

# Samsung SDI Medium & Low Issue

Samsung SDI identifies issues that are not only sustainability information required by international standards and guideline, but also the issues that our stakeholders expect in addition to high material issues as a result of materiality assessment. In 2016, we report five Medium Material Issues and four Low Material Issues.



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## 2016 KEY Output (yoy)



Outside Director

5

(same as last year)



Volunteer hours  
per employee

11.7hours

(increase by 4.3 hours based  
on Korean hours)



Hazardous chemicals  
usage unit Intensity

0.38

ton / KRW 100 million  
(decrease by 0.05)



New recruit

4,697

(increase by 1,084)



Training hours per  
employee

100hours

(increase by 9 hours  
based on Korean hours)



Local employee  
retention rate

56.9%

(increase of  
4.2% point)



Female manager  
ratio

7.7%

(increase of  
0.9% point)

## Medium Material Issue 01

# Transparency in BOD Composition and Operation

## BOD Composition and Operating System

### Current BOD Composition

As of March 2017, 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 in the General Meetings, in accordance with relevant rules. In order to secure independence of the BOD and prevent conflicts of interests, Samsung SDI revised its constitution in its 2016 General Meeting, so that outside directors can be appointed as the chairman of the BOD.

### Operation System of the BOD

Samsung SDI quarterly holds board meetings along with ad-hoc meetings when required. BOD decision is made by attendance of majority of directors and by consent of the directors present. In addition, we ensure the BOD's

independence by restricting voting rights from board members who have conflicts of interests in a proposed agenda. The BOD has an authority to make a decision of and review key issues related to matters required from relevant statutes and constitutions, matters delegated by the General Meetings, and the basic policy and task implementation of business management.

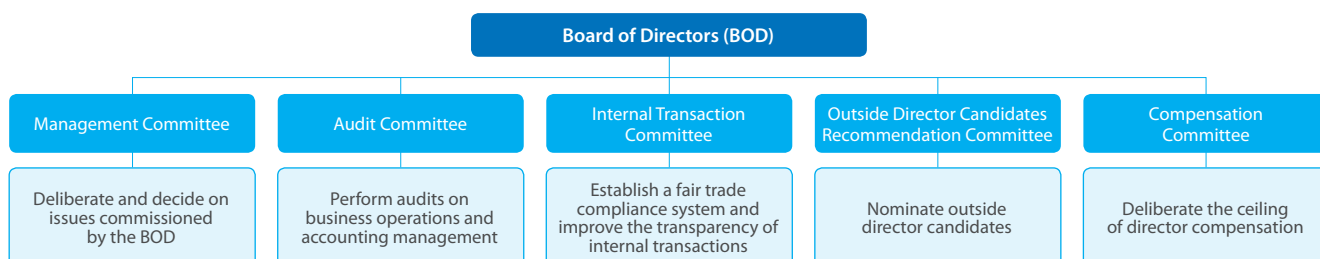
### Subcommittees of the BOD

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 to induce professional and effective decision making. The Management Committee, supervised by the company CEO, discusses and has direct responsibility for Samsung SDI's overall performance.

### Current BOD Composition (2017.03)

Category	Name	Major Experiences	Active Committee	First Date of Appointment	Gender
Inside Director	Young Hyun JUN	CEO and President (Chairman of BOD)	Management Committee, Outside Director Candidates Recommendation Committee	2017.03.24	M
	Seh Woong JEONG	Executive Vice President of Automotive & Ess Business	Management Committee, Outside Director Candidates Recommendation Committee	2015.03.13	M
	Chang Lyong SONG	Executive Vice President of Electronic Materials Business	Outside Director Candidates Recommendation Committee	2016.03.11	M
	Hong Gyeong KIM	CFO	Management Committee, Compensation Committee, Outside Director Candidates Recommendation Committee	2016.03.11	M
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	2011.03.18	M
	Min Gee NO	16 <sup>th</sup> 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	2012.03.23	M
	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	2014.07.02	M
	Ran Do KIM	Invited Researcher of Korea Electronics and Telecommunication Research Institute, Professor of College of Human Ecology, Seoul National University	Audit Committee, Internal Transaction Committee, Outside Director Candidates Recommendation Committee	2014.07.02	M
	Jai Hie KIM	President of Biometrics Engineering Research Center, Professor of College of Engineering, Yonsei University	Audit Committee, Internal Transaction Committee, Outside Director Candidates Recommendation Committee	2014.07.02	M

### BOD Status



## BOD Independence

### Independence Standard for Outside Directors

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 an 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.

