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Financial data

Consolidated financial statements

[47th: 2016.01.01 – 2016.12.31 / 46th: 2015.01.01 – 2015.12.31 / 45th: 2014.01.01 – 2014.12.31]

(Unit: KRW)

Category	End of 47 th	End of 46 th	End of 45 th
Assets			
Current Assets	3,958,265,726,800	4,773,880,158,248	3,535,554,752,845
Cash and Cash Equivalents	1,011,701,875,328	1,287,968,374,149	627,528,154,780
Account Receivable and Other Receivable	1,046,794,723,821	1,203,289,301,635	980,557,546,761
Inventories	729,058,574,260	749,950,201,656	768,553,751,371
Other Investment Assets	932,699,739,874	595,558,128,244	1,079,633,824,110
Other Current Assets	158,666,025,997	78,710,193,661	72,824,605,032
Non-current Assets Held for Sale	79,344,787,520	858,403,958,903	6,456,870,791
Non-current Assets	10,942,045,507,407	11,451,423,299,504	12,432,995,192,968
Account Receivable and Other Receivable	5,145,658,180	65,848,344,133	11,213,383,924
Investments in Associates	5,525,570,909,727	5,172,923,891,838	4,979,017,315,650
Tangible Assets	2,503,794,949,241	3,228,961,726,889	3,324,877,551,267
Intangible Assets	941,686,030,402	1,277,621,026,307	1,278,941,592,372
Real Estate Investments	145,683,976,159	228,181,655,070	168,727,599,423
Pre-paid Salary Assets	15,732,302,823		
Deferred Tax Assets	38,421,655,680	40,764,514,720	41,031,050,861
Other Investment Assets	1,626,791,063,141	1,298,649,901,851	2,549,201,274,326
Other Non-current Assets	139,218,962,054	138,472,238,696	79,985,425,145
Total Assets	14,900,311,234,207	16,225,303,457,752	15,968,549,945,813
Liabilities			
Current Liabilities	2,212,795,893,287	3,201,335,106,805	2,254,255,230,289
Account Payables and Other Payables	1,658,167,209,814	2,068,729,998,495	1,232,310,509,047
Income Tax Payable	43,097,065,919	17,250,350,548	16,653,576,240
Advance Payment	77,372,218,374	48,343,481,753	29,989,860,158
Unearned Revenue	50,198,579,787	19,820,912,000	885,450
Short-term Loan	383,960,819,393	1,047,190,364,009	975,300,399,394
Non-Current Liabilities	1,723,405,113,962	1,770,775,498,102	1,887,383,423,523
Account Payables and Other Payables	218,037,566,906	125,909,534,438	33,834,787,288
Long-term unearned revenue	69,135,389,783	60,737,684,095	
Long-term Loan	566,585,621,889	702,450,008,323	802,528,419,672
Salary Payables		79,274,231,719	11,525,367,608
Derivative Liabilities	19,211,000,000		
Deferred Tax Liabilities	850,435,535,384	802,404,039,527	1,039,494,848,955
Total Liabilities	3,936,201,007,249	4,972,110,604,907	4,141,638,653,812
Stockholder's Equity			
Controlling Interest	10,722,130,891,929	11,011,996,227,176	11,586,432,044,314
Paid-in-Capital	356,712,130,000	356,712,130,000	356,712,130,000
Capital Stock	356,712,130,000	356,712,130,000	356,712,130,000
Other Capital	5,370,701,484,132	5,802,144,525,108	6,367,398,000,940
Other Capital Surplus	5,031,244,206,194	5,031,244,206,194	5,032,600,515,360
Other Capital	-251,530,117,715	-10,848,672,785	-10,848,672,785
Other Comprehensive Income	590,987,395,653	781,748,991,699	1,345,646,158,365
Retained Earnings (Deficit)	4,994,717,277,797	4,853,139,572,068	4,862,321,913,374
Non-Controlling Interests	241,979,335,029	241,196,625,669	240,479,247,687
Total Stockholder's Equity	10,964,110,226,958	11,253,192,852,845	11,826,911,292,001
Total Liabilities and Equity	14,900,311,234,207	16,225,303,457,752	15,968,549,945,813

Consolidated Statement of Comprehensive Income

[47th: 2016.01.01 – 2016.12.31 / 46th: 2015.01.01 – 2015.12.31 / 45th: 2014.01.01 – 2014.12.31] (Unit: KRW)

