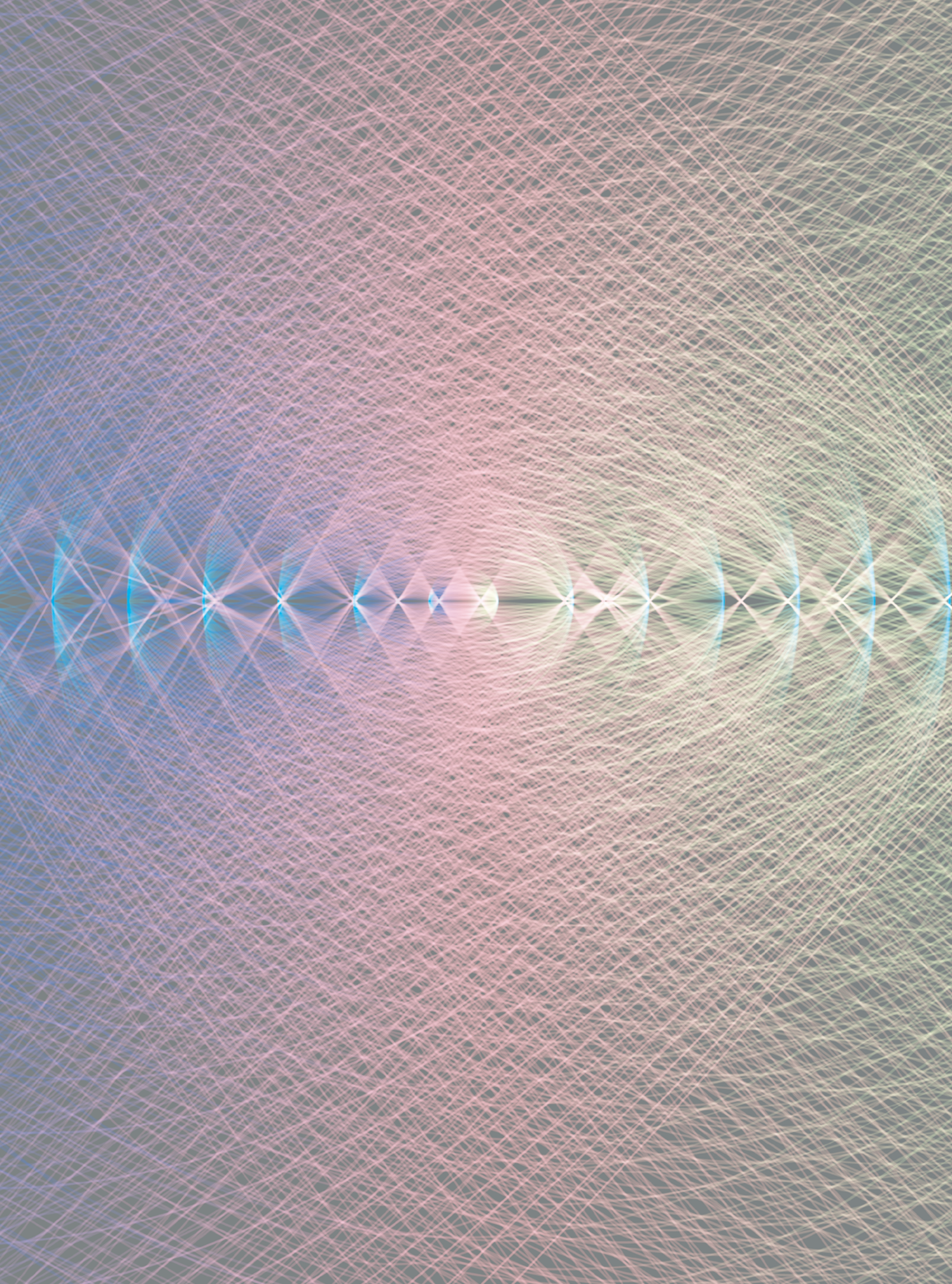


# FUNDAMENTAL

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# GOVERNANCE

## BOD Composition

Our board of directors deliberates and makes decisions on matters specified in the laws and Articles of Incorporation or delegated by general meetings as well as other important matters related to our basic management policies and major business operations. As of March 2019, the board consisted of a total of seven directors, including three executive directors and four outside directors who account for 57% of board members.

The board chairman is selected from among the directors by a resolution of the Board. Any outside director may also be appointed as the chairman. All outside directors maintain independence from our management based on Article 382 of the Commercial Act regarding the ineligibility of outside directors and the provisions of Article 22 of our Articles of Incorporation. To prevent conflict of interest, outside directors cannot be engaged in business activities in the same category as our company's business activities without the BOD's consent according to Article 25 of the Articles of Incorporation.