### 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 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.

### Independence of the Audit Committee

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 Meeting, which shall be wholly comprised of externally independent directors.

## BOD Activities and Compensation

### BOD Activities and Compensation

In 2016, the BOD held four regular BOD meetings, five ad-hoc BOD meetings, and processed a total of 27 items which were composed of 24 resolutions and three reports, including establishing Samsung SDI-ARN(Xian) Power Battery(SAPB) in China and its facility sales contracts, approval of Samsung SDI Hungary Rt.(SDIHU) and its facility sales, and establishing Samsung SDI(Wuxi) Battery Systems Co., Ltd.(SWBS) in China. In 2016, the BOD attendance rate for outside directors was 87.8%.

### 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 composes of the base salary based on their position and the performance based bonus. The performance takes into account for financial indicators such as a revenue, net profit, stock price and non-financial indicators related to environmental and social achievements including safety, labor relations, insolvency, corruption, security and compliance. The remuneration of the BOD is paid within the limit approved in the General Meeting. In 2016, KRW 23 billion was approved at the General Meeting, while the actual amount paid to directors stood at KRW 4.7 billion. Individual compensation data as well as calculation criteria and methods for directors and auditors are detailed in Samsung SDI's 47<sup>th</sup> Business Report.

Category	Unit	2015	2016
Net payment	KRW 100 million	48	47
Total BOD remuneration – Inside director	KRW million	4,413	4,257
Total BOD remuneration – Outside director and auditor	KRW million	404	419
Average remuneration – Inside director	KRW million	1,103	710
Average remuneration – Outside director and auditor	KRW million	80	84

## Medium Material Issue 02

# Community Engagement and Development

Under the vision 'Company which adds value to the world', Samsung SDI is expanding various activities by creating strategies such as internalizing social contributions, in-depth orientation of local community and more. Especially, we aim to build a better future for the local residents by sharing our technologies and talents of our employees with the local communities where our business sites are located.

In 2016, domestic business of Samsung SDI spent KRW 4,91547 billion for social contribution activities, mainly focusing on academic trainings and social welfares. In 2017, we plan to go beyond simple donations and expand our contribution projects to help solve fundamental social problems in tandem with our social contribution strategies.

## Reinforcement of Representative Contribution Activities

### Free Eye Treatment Project

Samsung SDI has conducted the free eye treatment project since 1995 in connection with Siloam Eye Hospital, to assist the underprivileged, some of which are blind because they couldn't afford the surgery. Donations from the company support the operation of mobile eye clinics equipped with high-end surgical equipment such as microscopes and cataract re-

moval devices. The project conducts ophthalmological clinic services by visiting islands and mountainous regions lacking in medical facilities and a total of 220,000 people have received benefits from the project for the past 21 years. In 2016, 6,194 people benefited from free clinics, and 73 people received emergent surgeries at mobile eye clinics.

### '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.

### 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 the unprivileged. They also participate in various hands-on activities such as making 'WE Dream' pencil cases and decorating square canvas.

## BUSINESS CASE



Educational programs at 'Green Planet Environment School'. The students learn about environmental issues and renewable energy while experiencing a car ride operated by solar power.

### 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 renewable energy, global warming simulations, and eco-friendly transportations. In 2015, we manufactured full-time education buses for 'Moving Green Planet Environment School' program where we visit the students in islands and mountain areas. In 2016, we

introduced 'Moving Green Planet Environment Bus' to provide various educational materials, marking the 6th year anniversary of 'Green Planet Environment School'. As a result, a total of 8,616 students have completed our program for the past six years, including 5,390 in 2016. In 2017, we plan to expand our visits to the entire Gyeonggi province even with more diverse educational materials.