Category	End of 47 th	End of 46 th	End of 45 th
Revenue	5,200,822,510,213	4,954,861,345,574	5,474,221,640,643
Cost of Goods Sold	4,450,250,017,519	4,114,742,488,185	4,545,477,394,273
Gross Profit	750,572,492,694	840,118,857,389	928,744,246,370
Selling and Administrative Expenses	1,676,905,126,686	1,107,612,751,925	857,926,737,765
Operating Income (Loss)	-926,332,633,992	-267,493,894,536	70,817,508,605
Other Income	522,463,321,541	839,362,791,868	233,600,659,254
Other Expenses	649,922,869,981	1,000,732,520,120	303,118,318,782
Financial Income	285,569,134,952	170,296,343,485	193,321,655,086
Financial Expenses	297,649,578,505	191,449,335,919	185,521,932,442
Gains and Losses from Equity Method	245,178,733,518	279,900,381,630	190,268,411,849
Earnings (Loss) Before Taxes	-820,693,892,467	-170,116,233,592	199,367,983,570
Income Tax Expense (Income)	57,809,852,547	-39,218,616,879	47,249,364,484
Income (Loss) from Continuing Operations	-878,503,745,014	-130,897,616,713	152,118,619,086
Income (Loss) from Discontinued Operations	1,089,614,935,226	156,583,382,456	-232,433,056,543
Net Income (Loss)	211,111,190,212	25,685,765,743	-80,314,437,457
Other Comprehensive Income	-222,175,443,064	-555,798,152,226	324,195,161,005
Items that will not be reclassified to profit or loss	-7,514,539,894	7,285,128,783	-22,409,872,125
Re-measurement of Net Defined Benefit Liabilities	-9,891,811,881	9,591,501,399	-29,611,203,257
Tax effects	2,377,271,987	-2,306,372,616	7,201,331,132
Items that may be reclassified to profit or loss	-214,660,903,170	-563,083,281,009	346,605,033,130
Revaluation of derivatives		279,629,986	-810,278,096
Revaluation of financial assets available for sale	-319,318,208,339	-732,330,579,246	345,363,047,066
Changes in the capital under Equity Method	107,468,284,369	-35,382,509,548	74,416,351,932
Foreign currency translation	-54,772,638,958	21,165,811,745	15,578,551,140
Tax effects	51,961,659,758	183,184,366,054	-87,942,638,912
Total Comprehensive Income	-11,064,252,852	-530,112,386,483	243,880,723,548
Net Income (Loss) Attributable to			
Controlling Interest	219,405,853,323	53,846,137,611	-83,847,754,497
Non-Controlling Interest	-8,294,663,111	-28,160,371,868	3,533,317,040
Comprehensive Income (Loss) Attributable to:			
Controlling Interest	21,129,717,383	-502,765,900,272	237,482,223,190
Non-Controlling Interest	-32,193,970,235	-27,346,486,211	6,398,500,358
Earnings Per Share (EPS)			
Basic EPS (Loss per share)	3,133	766	-1,458
EPS from Continuing Operations (Loss per share)	-12,434	-1,458	2,580
EPS from Discontinued Operations (Loss per share)	15,567	2,224	-4,038
Diluted EPS (Loss per share)	3,133	766	-1,458
Diluted EPS from Continuing Operations (Loss per share)	-12,434	-1,458	2,580
Diluted EPS from Discontinued Operations (Loss per share)	15,567	2,224	-4,038