## Selection of Directors

Directors are selected by a general meeting following strict evaluations and recommendations by the BOD and the Outside Director Nominations Committee. Our outside directors meet the qualifying criteria set forth in the related laws as well as in the Articles of Incorporation in addition to the fact that they are experts with a wealth of knowledge and experience in business management, economics, electronics and battery technologies not to mention overall industrial trends. Directors serve a term of three years. We make sure that the BOD pays keen attention to diverse social values involved in their decisions.

## BOD Composition

Category	Name	Field	Major Experiences	BOD Roles
Executive Director	Young Hyun Jun	-	CEO and President	BOD Chairperson Member of the Management Committee Member of the Outside Director Nominations Committee
	Young No Kwon	-	Leader of Management Support Office	Member of the Management Committee Member of the Outside Director Nominations Committee Member of the Compensation Committee
	Tae Hyuk Ahn	-	Leader of Small-sized Li-ion Battery Business Division	Member of the Management Committee Member of the Outside Director Nominations Committee
Outside Director	Sung Jae Kim	Business administration	Prof. at Hankuk Univ. of Foreign Studies (Business Administration)	Chairman of Audit Committee Chairman of the Internal Transaction Committee Member of the Outside Director Nominations Committee Member of the Compensation Committee
	Serck Joo Hong	Finance	CEO of Locus Capital Partners	Member of the Audit Committee Member of the Internal Transaction Committee Member of the Outside Director Nominations Committee Chairman of the Compensation Committee
	Ran Do Kim	Customers	Prof. at the College of Human Ecology, Seoul National Univ. (Consumer Science)	Member of the Audit Committee Member of the Internal Transaction Committee Member of the Outside Director Nominations Committee
	Jai Hie Kim	Technology	Prof. at the College of Engineering, Yonsei Univ. (Electrical & Electronic Engineering)	Member of the Audit Committee Member of the Internal Transaction Committee Member of the Outside Director Nominations Committee

\* as of March, 2019

### Operation of the BOD

To help our outside directors improve their understanding of our business and deepen their expertise, we make sure that they visit domestic and overseas management sites and support them by providing current briefings. In addition, to ensure that they can leverage their expertise at the BOD or its committee meetings, we provide them with enough data to become familiarized with the relevant agenda upon arrangement of the meetings.

The Board of Directors holds regular meetings quarterly and ad-hoc meetings as required. BOD meetings are convened by the BOD chair or the CEO. In 2018, nine BOD meetings were held, and resolutions were made for a total of 35 agenda items. BOD resolutions are made by a majority of the members present. Those with conflicts of interest are not allowed to exercise their voting rights.

### BOD Subcommittees

To realize transparent, responsible business management and make better professional decisions, our BOD runs five subcommittees: the Management Committee, Audit Committee, Internal Transactions Committee, Outside Director Nominations Committee, and Compensation Committee. Our Board delegates some of its authority to subcommittees to enable more professional and effective decisions to be made on major issues.

