korea is also expected to grow.

Mid-term and Long-term Demand Outlook (unit: GWh)



* source: Samsung SDI ESS Division

2016 Business Plans

In Japan, the company plans to maintain its market share by focusing on household ESS solutions in 2016. Samsung SDI will also strengthen its strategic approach to satisfy demand toward increased ESS application in major electric power companies, as displayed by the vitalization of the solar power industry. Samsung SDI plans to expand its ESS solution business in North America and EU markets, showing steady growth, will make ceaseless efforts to increase sales in Korea and China, and will reinforce its position as a leader of the ESS market by releasing products with innovative technologies. In particular, through the development of high output products for frequency regulation (F/R) at the domestic Korea Electric Power Corporation and development of UES technology, which is a combination of UPS and ESS, the company plans to create new business models under its title of a "Technology Driven Company".

Risks

- Expansion of business opportunities in new renewable energy sector are expected to be delayed due to the continuing trend of low oil prices
- Intensified price competition due to low-price policy between battery companies

Opportunities

- Subsidy of 11 billion yen for new construction of zero-energy houses and 10 billion yen for energy innovations in Japan
- Continuous ESS subsidies connected with solar power PV for households in Germany

2015 Activities and Performance

In Korea, in an effort to guide the domestic market, Samsung SDI contributed a large-scale supply of goods to Korea Electric Power Corporation’s demonstration project for F/R, and boosted ESS supplies linked to wind power with Korea Southern Power and Daemyung GEC. In the Japanese market, the company expanded sales focusing on selling a household solution with Nichicon. In order to pioneer and occupy new markets, the company signed an MOU (Memorandum of Understanding) for micro-grid ESS project development with ABB, a global strategic equipment company. Also, in order to share in cooperative promotion, signed an MOU to create ESS project opportunities with E.ON, a German company specialized in the energy sector. Samsung SDI captured a 24.3% share of the global Li-ion ESS market in the third quarter of 2015, which puts it in first place, and is strengthening cooperative ties and marketing activities through various applications with multiple existing partner companies in a bid to expand the scope of business cooperation.

BUSINESS CASE



01. Samsung SDI Supplies ESS Batteries to the Largest Power Generation Company in North America

In July 2015, Samsung SDI signed an ESS supply contract for an ESS project with a scale of 36MW with Duke Energy, the largest power generation company in North America. The project aims to replace the installed Lead Acid battery ESS with Li-ion battery ESS, and Samsung SDI sought out this project as an opportunity to improve functions of wind power plants and ESS through advanced power battery technology. The fact that the company won this project is proof of a growing cooperative relationship with the largest power generation company in North America based on the trust of Samsung SDI's outstanding technology, quality, and service. Samsung SDI is thought to have successfully laid the groundwork for pre-occupying the North America ESS market by signing a commercial ESS supply contract on a scale of 25MWh with GCN of the US in October 2014, and winning this ESS project for electric power.

02. Samsung SDI, with its Technological Prowess, is Selected as a Contractor for ESS Installation for KEPCO Frequency Regulation

Under the new climate regulations, KEPCO initiated the establishment of its ESS project for frequency regulation with a total scale of 500MW, scheduled to be completed by 2018 and ensure stable supply against the abrupt imbalance in electric power supply and create new growth power. Since 2014, Samsung SDI, based on its domestic and international business experiences, has been participating in this ESS project. Samsung SDI was ranked first place in technology evaluation in the battery sector in 2014 and 2015, and supplied batteries for substations in New Yongin, New Hwasun, and Gyeongsan. In the future, working with KEPCO, the company will expand the range of ESS application for peak reductions and stability of renewable energy output so that the company can actively participate in creating an ecosystem for the ESS industry.





Electronic Materials

Our Industry

! Major Issues

- Advancement of IT companies toward the electrical components sector, following a merge between automotive and IT industries

Business Overview

Samsung SDI's electronic material department maintains its world-class competitiveness based on advanced technology and specialized capability in various materials such as semiconductors, displays, secondary batteries and Solar Cells. The company is focusing on constant investments, which are positively influencing fiscal results, and productivity in R&D related to PV Paste, which is used in Solar Cells, eco-friendly renewable energy, and OLED material, and is spotlighted as a promising product.

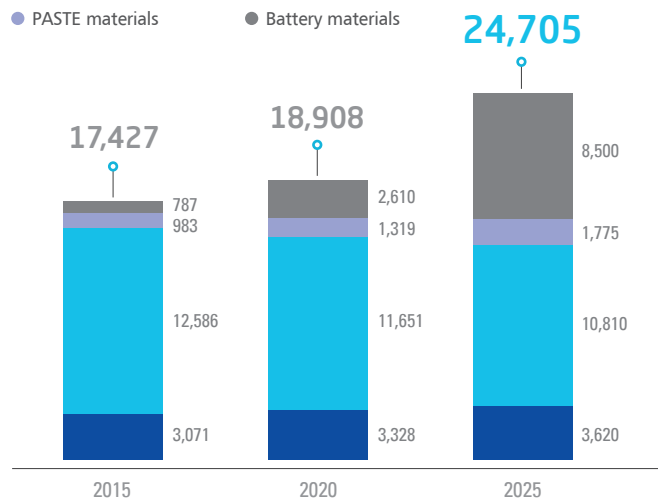
2016 Market Outlook

As the growth of TV and smartphone markets, which are major demand-driven industries, is slowing down, stagnation is also expected in downstream industries such as semiconductors and displays. However, it is also expected that demand for materials, along with technology advancements such as micro-processing of semiconductors, expansion of 3D structures, and increased OLED adoption, will be steady. It is expected that business opportunities in new areas will expand, from market growth of semiconductors for vehicles and displays, and increased demand of AP and communication chips following the expansion of IoT. However, in the case of the LCD and secondary battery market, due to generalization of technology, intense competition is expected, and Samsung SDI will be required to secure differentiated technologies, cost savings, and make efforts to respond to diversified customers.

Mid-term and Long-term Demand Outlook for Materials

(unit: billion won)

- Semiconductor materials
- Display materials
- PASTE materials
- Battery materials



* Source: Samsung SDI Electronic Materials Division

2016 Business Plans

In 2016, under the goal of reinforcing its market share in existing markets and pre-occupying potential next-gen markets through customer diversification and establishment of global bases, Samsung SDI plans to proactively release differentiated products and focus on technological competitiveness and marketing proficiency. For semiconductors and display materials, not only will the company proactively supply products of outstanding competitive quality to secure its advantage in existing markets, but Samsung SDI also plans to

Risks

- Stagnation of semiconductor market growth is expected due to low growth of the server/mobile market and contraction of the PC market (Wafer input growth rate: 1.4%)
- Greater pressure to lower selling prices due to continuous oversupply of display panels following stagnated demand for product sets such as TVs, mobile devices, etc.

Opportunities

- Increased demand for patterning materials such as SOH, SOD related to the refinement of semiconductor patterns
- Increased demand materials related to the OLED market following the expansion of Chinese-lead efforts
- Expected expansion of business opportunities in new areas such as front-line materials

reinforce its customer-oriented local response system by establishing global bases. Due to expected market growth of OLED material centering on mobile devices, Samsung SDI plans to make efforts to secure new customers through shared marketing with Novaled, a German OLED material company which Samsung SDI acquired in 2013. Moreover, through strategic timing, the company plans to establish a system which can supply flexible display materials, leading the next-generation's mobile device market.

2015 Activities and Performance

Samsung SDI had strived to establish a qualitative business structure for sustained growth through careful selection and focus in 2015. The company targeted the world's largest photovoltaic market, China, and captured largest market share for PV Paste in China, boosting sales in year-on-year (YoY), and improved production and manufacturing efficiency, achieving zero defects, contributing to the great achievement. Additionally, the company will complete and ramp up a new polarizer film production line in China during the second half of 2016 to help secure local operations to meet local demand in real-time. Through these business activities and achievements, among all of its products, five products were ranked within top three in the global market.

BUSINESS CASE



01. Signed MOU with Wuxi, China for Establishment of Polarized Film Plant

In May 2015, Samsung SDI signed an MOU with the Wuxi regional government of China in order to establish a polarized film plant. After China recently emerged as one of the major markets of polarized film for large TVs, Samsung SDI decided to establish a plant in China in response to local demand from customers, and the company plans to invest about 200 billion won in the construction site located in Wuxi New District to build a polarized film plant production with an annual scale of 30 - 40 million m². The company plans to commence mass production in the second half of next year, and expects to increase its global competitiveness as production sharply increases following completion of the plant in China, allowing us to respond to customer demand in the Chinese market on a real-time basis.



02. Reinforced Standing in Chinese Photovoltaic Material Market

In 2015, Samsung SDI achieved first place in market share of Paste material in China, which possesses the largest photovoltaic industry in the world. The company released new products based on advanced technologies with better efficiency and physical properties were introduced at the SNEC PV Power Expo in Shanghai, China. In 2016, the company will focus on faster response as it is expected to complete a local plant in China, which will help diversify customers as well as lead the local market. GTM, the market research firm, and the global solar power market are expected to grow more than 8% annually to reach a capacity of 125GW by 2025 from 58GW in 2015. Therefore, the PV paste market is expected to see large-scale growth.



The 2015 Sustainability Management Core Issues selected through the materiality assessment are Workplace Safety/Health, Climate Change Response, Reinforcement of Internal Capability, Shared Growth, and Customer Satisfaction Management.

Strategic Focus & Approach

Disclosure on Management Approach & Material Issues

- 01 Workplace Health & Safety
- 02 Response to Climate Changes
- 03 Enhancement of Internal Competence
- 04 Shared Growth
- 05 Customer Satisfaction Management

K E Y F I G U R E



100 %

100% Conversion to LED Lights with High Efficiency



41.1

billion won
Financial support to suppliers



10 %

Reduction of CO₂ compared to previous year



91 hours

Average Training Hours per Employee



ISSUES 01

Workplace Health & Safety

Business Relevance

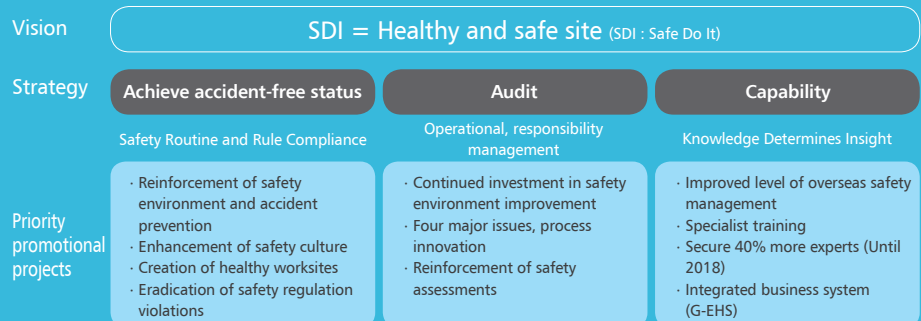
As demand for disclosure of companies' non-financial information is increasing, demand for disclosure of information related with health and safety is also growing due to rising social interest in these issues. Samsung SDI, due to the nature of its business, views management of safety and hazardous materials in domestic and international business sites as being essential. In particular, management of hazardous chemical materials and compliance of related laws and regulations are important factors in fulfilling social responsibilities of the company. Samsung SDI is working on reinforcing safety in domestic and international worksites and fulfilling our duty to proliferate a culture of safety within partner companies.

Risk	Opportunity
<ul style="list-style-type: none"> ▶ Incurring costs and reputational damage in the event of accidents ▶ Increased demand for companies to disclose data on safety and environmental activities ▶ Strengthened laws and regulations related to safety and environment 	<ul style="list-style-type: none"> ▶ Minimized damage of human lives and property by preventing accidents ▶ Sharing and spreading a culture of safety with employees, suppliers, and local communities ▶ Enhancement of corporate values by obtaining various certificates related to safety and environment

Our Approach

Samsung SDI is conducting safety culture evaluations per guidelines under the "A safe environment is the #1 principle of management" guidelines released by SDI's figurehead, the CEO. In response, the company also established long-term goals for transformation into a global leader of safety culture by 2018. To breed a safety-first management culture and minimize environmental impact, the company is endeavoring to generate a safety culture within domestic and international worksites through cooperation with partner companies.

Our Vision



Key Performance Index

KPI	2016 Target	2015 Target	2015 Performance	Achievement Level
Zero Safety Incidents	0	0	0.47	Not achieved

* Employee injury rate (Number of accidents / Total work hours×1,000,000)



Workplace Health & Safety

Workplace Health & Safety System

Health & Safety Strategy

Samsung SDI, under a long-term strategy which plans to see a bold leap forward into the upper ranks of the global group of safety culture by 2018, is making efforts to reinforce health and safety activities within its worksites. To achieve this goal, the company is promoting autonomous safety assessments and company-wide safety culture during 2016.

Health & Safety Organization

As Samsung SDI reorganized its departments, the safety environment group which was under the safety environment infrastructure team, was reorganized under the head of business sites, allowing the group to be closely related with each department's characteristics and manage them responsibly. The company also introduced audit groups for the safety environment infrastructure team, whose role is serving as a control tower over the entire company, and these audit groups will conduct site inspections, evaluations, and diagnosis to emphasize the element of mutual reciprocity between headquarters and business departments. By balancing the planning organization with the executing organization and integrating the G-EHS system, Samsung SDI wants to re-position its organization and system so that synergies between the headquarters and its business divisions can be created.

* G-EHS System: Global Environment, Health and Safety System

Workplace Health & Safety Activities

Implementation of Company-wide Safety Verification

In 2015, Samsung SDI executed a company-wide integrated safety inspection. The inspection conducted overall checks on hazardous elements such as injuries, illnesses, fire outbreaks, chemical leakages, contamination, or utility supply cuts, and urged its onsite managers to address managerial problems and inadequate items and invest in countermeasures, which will be executed no later than 2018, to bring about an improvement. In 2015, Samsung SDI invested 5.6 billion won in sites that showed high levels of danger and required immediate improvements. Likewise in 2016, the company organized four Task Force Teams (Smell, ignition hazard, electrolyte management, floor plan management) for cases with potential risks requiring foundational improvements, and invested 63.3 billion won in efforts to address vulnerabilities at the source.

| Workplace Health & Safety System Map



Proliferation of Safety Culture among Partner Companies

As a result of SDI's inspections of partner companies' workplaces to assess the compliance of mandatory safety support items, several violations related to worksite safety were discovered. In order to resolve safety related issues and clarify stances on safety regulation compliance, Samsung SDI amended segments of the Management Regulations for Safety Environment of Partner Companies to reflect its concerns and assist in reform of current structures.

Execution of SSCA (Samsung Safety Culture Assessment)

Samsung SDI executed company-wide safety culture level evaluations per SSCA. The SSCA evaluation result showed that the company's overall level fell below the systemized phase (which is when "Safety environment management system is introduced and undergoes internalization.") However, the result also showed that the company is lacking in preventive management against accident responses. In response to this result, the company is putting forth its efforts to establish a voluntary safety culture in which all employees actively participate in taking a bold leap forward into the upper global ranks of safety success by 2018.

| Safety Culture Improvement Goals

Steps	Improvement Goals	Definition
Creative Phase	Will be entered after 2019	The phase in which all members encourage each other to enhance the level of safety culture
Proactive Phase	Will be settled in 2018 Will be internalized in 2017 Will be entered in 2016	The phase in which all employees are autonomously and actively participating in safety environment activities
Systemized Phase Calculative	Current level as of 2015	The phase in which a safety environment management system is introduced and internalized
Reactive phase		The phase in which the company merely follows minimal requirements, such as laws, in a passive manner and takes reactive measures against accidents only after they actually occur
Ignorant Phase		The phase without any safety environment management operations

Strengthening Safety Management at Overseas Business Sites

Samsung SDI, which operates its production sites all over the world, clearly recognizes the importance of safety management of overseas subsidiaries in global management. In particular, to swiftly respond to safety-related regulations that are legislated in individual countries where SDI operates a subsidiary, the company is developing nine major initiatives in three major core development areas, focusing on the reinforcement of overseas site inspections, nurturing and training of local employees. In 2016, in order to reinforce training for employees in overseas subsidiaries, the company plans to train expatriates at subsidiaries in Vietnam, Malaysia, and China(Xi'an, Wuxi, Tianjin) in particular.

| Core Areas of Promotion for Safety Reinforcement Initiatives



Reinforcement of Chemical Substances Management

In 2015, the chemical substances-related task processes were reorganized for the electronic material division, as well as small-sized and medium-large sized battery divisions. Also, the company plans to develop a chemical substance management system for the pre-checkup and control of chemical substances so that it can be applied by July 2016. In particular, the pre-evaluation of half-finished chemical substances, which had been performed offline until now, will be linked with the PLM (Product Lifecycle Management) system starting in July 2016, which will allow the establishment of a comprehensive evaluation system for all chemical substances.