## Social contribution activities by domestic sites

### Improving Residential Environment for the Disabled (Giheung)

The Giheung site is improving the residential environment for the disabled in Giheung area thanks to talent contributions from the members at the safety and environment infrastructure team. The team improved the facility by replacing LED lights and installing fire detectors to enhance their household energy efficiency and livelihoods, and to prevent safety accidents while checking their electricity and fire safety, and offering safety trainings. In 2016, we signed the MOU with Giheung Welfare Center for the Disabled to benefit 100 households and connect with them for post services.

### Science Dream of Children (Suwon Material Complex)



Since 2016, the Suwon Material Complex has been offering two-hour science classes every month for the local elementary students at the community child center. We expect the stu-

dents build deep understanding in science and improve their integrated and creative thinking process by offering scientific experiences that schools cannot provide, production of their own outputs, experiments and discussions. We will continue to provide the venues of science education for low-income children at welfare centers to expand the beneficiaries of the education and give more back to the community. In 2016, 100 elementary students at 5 local child centers were benefited and 149 employees volunteered.

### Sports School and Sports Competition for Disabled Students (Cheonan)



Our Cheonan site signed the 5-year MOU from 2014 to 2018 to operate sports schools and sports competitions for 4,100 disabled students in Chungcheong South region. We also built

a support system that can train athletes for the national team to give them

dreams and hopes. From 2014 to 2016, disabled students under our sports school won a total of 144 medals at the Korean Youth Para Games. Athletes trained under the sports schools have potential to play for the Korean team or win the gold medal in future.

### Love Sharing with Neighbors (Improving the Residential Environment in Countryside) (Cheongju)

Love Sharing is a volunteer activity that improves the residential environment of neighbor farming village. Launched in 2010, Love Sharing is the representative volunteer activity of Cheongju. We support activities such as drawing wall paintings, giving helping hands, replacing or plastering floor papers, providing haircuts and taking a picture of villagers who lived long to the selected village every year. In addition, we also support to replace old electric devices or furniture at the town hall.

### Fall Sports Picnic for Disabled Children (Gumi)

Every fall, the Eungwang Daycare Center hosts sports picnic at the Gumi site's stadium. Our employees and the volunteers are become a one day parent to disabled children to enjoy the picnic together. The year marks 11th anniversary of the sports picnic, which become Gumi site's representative social charity activity.

### Sisters Village (Geomundo & Yeongju) Charging Project (Ulsan)



As a part of building relationships with old towns, Ulsan site has been partnered with Geomundo in Jeonnam as its sister town

and has strived to improve the local economy and culture. In August 2016, Samsung SDI and Busan University co-hosted "Charging the Battery for Good Dreams" camp to build sociability and dreams of the youths living in Yeongju, which is the sister town of Geomundo. We invited 50 youths to SDI Ulsan site for the company tour and visited Yeongju for cultural experiences and educational consulting and received great feedbacks from the local residents at our sister town Yeongju.

## Medium Material Issue 02

# Community Engagement and Development

## Vitalization of Employees' Participation

### Talent Donation Activities

Samsung SDI has various activities to build the society with companionship and solve social issues at the local communities with voluntary participations of the employees. 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 run by employees in the electricity/facility/technology divisions, and teaching efforts in local child centers run by researchers.

### Volunteering Activities Connected with Clubs

Volunteering teams related with hobby activities, such as the photo club, badminton club, and hiking 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 12 years. To add beautiful memories to the graduation album, the photo club members voluntarily accompany students to their graduation trip and have delivered graduation albums to 586 students to celebrate together.

### Matching Grant

Samsung SDI is operating the Matching Grant System to create volunteering activity funds for which employees donate a certain amount of money every month, and the company donates the same amount of money employees give. In 2016, about KRW 1.98 billion 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 making baby kits and Moa toy in addition to online walking donations via the mobile application where money amounting to the distance each employee walks are donated, to support child patients' medical costs. At Samsung Global Volunteering Festival in October 2016, we volunteered

to help students commute schools safely by manufacturing and donating transparent safety umbrellas for the local children while offering helping our hands to the sister towns during the farming season.



