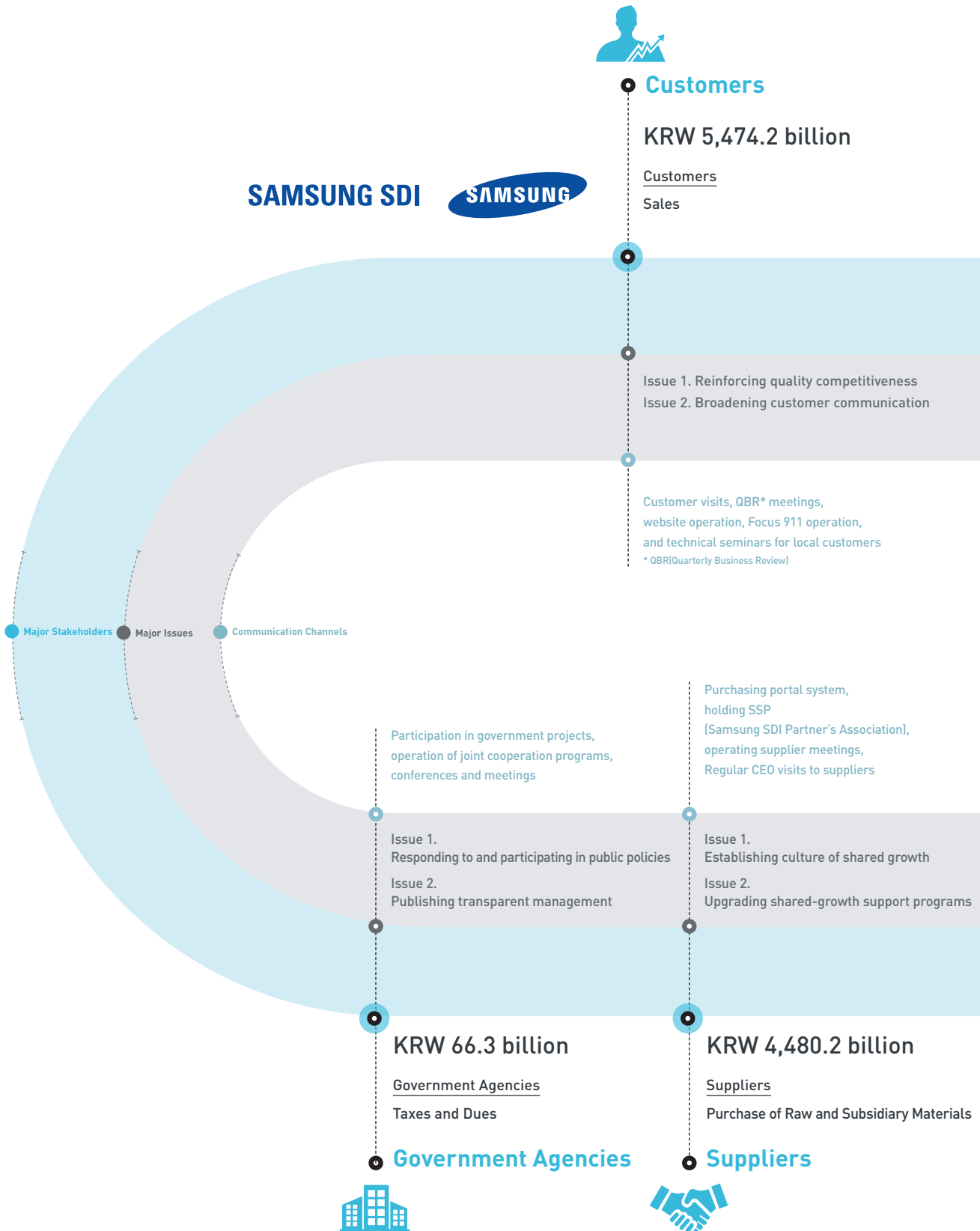


Stakeholder Engagement & Materiality Test



Stakeholder Engagement

Samsung SDI defines customers, shareholders, investors, employees, suppliers, government agencies, industry associations, research institutes, NGOs, and local communities that directly and indirectly affect its business operations as its stakeholders. Samsung SDI operates various communication channels to gather opinions from its stakeholders.

Sharing Values with Stakeholders

Samsung SDI shares the economic, environmental, and social values it created with its stakeholders. The company strives to share more values with its stakeholders through the pursuit of balanced growth and stability. Based on such efforts, Samsung SDI is growing together with its stakeholders.