Correspondence to Domestic Laws

In relation to the Chemicals Control Act which has been effective since 2015, the company finished analyzing improvement points which require improvements for existing facilities in accordance with the Installation Standards for Chemical Handling Facilities, and it created long-term improvement measures for legal compliance and accident prevention. Extending further, in relation to such endeavors, it is supplementing related facilities.

To respond to the Act on the Registration and Evaluation of Chemical Substances, the company created a process to determine regulated substances and register them through external consulting companies in the initial evaluation phase of chemical substances, and is currently overseeing this process. For existing substances which require registration, the company is responding to regulatory compliance and relevant requirements by participating in a shared registration project with the Korea Chemicals Management Association. For complimentary samples which are impossible to apply systematic proactive management, SDI is operating a process in which the samples are checked before their clearance by the safety environment department with regards to their legal fulfillment requirements through discussions with tariff authorities.

| Chemical Substances Management System

Sophistication and Standardization of Chemical Substances Management Level			
Established structures	Codification of all chemical substances	Reinforcement of control functions for handling chemical substances	Inventory Management
System Utilization	History Management utilizing Barcodes	Preliminary Evaluation and Utilization Management	Reagent Inventory Management
Plan of Action	Inventory management by utilizing codes and attaching accurate labeling for each reagent	Utilization History Management and Preliminary Evaluation of Chemical Substances	Inventory Management, Systematic reagent control

Business Case

Improvement of Business Site Safety Environment

The Gumi business site was awarded with the runner-up prize for its contribution and achievement in outstanding safety culture activities, as shown below, in the 2015 Samsung Safety Environment Awards competition which was held by the group's safety environment research lab. They built a Win-Win system by improved process efficiency through evaluation by behavioral observations. The observed behaviors were reflected in the micro operation procedure built up with the operations in the worksite, thus becoming a foundation in revising the operation procedure.



Micro Operation Procedure	Evaluation by Behavioral Observations	Managing Changes
<ul style="list-style-type: none"> - Changed text-based procedure to picture-attached procedure - Refined operators' activities, removal of instability(2,400 cases) 	<ul style="list-style-type: none"> - Observed operator activities and improved irrationality to harmonize the work - Recorded videos by task to improve the task performance - Conducted a field observation for risk evaluation as per production and safety environment 	<ul style="list-style-type: none"> - Operation of the Change Committee by level and the Operation Council - Level A (Supervised by the Head of business site) - Level B (Supervised by the Head of Safety Environment Group) - Task Description - Based on the law/group, reflect the risk assessment result to designs - Creation and revision of the micro operation procedure - Operator training and inspections before operation



ISSUES 02

Response to Climate Change

Business Relevance

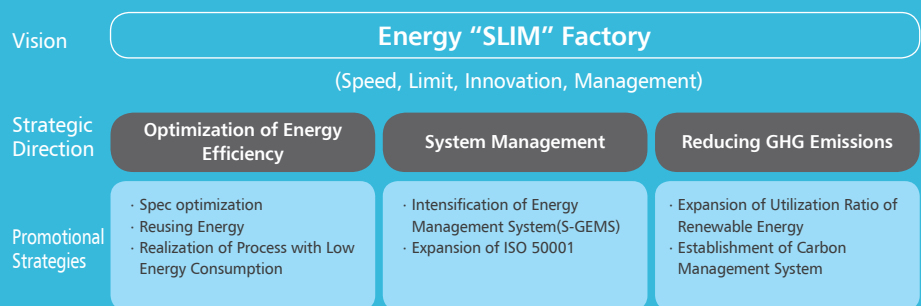
There are ongoing international efforts to reduce side effects following climate change such as resource depletion, water shortage, desertification, food crisis, eco-system abnormality, etc. Following these efforts, as a part of low-carbon policy, carbon regulations, such as tradable permit systems, are being operated worldwide. Furthermore, various stakeholders are requiring companies to provide sustainable eco-friendly policies and eco-management information.

Risk	Opportunity
<ul style="list-style-type: none"> ▶ Occurrence of obligations for reduction of GHG emissions ▶ As a global issue, regulations toward the company are being strengthened following the expansion of GHG management area. ▶ Risks of law violations due to the differentiated low-carbon policy response of each country 	<ul style="list-style-type: none"> ▶ Cost reduction through reduced GHG emissions and energy consumption ▶ Improving the company's image as an eco-friendly company, and utilizing it as an external marketing point

Our Approach

As low-carbon policies grow worldwide, Samsung SDI, as an eco-friendly company, based on changes, innovations, and its slogan to lead in tech innovation and the market, has been proactively conducting activities to manage the risk of climate change and reduce its impact. The company will reduce its GHG emissions through carbon emission optimization, and will firmly establish its image as an eco-friendly company, which corresponds with its business philosophy.

Our Vision



Key Performance Index

KPI	2020 Objectives	2015 Objectives	2015 Performance	Achievement Level
GHG (Greenhouse Gas)	Reduced by more than 30% compared to BAU* (1,099,587tCO ₂ e)	Improved by more than 3% based on unit of emission source compared with last year	Increased by 3% based on unit of KRW compared with last year**	Not achieved
Optimization of Energy Efficiency	Continuous improvements for optimization of energy efficiency	100% LED lighting installation	100% LED lighting installation	Achieved

* GHG BAU reduction goal only applies to the energy business area.

** Total amount has decreased compared to last year but won unit compared to revenue has increased.



Response to Climate Change

Energy Management

Samsung SDI, as an eco-friendly energy company, established its energy management guideline for the entire company, which fits the concept of the business. Also, the company is conducting low carbon/energy management. In 2011, all domestic manufacturing business sites were certified with the energy management system (ISO 50001), and the company created an expansion plan for overseas manufacturing business sites in 2016, which has been continuously under development to date.

Energy Management Organization



Energy Saving Activities

Energy Consulting from External Specialists

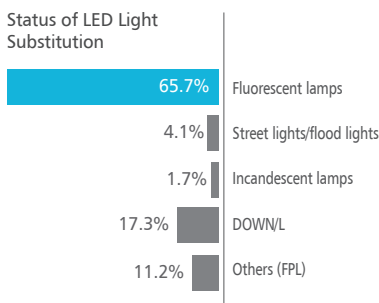
From April to December 2015, the company invited external energy specialists and received energy consultation across all domestic business sites to reduce energy consumption, and devote itself to energy-friendly activities.

Preliminary Evaluation of Energy Impact for New/Additional Facilities

Domestic preliminary evaluations of energy impact system is being expanded and applied to new/additional overseas business sites. In 2016, the preliminary evaluation of the energy impact system is planned to be systematized and reflected in the operation process.

100% Conversion to LED Lights with High Efficiency

For all domestic business sites, the company managed to reach a 100% installation rate of high-efficiency LED lights. Likewise, in a bid to make high-efficiency LED application mandatory, the company is reflecting it in the investment guide for establishment and expansion.



Major Energy Saving Activities in 2015

Major Tasks	Reduced Amount (TJ/year)	Effect (100 million won/year)
Reduction of Fuel Use 136 cases, including utilization of wasted heat from cooling water and collection of water heating system, and waste heat recovery from production lines	73	17.3
Reduction of Electric Power Use 713 cases, including the improvement of dysfunctional ventilation systems and management of non-operating facilities	677	130.5
Total	750	147.8

Energy Saving Plans in the Future

From 2016, SDI plans to establish a management system for innovative reduction of GHG emissions within its entire production process, extending further from the existing activities which used to focus on process energy optimization and energy reduction. For efficient energy management, the company plans to intensify Energy Management System (S-GEMS), an energy management system, which is currently only being operated in a few domestic business sites. The company plans to apply S-GEMS on all business sites from July 2016, and will focus on energy reduction activities for sustainable management.

GHG Emission Management

Activities for Reducing GHG Emissions



GHG Emission Status and Reduction Goals

Samsung SDI, in a bid to solve climate change issues, is promoting the reduction of the company's total GHG emissions. In 2015, Samsung SDI's global business sites emitted 646,292 tCO₂e of GHG, which was 11.6% less compared to the previous year (84,797 tCO₂e reduction).

Emission Trading Scheme

Samsung SDI was selected as a target company for the emission Trading Scheme in 2015. In response, the company revised its company-wide GHG management regulations to reinforce emission source monitoring, and by setting goals by each business site and setting an emissions trading system, the company established its own system for continuous management. Furthermore, Samsung SDI appointed a GHG manager for each business site, and to improve managers' management abilities, the managers participated in GHG/energy-specialized education for human resource fostering, in connection with the National Human Resource Development Consortium. In the future, the company plans to systematically manage the amount of GHG emissions by reinforcing its internal certification process.

Activities Related to Green Energy Use

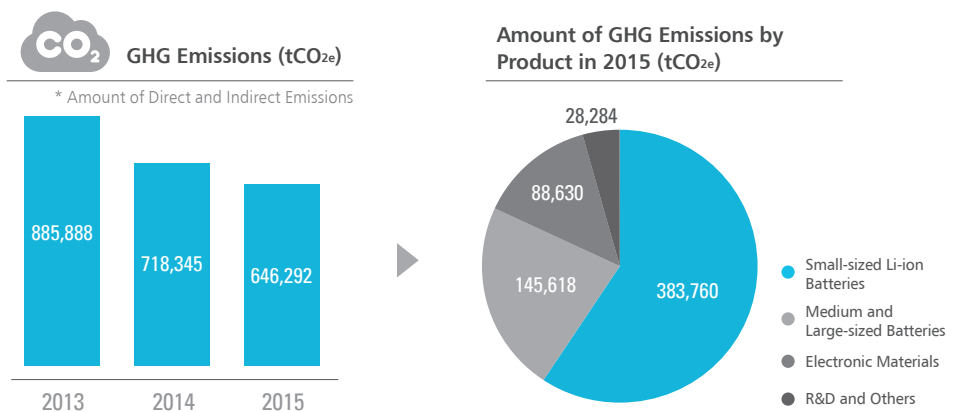
Samsung SDI conducts activities for the reduction of GHG emissions through renewable energy utilization. In case of its Austrian subsidiary, one its best examples of best practices, about 77% of its total energy consumption in 2015 was from renewable energy sources. Samsung SDI is preparing to create a plan for the expansion of renewable energy utilization.

Development of Eco-friendly Packing Materials and Establishment of Recycling Process

Samsung SDI is making efforts to improve the eco-friendliness of packing materials (trays) for batteries. The company acquired an environmental achievement certificate by using bio-plastic for the production of trays and thus reducing the emission of CO₂ from decomposition or incineration. A tray recycling process has been developed in Cheonan, Malaysia, Tianjin, and Vietnam, in collaboration with partner companies that are able to collect existing trays, disposed of after single use, and recycle them. Through this process, 970 tons of carbon emissions were reduced in 2015.

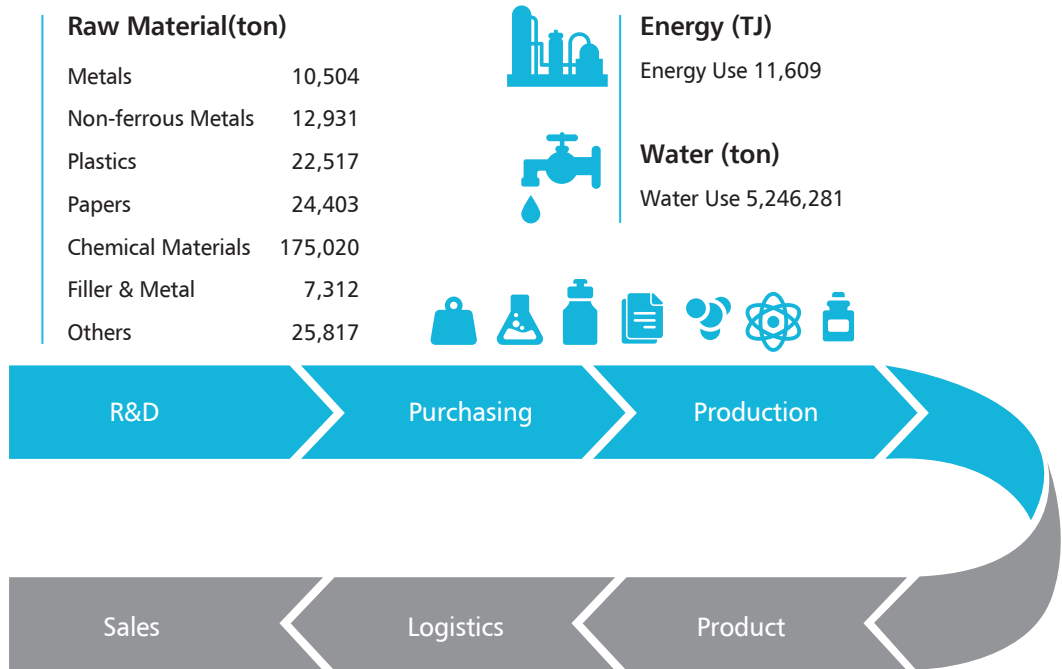
Selected as a Member of the Honors Club for Carbon Information Disclosure

CDP (Carbon Disclosure Project) is a non-profit organization which, under the consignment of financial investment institutions worldwide, requests management information with respect to countermeasures against global environmental issues to major registered companies worldwide. Samsung SDI was selected for the past two consecutive years to join the Carbon Management Honours Club in the IT field by the CDP Korean Committee.



Environmental Value Chain

Samsung SDI, in operating its business, is making efforts to minimize environmental impact from its business operation process by, for example, utilizing resources efficiently during the production and processing phase. By quantitatively calculating the amount of raw materials used in the production stage, including R&D, purchasing, and management, resources are used more efficiently. Through this approach, the company will lower environmental loads. Also, by calculating environmental loads generated from the product delivery and utilization phase, the company will strictly manage contaminant issues and GHG emissions.



Raw Material(ton)

Metals	10,504
Non-ferrous Metals	12,931
Plastics	22,517
Papers	24,403
Chemical Materials	175,020
Filler & Metal	7,312
Others	25,817



Energy (TJ)
Energy Use 11,609



Water (ton)
Water Use 5,246,281



Energy Solutions

Small-sized Li-ion batteries and others
1,079 million units

Electronic Materials

EMC
6,469 tons

Polarizing Films
34,217 thousand m²

GHG(tCO₂e)

Total Amount of GHG	646,292
Direct Emissions	92,964
Indirect Emissions	553,328
Employee Business Trips	2,155
Product Delivery	1,395

Waste(ton)

Waste Emissions	48,138
Amount of Recycled Waste	46,151
Amount of Buried Waste	1,849
Amount of Toxic Material Utilization	21,429

Environmental Efficiency Goals

Category	Unit	2015	2020
Water Consumption	1000 tons / 100 million won	0.11	Improved more than 2 times
Hazardous Chemical Use	tons / 100 million won	0.43	Improved more than 2 times
Waste Emissions	tons / 100 million won	0.97	Improved more than 2 times
Recycling Rate of Waste Products	%	96	Maintained above 95%
Reclamation Rate of Waste Products	%	4	Maintained below 5%

* Figures have been recorded based on 2015 production performance of each business sector

* Specific contents related with environmental efficiency can be found on page 66.



ISSUES 03

Enhancement of Internal Competence

Business Relevance

In a rapidly changing management environment, securing and fostering outstanding human resources are the essential factors in reinforcing the company's competitiveness. For this, it is extremely important to create and operate a human resource management strategy across the entire spectrum, from recruitment to management and to foster human resources. In response to the intense development speed of new technologies and globalization of businesses, Samsung SDI is making efforts to reinforce internal competence by operating various programs to develop employees' leadership, job expertise, global competence, and etc.

Risk	Opportunity
<ul style="list-style-type: none"> ▶ If motivation for employees is lacking, the employee turnover rate will increase, and direct/indirect employment costs will increase. ▶ Technology power and competitiveness will be weakened due to leakage of outstanding human resources 	<ul style="list-style-type: none"> ▶ Fostering of human resources suitable for tasks through reinforcement of internal education programs ▶ Direct/indirect expansion of company's competitiveness through reinforcement of employees' competence

Our Approach

Samsung SDI is fulfilling its human resource management in the knowledge that "Human resources create the future." From the recruitment phase, the company is making efforts in various ways to secure outstanding domestic and international human resources, and is also focused on developing systems and programs for maintaining human resources. based on the human resource development system, the company offers education programs such as shared values, leadership, job expertise, and global competence.

Our Vision



Employee Capacity Building

Enhancement of Employee Competence



Human Resource Recruitment and Retention

Samsung SDI focuses on recruiting and retaining outstanding domestic and international human resources to reinforce competitiveness in technology research areas and to secure future growth engines. In particular, the importance of securing human resources of battery and electric material areas is growing in regards to the growing needs for advanced R&D competency and technology.

Samsung SDI is expanding scouting efforts and securing outstanding talent in new areas of business and areas of critical technology. By recruiting outstanding human resources who have experience in the WorldSkills competition, the company is working to establish sound technology power. A membership scholarship program is being operated for those who hold a Master's or Doctoral degree, where scholarships are given out upon signing a membership contract. Likewise, to provide undergraduate students with pre-graduation work experience and assist students in creating fair values that benefit the company, internship programs are also operated.