## Samsung Social Contribution Award and External Awards

Our introduction of the education bus specialized for 'Green Planet Environment School' to visit remote islands and mountain areas was recognized for its innovative approach and won 2016 Samsung Social Contribution Award. In addition, we cooperated with different partners in local communities to discover and operate new business to resolve social issues with creative approaches and received awards from external organizations to recognize our achievements.



Award	Organized by	Awardee	Reason	Date
Chungnam Governor Award	Chungnam Province	Samsung SDI Volunteer Center	Harmonize the local community and develop sports activities for the disabled	2016. 11.28
Gyeonggi Governor Awards (award of merit for connection)	Gyeonggi Province	Samsung SDI	Practise active connection projects and thus contribute to their vitalization	2016. 12.03

## Involvement and Development of the Local Community

### Input

 Financial Capital	<b>Social Contribution Investment</b>	Unit	2014	2015	2016
	Social contribution expenditure	KRW 10,000	982,091	675,268	491,547
	Social welfare	%	47.0	47.5	37.0
	Academic education	%	49.0	40.9	54.9
	Medical health	%	-	9.5	1.0
	Sports promotion	%	1.0	1.2	1.9
	Environmental conservation	%	0.4	0.5	2.8
	Culture & Art	%	2.0	0.4	2.3
	Matching grant	KRW 100 million	30.9	24.8	19.8
 Human Capital	<b>Employees participating in the Green Planet Environment School</b>	Unit	2014	2015	2016
	Teacher	People	486	164	236
	Teacher	Hour	4,219	1,173	1,080

### Output

 Human Capital	<b>Employee Participation Performance</b>	Unit	2014	2015	2016
	Social Contribution Participation Rate	%	100.0	97.1	98.6
	Domestic Volunteering Activity Hours Per Person	Hour	10.7	7.4	11.7
 Human Capital	<b>Major Social contribution</b>	Unit	2014	2015	2016
	Free Eye Treatment (Cumulative)	Persons	206,124	212,372	218,639
	Free Eye Treatment (Diagnosis)	Persons	9,225	6,183	6,194
	Free Eye Treatment (Surgery)	Persons	197	65	73
	Green Planet Environment School (Cumulative)	Persons	1,308	3,226	8,616
	Green Planet Environment School Beneficiary	Persons	247	1,918	5,390
	Green Planet Environment School Satisfaction	Score	-	-	87
Talent Nurturing Company Scholarship Recipient (Cumulative)	Persons	-	-	94	



## Medium Material Issue 03

## Pollutant Emissions Management

Samsung SDI strived to minimize environmental impacts from operating our businesses. With the CEO's intention to pursue green management, we continue to endeavor to improve environments and every business site and research center operate the environmental management system in accordance with the ISO14001. There were no violation of environmental regulations in domestic and overseas in 2016.

## Water Resource Management

Every manufacture site at Samsung SDI strives to optimize the water resource management and improve its recovery rate. In 2016, a total of 5,646 ton of water was used at domestic and overseas worksites. Waste water released from the factories are processed at the disposal facilities, which is then re-released to the government-owned terminal disposal plant of sewages.

## Low Material Issue 01/02

## Waste Management / Water Use Management

## Waste Reduction and Pollutant Emissions Management

In 2016, a total of 53,303 ton of waste was generated and 39,409 ton (97.7%) in domestic sites and 10,981 ton (84.8%) in overseas sites were recycled respectively. Especially, Samsung SDI treats the 100% of cobalt and nickel waste that are generated from cell manufacture process by outsourcing recycling companies. For pollutants, Samsung SDI treats them by applying its internal standards that are even stricter than the national law.