### BOD Performance Evaluation and Remuneration

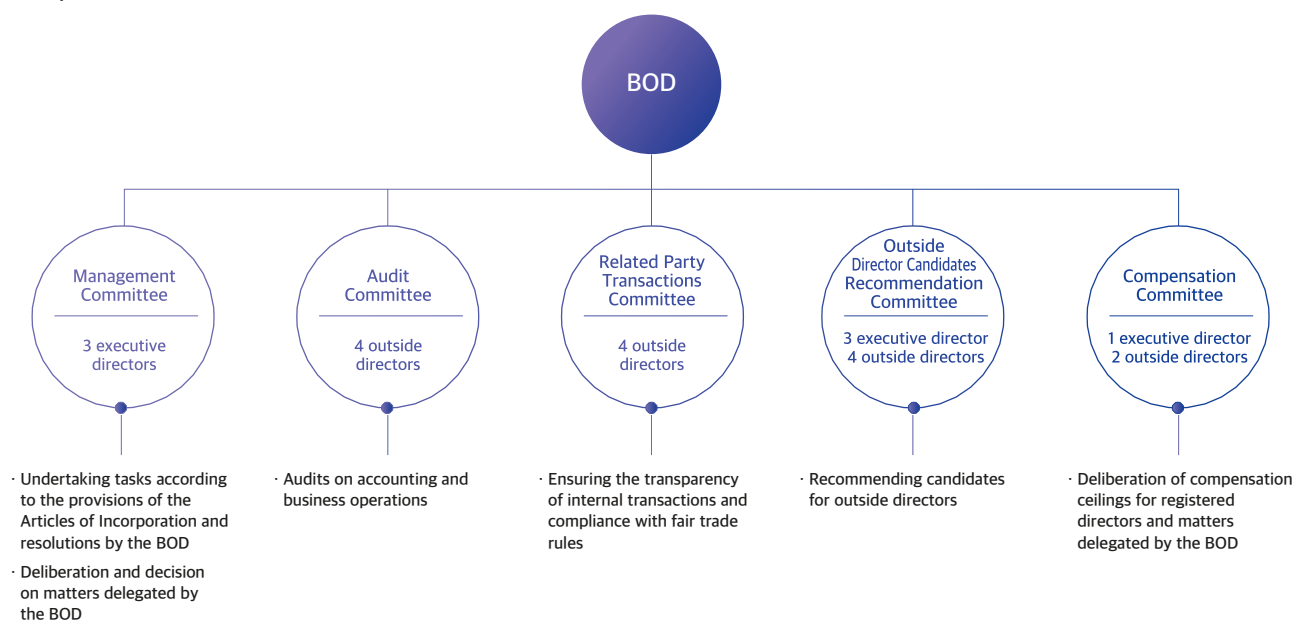
Directors' remuneration is discussed at BOD meetings with the evaluation of their expertise in business and technologies and their participation in BOD activities. The remuneration of executive directors is determined within the limits approved at the General Meeting and composed of a position-based base salary and performance-based bonus. Performance includes quantitative indicators related to economic performance such as revenue, net income and stock prices and non-quantitative indicators related to environmental and social performance such as safety, labor relations, insolvency, corruption, security and compliance.

#### BOD Remuneration

Description	Unit	2016	2017	2018
Net payment	KRW 100 million	47	49	<b>56</b>
Total BOD remuneration (executive directors)	KRW 1 million	4,257	4,493	<b>5,268</b>
Total BOD remuneration (outside directors & auditors)	KRW 1 million	419	402	<b>355</b>
Average remuneration per director (executive directors)	KRW 1 million	710	899	<b>1,317</b>
Average remuneration per director (outside directors & auditors)	KRW 1 million	84	80	<b>71</b>

\* as of 12/31/2018

### Composition for BOD Subcommittees

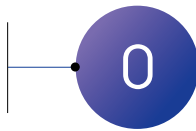


# COMPLIANCE

## Compliance Management System

We run compliance programs with the aim of ensuring that all our employees around the world comply with the rules and regulations when undertaking tasks. The programs include compliance in a variety of areas such as cartels, internal transactions, trade secrets, corruption prevention, personal information and subcontracts. Through the operation of our compliance programs composed of "Prevention - Inspection & Monitoring - Follow-up Management", we intend to preemptively respond to rapidly changing corporate environments while preventing and minimizing the risk of regulatory violations. For 2018, there were zero cases of imposed penalties or restrictions due to legal and regulatory violations.

Cases of imposed penalties, restrictions, etc., due to legal and regulatory violations in 2018