GRI(Global Reporting Initiative) 4.0

General Standard Disclosures

GRI G4	No.1	Description	page	External Assurance	
Strategy and Analysis	G4-1	Statement from the most senior decisionmaker of the organization (incl. strategy relates to sustainability, impacts of the activities in relation to the stakeholders)	4~5	●	
	G4-2	Description of key impacts, risks, and opportunities	16	●	
	G4-3	Name of the organization	2	●	
	G4-4	Primary brands, products, and/or services	22~23	●	
	G4-5	Location of organization's headquarters	2	●	
	G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	10~11	●	
	G4-7	Nature of ownership and legal form	11	●	
	G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	10, 22~23	●	
Organizational Profile	G4-9	Scale of the reporting organization	10~11	●	
	G4-10	The total workforce by employment type, gender, employment contract and region	56	●	
	G4-11	The percentage of total employees covered by collective bargaining agreements.	53	●	
	G4-12	Describe the organization's supply chain	42	●	
	G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	2	●	
	G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	43, 48~49	●	
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	43	●	
	G4-16	List memberships of associations (such as industry associations)	12	●	
	G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures(List all entities in the consolidated financial statements)	10~11, Business report 3~5	●	
	G4-18	Process for defining report content and the Aspect Boundaries and explain how the Reporting Principles has been implemented	2, 14	●	
	G4-19	List all the material Aspects identified in the process for defining report content	14~15, 17	●	
	G4-20	The Aspect Boundary within the organization: Whether the Aspect is material within the organization; The list of entities included in G4-17 for which the Aspect is or is not material; Specific limitation regarding the Aspect Boundary within the organization	16	●	
	G4-21	The Aspect Boundary outside the organization: Whether the Aspect is material outside the organization; The list of entities for which the Aspect is material, relate to geographical location; Specific limitation regarding the Aspect, Boundary outside the organization	16	●	
	G4-22	Explanation the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	11	●	
	Identified material aspects and boundaries	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	2	●
		G4-24	The list of stakeholder groups engaged by the organization.	12	●
G4-25		The basis for identification and selection of stakeholders with whom to engage	12	●	
G4-26		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	12	●	
G4-27		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting; Report the stakeholder groups that raised each of the key topics and concerns	16	●	
G4-28		Reporting period (such as fiscal or calendar year) for information provided	2	●	
G4-29		Date of most recent previous report	2	●	
G4-30		Reporting cycle	2	●	
Report profile	G4-31	Provide the contact point for questions regarding the report or its contents	2	●	
	G4-32	Table identifying the location of the Standard Disclosures in the report	68~70	●	
	G4-33	Policy and current practice with regard to seeking external assurance for the report	72~73	●	
	G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	52	●	
	G4-35	Process for delegating authority for economic, environmental and social topics	12	●	
	G4-36	Report 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	12	●	
Governance	G4-38	The composition of the highest governance body and its committees	52	●	
	G4-39	Report whether the Chair of the highest governance body is also an executive officer	52	●	
	G4-40	Report 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.	52	●	
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	52~53	●	
	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	12	●	
	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	12	●	
	G4-51	The remuneration policies for the highest governance body and senior executives	52	●	
	G4-52	The process for determining remuneration; Whether remuneration consultants are involved	52	●	
	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	34	●	
	Ethics and integrity	G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	34	●
		G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	34	●

Specific Standard Disclosure

GRI G4	No.1	Description	page	External Assurance
Disclosure on Management Approach	G4-DMA	a. The mechanisms for evaluating the effectiveness of the management approach b. The results of the evaluation of the management approach c. Any related adjustments to the management approach	16~17	●
Economic				
Economic Performance	G4-EC1	Direct economic value generated and distributed	8~9	●
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	18~19	
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	60	●
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	63	●
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	52~55	
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	18~19	
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	46	●
Environmental				
Energy	G4-EN3	Energy consumption within the organization	49	●
	G4-EN5	Energy intensity	49	●
	G4-EN6	Reduction of energy consumption	48~49	●
Water	G4-EN8	Total water withdrawal by source	58	
	G4-EN10	Percentage and total volume of water recycled and reused	58	
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	49	●
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	49	●
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	49	●
	G4-EN18	Greenhouse gas (GHG) emissions intensity	49	●
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	49	●
	G4-EN20	Emissions of ozone-depleting substances (ODS)	58	●
	G4-EN21	NOX, SOX, and other significant air emissions	58	
	G4-EN23	Total weight of waste by type and disposal method	58	●
	G4-EN24	Total number and volume of significant spills	No incidents	
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	18~19	
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No incidents	●
Supplier environmental assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	43	●
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	43, 47	●
Environmental grievance mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	34	●
Social				
Labor practices and decent work				
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	63	●
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	61	●
	G4-LA3	Return to work and retention rates after parental leave, by gender	63	●
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	60	●
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	60	●
	G4-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	39	●
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	60	●

GRI(Global Reporting Initiative) 4.0

Specific Standard Disclosure

GRI G4	No.1	Description	page	External Assurance
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	63	●
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	60	●
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	60	●
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	63	
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	61	
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	43	●
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	43, 45	●
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	34	●
Human Rights				
Investment	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	35	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	60	●
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	43, 45	
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	60	
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	60	
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	43	●
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	43, 45	●
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	34	●
Society				
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	54~57	
	G4-SO2	Operations with significant actual or potential negative impacts on local communities	n/a	
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	35	●
	G4-SO4	Communication and training on anti-corruption policies and procedures	35	●
	G4-SO5	Confirmed incidents of corruption and actions taken	34~35	●
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	n/a	
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	35	
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	35	●
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	43	●
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	43, 45	●
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	34	●
Product Responsibility				
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	27, 28	●
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	27, 28	●
Product and Service Labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	n/a	
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	n/a	
	G4-PR5	Results of surveys measuring customer satisfaction	28~29	●
Marketing Communications	G4-PR6	Sale of banned or disputed products	n/a	
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No incidents	
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No incidents	

GHG Verification Statement



Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged by Samsung SDI Co., Ltd.(hereinafter the 'Company') to independently verify its 2016 Greenhouse Gas Emission Report of domestic corporations and 9 overseas subsidiaries.