## Environment Efficiency Targets

Category	Unit	Base year (2015)	Target (2020)
Greenhouse Gas Unit Intensity	tCO <sub>2</sub> e	1,099.587 (2020 BAU)	Over 30% reduction compared to BAU level*
Water Use	1,000 ton/KRW 100 million	0.11	Improve by double (minimum)
Hazardous Substance Use	1 ton/KRW 100 million	0.43	Improve by double (minimum)
Waste Emissions	1 ton/KRW 100 million	0.97	Improve by double (minimum)
Waste Recycle Rate	%	96	Maintain above 95%
Waste Landfill Rate	%	4	Maintain below 5%

\* Greenhouse Gas BAU reduction targets are for Energy-solution division only

## Pollutant Emissions Management &amp; Waste Management &amp; Water Use Management

## Input

Natural Capital	Water Resources	Unit	2014	2015	2016
	Company-wide Consumption	1,000 ton	6,376	5,246	5,646
	Domestic Consumption	1,000 ton	4,751	3,456	3,399
	Oversea Consumption	1,000 ton	1,625	1,790	2,247
	Intensity	1,000 ton/KRW 100 million	0.11	0.11	0.10
Natural Capital	Hazardous Chemical Substance	Unit	2014	2015	2016
	Company-wide Consumption	ton	13,517	21,429	20,694
	Domestic Consumption	ton	13,330	20,984	20,274
	Oversea Consumption	ton	187	445	420
	Intensity	ton/KRW 100 million	0.24	0.43	0.38

1. The scope of data includes all its domestic and overseas production branches, headquarter and research center and excludes sales branches and offices (for production branches, only branches which have a production record in 2016 were included).

2. The revenue used to calculate intensity was evaluated by summing energy and electronic businesses.

3. Hazardous chemical substances were evaluated based on Korea Toxic Chemical Control Act.

4. The reason why only domestic air and water pollutant emissions were reported is that the aspects of pollution levels and the period of measures required by law in overseas branches differ from domestic standards which make overseas data to calculate on the same annual base as domestic data was applied.

## Output

Natural Capital	Waste Water	Unit	2014	2015	2016
	Domestic Treatment Amount	1,000 ton	3,771	2,535	3,278
Overseas Treatment Amount	1,000 ton	425	373	482	
Intensity	1,000 ton/KRW 100 million	0.07	0.06	0.07	
Natural Capital	Waste	Unit	2014	2015	2016
	Domestic Emissions	ton	41,902	35,705	40,346
Overseas Emissions	ton	6,606	12,433	12,957	
Unit (In Won)	ton/KRW 100 million	0.85	0.97	0.98	
Designated Waste Generation	ton	21,011	23,540	21,922	
Recycle/Landfill Rate in Domestic	%/%	97.8/2.2	98.9/0.8	97.7/1.9	
Recycle/Landfill Rate in Overseas	%/%	85.4/14.6	87.1/12.6	84.8/15.2	
Natural Capital	Pollutant Emissions	Unit	2014	2015	2016
	Water quality (Domestic)	kg/KRW 100 million			
- BOD Intensity	kg/KRW 100 million	0.41	0.09	0.13	
- COD Intensity	kg/KRW 100 million	0.78	0.44	0.54	
- SS Intensity	kg/KRW 100 million	0.53	0.27	0.67	
Air (Domestic)	kg/KRW 100 million				
- NOx	kg/KRW 100 million	0.08	0.05	0.05	
- SOx	kg/KRW 100 million	0.07	0.02	0.02	
- Dust	kg/KRW 100 million	0.33	0.25	0.19	
- VOC	ton	1.6	10	10	
Substances that destroy the Ozone Layer	kgCFC11eq				
- Emissions in Domestic	kgCFC11eq	65	26	52	
- Emissions in Overseas	kgCFC11eq	65	15	92	
- Intensity	kgCFC11eq/KRW 100 million	0.002	0.001	0.003	

## Medium Material Issue 04/05

### Employee Competence and Career Development / Work and Life Balance

In the battery and electronic material market, which is Samsung SDI's main business areas, competent human capital as well as constant investment in R&D have become major business advantage. Samsung SDI strives to obtain the competency by expanding technology research bases and acquiring excellent talents while showing different activities including shared value training, organizational leader training and capability improvement training in order to continuously develop the employees' capability and train the leadership as experts.