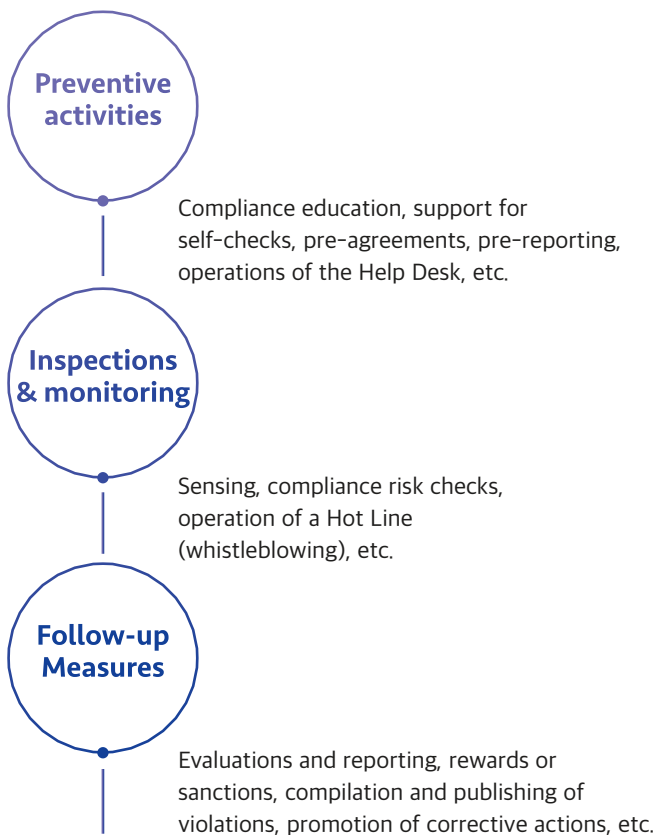


## Compliance System

To raise awareness of regulatory compliance among our employees as well as on the part of the corporate entity and to secure better performance in the area, we continue to conduct compliance education, inspection and monitoring activities. We run a compliance system that supports various compliance activities through which our employees can conveniently obtain access to appropriate support measures for compliance issues that might occur during their work anytime. They can also check the compliance guidelines and manuals and make use of diverse functions such as self-checking, pre-reporting, inquiries and whistleblowing easily in the system.

Most notably, to help enhance our employees' legal knowledge, we regularly update domestic and overseas legislation trends and related data in the system. In 2018, we registered major new compliance guidelines and job performance procedures with the Companywide SDI Policies Procedures Management System and developed them into in-house regulations. Through the improved accessibility to the data, we have increased our employees' compliance with the guidelines and procedures.

## Compliance Activity Processes



## Compliance Organization

To ensure that exclusive compliance units under the Compliance Support Team proceed with efficient compliance management, we run compliance implementation units according to our Compliance Control Regulation. Compliance implementation units are organized in each division with executives serving as their compliance implementation leaders and managers as their compliance implementation officers. The units play a part in encouraging their members to participate in compliance activities including compliance education and self-checking and to back up compliance inspection duties including the distribution of compliance related guidelines.

The Compliance Support Team provides regular compliance education to compliance implementation officers in addition to the supply of compliance newsletters and updates on major related legislation enactment and amendments so as to enhance the officers' job performance and capabilities. Furthermore, we reflect the performance of compliance implementation units in our annual organization and executive evaluations to motivate them to engage in compliance activities continuously and proactively.

### Compliance Education

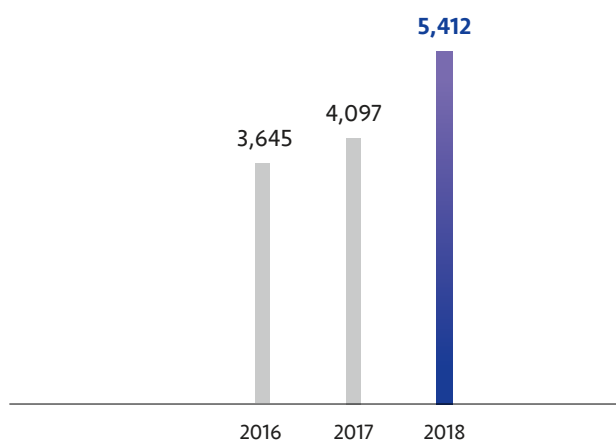
In 2018, we conducted compliance education through training by position and role levels. Most notably, for more efficient compliance education, we offered customized curricula to those that had to complete training in relevant courses. In sessions, we promoted discussion-oriented classes so that instructors and trainees could have interpersonal communication in small groups. To maximize trainees' interest and educational effects, we made sure that videos and audio narrations among others would be used actively. We also ensured that all our employees can enjoy educational equity in compliance education.

### Inspections and Monitoring

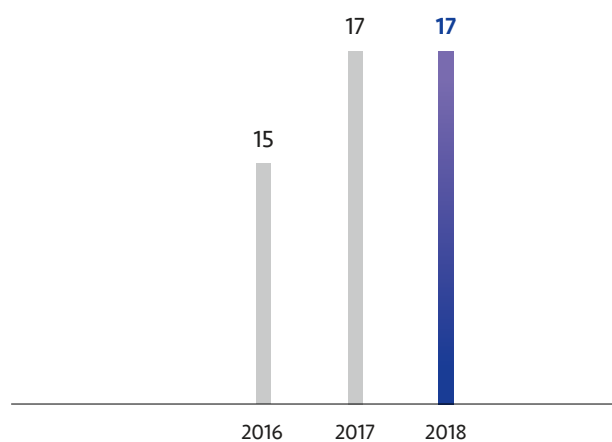
In 2018, we conducted compliance inspections regarding risks identified through the sensing and monitoring processes of compliance issues and related legislation. With the aim of actively reducing risk in advance, we offer consulting-type inspections and solutions based on the observation results of respective divisions with greater risk potential. The 2018 inspection results were also reflected in our education curricula, regulations and guidelines. To enhance the efficiency of corrective measures, we have established a post-inspection management process and improved upon the relevant features in our compliance system.