In 2015, the company made great effort to recruit talents in industries of the future such as electric automotive batteries. From large-sized battery development to marketing, the company largely hired experienced recruits, creating a foundation for expansion into the next generation's major business interests.



Samsung SDI continuously carries out recruitment activities to seek out talent from various countries' strong sectors, with each subsidiary's location acting as a strategic business location for recruitment. Global workplaces are a means to secure global competitiveness and expansion of overseas markets in new areas of opportunity. Likewise, for stable resettlement of outstanding talent, Samsung SDI operates mentoring programs. For R&D talent recruitment among Korean international students at US universities, campus recruiting in US regions is currently being conducted, while the company also focuses on securing technological talent of all backgrounds including foreigners.

Performance Assessment and Compensation

Samsung SDI operates its personnel management system so that every employee can receive rational compensation by impartial performance assessment standards, without any discrimination based on gender or rank. The company also conducts performance evaluations on employees' annual performance personal based on goals set by the employee and position-based competence evaluations to reward employees through a grade strategy, that hopes to inspire employee's autonomous motivation.

Human Resource Development Map

Category	SVP		SLP	SGP	SEP
	Class	Change Management			
Chief	Director	Senior Manager	Training of Executives SLP creative leader process Samsung EMBA Samsung MBA	Training of resident employees GLOBAL MOBILITY In-house language learning SGR, foreign language dormitory SGR Premier Field specialists Regional specialist	[Job training] Marketing Development Technology Production Support
In Charge	Manager	Assistant Manager	SLP creative specialist process SVP senior training	GEC GDC GMC In-house tutor training course Academic Training	Outourced training
Senior	Employee	Entry for experienced employee Communal Event for New Recruits			
Employee	Entry for new recruits	Prevention of Sexual Harassment General Refinement Information Security Communal events for recruits			

System SVP : Samsung Shared Value Program SLP : Samsung Business Leader Program
SGP : Samsung Global Talent Program SEP : Samsung Expert Program

Training for subsidiaries' human resources

GEC : Global Executive Course, GDC : Global Director Course, GMC : Global Manager Course

Human Resource Training System

Due to a rapidly evolving business environment and intensifying competition, the importance of human resources as a foundation of creating the company's differentiated competitiveness is ever more increasing. Samsung SDI backs the continuous improvement of employees' capabilities through various programs for human resource development, such as shared value training, organizational leader sponsorship programs, and job specialist development programs.

Shared Value Program

Samsung SDI is operating educational programs and seminars surrounding various sectors such as organizational culture, workplace etiquette, and information security to enable all employees to explore company benefits. For new recruits, Samsung SDI provides DNA(Development & Advice) Program for new hire, where new recruits can adapt to the company in an efficient time frame through a 1-to-1 OJT with seniors in the same department with regards to work knowledge, technology and department, and by creating ties between seniors and juniors.

By operating its Retention Program, Samsung SDI supports early adaptation to company life for experienced recruits. In their early stage of company life, the company makes efforts to improve recent hires' sense of belonging and pride through emotional support. The Retention Program supports experienced recruits in expanding their internal network and provides a platform for knowledge and technological exchange through mentorship matching program on 1-to-1 basis within a given division.

Leadership Program

Samsung SDI is providing leadership development programs in order to obtain the next generation's core leaders. Associates and Assistant Managers are eligible for applying the Samsung MBA Program, and Managers are eligible for an E-MBA Program provided by Korean Universities.

Job Specialist Training Program

Samsung SDI is operating various programs to support the development of employees' professional capabilities. As for programs that reinforce basic job professionalism, the company also operates a capability diagnosis, Learning Cell, and in-house technology seminars. Likewise, Samsung SDI operates an academic training program so that employees can complete well-structured training and thus develop skills that are ever more essential to the organization. Aside from the above, there is also a program that supports acquisition of professional certificates, which encourages employees to acquire international/ domestic certification in subjects such as purchasing, quality, management, and finance.

| Job Competence Reinforcement Program

Category	Contents
Job Competence Diagnosis	Based on each employee's capability diagnosis, Samsung SDI provides a program to review employees' current status and establish a yearly training program focusing on areas which require improvement, through which the company can support systematic self-development.
Learning Cell	The company supports employees to learn programmed educational contents related to the division or other task-related divisions with 10 weeks of training.
Academic Training	In order to nurture R&D specialists, the company supports employees to acquire Master's or Doctoral degrees for those in the engineering field.
Special Certification Acquire Support	The company supports exam fees for acquiring international certification related to an employee's respective tasks, and provides incentives for acquiring such certifications.



91

Average Training Hours per Employee hours

Enhancement of Global Competence

Samsung SDI focuses on boosting its employees' global competence by providing educational programs on language and global cultures, and operates a global standard system so-called SPPM (SDI Policies & Procedures Management) to communicate without any misunderstanding among its employees.

Domestic

Samsung SDI operates foreign language course and cross culture understanding program to improve domestic employees' global competence. By hosting various language courses, the company actively supports self-development through programs that suit the global era. With the purpose of training the next generation's leaders, the company is operating foreign language dormitories, as well as global capability reinforcement programs which integrate language, business, and culture through focusing on high-level foreign languages, soft business skills, and other forms of cultural training. The Samsung Regional Specialist Program is designed to nurture global leaders by providing three month intensive language course and one year of local research. Every year Samsung SDI selects Regional Specialists based on performance assessment, language proficiency, and contribution to the company. As of April 2016, Samsung SDI Regional Specialists are dispatched to China, Germany, Hungary, and Vietnam.

International

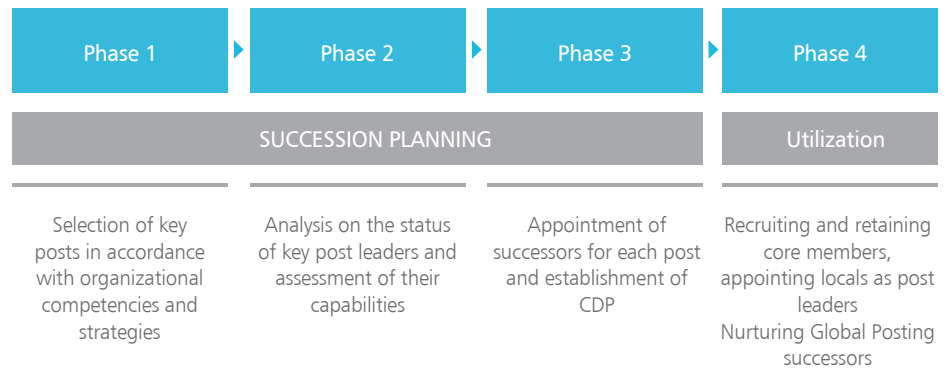
As the number of employees working at the overseas subsidiaries is increasing and the types of manufactured products are diversifying, the importance of sharing Samsung SDI Value is rising. To response this, Samsung SDI is cultivating local lecturers at each overseas subsidiary to deliver Samsung SDI Shared Values and new business-related job training program. Samsung SDI has been inviting outstanding local employees to Korea to give a clear vision of new Samsung SDI. By doing this employees are encouraged to concentrate their core competencies in one direction, as well as reinforced their job performance and competency. Samsung SDI is making efforts to establish and standardize a local management system by strengthening the capabilities of employees in overseas subsidiaries. To this end, the company is continuously expanding activities such as appointing locals in managerial positions, expanding support for outstanding talent, and reinforcing evaluation authorities, under the guideline of 'Expanded Locals' Authority' and 'Global Mobility Reinforcement'. By using STaR (Samsung Talent Review), an employee evaluation tool, structured competency evaluations are being carried out for the managers of major posts (team/group) of overseas subsidiaries, and the results are used as a basis for training outstanding workers.



52.7

Ratio of locally-hired post leaders %

| STaR(Samsung Talent Review)





ISSUES 04

Shared Growth

Business Relevance

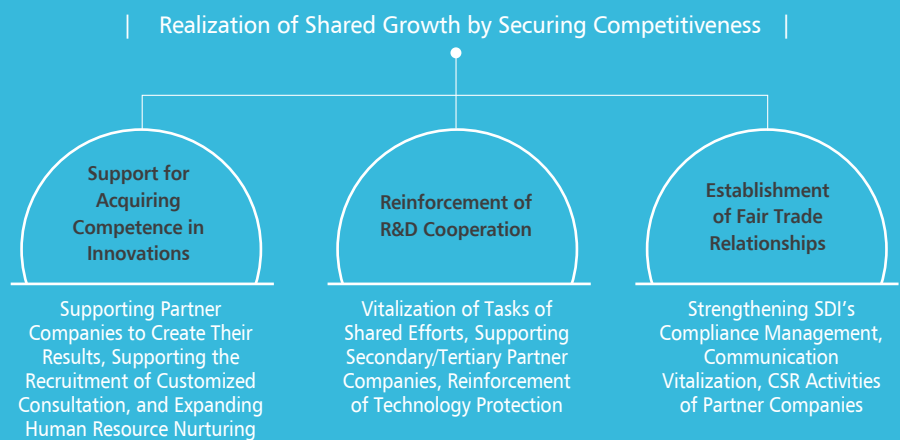
As the existing competition structure among companies has expanded to competition amongst company supply chains, including partner companies, the participation of large companies in shared growth activity is spreading throughout the entire industrial world. Shared growth through cooperation with partner companies is one of the essential management strategies for sustainable management, and its importance is steadily growing. Samsung SDI has shared growth relationships with 310 primary and secondary partner companies, and under the belief that reinforcing partner companies' competence is equivalent to reinforcing the company's competitiveness, the company promotes shared growth activities.

Risk	Opportunity
<ul style="list-style-type: none"> ▶ Reinforced regulations, fair trade and subcontract laws ▶ Increased possibility of exposure to economic, social, environmental risks from inadequate supply chain management 	<ul style="list-style-type: none"> ▶ Securing the company's product competitiveness by enhancing partner companies' competitiveness ▶ Improvement of company reputation and value through fulfillment of the company's social responsibility through shared growth activities

Our Approach

Based on the value of shared growth that states 'we can go farther when we go together', Samsung SDI has established not just a partnership but a companionship with its partner companies. By operating shared growth programs, SDI aims to assist partner companies in securing competitiveness across various areas, such as education, technology, and finance. Likewise, by fulfilling social responsibility related to the supply chain, SDI plans to support the sustainable management of partner companies to realize shared growth potential.

Our Vision



Key Performance Index

KPI	2016 Objectives	2015 Objectives	2015 Performance	Achievement Level
Financial Support (Unit: billion won)	26.7	28.3	41.1	Achieved
Human Resource Training Support (Unit: persons)	632	400	482	Achieved
Continued Expansion (Unit: cases)	Technology Support and Protection	-	580	-



Shared Growth System

Shared-growth Vision and Strategies

Samsung SDI is promoting three major strategies, including support for securing innovative competence, reinforcement of R&D cooperation, and fair trade principles in all transactions, all aimed at realizing shared growth through securing competitiveness.

Organization in Charge of Shared Growth

Samsung SDI is operating the Win-Win Cooperation Group as part of the Strategic Sales Team under the Corporate Management Office to systematically promote strategies and tasks for shared growth. The Win-Win Cooperation Group conducts fair trade inspection activities and operates various shared growth programs to support partner companies.

Overview of Shared Growth Program

Samsung SDI operates various shared growth programs so that the company, through cooperation with partners, can effectively execute principles of sustainable management. In order to support the amassing of innovative developments, support for training, productivity innovation, establishment of domestic and international sales channels are currently underway. In order to reinforce R&D cooperation, SDI is currently offering technological and financial support.

Support for Securing Innovation Competence

Number of Partner Companies and their Employees Participating in the Training Program

Category	Collective Training	Online Training
Number of People Attended (People)	320	162
Partner companies (Companies)	102	18

Achievements for Creating Domestic/Overseas Sales Channel Support Activities

Activities	Execution
Overseas Market Entry Process Operation	Constantly
Overseas Market Research Support	Twice a year
Operation of Parts Exhibitions for Partner Companies	November
Operation of Partner Companies' Innovative Activities Conference	November
Exhibited FTA Seminar	November
Participation and Operation of Purchasing Fairs	November

Support for Competence Reinforcement Training

Samsung SDI is operating collective education through the Samsung SDI job training center for partner companies' employees to improve their competitiveness by enhancing their job skills. Through this program, an average of 320 people per year were able to complete educational programs. Likewise, 162 people have completed their job training this year through Credu, an online training system.

Support for Productivity Innovation

Samsung SDI dispatches its advisors to work at the offices of its partner companies, where they conduct direct advisory activities aimed at production innovation. Through IBK Management Consulting, SDI provides professional consulting in areas such as management and finance. Aside from these efforts, the company participates in projects promoted by the government, such as industry innovation movement, smart plants and invests 600 million won per year in 30 secondary/tertiary partner companies' innovation activities.

Support for Creating Domestic/Overseas Sales Channels

In order to help its partner companies to improve their performance, the company supports the partner companies in the creation of domestic and international sales channels. In terms of support for overseas benchmarking and local infrastructure, the company utilizes its overseas subsidiaries for regional expansion and market research. Furthermore, by exhibiting FTA related seminars, the company provides consulting opportunities for partner companies, and participates in government and company-sponsored purchase conferences to assist companies to increase their sales, thus creating mutual business opportunities. SDI assists companies to increase their sales, thus creating mutual business opportunities.

Enhancement of R&D Cooperation

Establishment of Fair Trade Relationships

SSP Operation

Category	Date	Name of Event
Management	March	Regular General Meeting of Shareholders
	May	1st half Manager Seminar
	June	Benchmarking of Overseas Companies (Vietnam, Laos)
	November	2nd half Manager Seminar
	November	Grand Festival for Shared Growth
Manager	October	Overseas Benchmarking of Managers (Xi'an, China)

Financial Support

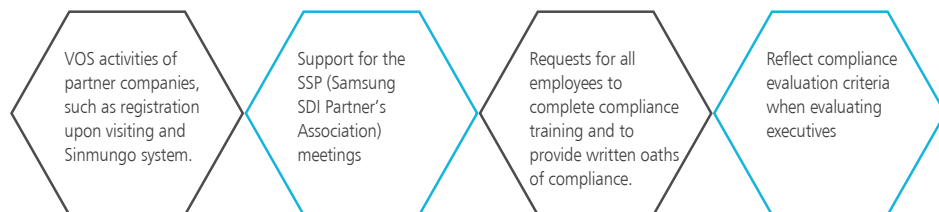
Financial Support	(Unit: Won)
Direct Support	12.6 billion
Combined Supports	27 billion
Special Supports	1.5 billion
Total Sum	41.1 billion

Technology Support and Protection

Samsung SDI participates in Public-Private Investment Programs for Technology Development projects to support long-term development of partner companies. Through these projects, SDI invests up to 1 billion won in R&D costs for developing new products and technologies. Likewise, the company is operating 'Tasks with Conditions of Purchase' which supports partner companies with development fees, under the premise that Samsung SDI would purchase their products. By operating a technology storage system, the company provides a place for partner companies to store their technologies safely when engaging in cooperation between large companies and SMEs, and protects the partner company's rights if any technology leakages occur.

Samsung SDI established several policies to enhance its suppliers' overall competitiveness and to create a fair trade practices. In order to lay a foundation for reasonable subcontracting practices and promote the actual implementation of such a foundation, Samsung SDI oversees guidelines for contract conclusion, guidelines for the selection and management of suppliers, and an internal Subcontracting Review Committee to identify unfair or insufficient internal regulations. The company is also recreating/revising incomplete or inadequate internal regulation of suppliers.

| Communication Activities for Fair Trade



Due Payment and Funding Support

Samsung SDI oversees due payment and funding support to build financial soundness and stable management of partner companies. The payment condition of the company, in relation to due payment, is that the company would pay 100% in cash within 10 days of cutoff which occurs 3 times every month. For completed payments before holidays, the company pays earlier than the cutoff. In terms of funding support, SDI provides direct support, with no-interest fund loans, combined support, such as a shared cooperation fund which is supported together with financial institutions. It also provides indirect support, such as network loans and family loans, industry innovation movement, private/public R&D, and special support through the achievement sharing system.

Win-Win Payment System

Samsung SDI introduced the Win-Win payment system in November 2015, and has been operating the system ever since. Through this system, the company allows secondary and tertiary partner companies to convert bonds issued from Samsung SDI into cash at commercial banks with a fee level akin to that of large companies.