#### Human Resource Recruitment and Retention

##### Domestic

Samsung SDI is striving to discover and retain outstanding talents in new areas of business and areas of critical technology through diverse channels such as the recruitment from excellent talents from National Skills competition, the membership scholarship system for Masters and Doctoral degree, the operation of internship system for university students. In addition, Samsung SDI further recruits new or experienced employees whose majors are related to battery development to lead the future electric vehicle market. In 2016, we secured the foundation to proactively obtain excellent talents by doing industry-academy cooperation projects with prestigious universities in domestic and overseas.

##### Early Settlement Support System for New Employees and its Performance

Samsung SDI has a system to help new recruits get used to our work environments in short time. We offer Development & Advice (DNA) program where new recruits can have one on one sessions with experienced employees in their departments to learn work related knowledge and technologies and get accustomed to the company by bonding with other employees.

## BUSINESS CASE



#### Enhanced Cooperation on Battery Research with Domestic Universities

Samsung SDI leads in obtaining excellent talents and expanding the base for battery research by improving the network with the academy. Followed by the partnership with the Seoul National University in October 2016, Samsung SDI developed industry-academy partnerships with Hanyang University, POSTECH, and UNIST and planned to work on strategic industry-academy cooperation programs for next five years including the research projects with the universities, and running the secondary battery research center and specialized programs. Especially, we will continue to build systemic relations through close exchanges

such as providing research stipends, and assigning executives or employees on each project for one on one matching. Going forward, Samsung SDI will expand industry-academy cooperation to better train top talents in the battery industry and recruit more employees while pursuing mutual growth with the academy by continuing exchanges in information, human resources and materials.

## Low Material Issue 03/04

### Respect toward Employee Diversity and Equal Opportunities / Active Labor-Management Communication

By operating a Retention Program for experienced recruits, Samsung SDI supports early adaptation to company life for them. 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 by expanding their internal human network and providing a platform for knowledge and technological exchange through mentorship matching program on one to one basis within a given division.

##### Overseas

Samsung SDI continuously carries out recruitment activities and mentoring programs to seek out talents in main sectors of each nation to secure global competence and expand its overseas market shares in its new business areas on a strategic business bases. For R&D talent recruitment among Korean students at U.S. universities, campus recruiting in U.S. regions is currently being conducted, while the company also focuses on securing technological talent of all backgrounds including foreigners.

##### Overseas Standard HR Policy

In 2013, Samsung SDI introduced Global Standard HR Policy to the overseas corporations and strives to establish a fair and reasonable HR system that complies with the local regulations while observing the standard. Especially in 2016, Samsung SDI constructed electronic material production factories in China and Vietnam and is currently building automotive battery factories in Hungary. In this background, we provide full supports for talent recruitments, local trainings, and HR system operations. In addition, we hire HR leaders at every overseas corporation to build localized and specialized HR system and host Global HR Conference every year to enhance specialties of the HR at overseas corporations. Samsung SDI will continue to give cares and supports to build advanced HR system at overseas corporations as our strategic business partners and to continuously expand our global points.

## Medium Material Issue 04/05

### Employee Competence and Career Development / Work and Life Balance

#### Enhancement of Employee Competence

##### Shared Value Program

Samsung SDI is operating educational programs and seminars across various issues such as organizational culture, workplace etiquette, and information security to share the organizational's values with all its employees.

##### Leadership Program

Samsung SDI is providing leadership ability improvement programs to train our next generation's core leaders. We are providing two years full-time Samsung MBA for all our employees and weekend E-MBA courses for the executives, through which we are selecting talents and training the next generation's leaders.

##### Job Specialist Training Program

Samsung SDI offers e-learning, offline and OJT training across every job function such as development, technology, manufacture, sales/marketing and management support to enhance job capability of the employees. Especially, for our domestic employees, we are assessing the levels of their current work capability to build the guideline for work improvement and running an academic training system that offers systemic educations to train core talents of the organization. In addition, we have the license support program to encourage our employees to acquire internationally or nationally certified qualifications in purchase, quality, management, and finance.