Compliance & Ethics Education | Unit: person

\* Domestic running total



Compliance Inspection Activities | Unit: case



### Partner Consortium Education

We offer yearly consortium education designed for our partners, one of our essential stakeholders. Through the education, we share our compliance status with them and help them to enhance their legal capabilities as a means of enhancing a win-win cooperation.

In May 2018, we provided 53 partner companies with a two-day training course that consists of various topics such as compliance management, contract, fair trade, intellectual properties and the Improper Solicitation and Graft Act.

### Counseling and Whistleblower Channels

We receive whistleblower reports on superiors' unfair demands based on their authority as well as any noticeably dishonest or fraudulent conduct. We keep all those reports confidential and anonymous.

# HUMAN RIGHTS

## Human Rights Management

Companies pay keen attention to human rights management worldwide due to the potential for big problems they can create. International organizations and civic associations present diverse criteria that corporations must meet to fulfill their responsibilities of maintaining human rights. They also request that businesses meet their responsibilities for the protection of human rights and the promotion of diversity according to global standards and expand their scope of responsibility to their suppliers so that human rights violations do not occur in their supply chains, either.

Samsung SDI complies with the ILO conventions, the RBA (Responsible Business Alliance) Code of Conduct, and labor laws of the countries where it conducts business. We abide by standards on child labor, forced labor, working hours, wages and benefits, humanitarian treatment, the prohibition of discrimination, and freedom of assembly. Through monitoring not only our employees, but also our global business sites and partner companies, we guarantee the respect for workers and their dignity.

Each year, our headquarters or our corporations take the lead in undertaking monitoring for our global business sites and partner companies. The 2018 monitoring found no violations regarding child labor, forced labor or discriminatory measures.

## Management of Workplace Human Rights/Labor Impacts

We review our human rights and labor standards three to four times a year, identify factors that adversely affect human rights, and pay particular attention to the management of vulnerable areas and business sites. We manage human rights and labor impact based on a series of check lists made according to the Code of Conduct of the RBA (formerly the Electronic Industry Citizenship Coalition). In 2018, we carried out the self-diagnosis of human rights and compliance for all 14 overseas corporations (8 manufacturing sites and 6 sales offices) to check the risks involved. We identified areas that required improvement in the mid- to long-term and we have begun to take action on them.

## Respect for Diversity

We respect our employees' diversity, prohibit discrimination based on gender, religion or nationality, and provide every one of our employees with the same opportunities. We recognize our "difference" in our efforts to create a one-team organizational culture where employees with diverse cultural backgrounds, from around the world can fulfill their potential in their respective areas. We also fully support female staff and employees so that they can demonstrate their competitiveness and expertise while continuing to develop their capabilities.

### Employee Diversity | Unit: %

Description	2016	2017	2018
Female employees	25.1	26.8	<b>25.9</b>
Ratio of female managers	7.7	8.2	<b>8.2</b>
Ratio of local recruits	56.9	58.3	<b>59.2</b>

## Human Rights Education

We conduct education on sexual harassment for all our employees every year. To create a healthy organizational culture where all our employees comply with basic decency, we run a bulletin board called, "It Basic" on our corporate website and provide a practical guide on human rights issues.

The amendment of "The Equal Employment Opportunity and Work-Family Balance Assistance Act" related to sexual harassment at work among others went into effect in May 2018. We reflected the changes in our policy. We posted educational content on the prevention of sexual harassment on the "It Basic" bulletin board. In the practical guide, we specify what to do to prevent sexual harassment and verbal abuse and implement a better drinking culture while sharing information on disciplinary guidelines about the types of violations such as sexual harassment and information leakage.

### Evaluation and Compensation

The focus of employee evaluation has shifted to an evaluation of employee expertise following a change in the company's personnel management system from a rank-based system to a career level system. To enhance fairness in evaluation, we have replaced the traditional system of performance-based evaluation and compensation with a comprehensive review of employees' performance and leadership capabilities required at a higher level. We are planning to enhance the correlation between performance and compensation by applying a higher wage increase rate to those rising to CL3 or higher.

### Operation of Works Council

We run the Works Council composed of equal representation from labor and management. The council holds regular meetings every quarter in addition to ad-hoc meetings when necessary, to deal with major labor-management issues such as increasing wages and improving the working environment and worker health and safety among others.

We notify employees in advance of any significant changes in business management circumstances according to the procedures set forth in the relevant country's legislation for further discussion at council meetings. We immediately publish the results of council meetings to keep all our employees up-to-date with the latest developments.