It is the responsibility of the Company to compile the Greenhouse Gas Emission Report according to the 'Greenhouse Gas and Energy Target Management Scheme (Notification No. 2014-186 of Ministry of Environment)', 'Guidelines for GHG emission reporting and certification of GHG emission trading scheme (Notification No. 2016-15 of Ministry of Strategy and Finance)', and 'ISO 14064-1:2006', and KFQ has responsibility to conduct verification based on the ISO 14064-3 to provide verification opinion on compliance of the Report against verification criteria.

Verification Scope

In this verification, domestic corporations and 9 overseas subsidiaries under operational control of Samsung SDI Co., Ltd., and reported emission in including Scope 1(Direct) and Scope 2(Indirect) emission. Scope 3(Indirect-business trip and logistics) is also considered in total Greenhouse Gas Emission.

Verification Opinion

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

(1) 2016 Samsung SDI Co., Ltd., Greenhouse Gas Emission Report was prepared against "Greenhouse gas and energy target management scheme." 'Guidelines for emission reporting and certification of green-

house gas emission trading scheme', and 'ISO 14064-1:2006':

(2) As a result of materiality assessment on 2016 domestic Greenhouse Gas Emission(Scope 1 and Scope 2), material discrepancy is less than the criteria of 5% for the organization who emits less than 500,000tCO₂e/yr in accordance with the requirements of the 'Guidelines of verification for Greenhouse gas emission trading scheme':

(3) For the 9 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 Emission purchased electricity and LNG consumption take most of total emission. Activity data of these emission sources were checked through the objective evidence provided by supplier therefore KFQ could confirm that these activity data is valid itself.

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 case of nonexistence of it.

For the Scope 3 of the domestic corporation, its emission was calculated according to the Company methodology considering travel distance for business trip only by objective evidence. And for the factors considered in emission calculation, the latest factor was used thus consistency and correctiveness is subordinated in 2016 Greenhouse Gas Emission Report against Samsung SDI Co., Ltd., internal guideline.

(5) Except unconsidered emission source in the 'Samsung SDI Co., Ltd., Greenhouse Gas Inventory Guideline', material error, omission or insignificant issues was not founded in 2016 Samsung SDI Co., Ltd., Greenhouse Gas Emission Report.

Report year		2016.1.1~2016.12.31										
Verification Scope		Domestic	Overseas									Oversea Sum
			Tianjin	Suzhou	Xian	Austria	Malaysia	Vietnam	chang-chun	hefei	wuxi	
GHG Emission	Direct Emission (Scope 1,2)	379,701	192,792	4,646	42,598	61	103,045	6,435	165	1,301	17,182	368,225
	Indirect Emission (Scope 3: Business trip and logistics for the domestic corporation)	2,952	-									

[2016 Samsung SDI Co., Ltd., Greenhouse Gas Emission]

May 22th 2017

Daehyun Nam
President & CEO Korean Foundation for Quality

Third-party Verification Statement



LRQA Independent Assurance Statement

Relating to Samsung SDI Co., Ltd.'s Sustainability Report for the 2016 calendar year

This Assurance Statement has been prepared for Samsung SDI Co., Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance (LRQA) was commissioned by Samsung SDI Co., Ltd. (Samsung SDI) to provide independent assurance on its 'Samsung SDI Sustainability Report 2016' ("the report") against the assurance criteria below to a moderate level of assurance using AA1000AS (2008), where the scope was a Type 2 engagement.