Local Communities & NGOs

KRW 9.8 billion

Local Communities

Donations and Social Contribution Support

Issue 1. Carrying out steady social contribution programs
Issue 2. Facilitating communication

Local community meetings, social contribution initiatives, win-win Committee for the local community, external advisory group, sisterhood relationships



Employees

KRW 741.9 billion

Employees

Wage and Welfare Benefits

Issue 1. Facilitating communication
Issue 2. Maintaining work-life balance

Labor-management committee, open counseling center, business briefing sessions, satisfaction surveys, Culture Leader operations, communication channels (SoTong), newsletters publications



Shareholders & Investors

KRW 131.1 billion

Shareholders & Investors

Dividends and Interest Payment

General shareholder meetings, IR roadshows, IR website, IR Hotline, disclosures, line tours, conferences, Ad-hoc meetings

Issue 1. Securing sustainable growth engines
Issue 2. Improving company values



Industry Associations/Universities/Research Institutes/NGOs

29 projects

Industry Associations/Universities/Research Institutes/NGOs

Major Joint Cooperation Projects

Membership activities for associations and societies such as Korea Battery Industry Association and Korea Display Industry Association, Open Innovation for R&D activities, conducting joint cooperation programs

Issue 1. Strengthening R&D cooperation
Issue 2. Carrying out joint cooperation programs

Materiality Test

Samsung SDI conducts a materiality test every year to choose the issues to be included in its sustainability report. The materiality of issues was assessed based on Significance on Samsung SDI's business and Influence on stakeholders' assessment and decision-making.

STEP 1.
Communicating with Stakeholders

Each department responsible for sustainability management, actively gathers stakeholders' opinions through various communication channels to comprehend their needs.

STEP 2.
Reviewing and Analyzing Internal Data

Samsung SDI's SM (Sustainability Management) Office draws issues by interviewing each department, analyzing management strategies and reviewing policies and internal documents by sections.

STEP 3.
Analyzing External Environments and Benchmarking

On the basis of the Aspects defined by GRI G4 Guidelines, Samsung SDI reviews international standards, including ISO 26000 and DJSI, benchmarks similar companies and other companies with excellent sustainability management, analyzes global industry trends, and conducts media research to analyze external environments and draw out issues.



STEP 7.
Stakeholder Communication

- SM (Sustainability Management) Office and relevant departments review the material together and report to SM Steering Committee and the board of directors.
- After gathering opinions of external stakeholders through research of feedback and interviews, the strategies and goals for sustainability management are reestablished.

STEP 6.
Reviewing the Validity of Material Aspects and Developing Reports



Review selected material issues based on whether they represent an economically, environmentally, and socially-significant impact in a reasonable and balanced manner. Then, proceed to collect data, write, and publish the report.

STEP 4.

Identify the Pool and Sustainability Management Issue

Based on the opinions collected from internal and external stakeholders, and analysis of external environments, 33 issues that have the potential to affect Samsung SDI are chosen.

STEP 5.

Prioritizing and Conducting Material Issues

- The potential issues goes through a Materiality Test to be prioritized based on Significance* to business conducts and Influence* to stakeholders.
- In conducting the Materiality Test, GRI-suggested procedures were undertaken to define material aspects and boundaries.

* Significance: positive or negative impact on Samsung SDI's vision and strategy execution capabilities

* Influence: Influence on stakeholders' assessment and decision-making



Material Issue	Page	Issue	GRI Aspect	Boundary
Securing Global Leadership in Technology	32-37p	Developing innovative products	Non-GRI	Internal
		Healthy and safe workplace	Occupational Health and Safety	Internal
Creating Safe Workplace and Eco-Value Creation	38-43p	Eco-friendly products and services	Materials, Products and Services	Internal
		Managing atmospheric emissions	Energy, Emissions	Internal
		Managing chemical substances	Water, Effluents and Waste	Internal
		Structuring healthy and dynamic corporate culture	Non-discrimination, Diversity and Equal Opportunity	Internal
Establishing Healthy and Dynamic Corporate Culture	44-47p	Employees' work-life balance	Employment	Internal
		Facilitating labor-management communication	Labor/Management Relations, Freedom of Association and Collective Bargaining	Internal
Securing Global Shared-Growth Competitiveness	48-51p	Securing Global Shared-Growth Competitiveness	Investment, Procurement Practices, Anti-competitive Behavior	Internal and External
Creating Shared Value with Local Communities	52-55p	Facilitating communication with local communities	Local Communities, Indirect Economic Impacts	Internal and External
Others	12-13p	Generating positive synergy powered by merger	Economic Performance	Internal
Others	14-23p	Tapping new markets	Non-GRI	Internal