### Promotion of Employee Communication

Samsung SDI runs various employee communication channels such as SDI talk, Global SDI Pick, and an in-house broadcasting station. We operate "SDI talk," a bulletin board for employees to post opinions freely. In April 2018, we launched Global SDI talk, a global newsletter that consists of diverse corporate news, with the goal of motivating SDI members all around the world to be part of One Team through communication. The newsletter consists of three sections such as "News in SDI," which contains major in-house news, "Leader in SDI" that conveys messages from the CEO and executives, and "Zoom in SDI" that talks about corporate business or introduces stories about employees' everyday stories. It serves as a medium of global communication among SDI members around the world.

In addition, we conduct an organizational culture diagnosis called the Samsung Culture Index (SCI) among our employees each year to uncover issues and work on them promptly. We reflect on the feedback collected through the diagnosis of improvement efforts to innovate our corporate culture.

### Grievance Mechanisms

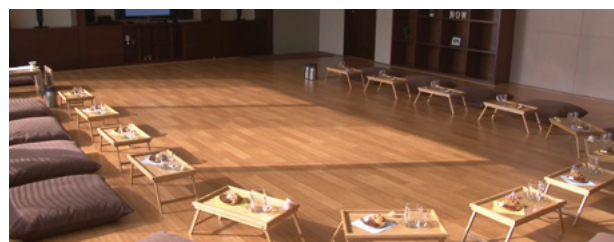
As part of our endeavors to create a healthy corporate culture, we run an online grievance board ("Sisicolcol") where employees post anonymous messages. We work on information posted on the board in accordance to the relevant procedures following the due investigative steps. In 2018, we received 887 bits of information and took proper action on them all. We will more actively collect employees' opinions and make improvements to create a better working environment.

#### Actions on Employee Grievances (Korea) | \* Only for Korea

Description	Unit	2016	2017	2018
No. of grievances	Cases	414	441	<b>887</b>
Resolution ratio	%	100	95.2	<b>99.9</b>

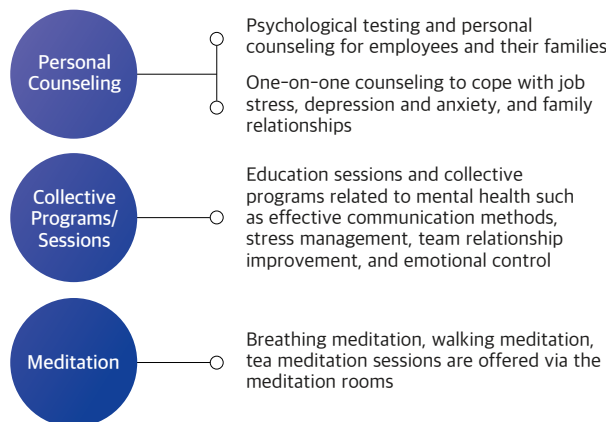
### Life Coaching & Counseling Centers

For the promotion of employees' mental health and stress management, we run "Life Coaching & Counseling Centers" at all our domestic business sites. Staffed by certified professional counselors, the centers offer solutions to various psychological difficulties employees might suffer at work or elsewhere in their daily lives in order to reduce their stress and help them achieve self-development.



Meditation Room at the Cheonan Production Site

#### Programs





# SOCIAL CONTRIBUTIONS

## Purpose of Social Contributions

Samsung SDI undertakes various activities to add value to global communities' by helping children and youths foster their dreams as an energy source for the future of the world by tapping into employees' talent while sharing their technologies and capabilities as an eco-friendly corporation with the local community. In 2018, we invested about 5 billion KRW in social contributions in Korea with more than half of it on academic research and education.

In 2019, under the new vision for social contributions titled: "Enabling People", we will embark on mid- to long-term social contribution strategies across four sectors. We will place a particular emphasis on "Education for Future Generations," which is also the main theme of our social contribution activities.

| Vision |

[ Enabling People ]



| Theme |

Education for Future Generations

| Four Major Sectors |



## Samsung SDI Major Social Contribution Activities

### Green Planet Environment School

As a creative leader of energy and state-of-the-art materials, we run a green energy & environment education program. Green Planet Environment School is an experiential education program teaching the importance of conservation and energy use to elementary school students. Our employees have taught at the school since 2011 providing various hands-on environmental education on renewables, global warming and eco-friendly vehicles. Most notably, we acquired a certification for our own education program from the Ministry of Education in 2015, which is a testament to the excellence of our educational program.