##### Enhancement of Global Competence

Samsung SDI offers various language courses to support self-developments with programs suitable for the global era. In addition, we offer programs to enhance global competencies that integrate languages, business and cultures, by running foreign language dormitories. The Samsung Regional Specialist Program is designed to nurture global leaders by providing three-months intensive language courses and one-year local research. Every year Samsung SDI selects Regional Specialists based on their performance assessment, language proficiency, and contribution to the company. As of December 2016, Samsung SDI Regional Specialists are dispatched to various parts of the world including China, Germany, Hungary, and Vietnam to learn their languages and received supports for research.

## Low Material Issue 03/04

### Respect toward Employee Diversity and Equal Opportunities / Active Labor-Management Communication

#### Respect Toward Employees and Enhancement of Satisfaction

##### Labor Council

Samsung SDI's labor council is composed of employee representatives and the equal number of the company representatives. Aside from quarterly councils, Samsung SDI also convenes temporary councils by making prior notice in compliance with regulations of each operating country when it becomes necessary to have a discussion between the company and the employees such material management changes. Changes made at Samsung SDI labor council or its equivalent councils are immediately disclosed to the entire employees with 100% application rate. Agendas such as improving HR and labor management and work environment, and safety and health of the employees are discussed at the labor council. In addition, labor council is the window for internal communications where employees can raise their hardships and complaints for resolution.

##### Protection of Human Rights and Respect toward Diversity

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 2016, there were no cases of violating the child labor and forced labor ban policies and being fined due to discrimination. 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. Every business site at Samsung SDI complies with the legal minimum wage and doesn't pay discriminatory wages based on genders. Samsung SDI's lowest wage level is at the 132% level compared to the legal minimum wage in Korea. 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.

##### Building Collective Culture with CL System

Samsung SDI has nominated Culture Leaders (CL) since 2011 to further build each team's strength and to innovate our group culture based on communications and vitality. In 2016, we nominated 257 CLs from domestic business sites and promoted various department-specific activities such as monthly department meetings, rank-based discussions, quarterly team building activities with cultural experiences and playing sports, social contribution activities, and Work Smart activities for self-oriented work ethics.



### Welfare & Benefits Program

Samsung SDI provides selective welfare and benefit program to offer customized supports to the employees. Besides, we also provide grants for vacations, health promotions and medical costs, mortgages, and childbirth stipends.

Category	Details
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 and Culture	Condominium and resort membership
	Cultural and play activities from the Samsung affiliates
Health Promotion and Medical Cost Support	Annual checkup
	Support medical costs to the employee, spouse and children for disease, injury and childbirth
Health Promotion and Medical Cost Support	House purchase support system
	Pay tribute
Childbirth and Nurturing Support	Provide gifts on birthday, anniversary, childbirth date, children's day and when children enters into the elementary school
	Additional childcare leave up to one year in addition to materiality leave
	For employees who have children younger than the 2nd grade, cut off overtime work up to one year
	Day care center at each business site
	Provide student loan for kindergarten, middle and high school and university education
* for domestic	

### Work and Life Balance

We offer various programs to maintain work and life balance and create environment where the employees can better focus on their works.

Category	Details
Flexible Work	Support to flexible work for employee
	Promote the employees to plan annual leaves
Counseling Center	Full-time psychological counselor
	Phone, email, messenger counseling and on-visit counseling center
	Meditation, and mini training program for mental health
Family-Friendly Management	Family's day, family event on the children's day, volunteer events with the family, healing camp and other family programs
Maternity Protection System	Temporary leave to treat infertility, maternity protection room, snacks for pregnant, reduced working hours during pregnancy and for infant care
Retirement Preparation Program	Apply for farming life through a career consulting center, Start-up supports, provide different post-retirement opportunities such as programs sponsored by external educational centers
Employee Work Satisfaction Enhancement	Analyze the problem through Samsung Culture Index and identify and improve the weaknesses
* for domestic	