Sustainable Supply Chain Management

S-Partner Program

S-Partner program is operated so that Samsung SDI may fulfill its social responsibility within supply chain management and to manage risks which may occur within the value chain of partner companies. Socially, interests toward labor, safety and health, environmental law and regulation, and ethics are continuously growing, and issues related with these interests are especially important components in risk management. Samsung SDI operates its S-Partner system to respond to the increased interest and needs of major stakeholders, such as customer companies, and to actualize efficient supply chain management policies.

| S-Partner Certification Process

Proactive Process

Identification	Training
Apply regulatory changes such as global standards, local laws and regulations, customer requirements, etc.	Carry out regular training courses on Compliance and CSR Reinforcing training for overseas partner companies

* Mega Step | Partner Company Portal

** Partner companies under the standard

Existing partner companies - 80 out of 100

New partner companies - 70 out of 100

Assessment Process

Self-Diagnosis (Partner companies)	1st Field Inspection (SDI)	Submission of Improvement Plan (Partner companies)	Reassessment (SDI)
*Create S-Partner check sheet within Mega Step	Field evaluation of SDI evaluators	Submit plans of action for improvement of commented items (All partner companies must submit within 1 month)	Evaluation on Execution of Improvement Plan (**Conducted within three months for partner companies under the standard)

Assessment Process

All Samsung SDI partner companies in contractual relationships are subject to self-initiated diagnoses and field inspections by Samsung SDI at least once every two years. The evaluation criteria includes labor, environment, health and safety, ethics, compliance management, and management system, which are the five major areas of the EICC Checksheet. Evaluations are conducted through self-diagnosis of partner companies and field evaluations by Samsung SDI, whereas the S-Partner certificate is issued for companies with over 80 points as a result of field evaluations. If a partner company receives A class two or more times, it will be designated as an S-partner and granted autonomous management. Pollution emissions, legal violations, uncontracted personnel under labor contract, child labor (applicable to national legislation) are set as issues related to mandatory requirements, and partner companies that violate these standards are to be considered for suspension of trade.

Business Case

Visits to Secondary Partner Companies

Samsung SDI's general purchase executive visited secondary partner companies to collect feedback and promote shared growth through communication. Through these visits, Samsung SDI promised that it would continuously promote management innovation activities linked with government policies such as maximized use of government supported funding, vitalization of communication, and movement towards industrial innovation.



Conflict Minerals

Operation Status and Items for Improvement in 2015

In 2015, Samsung SDI conducted assessments for 90 partner companies in Korea, China, Malaysia, and Vietnam. Four partner companies failed to satisfy the qualification standard and all passed reassessment. According to assessment results, there were no violations of mandatory requirements, including child labor.

In 2015, the company created education programs on labor contracts, environmental law registration, ethics, and waste storage and disposal, as a result of feedback from evaluations. Furthermore, SDI dispatched specialists on the environment, safety and health, and utility of partner companies, to have specialists guide and support companies through evaluation. Lastly, for partners in China, SDI guided companies through the EICC Audit.

Goal and Evaluation Direction in 2016

In 2016, the company plans to evaluate 100 domestic and international partner companies. Samsung SDI plans to strengthen its partner companies' compliance systems by providing support such as environment management training, CSR training, and standardization of inspection methods. Furthermore, it will reinforce the S-Partner Check Sheet by revising S-Partner Check Sheet items and creating manuals for evaluation standards for each item, and establish an autonomous certification system for its partner companies.

| S-partner Certification Performance

(Unit: Case)

Category	2011	2012	2013	2014	2015	2016(Goal)
Domestic	72	76	85	67	66	60
Overseas	26	7	17	31	24	40
Total Sum	98	83	102	98	90	100

Management of Minerals at Issue

There has been a significant loss of life and violation of human rights caused by armed forces with funds broadly related to 4 minerals including Tantalum, Tin, Tungsten and Gold which are produced in and around the Democratic Republic of the Congo, to which the US responded to by enacting a law dealing with conflict minerals. To prevent situations where one acquires, not only conflict minerals defined by law, but also minerals that are possibly related to human right violations and environmental destruction, such as child labor, during their mining process, the need for fulfillment of corporate social responsibility is growing.

Likewise, in the area of electrical and electronics industries, diversified efforts are required not only for securing transparency and accountability during the acquisition of minerals in the supply chain, but also for the improvement of human rights and environmental problems.

Policy for Conflict Minerals

Samsung SDI, in principle, does not use conflict minerals when producing its products. The company is also making efforts to prevent conflict mineral use in its supply chain, for example, by its partner companies and smelters. SDI created the 'Policy to Ban Conflict Mineral Utilization' and reflected it in partner companies' codes of conduct, and in order to improve awareness of partner companies, annual training is currently being conducted.

To further the sophistication of the conflict mineral management system, the company established a conflict mineral inspection system in the partner company's portal (Mega step) and intranet (Sustainability Management Initiative System) to conduct regular inspections and management on whether these systems are being accessed and utilized.

Responsive Activities to Conflict Minerals

In 2015, conflict mineral inspection was expanded to newly incorporated business areas such as electric material division and SDIBS (SDI Battery Systems), while SDI continuously made efforts to help smelters that have not been certified to acquire certification through education and guidance for partner companies.

| Monitoring System for Conflict Minerals

Goal	Ethical and responsible mineral procurement		
Monitoring/Improvement Process	3TG* within the products Check for used materials	Inspect partner companies which use 3TG (Origin, smelter, etc.)	Conversion into a certified smelter
Management System	Establishment of a partner company portal and an intranet partner company survey system (Conflict Minerals Reporting Template Online system)		

* 3TG: Tantalum, Tin, Tungsten, Gold

Future Plans

In 2016, SDI vows to increase its proportion of CFS (Conflict free smelter) certified smelters that provide the 4 major minerals to partner companies. The company plans to secure transparency and accountability in responsible mineral procurement, by expanding targets of inspection to minerals aside from the 4 minerals, such as cobalt, mined in the Congo region, which are related to social issues such as human rights violations and environmental destruction.

Business Case

Samsung SDI's efforts for responsible mineral procurement

In January 2016, a global human rights NGO, Amnesty International disclosed a report of relations between IT companies and child labor or human rights issues occurred in cobalt mines in Congo, Africa.

In the report, Amnesty claimed that Samsung SDI produced batteries using cobalt mined from child labor in Congo. Therefore, Samsung SDI has begun investigations on its cobalt suppliers, and it plans to conduct site visits(due diligence) in order to verify the results of document investigation. We will share the report of upstream supply chain of cobalt on our website by the end of 2016.

Meanwhile, we are expanding our activities in investigating and improving issues related to human rights including child labor, in accordance with the zero tolerance policy.

On April 22, 2016, Samsung SDI attended. The International Workshop in the Responsible Cobalt Supply Chain that was organized by the OECD and CCCMC* for joint actions toward cobalt issues. at the workshop, we discussed plans to improve human rights issues and increase transparency in Congo mines along with the Congo government institutions, NGOs, cobalt suppliers, secondary cell manufacturers, and IT companies. Furthermore, we will not only engage in joint initiative for sustainable supply chain of cobalt, but also take measures to secure transparency and human rights with our suppliers through continuous monitoring of the supply chain.

* China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters



ISSUES 05

Customer Satisfaction Management

Business Relevance

As consumers' interest in product quality and safety increases, Samsung SDI's major customer companies are reinforcing their product safety and eco-friendly policies. Therefore, it is important to prevent any risks related to quality which can occur in the market by pre-testing consumers' usage conditions and environment and verifying suitability of application. Samsung SDI plans to achieve customer satisfaction by improving its product quality and reinforcing communication with customers.

Risk	Opportunity
▶ Increased customer safety risks, and strengthening of safety regulations and technology barriers according to such risks	▶ Growth of a high-capacity, high-density battery market focusing on electric vehicle market

Our Approach

Samsung SDI is making efforts to manage customer satisfaction, in accordance with its customer-centric quality guideline "Creating Value for Customers, Making the World a Better Place". To reinforce product competitiveness, the company is running an internal award system for diagnosing and evaluating business sites' quality status, and by constantly operating a customer satisfaction and response system, the company is quickly responding to customers' needs. Each business division is making effort to improve customer satisfaction by pushing forward with various activities that strengthen quality competitiveness.

Our Vision



Key Performance Index

	2016 Objectives	2015 Objectives	2015 Performance	Achievement Level
Incongruity Rate of Measuring Instrument Management	0.5%	-	0.6%	-
Quality Training Number of Classes	33	23	23	Achieved



Customer Satisfaction

Customer Satisfaction Management System

Principles for Strengthening Quality Competence

Creation of Quality Guideline Regulations for the Entire Company

In July 2015, quality guidelines which had originally been operated separately by each business division have been integrated, establishing a quality guideline and code of conduct that can serve as a basic direction for consolidated quality management activity based on the CEO's customer-oriented quality principle. The company is making efforts to further expand quality control by regulating the evolving process of quality guidelines in accordance with the CEO's statement and changes in the business environment.

SDI Quality Management Award Program

To reinforce company-wide quality competitiveness, SDI introduced the quality management award program which, by diagnosing business sites' quality status under objective evaluation criteria, evaluates and awards sites based on their achievements. In 2015, which was the first year since the introduction of the program, 5 domestic sites were evaluated, and outstanding sites were selected and awarded. The evaluation score was calculated by adding up the achievement scores according to internal/external failure costs, process evaluation by monthly achievements of core quality index, and field evaluation through certification system field inspections. Evaluations were created and the results were shared through monthly meetings. For field evaluations, inspections were conducted by utilizing check sheets so that realistic quality level evaluations were possible by reestablishing 8 existing quality processes into 5 management areas and systematizing the standards. Through this evaluation, the company was able to understand the advantages and disadvantages according to site, and created its foundation for upward leveling in the quality system.

Quality Principles

Creating Value for Customers, Making the World a Better Place

Code of Conduct

- 1) Build customers' trust by creating value
- 2) Place the environment and safety first
- 3) Improve Quality Management System and Process

| Site Evaluation Check List

Development Quality Management	1	Quality Operation and Management	Goal/Achievement Management G Rule & Process Standardization P Abnormality Generation/Change Management D Quality System Operation Audit, Quality Training C Quality Improvement Management Achievement Understanding the Effects A
Parts Management		Development Quality Management	Goal/Achievement Management G Rule & Process Standardization P Customer (Development) Sample & Creditability Evaluation D Process C/List_Product Management C T-VOC Aftercare A
Change Management	2	Quality Management for Parts	Goal/Achievement Management G Rule & Process Standardization P Quality Management for Parts (Material) Inspection, Creditability, Mass Production, Changes D Company Management (Including new companies) Quality Improvement, CTQ C SQE (Supplier Quality Engineer) Aftercare A
Manufacturing Quality Management		Manufacturing Quality Management	Goal/Achievement Management G Rule & Process Standardization P Mass Production Creditability Management D Process quality (Measuring instrument/inspector/foreign substances/ESD, EOS, etc.) C Aftercare (Including crosssectional deployment) Audit A
Abnormality Generation Management	3	Customer Quality Management	Goal/Achievement Management G Rule & Process Standardization P Customer Response Handling TAT & System Operation Compliance D Customer Protection Measure Inspection C Customer Dissatisfaction Aftercare A
Customer Quality Management		Quality Operation and Management	Goal/Achievement Management G Rule & Process Standardization P Abnormality Generation/Change Management D Quality System Operation Audit, Quality Training C Quality Improvement Management Achievement Understanding the Effects A
Shipment Quality Management	4	Development Quality Management	Goal/Achievement Management G Rule & Process Standardization P Customer (Development) Sample & Creditability Evaluation D Process C/List_Product Management C T-VOC Aftercare A
Mass Production Creditability Management		Quality Management for Parts	Goal/Achievement Management G Rule & Process Standardization P Quality Management for Parts (Material) Inspection, Creditability, Mass Production, Changes D Company Management (Including new companies) Quality Improvement, CTQ C SQE (Supplier Quality Engineer) Aftercare A
	5	Manufacturing Quality Management	Goal/Achievement Management G Rule & Process Standardization P Mass Production Creditability Management D Process quality (Measuring instrument/inspector/foreign substances/ESD, EOS, etc.) C Aftercare (Including crosssectional deployment) Audit A
		Customer Quality Management	Goal/Achievement Management G Rule & Process Standardization P Customer Response Handling TAT & System Operation Compliance D Customer Protection Measure Inspection C Customer Dissatisfaction Aftercare A

Customer Service (CS) System and Guidelines

Samsung SDI reflects the voice of customers (VOC) in its management activities. In order to achieve customer satisfaction, the company created various communication methods, such as social media, customer visits, and customer satisfaction surveys. Through its website, each division collects and listens to VOC in real-time, processes related to the handled VOC items and post-improvements are operated. Moreover, through social media platforms such as its blog (<http://blog.naver.com/sdibattery>), the company provides company news and useful information. Customer visits are conducted regularly through quality exchange meetings where records of customer needs are collected.

Customer Satisfaction Survey

Samsung SDI conducts customer satisfaction surveys by each business division. Customer satisfaction survey refers to a process that calculates scores for each item, ranging from quality of products to due date, service, technology development power, etc. The survey is intended to provide basic information for customer satisfaction management and quality system linkage for improvements by analyzing and improving products of business divisions and reporting on advantages and disadvantages of the infrastructure based on the result of customer satisfaction survey.

Customer Satisfaction Management Activities



Customer Satisfaction Management Activities by Business Division

Small-sized Li-ion Batteries

The small-sized battery division conducted the CSI (Customer Satisfaction Index) Survey with 28 major customers as a part of customer satisfaction activities. From the dissatisfactory factors and objective analysis drawn from this research, the division conducted customer satisfaction improvement activities in regard to customer dissatisfaction. By setting Lead Time for responses by customer VOC levels and improving its internal management system, communication with customers is revitalized, and the division is minimizing any dissatisfaction due to delayed responses. Likewise, with the introduction of customer quality sentiment index and internal feedback, the division is conducting regular management of quality trends of its products, and by proactively identifying any possible quality risks, the division is making efforts to provide products with high reliability and quality to customers. To respond to chronic quality problems, the quality assurance team is operating the Mr. Quality program to train quality specialists. By partnering with all related divisions on each quality issue, analysis on fundamental causes and research on direction of improvement are being conducted so that chronic problems are resolved.



Automotive and ESS Batteries

Through constant efforts to enhance quality management, the automotive and ESS battery division strives to achieve “Zero Defects” and to increase customer satisfaction. Therefore, two levels of activities are being conducted: 1) Execution of proactive verification of products under the field conditions equivalent to the environment of regular use before releasing the product 2) Task force operations for minimizing the defect rate within the process. Likewise, based on the analysis of customer VOC, internal inspections are conducted, and the automotives and ESS batteries division works to reinforce inspections on all battery cells from warehousing to shipping, and strengthening pilot product shipments. Furthermore, the division aims to secure its accountability by operating a customer safety system on its products, and for quality reinforcement of components. The division operates the SQE (Supplier Quality Engineer) organization for quality management of partner companies, which improves product competitiveness of partner companies and SDI as a whole.



Electronic Materials

The electronic material division is making efforts in quality management by operating an electronic material quality team under the quality assurance team, which is directly under the supervision of the CEO. To simplify the process regarding VOC management, the division is operating the Focus 119 system. The Focus 119 system systematically manages all phases of VOC, from its registration to disposal, and also checks for improvements on issues raised while customer compensations are also conducted through the system. Moreover, by annually conducting customer satisfaction surveys, the division enhances quality improvement and customer responsiveness.

| Compliance to Global Regulations about the Products

Samsung SDI is reflecting on detailed responses to its toxic material management regulation in order to respond to global regulations. By utilizing internal systems such as ERP REACH and SMIS (Sustainability Management Initiative System) the company efficiently checks for regulations and requirements set forth by regulations, and conducts time-appropriate response activities.

Regulations	Major Contents	Regulations	Major Contents
RoHS	Regulation enacted by the European Union which limits the use of materials that are hazardous to the human body, such as lead, cadmium, mercury, hexavalent chromium, PBBs, PBDEs, etc. for producing electronic and electric products.	GADSL	List of hazardous materials designated by the associations of major vehicle producing companies in countries such as the European Union, Korea, the United States, Japan.
ELV	Regulation on mandatory recycling of disused vehicles, which dictates that vehicle-producing companies must collect disused vehicles.	REACH	Regulation which mandates chemical materials which are produced or imported by more than 1 ton per year within the European Union are to be registered, evaluated, and approved following their distribution amount and hazards.

* RoHS (Restriction of the use of Hazardous Substances in EEE) * GHADSL (Global Automotive Declarable Substance List)
 * ELV (End of Life Vehicle) * REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)



Sustainable Management

Samsung SDI analyzes industry issues and identifies risks and opportunities in order to actively respond to future changes.