We offer summer camps to underprivileged children in five major regions of the country every year. With our exclusive education buses, we offer the mobile Green Planet Environment School to elementary school students all over Gyeonggi Province. In 2018, 9,149 students participated in the program thanks to the keen interest of parents as well as students. Thus far, a total of 26,210 students have joined the program school activities. In 2019, in association with the country's implementation of a free semester program for middle school students, we are planning to launch Green Planet Environment School for them to teach them the importance of conservation and green energy while allowing them to experience various career options available to them.



26,210 Persons

Green Planet Environment School  
Number of participating students

WE Dream School

**WE Dream School :: Children & Youths**

**“Science Dream of I (SDI)” Science Class**

Since 2016, Samsung SDI Suwon has offered two-hour science classes each month to underprivileged children who spend their after-school hours at local children’s centers.

This provides opportunities for experience-based science, testing and experiments that are not available in their school curricula with the purposes of deepening their understanding of science and cultivating convergent and creative thinking among them. We will increase the chances for them to access science education as part of our efforts to reduce educational inequality.



“Science Dream of I (SDI)” Science Class

**Challenge! Golden Bell for Reading**

Our Ulsan business site holds an annual event called “Challenge! Golden Bell for Reading,” to encourage children in its neighboring local children’s centers to read more and to give them an opportunity to show off their hidden talents. Amid the keen interest of local children’s centers, 270 children participated in the 2018 event. A “Cheerful Athletic Meet” followed the Golden Bell competition to promote the children’s balanced growth between mental and physical capabilities while having fun together with others.



Challenge! Golden Bell for Reading

**Sports School and Athletic Competitions for Students with Disabilities at Chungnam Province**

In accordance with an MOU with Chungnam Provincial Government, our Cheonan site offered sports promotion programs for more than 4,100 adolescents with disabilities in the province between 2014 and 2018. After selecting those with stronger

WE Dream Home

growth potential, we have helped them train to become elite athletes through subsequent SDI Sports School programs, which produced a total of 425 medalists in Korean Youth Para Games from 2014 to 2018.

**Field Day for Disabled Children**

Every fall, Samsung SDI Gumi plays host to a field day for disabled children attending the Eungwang Child Care Center. An average of 170 people take part in the event including disabled children, their families, teachers and our volunteers who form pairs with the children one-on-one to create fond memories. The event launched in 2007 has established itself as a representative social contribution commitment by Samsung SDI Gumi.



Field Day for Disabled Children

**Donated Eyesight Recovery Project**

In 1995, we signed an MOU with Siloam Eye Hospital to help the underprivileged that are at risk of going blind due to a lack of proper eye care. We have sponsored free eye surgery for some of them. We donated a mobile eye clinic bus equipped with state-of-the-art medical equipment such as operating microscopes and cataract surgery instruments to provide eye care services in rural areas, including islands, to those in need, but went untreated due to lack of cutting-edge medical services. So far more than 228,563 people have benefited from the eye care services. In 2018, 4,125 people received free eye care services including emergency eye surgery for 39 persons in the mobile eye clinic bus.



Free Eye Care and Surgery



### Moving Together

“Moving Together” is a social contribution activity in which those from our Cheonan site help single seniors and underprivileged households in Cheonan to move through an MOU with the municipal government of Cheonan. Launched in October 2005, the service helped a total of 300 households to move in January 2018. In addition to moving household items, the service improves living conditions by installing new wallpapers and flooring and upgrading existing electric power and water supply systems as well as providing free home appliances as “Hope Goods.”



Moving Together

### Sharing the Kimchi of Love

Through volunteer activities called “Sharing the Kimchi of Love,” we share our heart with the disadvantaged in our local communities in the winter. In 2018, our six business sites in Korea participated in the event with their employees who had yet to learn how to make kimchi for the winter, to actively partake in the effort. A total of 7,200 heads of Napa cabbage kimchi were donated to local welfare institutions and delivered to single seniors, too.



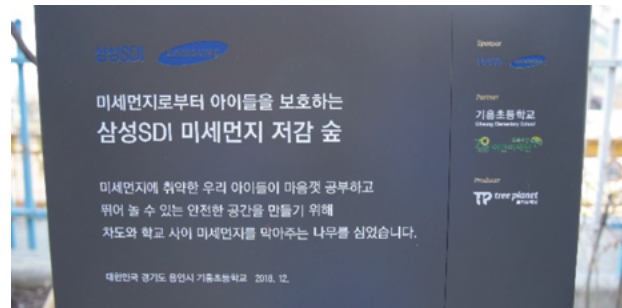
Sharing the Kimchi of Love

## We Dream Green :: Environmental Production

### Creation of a School Forest (Dream Walking)

On our foundation day, we conduct an online walking campaign with the aim to pass on clean air to future generations. We contribute to a matching fund in proportion to the distance our employees walked that day. The funds are used to create school forests so that children can study and play at school worry free from fine dust.