## Medium Material Issue 04/05

## Employee Competence and Career Development / Work and Life Balance

## Low Material Issue 03/04

## Respect toward Employee Diversity and Equal Opportunities / Active Labor-Management Communication

Employee Competence and Career Development / Work and Life Balance  
Respect toward Employee Diversity and Equal Opportunities /  
Active Labor-Management Communication

## Input

Human  
Capital

Employment		Unit	2014	2015	2016
Total		Persons	20,222	20,938	19,353
By Gender	Male	Persons	14,939	15,770	14,489
	Female	Persons	5,283	5,168	4,864
By Region	Korea	Persons	11,175	11,123	9,200
	Asia	Persons	8,581	8,887	9,378
	Europe	Persons	308	735	694
	America	Persons	158	193	81
By Type	Full-Time	Persons	18,794	19,621	17,631
	Contract	Persons	1,018	946	1,326
	Dispatched	Persons	410	371	396

Financial  
Capital

Training		Unit	2015	2016
Training Cost	Total cost	KRW 100 million	118	82
	In-house training cost	KRW 100 million	81	53
	Oursourced training cost	KRW 100 million	37	29

Human  
Capital

Participants	Task (by function)	Persons	26,684	21,030
	Global (language)	Persons	4,405	5,206
	Leadership	Persons	12,932	17,809

Financial  
Capital

Remuneration and Others		Unit	2015	2016
Remuneration		KRW million	843,905	970,241
Severance pay		KRW million	71,467	428,381
Gender-based base remuneration ratio		%	1 : 1	1 : 1
Parental leave*		persons	182	144
Representatives of Labor-Management Council*		persons	55	55
Culture Leader*		persons	295	257

Human  
Capital

\* In Korea

# Output



Human Capital



Human Capital



Human Capital



Intellectual Capital



Social and Relationship Capital



Human Capital



Human Capital

New Recruitment		Unit	2014	2015	2016
By Gender	Male	Persons			3,201
	Female	Persons	4,654	3,613	1,496
By Region	Korea	Persons	383	236	755
	Overseas	Persons	4,271	3,377	3,942
Turnover Rate		Unit	2014	2015	2016
Turnover Rate	Total	%	25.8	15.7	22.3
	Korea	%	6.8	3.1	13.6
	Global	%	50.8	29.9	30.2
By Region	Asia	%	46	31.1	31.5
	Europe	%	61.4	9.4	10
	America	%	289.8	50.3	24.1
By Gender	Male	%	18.5	12.7	19.3
	Female	%	46	24.9	30.8
By Age	Below 30	%	39	30.4	31
	30 ~ 50	%	14.8	5.2	10.5
	50 and above	%	26.7	9	67.7
Training		Unit	2015	2016	
Training hours per employee - Korea		Hour	91	100	
Training cost per employee - Korea		KRW	1,172,181	1,097,022	
Training hours per employee - Foreign corporates *		Hour	66	90	
* excl. corporates purchased or established in 2015					
Diversity and Social Equality		Unit	2014	2015	2016
Disabled		Persons	179	181	137
Locally Recruited	Locals in managerial positions	Persons	70	117	111
	Managerial positions in foreign operation sites	Persons	159	222	195
	Percentage of locals in managerial positions	%	44	52.7	56.9
Female Employees	Female managers (manager or higher)*	Persons	287	316	274
	Managers in total (manager or higher)*	Persons	4,347	4,641	3,570
	Percentage of females in managerial positions	%	6.6	6.8	7.7
Remuneration and Others		Unit	2015	2016	
Welfare and benefits expenditure		KRW million	248,641	282,779	
Parental Leave	Return to work rate (Ratio of employees who returned after parental leave the previous year) *	%	74	80	
	Retention rate (Ratio of employees retained 12 months or longer after returning to work from parental leave the previous year) *	%	72	71	
Employee Grievance Mechanism	Percentage of grievances resolved *	%	97	100	
	Number of grievances filed *	Case	451	414	
	Culture Leader Evaluation *	Score	60.8	70.1	
* in Korea					