Sustainability Management

- 01 Sustainable Management (SM) System
- 02 Materiality Assessment
- 03 Environmental Efficiency
- 04 Involvement and Development of the Local Community
- 05 Considerations toward organizational culture and employees

K E Y F I G U R E



6.75 billion won
Total Social
Contribution Expenditure



6.8 %
Ratio of Female
Managers



96 %
Recycling Ratio of
Waste



97.1 %
Volunteer work
participation rate of
employees

Sustainability Management

Sustainable Management (SM) System

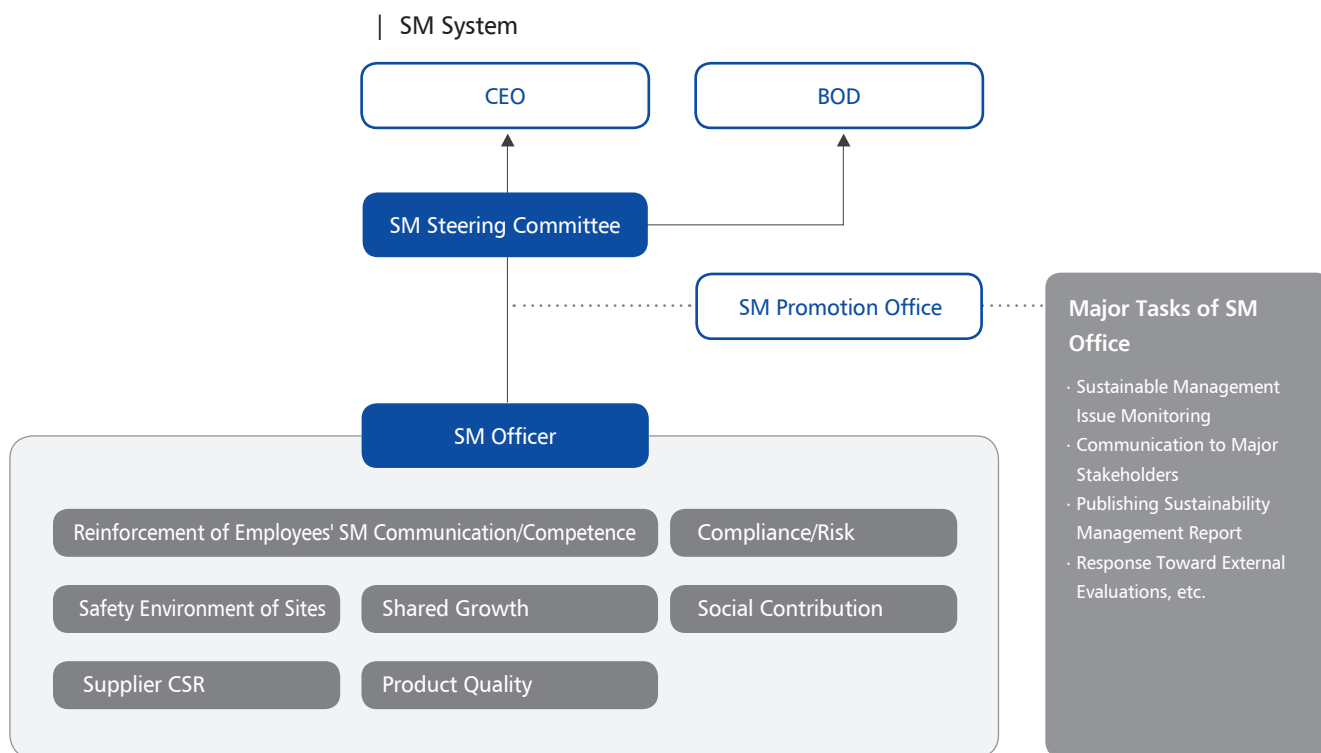
Samsung SDI operates the SM Steering Committee and SM Office in order to systematically integrate sustainability into management. Having been granted rights to manage sustainability activities by the BOD, the SM Office and Steering Committee report progress on sustainable management activities to the BOD.

SM Promotion Office

The SM Promotion Office, which is the body in charge of sustainable management, is operated to achieve efficiency and improvement of sustainable management's promotional power. The SM promotion office conducts monitoring of sustainable management trends and core issues, and related planning. By cooperating with each sustainable management divisions' job manager (SM officer), SDI is carrying out various activities so that execution of sustainable management can lead to growth and overall value improvement of SDI.

SM Steering Committee

In order to direct the expansion of sustainable management and risk response as well as to seek out opportunities in terms of sustainability, Samsung SDI has been operating the SM Steering Committee since 2004. Within the SM Steering Committee, major management team members, including the CEO, participate to share core issues, goals, and future directions for the promotion of sustainable management, as well as to approve major agendas. Major agendas discussed and approved in the SM Steering Committee are reported to the BOD upon review.





In order to systematically operate socially responsible management, in 2004, Samsung SDI presented a sustainable management method that applies economic profitability, environmental soundness, and social responsibility to company-wide management and organized the SM (Sustainability Management) Team.

Stakeholder Participation

Samsung SDI classifies the company's stakeholders into customers, shareholders & investors, government agencies, employees, partner companies, local communities & NGOs, industry associations/universities/research institutes and so forth. The company actively collects opinions of each stakeholder, and important opinions of stakeholders go through reviews by various channels in order to ensure that these opinions will be reflected in business activities.

Stakeholder Communication Channel

Samsung SDI's communications with stakeholders are conducted by focusing on each related division, where the SM Office annually surveys issues considered to be important by stakeholders, and utilizes the results in composing an issue pool. Through communication activities specialized to fit each stakeholder, including direct/indirect surveys, the company grasps needs and items of interest by each stakeholder, which are reported in detail through a sustainability report.

Customers		Customer visitations, QBR* meetings, website operations, Focus 119 operations * QBR (Quarterly Business Review)
Shareholders & Investors		General meeting of shareholders, IR earnings conference call, IR road show, IR website, IR main number, attending IR conferences, public announcements, production line tour, conferences.
Government Agencies		Participation in national projects, operation of shared cooperation programs, and exhibition of conferences and seminars
Employees		Labor-management council, open counseling center, management seminars, satisfaction surveys, Culture Leader operations, SDI talk operation, newsletter publication.
Partner Companies		Operation of the purchasing portal system, hosting of the Samsung SDI Partners (SSP) association, operation of exchange meetings to communicate with partner companies, regular visits made by CEO and executives in charge to partner companies
Local Communities & NGOs		Operation of local community consultative group, engagement in social contribution activities, setting up sisterhood relationships
Industry Associations/ Universities/Research Institutes		Activities as a member of associations and societies, such as the Korean Battery Industry Association, open innovations of R&D, and implementation of shared cooperation programs

Materiality Assessment

Samsung SDI carries out materiality assessments every year to efficiently report on core issues. Among the issues derived, those with relatively significant importance are separately reported in the Strategic Focus & Approach section of this document and other issues as well as the general system of the company are reported in this section.

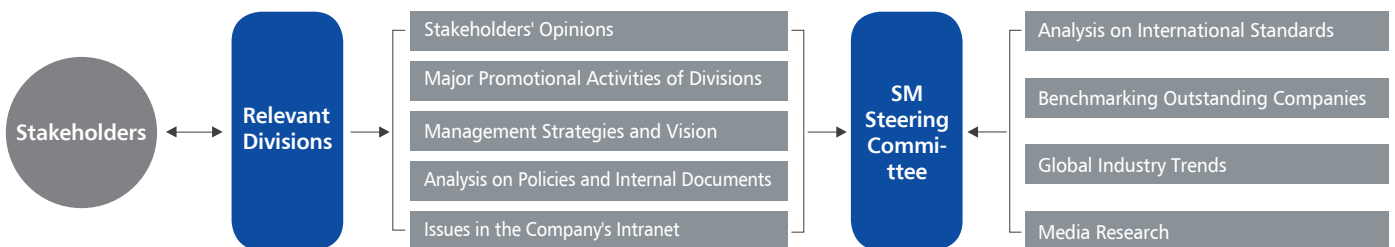
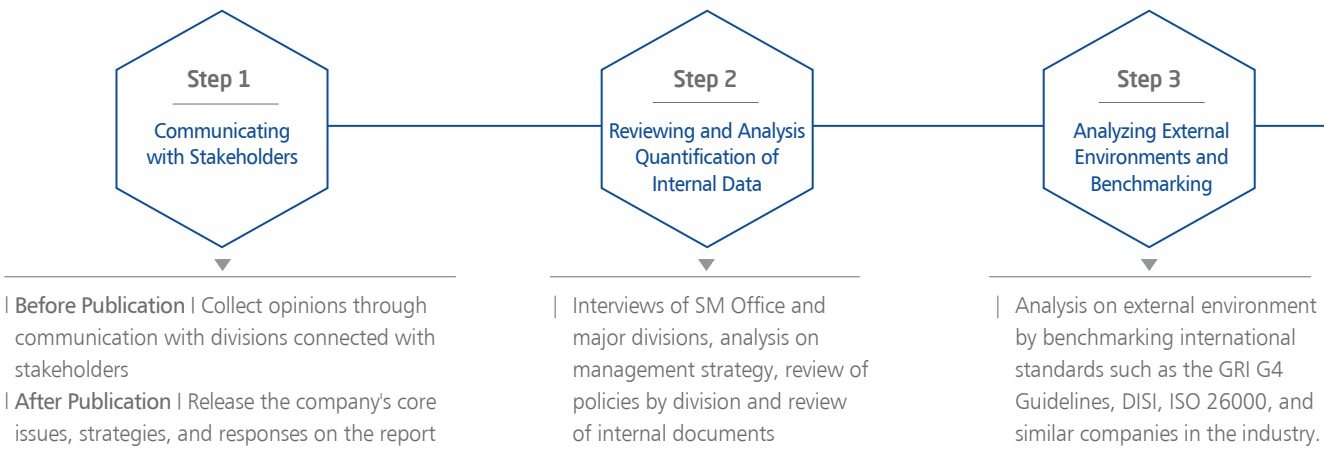
Materiality Assessment Process

Samsung SDI collects opinion from each division that has contact with stakeholders from the pre-publication phase of the report, so that feedback can be appropriately reflected in the report. In particular, through trend reviews of quantitative analysis of data that is internally controlled and through external environment analysis, the company ensures that important issues within the industry can be reviewed during the materiality assessment.

Materiality Assessment Standards

Issues were sorted in order of importance within the composed issue pool, by evaluating their significance toward the business and their likelihood of occurrence (possibility). This year, when choosing the sustainability issues, evaluation on business significance was conducted by reflecting gravity and financial significance of each issue. Likelihood of occurrence for each issue was calculated by measuring and reflecting stakeholder contact surveys and external exposure. In particular, as part of the materiality assessments, the company collected the opinions of external CSR specialists through surveys of key institutions. These institutions included ESG (Environmental, Social and Governance) research, external evaluations and verification/certification institutions.

| Materiality Assessment Process and Issue Reports



Samsung SDI selected core interest areas that were derived through the materiality assessment and made efforts to report on related information in great detail.

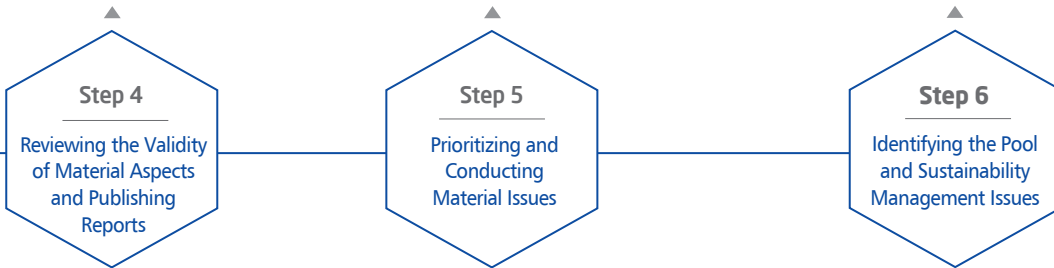
Materiality Assessment Results



Reviewing the connectivity, rationality, validity, etc. for issues of high priority and conducting supplementation, if required

Sorting the issues according to their importance using their significance and possibility as standards

Selecting core issues through collecting opinions of stakeholders inside and outside the company and analyzing external environments
Reviewing core issues in perspectives of business and finance



Materiality Assessment Process and Issue Reports

Core Issues in 2015	Reporting Theme	Aspect
Enhancement of R&D Capability	Sustainable products R&D on products	Economic Performance, Products and Services
Developing Eco-friendly Products and Services		
Forecasting and Responding to Fluctuations in Future Market	Business Portfolio	Market Presence, Economic Performance
Securing Market Leadership		
Reinforcing Workplace Safety	Workplace Health & Safety	Occupational Health and Safety, Integration, Compliance, Products and Services
Handling and Managing Hazardous Chemical Materials		
Managing Atmospheric Emissions	Response to Climate Change	Energy, Emissions, Compliance, Products and Services
Energy Reduction and Usage of Renewable Energy		
Supply Chain Sustainability and Risk Management	Shared Growth with Partner Companies	Investment, Procurement Practices, Anti-competitive Behavior
Enhancement of Employee Competence	Enhancement of Internal Competence	Employment, Training and Education
Health and Safety of Consumers and Customers	Customer Satisfaction Management	Customer Health and Safety, Product and Service Labeling



Environmental Efficiency

Environmental Management

Under the current circumstances where environmental management is growing as an issue for many companies worldwide, Samsung SDI is working to comply with environmental regulations in conducting its business activities, and through systematic management, the company is making efforts to improve energy efficiency through initiatives such as reduced energy consumption and increased recycling rate.

Environmental Management

All Samsung SDI's sites have been certified with an environmental management system (ISO 14001) since 1996, that continues to operate to this day, and in 2015, there were no cases where Samsung SDI's domestic or international manufacturing sites violated environmental regulations or international environment agreements. Samsung SDI is making efforts to improve the eco-friendliness of its sites and production processes based on the optimized usage of industrial water, improved collection rate, and strategies to minimize waste resources.

Investment and Maintenance Cost for Environmental Facilities

Samsung SDI systematically calculates costs for environment-related operations and investments in order to efficiently operate its environmental management system. In 2015, the company used a total of 9.4 billion won as investment expenditures for domestic environmental facilities. The environmental cost is classified into aftercare, proactive prevention, stakeholder support, legal response and restoring activity cost for its management. Cost of aftercare activities includes cost of operating treatment facilities, consignment processing. The cost of proactive prevention activities include cost of environmental management, resource saving & recycling, and R&D. Funding accrued for stakeholder support is used to provide for environmental organizations or local communities. Cost of legal response and restoration includes fines, shares, environment restoration and an appropriation fund, etc.

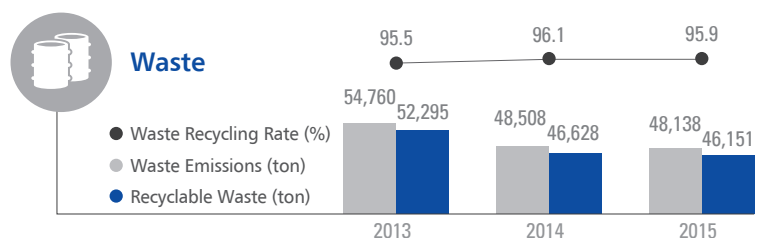
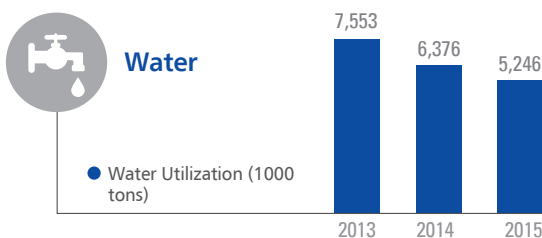
Water and Water Resource Management

All domestic and international production sites of Samsung used a total of 5.246 million tons of water in 2015. Due to the termination of PDP business and the sale of SDI Chemical Division, the company's total use of water decreased by 1.130 million tons compared to the previous year. All production sites are making efforts to realize optimized utilization of industrial water and improved recovery rate. Wastewater is treated under internal management standards, which are stricter than legal regulations, and then released. Water resource management plan and status of Samsung SDI's domestic sites are released to the public, under the Environmental Information Disclosure System, along with various other information on green management activities of business sites.



Waste Reduction

In 2015, 48,138 tons of waste were generated, with a waste recycle rate of 96%. Samsung SDI deals with cobalt and nickel waste that is generated during the cell production process through recycling companies, without exception.





Involvement and Development of the Local Community

Direction and Achievements of Social Contribution

Under the vision 'Company which adds value to the world', Samsung SDI is expanding various activities by creating strategies such as enriching social contributions, in-depth orientation of local community, and more. By encouraging employee participation and reinforcing representative contribution activities and volunteering activities, the company strives to contribute to the development of local communities.