Our assurance engagement covered Samsung SDI's operations and activities in Korea and overseas specifically the following requirements:

- **Evaluating adherence to AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness**
- **Confirming that the report is in accordance with:**
 - GRI G4's1 reporting guidelines Core option
- **Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:**
 - Economic: economic performance (EC1), market presence (EC5, EC6), procurement practices (EC9)
 - Environmental: energy (EN3, EN5, EN6), emissions (EN15, EN16, EN17, EN18, EN19, EN20), effluents and waste (EN23), compliance (EN29), supplier environmental assessment (EN32, EN33), environmental grievance mechanisms (EN34)
 - Social: employment (LA1, LA2, LA3), labor/management relations (LA4), occupational health and safety (LA5, LA6, LA8), training and education (LA9, LA10, LA11), supplier assessment for labor practices (LA14, LA15), labor practices grievance mechanisms (LA16), non-discrimination (HR3), supplier human rights assessment (HR10, HR11), human rights grievance mechanisms (HR12), anti-corruption (SO3, SO4, SO5), compliance (SO8), supplier assessment for impacts on society (SO9, SO10), grievance mechanisms for impacts on society (SO11), customer health and safety (PR1, PR2), product and service labelling (PR5)

Our assurance engagement excluded the data and information of Samsung SDI's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to Samsung SDI. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Samsung SDI's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Samsung SDI.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Samsung SDI has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- **Assessing Samsung SDI's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.**
- **Reviewing Samsung SDI's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by Samsung SDI and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether Samsung SDI makes informed business decisions that may create opportunities that contribute towards sustainable development.**
- **Auditing Samsung SDI's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.**
- **Reviewing supporting evidence made available by Samsung SDI at their head office in Gyeonggi-do and Cheonan production site in Chungcheongnam-do, Korea.**

¹ <https://www.globalreporting.org>

- Checking the report boundary covers all sites in Korea and overseas presented in the overview of the report.
- Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

Observations

Further observations and findings, made during the assurance engagement, are:

- **Stakeholder inclusivity:**
We are not aware of any key stakeholder groups that have been excluded from Samsung SDI's stakeholder engagement process.
- **Materiality:**
We are not aware of any material issues concerning Samsung SDI's sustainability performance that have been excluded from the report. It should be noted that Samsung SDI has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management. However, Samsung SDI should improve the materiality process by ensuring that the results from stakeholder engagement in place at overseas operations are reviewed and reflected when Samsung SDI defines material issues centrally.
- **Responsiveness:**
Samsung SDI has reported its sustainability performance in Korea and overseas in the report. Some data sets and information do not include some or all of the overseas operations and Samsung SDI has annotated these in the report if the geographical boundary is different. However, Samsung SDI should strengthen processes so that when there are organizational changes such as mergers and acquisitions, the reporting boundary captures these accordingly.
- **Reliability:**
Samsung SDI has reliable data management systems.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Samsung SDI's certification body for ISO 9001 and ISO/TS 16949. We also provide Samsung SDI with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for Samsung SDI and as such does not compromise our independence or impartiality.

Dated: 24th May 2017



Tae-Kyoung Kim

LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

17th Floor, Sinsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea



LRQA reference: SEO6051368

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UN SDGs (United Nations Sustainable Development Goals)

UN established promoted Millennium Development Goals (MDG) for the period during 2000~2015. On September 2015, UN adopted Sustainable Development Goals (SDG) to build sustainable societies around the world and on its way to pursue this goal during 2016~2030.

Samsung SDI, as a global corporation, agrees with UN SDG's direction that address the universal agenda and analyzed our sustainable activities relevant to the pursuit and detailed goals of UN SDG and presented them on each page.

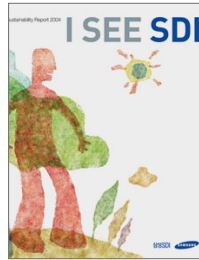


1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts*
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

Sustainability Report in Previous Years



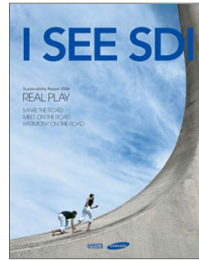
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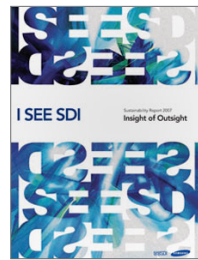
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2005



2006



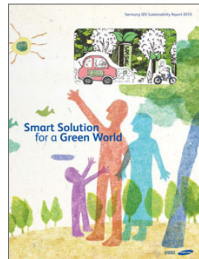
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2008



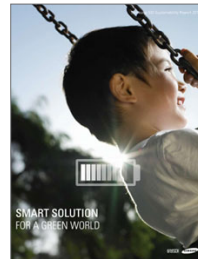
2009



2010



2011



2012



2013



2014



2015