Our Material Issue Approach

5 Material Issues	Risks and Opportunities
 <p>Securing Global Leadership in Technology</p>	<p>RISK</p> <ul style="list-style-type: none"> Lowered quality and weakened competitiveness of business Falling behind in competition due to incapability to satisfy customer needs Substantial economic losses when investment does not return desired results <p>OPPORTUNITY</p> <ul style="list-style-type: none"> Development of new market and pre occupancy of future markets through enhanced technology Enhancement in brand values and acquisition of future customers underpinned by raised quality competitiveness
 <p>Creating Safe Workplace and Eco-Value Creation</p>	<p>RISK</p> <ul style="list-style-type: none"> Incurring costs and damage in reputation in the event of untoward incidents Increased demand for a company to disclose data on safety and environmental activities Strengthened laws and regulations related to safety and environments Imposed duty to reduce GHG(greenhouse gas) <p>OPPORTUNITY</p> <ul style="list-style-type: none"> Minimized damage of human lives and property by preventing safety incidents Sharing and spreading a culture of safety with employees, suppliers, and local communities Enhancement of company value by obtaining various certifications related to safety and environment Cost reduction through reduction in energy usage and GHG emission
 <p>Establishing Healthy and Dynamic Corporate Culture</p>	<p>RISK</p> <ul style="list-style-type: none"> Losing outstanding workforce and employee demoralization Decline of business efficiency caused by lack of communication <p>OPPORTUNITY</p> <ul style="list-style-type: none"> Contribution to employees' competence and value improvement Synergy created through communication and collaboration Creative ideas and new business opportunities drawn from employee diversity including female employees
 <p>Securing Global Shared-Growth Competitiveness</p>	<p>RISK</p> <ul style="list-style-type: none"> Increasingly stringent laws and regulations related to fair trade establishment and shared growth activities Decline in company's reputation <p>OPPORTUNITY</p> <ul style="list-style-type: none"> Directly enhancing suppliers' link to improve Samsung SDI's product competitiveness Prevent economic, social, environmental risks from suppliers in advance
 <p>Creating Shared Value with Local Communities</p>	<p>RISK</p> <ul style="list-style-type: none"> One-time or 'ostensible' social contribution activities are subject to be criticized Damaging company image and brand image <p>OPPORTUNITY</p> <ul style="list-style-type: none"> Establishment of a positive company image Enhancing employee satisfaction and devotion through social contribution activities

In an effort to become a world class material and energy solution provider, Samsung SDI proactively responds to changes of the future by analyzing constantly changing issues of the industry to identify risks and opportunities. Samsung SDI has selected 5 material issues that can impact the company's sustainability management and is implementing relevant activities in medium and long-term perspectives.

2014 Major Activities	2015 Goals	Page
<ul style="list-style-type: none"> Strengthened R&D infrastructure Implemented R&D activities by each division Generated synergy in intellectual property rights 	<ul style="list-style-type: none"> Continue expanding investment cost in R&D Continue increasing intellectual property rights 	32~37p
<ul style="list-style-type: none"> Strengthened safety management groups and systems Established a broader culture of safety Strengthened safety environment management at overseas sites Supported suppliers' safety management Developed eco-friendly technologies and products Operated eco-friendly business sites 	<ul style="list-style-type: none"> Safety incident 'Zero' LED lighting installation rate: 100% Improve GHG emission intensity by 3% as compared to the previous year 	38~43p
<ul style="list-style-type: none"> Shared healthy culture of cooperation Facilitated more communication Balanced work and life harmoniously Carried out activities to generate integrated synergy 	<ul style="list-style-type: none"> Ratio of female managers: more than 7% Employee's grievance treatment rate: 98% Club subscription rate: 75% 	44~47p
<ul style="list-style-type: none"> Strengthened infrastructure that carries out shared growth activities Established fair business relationship Established global low-carbon green partnership Operated Shared-growth program 	<ul style="list-style-type: none"> Continue to increase total purchase from suppliers in shared-growth agreement Support second and third suppliers' innovative activities: 29 companies Keep payment date for small and medium-sized suppliers' 	48~51p
<ul style="list-style-type: none"> Launched a social contribution brand Continued major social contribution initiatives Encouraged participation in voluntary works 	<ul style="list-style-type: none"> Voluntary work participation rate: 92% Social contribution participation rate: 100% Time of voluntary work per person: 12.5 hrs. 	52~55p