Social Contribution Strategy

2016 Objectives	Promote Social Contribution with Local Community through Building Employee' Sympathy toward Sharing		
Direction of Strategies in 2016	Enrichment of Social Contribution	Local Community-centered Contribution	Specialization and Advancement
Initiatives	Reinforce representative contribution projects Expansion of volunteering activity participation of employees Expansion of projects for adolescents	Integration with local NGOs/NPOs Development of current problem-solving activities Conducting sisterhood connection activities between business sites and villages	Systemization of social contribution organization Revision of social contribution system



Participation Rate for Social Contribution Activities* %

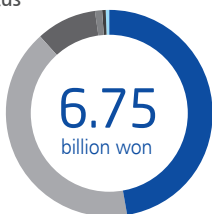
* Rate of employees who made donations or participated in volunteering activities

Status of Giving Back to the Society

Samsung SDI used a total of 6.75 billion won for social contribution activities in 2015, and mainly focused its investment on social welfare and academia. In 2016, the company will make efforts to realize the development of local communities, domestically and abroad, through reinforcement of representative contribution projects and development of region-oriented social contribution activities, in connection with the direction for promoting social contribution strategy.

Enrichment of Social Contribution

Social Contribution Expenditure Status



- Social Welfare 47.5%
- Academic Education 40.9%
- Health and Medical Service 9.5%
- Sports Promotion 1.2%
- Environmental Preservation 0.5%
- Arts & Culture 0.4%

Vitalization of Employees' Participation

Talent Donation Activities | Employees of Samsung SDI will strive to donate their professional knowledge, technology, and capabilities to vulnerable areas of local communities. Employees are currently participating in talent donation activities by utilizing their professional knowledge, such as environment education for local children run by employees in the energy and environment division, light changing activities and condition improvement activities for neglected groups by employees in the electricity/facility/technology divisions, and teaching efforts in local childrens' centers by researchers.

Volunteering Activities Connected with Clubs | Volunteering teams related with hobby activities, such as the photo club, soccer club, and scuba diving club, are engaging in volunteering activities across various fields. As a representative example, volunteer organizations have been creating a 'Graduation Album of Love' for students of the Suwon Seokwang School, a special school for disabled children, for the past 11 years. To add beautiful memories to the graduation album, club members voluntarily accompany students to their graduation trips, school arts festivals and graduation ceremonies. At graduation ceremonies, employees of Samsung SDI celebrate students' graduations by presenting graduates and their parents with hand-made chocolates.



Approx.
2.48

Matching Grant Amount billion won

Matching Grant | Samsung SDI is operating the Matching Grant System, which creates volunteering activity funds from employees donating a certain amount of money every month, and the company donates through the fund by matching employee donations on a 1-to-1 basis. In 2015, about 2.48 billion won was collected, and the collected amount was used for major social contribution projects of Samsung SDI.

Grand Volunteering Festival, in commemoration of the company's foundation, and the Global Volunteering Festival | At the Grand Volunteering Festival, in commemoration of the company's foundation, the company conducted hands-on volunteering activities such as baby shoe making, wrapper making, and donation of books and clothes to the local community. Especially for the babies of Seongsimwon, which has been affiliated with the company for a long time, employees voluntarily raised funds to present them with a special first-birthday party feast. During the Samsung Global Volunteering Festival in October, the company conducted various volunteering activities, such as cold-proof tent support for energy saving to senior citizens who live alone, and baking volunteering activities by employees' families.

Reinforcement of Representative Contribution Activities



Green Planet Environment School

Green Planet Environment School

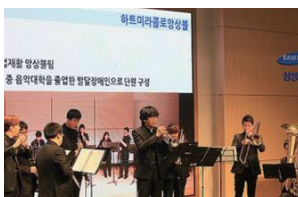
Samsung SDI is operating the 'Green Planet Environment School' for young adults and children as future leaders under the company vision of "The creative leader in energy and high-tech material". This activity is an experiential educational activity that teaches the importance of environmental protection. From 2011, employees directly participated as teachers to provide environmental education and experiment activities, such as creating photovoltaic vehicles, global warming simulations, and an environment booth. In 2015, using the environment education vehicle, the 'Moving Green Planet Environment School' was operated together with 1,918 children in 2015, and since its inception 5 years ago, a total of 3,226 children have graduated from the environment school. In 2016, there are plans to create environment buses, composed of various educational items, to visit schools in Gyeonggi Province to expand and develop environmental education.

 **6,183**

Free eye treatment/free medical treatment people

Free Eye Treatment Project

Samsung SDI has conducted the free eye treatment project since 1995 in connection with Siloam Eye Hospital, to assist visually impaired people who cannot afford surgery. Donations from the company support the operation of 3 mobile eye clinics equipped with high-end surgical equipment such as microscopes and cataract removal devices. The project conducts ophthalmological clinic services by visiting islands and mountainous regions lacking in medical facilities. In 2015, 6,183 people benefited from free clinics, and 65 visually impaired people received surgery through support funds for eye treatment. For the past 20 years, a total of 220,000 people have been supported.



Talent Nurturing Company Support for Musical Talents

'Talent Nurturing Company' Support for Musical Talents

Samsung SDI has supported the musical talents of the 'Talent Nurturing Company', consisting of young people with developmental disabilities. Since 2007, the company has supported scholarships for outstanding members of the orchestra, which is composed of disabled young adults, together with Heart Heart Foundation. Furthermore, at the end of each year, the 'Shared Tree Campaign' that supports young adults with developmental disorders were also provided in collaboration with the foundation. To this day, music education for over 200 disabled young adults has been financially sponsored.



Baking volunteer activities for neighbors in need

Employees and Families Sharing Together

Samsung SDI is operating a monthly family unit volunteer program so that employees and their families can take part in sharing with the local community. Every third Saturday, employees and families visit the Central Hope Sharing Volunteer Center operated by the Red Cross and cook baked goods for foreign workers and other neighbors in need. They also participate in various hands-on activities such as making tactile books, eco bags and hope baby blankets.

Local Community-centered Contribution



Social contribution activities by domestic sites



1 Suwon | Sharing kimjang with foreign employees

The Suwon site conducted a kimjang-sharing event together with foreign employees which can allow them to experience Korean culture and help neglected neighbors. By making Kimchi for low income groups and sharing in the activity with coworkers, the site conducted a year-end 'Respect Your Neighbors' campaign.



2 Giheung | Talent Donating Village Creation for Sisterhood Villages

At the Giheung and Cheongju sites, employees have been directly participating in volunteering activities such as repainting the aged infrastructure of sisterhood villages, and putting forth efforts to make the sisterhood villages into tourist villages through environmental improvement efforts including the creation of fences and flowerbeds on the edges of roads and fields.



3 Cheonan | Filial Travels with Invited Senior Citizens

In Cheonan, about 300 senior citizens from six villages were invited to filial travel for its sisterhood villages. The travel excursion included major domestic hot springs and visits to famous tourist sites (Cruise travel, visiting exhibitions, experiencing traditional culture, etc.) during the agricultural off-season, and supported senior citizens' agricultural labor which is expected to become more demanding for senior farmers.



4 Gumi | Love House project

This is the sixth year for the Gumi site to carry out activities to improve the residential environment of multicultural households such as renovating the roofs, indoors, bathrooms, etc. with funding supported from the employees. The Gumi site also annually conducts child support on a 1-to-1 basis, a school uniform support project, and education projects concerning the protection of children's rights.



5 Ulsan | We dream global

The Ulsan site participated in the '500 Won Miracle' by collecting coins in a piggybank in order to provide meal support for poor African children. The Site succeeded in collecting a total of 1,000 piggy banks which were subsequently donated to children in need. Moreover, the site introduced 'Baenaet Jeogori' a hands-on project to provide assistance to newborn Kenyan babies.



Considerations toward organizational culture and employees

Communication with Employees

The Labor Council of Samsung SDI is composed of an equal number of employee representatives and company representatives. Quarterly councils, as well as emergency/ad-hoc councils, are held when there is a requirement for discussions between the company and employees. Any changes made within the Labor Council are immediately notified to employees.

Labor Council

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In the Labor Council, aspects about protection of workers' rights are discussed, such as improvement of the labor management system, improvement of the payment method/system, improvement of labor condition and health and safety of workers, etc. The council also serves as a channel for communications within the organization, by receiving and resolving hardships and problems of workers.



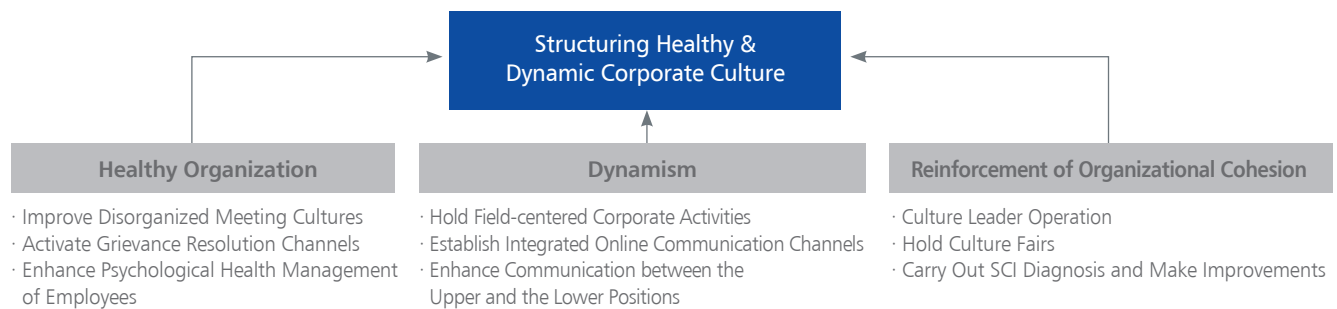
99.6

Handling Rate of Employee Complaints %
(449 cases/451 cases)

Communication for Healthy Organizational Culture

Samsung SDI is operating various communication channels and activities in order to establish a lively organizational culture through active communication between employees. Also, to deal with employees' difficulties, the company operates a separate grievance handling bulletin board within "SDI talk" its in-house communication channel. Through this system SDI endeavors to provide answers within 24 hours of posting a question 24 hours of posting a question.

Strategic Directions for Corporate Culture



Employee Communication Channel

Online Communication Channel	Culture Leader System	Facilitating Communication by Site
<ul style="list-style-type: none"> · Through SDI talk released in July 2015, internal events and issues are being shared. (SDI talk is an integrated internal communication channel that combined the separately operated YeSDI and ILMO Talk into one.) · Single Messenger 	<ul style="list-style-type: none"> · Selection of personnel in charge of planning various events to improve corporate culture · Yearly selection of division and CL for excellence awards in facilitating corporate culture · Create a lively communication culture through sharing outstanding cases studies according to division 	<ul style="list-style-type: none"> · March: Spring's Stretching Guinness Competition (New Spring Day) · May: Family invitation event on Children's Day · July: Late-night seasonal meal event for night shift workers (Happy Night's Kiosk) · September: Two-day/one-night glamping experience for employees' families (Family Healing Camp) · December: End of the Year Festival

Respect toward human rights and diversity



6.8

Ratio of Female Managers

%

Respect toward employees' human rights

Samsung SDI strictly complies with local labor laws and regulations and agreements from international labor institutions. In its management principle and recruiting principle, a principle of banning child labor and forced labor is in place and is being strictly followed. As a result of monitoring Samsung SDI's global business sites and partner companies in 2015, there were no cases of violating the child labor and forced labor ban policies.

Samsung SDI clearly states in its management principle and recruiting principle, that the company bans any discrimination against skin color, gender, religion, social class, age, political view, and nationality. All employees are provided with equal opportunity based on a person's ability and aptitude, and they are being fairly rewarded based on their achievements. The company is also making efforts for improvement of treatment towards temporary workers, contracted workers, and high-school graduates. Under the principle of compensation by achievement, the company inspires the will to work, and conducts annual evaluations on its employees with regards to their individual goals, and capability evaluations about required performance according to position. According to evaluation results, incentives are given out, and through such evaluation-compensation, the company hopes to inspire employees' voluntary motivation.

Social Balance Recruitment

To support socially vulnerable classes, SDI promotes recruiting high school graduates and disabled people, and for improving stability of employment of war veterans and other socially vulnerable classes, the company operates diversification of recruiting types, such as securing separate table of organization for recruitment.

Welfare & Benefits Programs



73.0

Club Subscription Rate (End of 2015)

%

Selective Welfare

With the annual welfare points given to employees, employees can freely select and use welfare benefits as needed, such as healthcare, leisure, and self-development.

Leisure/Culture

By owning memberships of condominiums and resorts across the country, the company supports the leisure activities of employees and their families, and allows them to use cultural and recreational facilities operated by affiliates at low prices.

Support for Health Checkups and Medical Expenses

All employees are receiving the benefit of annual health checkups, and in case of illnesses, injuries, or childbirth, medical expenses for employees and their spouses are supplemented.

Housing Loans and Family Event Expenditure Support

SDI is operating a system to support housing purchases for employees who are not homeowners. The company provides gifts on the occasions of family events of employees. The company provides gifts on employee's birthday, wedding anniversary, day of childbirth, the day when their children first attend elementary school, and Children's Day.

Childbirth and Childrearing Support

To support childbirth and childrearing, the company encourages employees to use the childbirth and parental leave systems. In each site, the company operates an internal kindergarten so that employees can work and take care of their children, and middle, high school as well as university tuition for children of employees is also provided.

Work-Life Balance

Flexible Work Hours

Samsung SDI leads the change in working methods in order to respond to the ever-changing market and environment. For this, the company is constantly carrying out a campaign which has efficient time management, working methods, and sticking to the basics as its core. In 2015, the "flexible work hours" benefit, which was originally applied to researchers and designers, was expanded to include general staff members. By allowing for flexible working hours, where employees can manage their working hours within 40 hours per week at their discretion, the company supports employees in improving their work efficiency and creating a balance between life and work.

| Improvements on Ways of Working (Work Smart)

Work

Ways of Working

- Improvements on Meeting Culture
- Maintaining information security at all times
- Following performance-enhancement processes

It Basic

Maintaining the Basics

- Leading Changes in Drinking Culture
- Verbal Abuse Prevention
- Sexual Harassment Prevention

Time

Efficient time

- Establishment of Smart Working Environment
- Focusing on Work during the "Focused Work Hours"
- Refraining from inefficient overtime and other special hours

Operation of Open Counseling Center

Samsung SDI operates an 'Open Counseling Center' to support the mental health of employees and their families. In the 'Open Counseling Center', psychological consultants are available to provide counseling on employee difficulties. The center also allows employees to sign up counseling via telephone, mail and messenger, and for employees who cannot visit the counseling center, the company also operates 'Mobile counseling center' so that more employees can utilize the center. Aside from these, the company operates programs for stress management such as lunch meditation, mediation according to division and mini-education related with mental health.



Operation of Open Counseling Center | Lunch Meditation



Family Experience Program | Children's Day Family Activity

Family Experience Program

Samsung SDI is making efforts to reinforce cohesion between employees and the company by conducting various programs for employees' families. The company is operating family invitational events on Children's Day, winter/summer camp for children, 'Family Healing Camp (a 2-day, 1-night glamping experience)', 'Family Invitational Movie Day', a shared movie day with employees and their families, and 'Family Club.' By reflecting unique characteristics of each site, the company provides opportunities for employees and their families to participate in various exhibitions, festivals and camps.

Operation of Nursing Rooms

Nursing rooms are installed in every business site, providing pregnant employees with a resting area. The company also conducts various supporting activities to support motherhood, such as providing breast pumps and snacks for pregnant employees. By providing support for pregnancy, childbirth, and childrearing, the company strives to create a corporate culture which allows female employees to work without concerns for job stability.

Operation of Retirement-Preparation Programs

Samsung SDI is operating a career consulting center so that employees who will retire can alleviate their worries about life after their retirement and actively prepare for a new chapter in life. In the career consulting center, not only proactive training about leisure, health, aging problems after retirement, but job searching support and business start-up education is provided.

Appendix



Financial Data

The revenue of Samsung SDI is composed of production and sale of small-sized batteries used in cell phones and laptops, large-sized batteries used in vehicles and electric material used for products such as displays.

As of December 31, 2015, the total assets of the company were 16.2253 trillion won, which is a year over year growth of 2%.

The revenue of the 46th term was 7.5693 trillion won, of which the proportion breaks down to 43% of energy solution, 35% of chemical, and 22% of electric materials businesses.

Consolidated Financial Statement (Unit: Million won)

Category	End of 42nd	End of 43rd	End of 44th	End of 45th	End of 46th
[Current Assets]	2,364,109	2,414,856	2,063,192	3,535,555	4,773,880
Cash and Cash Equivalents	757,661	946,516	730,176	627,528	1,287,969
Account Receivable	921,072	776,408	685,034	980,558	1,203,289
Inventories	583,587	558,452	525,775	768,554	749,950
Other Investment Assets	43,915	65,011	71,489	1,079,634	595,558
Other Current Assets	57,874	68,469	50,718	72,824	78,710
Non-current Assets Held for Sale	-	-	-	6,457	858,404
[Non-current Assets]	6,163,302	8,480,231	8,492,479	12,432,995	11,451,423
Account Receivable	4,596	5,571	6,089	11,213	65,848
Investments in Associates	1,899,028	4,004,966	4,706,765	4,979,017	5,172,923
Tangible Assets	1,827,202	1,971,102	1,787,955	3,324,878	3,228,962
Intangible Assets	140,297	171,007	167,070	1,278,942	1,277,621
Real Estate Investments	54,754	34,079	35,534	168,728	228,182
Deferred Tax Assets	55,169	164,181	48,843	41,031	40,765
Other Investment Assets	2,097,182	2,047,301	1,667,225	2,549,201	1,298,650
Other Non-current Assets	85,074	82,024	72,998	79,985	138,472
Total Assets	8,527,411	10,895,087	10,555,671	15,968,550	16,225,303
[Current Liabilities]	1,749,983	2,004,041	1,526,957	2,254,255	3,201,336
[[Non-current Liabilities]]	462,901	1,326,564	1,486,298	1,887,384	1,770,775
Total Liabilities	2,212,884	3,330,605	3,013,255	4,141,639	4,972,111
[Controlling Interest]	6,118,122	7,373,225	7,378,093	11,586,432	11,011,996
Capital Stock	240,681	240,681	240,681	356,712	356,712
Consolidated Capital Surplus	1,258,120	1,258,440	1,262,958	5,032,601	5,031,244
Consolidated Other Capital	-165,395	-163,787	-163,442	-10,849	-10,849
Consolidated Accumulated Other Comprehensive Income	1,173,912	1,051,350	1,001,907	1,345,646	781,749
Consolidated Retained Earnings	3,610,804	4,986,541	5,035,989	4,862,322	4,853,140
[Non-controlling interest]	196,405	191,257	164,323	240,479	241,196
Total Stockholder's Equity	6,314,527	7,564,482	7,542,416	11,826,911	11,253,192

42nd: Up to Dec.31 2011 / 43rd Up to Dec.31 2012 / 44th Up to Dec.31 2013 / 45th Up to Dec.31 2014 / 46th Up to Dec.31 2015

Samsung SDI's 2015 gross profit was 1.3831 trillion won and operating income was -59.8 billion won. Earnings before taxes was 39 billion won and net income was 25.7 billion won; controlling interest was 53.8 billion won and non-controlling interest was -28.1 billion won.

Consolidated Statement of Comprehensive Income (Unit: Million won)

Category	End of 42nd	End of 43rd	End of 44th	End of 45th	End of 46th
Revenue	5,443,881	5,771,185	3,428,462	5,474,221	7,569,331
Cost of Goods Sold	4,760,612	4,863,336	2,812,023	4,545,477	6,186,193
Gross Profit	683,269	907,849	616,439	928,744	1,383,138
Selling and Administrative Expenses	573,301	720,975	627,756	857,927	1,442,970
Operating Income	109,968	186,874	-11,317	70,817	-59,832
Other Income	283,410	1,822,689	184,099	233,601	844,733
Other Expenses	189,663	452,675	64,951	303,118	1,004,964
Financial Income	292,715	179,178	177,190	193,322	235,717
Financial Expenses	303,367	210,436	177,843	185,522	256,496
Gains and Losses on Equity Method	285,037	503,791	405,998	190,268	279,900
Earnings Before Taxes	478,100	2,029,421	513,176	199,368	39,058
Income Tax Expenses	127,045	542,607	105,474	47,249	13,372
Income from Continuing Operations	351,055	1,486,814	407,702	152,119	25,686
Income from Discontinued Operations	0	0	-259,786	-232,433	0
Net income	351,055	1,486,814	147,916	-80,314	25,686
Controlling Interests	320,109	1,471,502	130,599	-83,847	53,846
Non-controlling Interest	30,946	15,312	17,317	3,533	-28,160

※ Following the suspension of business in PDP and photovoltaic areas, related gains and losses were classified as income from discontinued operations for the 44th and 45th terms.

※ This data was written according to the International Financial Reporting Standards that have been translated into Korean.

Non-Financial Data Social

Employment (As of Dec. 31, 2015)

Samsung SDI's total number of employees is calculated as regular employees, irregular employees, and dispatched employees.

The total number of employees for 2015 was 20,938 which is a 3.5% increase from that of 2014. 93.7% of total employees were regular employees, which is a 4.4% increase from that of the previous year. In overseas, employee numbers for Asia, Europe, and America all increased. Employee turnover rate in 2015 was 15.7%. In Korea, the rate was 3.1% and overseas, it was 29.9%, which was a decrease of 3.7% and 20.9%, respectively, compared to that of the previous year. 2,443 people worked as R&D staff, which is an 11.8% increase from the previous year; and there were 316 female managers, which is a 10.1% increase from the previous year.

Item	Category	Unit	2011	2012	2013	2014	2015	
Employment	Total Headcount	Total Headcount	People	14,155	15,451	16,449	20,222	20,938
		Domestic	People	7,263	7,043	8,529	11,175	11,123
		Global Subtotal	People	6,892	8,408	7,920	9,047	9,815
	By Region	Asia	People	5,856	7,589	7,239	8,581	8,887
		Europe	People	411	300	138	308	735
		America	People	625	519	543	158	193
		Domestic	People	410	294	321	383	236
		Newly Recruited	Overseas	People	3,318	5,929	4,018	4,271
		Total Sum	People	3,728	6,223	4,339	4,654	3,613
	Employment Category	Employment Form	Regular Employees	People	13,085	13,990	14,397	18,794
Contract Employees			People	239	263	1,177	1,018	946
Dispatched Employees			People	831	1,198	875	410	371
Minority Class		Disabled	People	107	103	120	179	181
Local Recruitment		Number of Sites with Local Recruitment	People	-	41	64	70	117
		Number of Overseas Sites with Local Recruitment	People	-	147	158	159	222
		Ratio of Local Recruitment	%	-	27.9	40.5	44.0	52.7
Female Employees		Female Managers (Manager or higher)	People	83	99	124	287	316
		Total Managers (Manager or higher)	People	2,390	2,678	2,857	4,347	4,641
		Ratio of Female Managers	%	3.5	3.7	4.3	6.6	6.8
R&D Employees (Domestic)	R&D Employees headcount	People	1,446	1,620	1,663	2,184	2,443	
	R&D Employees ratio	%	21	24	22	20	22	
Turnover Rate	Turnover Rate (based on permanent employees)	Total Sum	%	11.3	26.3	25.6	25.8	15.7
		Domestic	%	2.6	3.2	2.7	6.8	3.1
		Global Subtotal	%	21.2	47.8	50.4	50.8	29.9
	By Region	Asia	%	20.1	49.1	50.8	46.0	31.1
		Europe	%	35.8	48.3	115.9	61.4	9.4
		America	%	21.8	27.9	28.3	289.8	50.3
	Gender	Male	%	7.5	18.4	15.5	18.5	12.7
		Female	%	21.3	41.8	51.0	46.0	24.9
	By Age	Under 30	%	16.2	44.0	47.1	39.0	30.4
		30 – 50	%	7.0	6.4	8.2	14.8	5.2
Over 50		%	7.3	7.3	7.9	26.7	9.0	

Item	Category	Unit	2011	2012	2013	2014	2015
Average Training Hours per Employee		Hours	122	104	126	125	91
Child-care Leave Status (Domestic)	Number of People with Child-Care Leave	People	118	145	154	172	182
	Ratio of employees returned from their child-care leave within a year (Return Ratio)	%	93	90	90	77	100
	Ratio of employees who returned from their child-care leave and worked over 12 months (Maintenance Ratio)	%	86	83	96	88	79

Shared Growth

Samsung SDI signed shared growth contracts with 314 primary and secondary partner companies in 2015. This accounts for an increase of 134 partner companies compared to the previous year. The company supported 7.8 billion won for shared growth of partner companies and 69.6 billion won for purchases from partner companies, which was the target of the shared growth agreement. Total amount of purchases from suppliers was 2.9634 trillion won, and the local purchase rate was 45%.

Item	Category	Unit	2011	2012	2013	2014	2015	2016(Goal)
Partner Companies with Shared Growth Agreement	Primary	Sites	69	92	97	75	140	100
	Secondary	Sites	108	131	142	105	174	100
Shared Growth	Total Supported Amount	100 million won	500	725	730	730	780	780
	Purchased amount by Partner Companies	100 million won	682	532	628	678	696	600
Purchased Amount	Total Purchased Amount	100 million won	31,390	33,536	32,190	30,365	29,634	35,117
	Purchasing costs of Raw and Subsidiary Materials	100 million won	27,172	29,175	28,002	26,094	24,990	30,370
	Cost of Equipment Purchases	100 million won	2,367	2,481	2,331	2,368	2,852	3,302
	MRO purchase cost (Including packing material)	100 million won	609	756	831	739	775	939
	Outsourced Processing Cost	100 million won	1,243	1,124	1,026	1,165	1,016	506
Local Purchases	Local Purchase Ratio	%	53	52	49	48	45	43

Social Contribution

Samsung SDI is operating its matching grant program as one of its social contribution fundraising methods, where whenever an employee contributes a certain amount each month, the company also donates the same amount. In 2015, the total amount of matching grants reached a total of 2.48 billion won, comprising of 1.24 billion won from employees and 1.24 billion won from the company. 97.1% of employees participated in social contributions and an average of 7.4 hours per employee was spent on volunteering activities. The company set the standard for hours of participating in volunteering activities at 12 hours in order to vitalize employee participation in 2016.

Item	Category	Unit	2011	2012	2013	2014	2015	2016(Goal)
Matching Grant	Employees	1 million won	300.3	336.9	663.5	1,035.2	1,240.6	1,000.0
	Company	1 million won	300.3	336.9	663.5	1,035.2	1,240.6	1,000.0
	Total sum (Employees+Company)	1 million won	600.6	673.9	1,327.0	2,070.4	2,481.2	2,000.0
Social Contribution Activities Participation Rate		%	94.2	89.9	97.3	100.0	97.1	90.0
Average Volunteering Activity Hours per Employee		Hours	-	9.0	11.0	10.1	7.4	12.0
Accumulated No. of Beneficiaries of Free-of-Charge Eye Surgery (Korea + Overseas)		People	178,733	187,303	196,702	206,124	212,372	221,452

* 2014 matching grant expense was recalculated and revised.

Non-Financial Data

Environmental

Environment

Samsung SDI has been conducting proactive climate change response activities since 2002 to reinforce its image as an eco-friendly company which suits the concept of the business. Samsung SDI emitted 646,292tCO₂e of GHG in 2015, showing a decrease by 11.6%(84,797tCO₂e) YoY, and the company emitted 11,609TJ of energy, which is a 15.2%(2,075TJ) reduction YoY, conforming to the energy and GHG target management system. The company emitted 5.246 million tons of water, decreasing by 17.7% (1.13013 million tons) YoY, due to the termination of PDP business and separation of SDI Chemical's business division.

Item	Category	Unit	2011	2012	2013	2014	2015	
GHG	Direct and Indirect Emissions	Company-wide	tCO ₂ e	908,721	888,856	886,939	731,089	646,292
		Domestic	tCO ₂ e	668,163	641,018	612,850	481,280	356,766
		Overseas	tCO ₂ e	240,558	247,838	274,089	249,809	289,526
		Unit (In Won)	tCO ₂ e/ 100 million won	13.12	12.12	13.38	12.88	13.04
	Other Emissions	Company-wide	tCO ₂ e	-	3,531	2,460	2,473	3,550
		Employee Business Trips	tCO ₂ e	-	2,825	1,860	1,925	2,155
		Product Transportation	tCO ₂ e	-	706	600	549	1,395
Energy	Company-wide	TJ	16,455	16,618	16,278	13,684	11,609	
	Domestic	TJ	13,295	13,473	12,937	10,247	7,612	
	Overseas	TJ	3,160	3,145	3,360	3,436	3,997	
	Unit (In Won)	TJ/100 million won	0.24	0.23	0.25	0.24	0.23	
Water	Company-wide	1000 Tons	9,703	9,043	7,553	6,376	5,246	
	Domestic	1000 Tons	6,444	6,032	5,744	4,751	3,456	
	Overseas	1000 Tons	3,258	3,011	1,809	1,625	1,790	
	Unit (In Won)	1000 Tons/ 100 million won	0.14	0.12	0.11	0.11	0.11	
Treated Water Treatment Amount	Company-wide	1000 Tons	8,304	6,831	6,241	4,196	2,908	
	Domestic	1000 Tons	6,476	5,371	5,481	3,771	2,535	
	Overseas	1000 Tons	1,827	1,461	759	425	373	
	Unit (In Won)	1000 Tons/ 100 million won	0.12	0.09	0.09	0.07	0.06	
Waste	Amount of Emissions	Company-wide	Ton	76,636	61,864	54,760	48,508	48,138
		Domestic	Ton	60,482	43,244	42,641	41,902	35,705
		Overseas	Ton	16,155	18,619	12,119	6,606	12,433
		Unit (In Won)	1000 Tons/ 100 million won	1.11	0.84	0.83	0.85	0.97
	Recycling Rate	Company-wide	%	94.3	94.8	95.5	96.1	95.9
		Domestic	%	96.5	96.5	97.1	97.8	98.9
		Overseas	%	86.2	90.7	89.7	85.4	87.1
	Landfill Rate	Company-wide	%	5.7	5.2	4.5	3.9	3.8
		Domestic	%	3.5	3.5	2.9	2.2	0.8
		Overseas	%	13.8	9.3	10.3	14.6	12.6

Item	Category	Unit	2011	2012	2013	2014	2015	
Hazardous chemicals	Company-wide	Ton	29,047	29,091	25,569	13,517	21,429	
	Domestic	Ton	27,796	28,314	25,324	13,330	20,984	
	Overseas	Ton	1,251	777	245	187	445	
	Unit (In Won)	Tons/100 million won	0.42	0.40	0.39	0.24	0.43	
Pollution Level	Water Quality (Domestic)	BOD	kg/100 million won	3.87	2.58	2.07	0.41	0.09
		COD	kg/100 million won	3.92	3.15	2.52	0.78	0.44
		SS	kg/100 million won	2.48	1.80	2.18	0.53	0.27
	Atmosphere (Domestic)	Nox	kg/100 million won	0.12	0.07	0.15	0.08	0.05
		Sox	kg/100 million won	0.00	0.00	0.00	0.07	0.02
		Dust	kg/100 million won	0.32	0.27	0.23	0.33	0.25
	Substances that destroy the Ozone Layer	Company-wide	kgCFC11eq	1,296	822	369	130	1,487
		Domestic	kgCFC11eq	81	92	86	65	26
		Overseas	kgCFC11eq	1,215	729	283	65	1,461
		Unit (In Won)	kgCFC11eq/100 million won	0.019	0.011	0.006	0.002	0.030

Notes related to the generation of data

1. The scope of data collection includes all production subsidiaries, headquarters, and research centers in Korea and overseas except for sales subsidiaries and offices. (In the case of production subsidiaries, only those with production records in 2015 were included)
2. The sales used for calculating intensity is the sum of annual sales of both energy and electronic materials businesses. (excluding chemical business)
3. Wastewater output represents the amount of treated process water and excludes sewage water. (municipal wastewater)
4. Hazardous chemicals data is based on the substances in Korea's Toxic Chemicals Control Act.
5. The reason why reporting of substance emission volume for atmospheric and water pollutants was limited to domestic cases was because some overseas corporate bodies have a different legal measuring cycle of pollution items that it is difficult to derive the annual unit.
6. The GHG verification statement on page 78 includes the chemical business division. Therefore, the data from page 85 and 78 have some discrepancies in numbers. (As for the environmental data, if there were any changes due to the sale of Samsung SDI's Chemical Division, the data was recalculated and reported.)

Employee's rate of injury (Number of accidents / Total work hours × 1,000,000)

Category		2011	2012	2013	2014	2015
Company-wide		0.74	0.46	0.35	0.34	0.47
By Region	Domestic	0.10	0.19	0.13	0.22	0.32
	Overseas	1.40	0.70	0.58	0.52	0.64

Employee's rate of loss (Days of loss / Total work hours × 1,000,000)

Category		2011	2012	2013	2014	2015
Company-wide		22.48	18.57	18.59	17.19	13.09
By Region	Domestic	2.60	18.41	9.14	21.13	15.15
	Overseas	42.73	18.72	27.88	11.55	10.63

1. Rate of injury and rate of loss since 2014 was marked as the total for Samsung SDI and the former materials division of Cheil Industries.
2. When calculating the rate of injury and rate of loss, the number of scales was changed to one million, and previous years were included and recalculated.
 Rate of injury = Total accidents / Total work hours × 1,000,000
 Rate of loss = Total absences / Total work hours × 1,000,000
3. Recuperation cases in 2016 were excluded from the calculation of rate of loss for 2015.

GRI Index

General Standard Disclosures

Aspect	Indicators	Managerial Issues Report Contents	Page	Related Compilation	External Assurance
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy	6, 7		V
	G4-2	Provides a description of key impacts, risks, and opportunities	28-35,38, 42, 46,50, 56		V
	G4-3	Report the name of the organization	86		V
	G4-4	The primary brands, products, and services	24-25, 28-35		V
	G4-5	The location of headquarters	88		V
	G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	10-11		V
	G4-7	The nature of ownership and legal form	9		V
Organizational Profile	G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	10-11		V
	G4-9	Scale of the organization	10-11		V
	G4-10	Total workforce	10, 76		V
	G4-11	The percentage of total employees covered by collective bargaining agreements	70		V
	G4-12	The organization's supply chain	50, 53-54		V
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	4-5		V
	G4-14	Whether and how the precautionary approach or principle is addressed by the organization	18-19		V
	G4-15	List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	53-54		V
	G4-16	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which the organization	59		V
	Identified Material Aspects And Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	2	
G4-18		The process for defining the report content and the Aspect Boundaries	64-65		V
G4-19		List all the material Aspects identified in the process for defining report content	65		V
G4-20		For each material Aspect, report Aspect Boundaries within the organization	65		V
G4-21		For each material Aspect, report the Aspect Boundaries outside the organization	65		V
G4-22		The effect of any restatements of information provided in previous reports, and the reasons for such restatements	2		V
G4-23		Significant changes from previous reporting periods in the Scope and Aspect Boundaries	4-5		V
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	63		V
	G4-25	Basis for identification and selection of stakeholders with whom to engage	63		V
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	63		V
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	63-65		V
Report Profile	G4-28	Reporting period such as fiscal or calendar year for information provided	2		V
	G4-29	Date of most recent previous report (if any)	2		V
	G4-30	Reporting cycle such as annual, biannual	2		V
	G4-31	Provide the contact point for questions regarding the report or its contents	2		V
	G4-32	Report the 'in accordance' option that the organization has chosen	2		V
	G4-33	Report the organization's policy and current practices with regard to seeking external assurance for the report	86-87		V

Aspect	Indicators	Managerial Issues Report Contents	Page	Related Compilation	External Assurance
Governance	G4-34	The governance structure of the organization, including committees of the highest governance body	16		V
	G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	62		
	G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	62		
	G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics and if consultation is delegated, to whom is delegated to and any feedback processes to the highest governance body	62		
	G4-38	The composition of the highest governance body and its committees (Executive or non-executive, independence, tenure on the governance body, number of each individual's other significant positions and commitments, and the nature of the commitments, gender, membership of under-represented social groups, competences relating to economic, environmental and social impacts, stakeholder representation)	17		
	G4-39	Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	16		
	G4-40	The nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members (Whether and how diversity, independence, expertise and experience relating to economic, environmental and social topics are considered and how stakeholders are involved)	16-17		
	G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed, and whether conflicts of interest are disclosed to stakeholders (Cross-border membership, cross-shareholding with suppliers and other stakeholders, Existence of controlling shareholder, etc.)	17		
	G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	62		
	G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	62		
	G4-44	The processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	GRI Index	None	
	G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes	62		
	G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	18		
	G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	62		
	G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	62		
	G4-49	The process for communicating critical concerns to the highest governance body	62		
	G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	GRI Index	None	
	G4-51	The remuneration policies for the highest governance body and senior executives	17		
	G4-52	The process for determining remuneration	17		
	G4-53	How stakeholders' views are sought and taken into account regarding remuneration (if applicable)	GRI Index	None	
G4-54	The ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	GRI Index	None		
G4-55	The ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	GRI Index	None		
Ethics and Integrity	G4-56	The organization's values, principles, standards and behavioral norms such as codes of conduct and codes of ethics	9, 20		V
	G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	21		
	G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	GRI Index	None	

Specific Standard Disclosures - Economic

Aspect	Indicators	Managerial Issues Report Contents	Page	Related Compilation	External Assurance
Economic performance	EC1	Direct economic value generated and distributed	13, 15, 74-75		V
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	42-44		V
	EC3	Coverage of the organization's defined benefit plan obligations	GRI Index	None	V
	EC4	Financial assistance received from government	27, 53		V
	EC6	Proportion of senior management hired from the local community at significant locations of operation	49		V
Indirect Economic Effects	EC7	Significant indirect economic effects, including the extent of impact	67-69		
	EC8	Development and impact of infrastructure investments and services supported	49, 67-69, 77		
Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	77		V

Specific Standard Disclosures - Environmental

Aspect	Indicators	Managerial Issues Report Contents	Page	Related Compilation	External Assurance
Materials	EN1	Materials used by weight or volume	45		
	EN2	Percentage of materials used that are recycled input materials	45, 78		
Energy	EN3	Energy consumption within the organization	45, 78		V
	EN4	Energy consumption outside of the organization	45, 78		V
	EN5	Energy intensity	78		V
	EN6	Reduction of energy consumption	43		V
	EN7	Reductions in energy requirements of products and services	43		V
Water	EN8	Total water withdrawal by source	45, 78		
	EN9	Water sources significantly affected by withdrawal of water	GRI Index	None	
	EN10	Percentage and total volume of water recycled and reused	78		
Biodiversity	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	GRI Index	None	
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	GRI Index	None	
	EN13	Habitats protected or restored	GRI Index	None	
	EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	GRI Index	None	
Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	45, 78		V
	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	45, 78		V
	EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	45, 78		V
	EN18	Intensity of greenhouse gas (GHG) emissions	78		V
	EN19	Reduction of greenhouse gas (GHG) emissions	44		V
	EN20	Emissions of ozone-depleting substances (ODS)	79		V
	EN21	Nox, Sox, and other significant air emissions	79		V
Effluents and Waste	EN22	Total water discharge by quality and destination	GRI Index	None	V
	EN23	Total weight of waste by type and disposal method	45, 78		V
	EN24	Total number and volume of significant spills	GRI Index	No incidents of related case	V
	EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex i, ii, iii, and viii, and percentage of transported waste shipped internationally	GRI Index	No incidents of related case	V
Products and Services	EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	GRI Index	No incidents of related case	V
	EN27	Extent of impact mitigation of environmental impacts of products and services	44		V
	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	GRI Index	None	V

Aspect	Indicators	Managerial Issues Report Contents	Page	Related Compilation	External Assurance
Compliance	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	GRI Index	No incidents of related case	V
Transport	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	45		
Overall	EN31	Total environmental protection expenditures and investments by type	13, 66		V
Supplier	EN32	Percentage of new suppliers that were screened using environmental criteria	53		
Environment	EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	53		
Environmental Grievance Mechanisms	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	GRI Index	No incidents of related case	

Specific Standard Disclosures - Social

Aspect	Indicators	Managerial Issues Report Contents	Page	Related Compilation	External Assurance
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	76		V
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	71-72		V
	LA3	Return to work and retention rates after parental leave, by gender	77		
Labor/ Management Relations	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	70		
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	39		V
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	79		V
	LA7	Workers with high incidence or high risk of diseases related to their occupation	39		V
	LA8	Health and safety topics covered in formal agreements with trade unions	40		V
Training and Education	LA9	Average hours of training per year per employee, by gender, and by employee category	48, 77		V
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	72		V
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	47		V
Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	76		
Supplier	LA14	Percentage of new suppliers that were screened using labor practice criteria	53		V
Assessment for Labor Practices	LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	53		V
Labor practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	GRI Index	No incidents of related case	
Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	54		V
	HR2	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	53		
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	GRI Index	No incidents of discrimination	
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	70		

Aspect	Indicators	Managerial Issues Report Contents	Page	Related Compilation	External Assurance
Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	53-54		
Forced or Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	53-54		
Security Practices	HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	GRI Index	None	
Indigenous Rights	HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	GRI Index	No incidents of related case	
Assessment	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	53		
Supplier Human Rights Assessment	HR10	Percentage of new suppliers that were screened using human rights criteria	53		
	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	53-54		
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	GRI Index	No incidents of related case	
Local Communities	S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	69		
	S02	Operations with significant actual and potential negative impacts on local communities	GRI Index	No incidents of related operations	
Anti-corruption	S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	21		
	S04	Communication and training on anti-corruption policies and procedures	21		
	S05	Confirmed incidents of corruption and actions taken	21		
Public Policy	S06	Total value of political contributions by country and recipient/beneficiary	GRI Index	None	
Anti-competitive Behavior	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	GRI Index	No incidents of related case	V
Compliance	S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	GRI Index	No incidents of related case	
Supplier Assessment for Impacts on Society	S09	Percentage of new suppliers that were screened using criteria for impacts on society	53		
	S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	53		
Grievance Mechanisms for Impacts on Society	S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	GRI Index	No incidents of related case	
Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	59		V
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	GRI Index	No incidents of related case	V
Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements	24-25, 59		
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	GRI Index	No incidents of related case	V
	PR5	Results of surveys measuring customer satisfaction	58-59		
Marketing Communication	PR6	Sale of banned or disputed products	GRI Index	No incidents of related case	
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	GRI Index	No incidents of related case	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and loss of customer data	GRI Index	No incidents of related case	
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	GRI Index	No incidents of related case	



Verification Statement on GHG Emission



Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been approached by Samsung SDI Co., Ltd.(hereinafter 'the Company') to independently verify its 2015 Greenhouse Gas Emission Report according to the 'Greenhouse Gas and Energy Target Management Scheme (Notification No.2014-186 of Ministry of Environment)' and 'ISO-14064-1:2006', and KFQ has the responsibility to conduct verification based on ISO 14064-3 to provide verification opinion on compliance of the Report against verification criteria.

Verification Scope

In this verification, domestic corporations and 6 overseas subsidiaries under operational control of Samsung SDI Co., Ltd., and reported emissions in including Scope 1 (Direct) and Scope 2 (Indirect) emissions. Scope 3(Indirect-business trip and logistics) is also considered in the total scope of Greenhouse Gas Emissions.

Verification opinion

Through the verification process according to ISO 14064-3, KFQ could obtain reasonable basis to express following conclusion on the Greenhouse Gas Emissions.

- 1) 2015 Samsung SDI Co., Ltd., Greenhouse Gas Emission Report was prepared in accordance with the 'Greenhouse Gas and Energy Target Management Scheme' and 'ISO 14064-1:2006'
- 2) As a result of the materiality assessment of the 2015 domestic Greenhouse Gas Emissions (Scope 1 and Scope 2), material discrepancy is less than the criteria of 2.5% for the organization who emits more than 500,000tCO₂e/year and less than 5,000,000tCO₂e/year in accordance with the requirements of the 'Greenhouse Gas Emission Management Scheme';
- 3) For the 6 overseas subsidiaries, material assessment was conducted according to the document review result and it shows that material discrepancy is less than 5.0%.
- 4) Among reported Greenhouse Gas Emissions, purchased electricity and LNG consumption occupy the largest percentage of total emissions. Activity data of those emission sources were checked through the objective evidence provided by supplier, therefore, KFQ can confirm the validity of the data. For the overseas subsidiaries, national net caloric value and electricity emission factor were preferentially used but net caloric value in 'Greenhouse Gas and Energy Target Management Scheme' was used in the event of data absence. For Scope 3 of domestic corporations, emissions were calculated according to company methodology considering travel distance for business trips. In addition, for the factors considered in emission calculation, data was recorded in accordance with the latest updates available in the 2015 Greenhouse Gas Emission Report against internal guidelines of Samsung SDI Co., Ltd.
- 5) Except unconsidered emission sources in the 'Samsung SDI Co., Ltd., Greenhouse Gas Inventory Guideline', material error, omission or insignificant issues were not found within the 2015 Samsung SDI Co., Ltd., Greenhouse Gas Emission Report.

Samsung SDI Co., Ltd., 2015 Greenhouse Gas Emissions

Unit: tCO₂e_q

Report year		2015. 1. 1~2015. 12. 31							
Verification Scope		Domestic	Overseas						Overseas Total
			Tianjin	Suzhou	Xi'an	Austria	Malaysia	Vietnam	
GHG	Scope 1, 2	746,844	153,293	2,912	25,545	39	101,996	5,741	287,526
Emissions	Scope 3	3,550							

April 25th, 2016

Daehyun Nam
President & CEO Korean Foundation for Quality

Third Party Verification Statement

Preface

DNV GL Business Assurance Korea. (hereinafter "DNV GL"), a member of the DNV GL Group, is commissioned to carry out an independent third-party assurance engagement of the Sustainability Report 2015 (hereinafter "the Report") of Samsung SDI Co., Ltd. (hereinafter "Samsung SDI").

Samsung SDI is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL's responsibility in performing the work follows terms of reference and scope of work agreed.

The assurance engagement is based on the assumption that the data and information provided to DNV GL is complete, sufficient and authentic.

Scope of Assurance

This Assurance Engagement covered data from the 2015 calendar year. The scope of DNV GL's Assurance Engagement includes the review and assessment of the following:

- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS) 2008 with Type 1, a moderate level of assurance as stated in AA1000 Assurance Standard (AS) 2008. Decision on sustainability report content following GRI G4 and evaluation on quality definition principles
- Verification of disclosure is prepared in accordance with the GRI Guidelines G4 ('In accordance' - Core) (Aggregated level of data that refers to the period between January and December in 2015)
- Major decision processes for the drafting of the Report, management approach process regarding important issues, and qualitative and quantitative data calculation, aggregation and management processes

Verification Method

The process of verification was conducted in the form of restricted assurance according to the DNV GL Sustainable Management Report Verification Protocol (VeriSustain™¹) and AA1000AS(2008). The verification was conducted at Samsung SDI's headquarters between April and May of 2016.

Verification was implemented in the following method based on sampling technique.

- Confirmation of phrases and claims within the Report, data management system utilized in the drafting of the report, evaluation of information flow and robustness of control
- Interview with managers of major divisions
- Review of documents, data sampling, database utilized in the drafting of the Report, testing of computer system
- Review of Materiality Assessment Results

Limitations

The engagement excluded the sustainability management, performance and reporting practices of Samsung SDI's affiliated companies, suppliers, contractors and any third-parties mentioned in the report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Financial statements, information included in the Financial Supervisory Service's DART System (<http://dart.fss.or.kr>) and data listed on the website of Samsung SDI are not included in the scope of the assurance. As for data verification, questions were asked and analysis was conducted on the data collected by Samsung SDI and a confirmation of the basis was carried out in a limited scope including a limited form of sampling method. Economic performance based on financial data were cross-checked with internal documents and audited financial statements. The aggregation and calculation process for creating economic performance is reviewed and tested by the verification team. The baseline data for environment and social performance are not verified, while the aggregated data are used for the verification. DNV GL expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Assurance Statement.

1: The VeriSustain protocol is available on DNV GL website(www.dnvgl.com).

Conclusion

DNV GL found no inappropriate aspect in Samsung SDI's report. Its reports and application of decisions and principles suggested in AA1000AP(2008) were deemed to be just and fair. DNV GL confirms that the report is 'in accordance' with the Guidelines – Core. Further conclusions and observations on the Adherence to the principles of Inclusivity, Materiality and Responsiveness, as set forth in the AA1000APS(2008) are made below:

The Foundation Principle of Inclusivity

Samsung SDI, in consideration of the direct and indirect impact of business activities, classifies the company's stakeholders into customers, shareholders and investors, employees, partner companies, government institutions, industrial associations, research institutions, local communities and NGOs.

Materiality

The materiality determination process is clearly presented in the Report.

Issue pool to identify material issues is formed by analyzing internal and external information sources. Major issues were selected based on possibility of occurrence and level of impact.

The eleven identified material issues were prioritized by reflecting the opinions of stakeholders.

Responsiveness

The communication channel with stakeholders is well presented in this Report and stakeholder's views, interests and expectations have been considered in the preparation of this report. The Report provides information on the activities and performances of Samsung SDI within the material aspects of sustainability which took place in the reporting period. Response to material issues are mainly covered in the Report.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported to Samsung SDI's management.

However, these do not affect our conclusions on the report and are provided to encourage continual improvement.

Outcome information should state the economic, environmental, social contributions within each area in the larger context of sustainability from a regional, national and international level rather than an independent report.

Statement of Competence and Independence

DNV GL Business Assurance is a member of the DNV GL Group. It is an international institution that provides services related to sustainable management service including certification, verification, evaluation and educational training. DNV GL Business Assurance supports the company so that it yields a sustainable business outcome.

DNV GL's expert judges in the areas of environment and social verification are active in 100 countries around the world. Verification of Samsung SDI's report was conducted independently by a well-qualified team of judges with expertise and competence. DNV GL was not involved in the preparation of any statement or data included in the report except for this assurance statement.

May 13, 2016
Seoul, Republic of Korea

CEO In-gyun An
DNV GL Business Assurance Korea Co., Ltd.



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sustainability Management <http://www.samsungsdi.co.kr/sustainable-management/index.html>

Ethics Management <http://www.samsungsdi.co.kr/cyber-audit/ethics-management.html>

VOC System (Voice of Customers)

You can make your voice heard in the 'VOC' section of the Samsung SDI website.

<http://www.samsungsdi.co.kr/information.html>

Date of Publication June 2016

Publisher Samsung SDI Co., Ltd.

SAMSUNG SDI 



This report is printed on FSCTM (Forest Stewardship Council) Certified paper with soy ink.