In 2018, we planted 24 zelkova trees and 1,000 shrubs at Giheung Elementary School near our headquarters. We will continue with our school forest creation project to raise environmental awareness and act on practical solutions to environmental degradation.



Creation of School Forest (Dream Walking)

### Refining One Stream, per One Company

To celebrate World Water Day on March 22, all our business sites conduct activities to improve water quality and the environment of their nearby streams in coordination with local communities. In 2018, our 950 volunteer employees took part in the efforts while producing 1,000 pop-up books on the topic of the importance of water and delivering them to children’s centers in their neighborhoods.



Refining One Stream, per One Company



## We Dream Global :: Go Global

### Sisterhood Support for Overseas Underprivileged Children

To improve the living environments of overseas children in impoverished areas, we support more than 400 children through sisterhood relationships based on matching contributions between the company and our employees. We promote their healthy growth through regular medical check-ups and free food and nutritional supplements while helping them receive quality education by supplying them with school supplies among others.

### Donation of “Hands-on” Handicraft Items to Vietnamese Children

Every October, we hold a Global Volunteer Festival worldwide along with our major overseas corporations which get involved in diverse social contribution activities customized for the development of their local communities. In 2018, our domestic employees presented children in Vietnam with school supplies including their own handicraft goods such as eco-bags, school bags and pencil cases. All our overseas corporations carried out social contribution activities reflecting their local characteristics including delivering Hope Goods to low-income households and providing the clean-up of environmental pollution.



Activities Involving the Donation of Handicrafts

### Language Education Support for Multicultural Families

We support bilingual education projects designed for a growing number of multicultural families across the country. With the purpose of helping marriage migrants learn Korean for their stable settlement in Korean society and giving their children opportunities to become bilingual, to be able to develop into global talents, we have signed an MOU with the Multicultural Family Support Center of Yongin City and supplied them with various goods.



MOU execution for the support of multicultural families' language education

## Employee Volunteer Services

### Blood-Donation Campaign

Our business sites carry out blood donation campaigns regularly. In 2018, 2,234 employees, up 318 from the previous year, donated blood. In addition, we collected 1,000 Blood Donor Cards from our employees and donated them to local trauma centers in need of blood. We consistently took actions on the country's blood shortage.

### Grand Volunteer Festival on Foundation Day

In June 2018, we held Grand Volunteer Festival throughout the entire month in celebration of our company's 48th anniversary. We wanted to express our gratitude to our local communities through our employees' active participation in diverse sharing activities with local communities. Young Hyun Jun, president and CEO, donated the entire amount of his Haedong Award. Combining donations from other employees, we installed an IT education room in the daycare center of a local community. We shared the pleasure of our company's 48th anniversary with our local communities through a whole host of other events such as Dream Walking aimed at creating school forests, making hands-on handicraft items and donation activities, and a series of Dream Talk Concerts led by celebrities.

### Talent Donation Campaign

Samsung SDI provides proactive support to help employees make the most of their personal competence and working knowledge in donating their talent. The Badminton Club provides regular training for the disabled in wheelchairs to learn badminton, and the Mountaineering Club breathes new life into mountain climbing activities with participation of visually impaired locals. We also offer consistent volunteer services to our underprivileged neighbors to improve the residential environment of severely handicapped people and to help children in local childcare centers focus on their studies through our volunteers' working knowledge and commitment. Members of the Photo Club of Samsung SDI Giheung have taken 624 yearbook pictures for students in Suwon Seokwang School, a special education school for students with disabilities, for 14 years since 2004. The members have also accompanied the students on graduation trips to create fond memories recorded in the students' yearbooks. They installed photo-taking booths at graduation ceremonies and took photos of the students and their family members to present them to the families as gifts.



Talent donation campaign (graduation ceremony of Seokwang School)



# ENVIRONMENTAL MANAGEMENT

We strive to reduce the environmental impact of all our business activities and throughout all production and consumption processes. We make every effort to increase the efficiency of our resource utilization at all our business sites. We reduce our environmental impact through the application of in-house standards for pollution management that are stricter than the government's minimum legal requirements.

## Management of Water Resources

### Management of Water and Wastewater

The importance of water and wastewater management is growing given the water scarcity and pollution of water resources. We strive to increase the efficiency of water usage in the manufacturing processes while promoting the efficient use of water resources through wastewater recycling and reuse.

We discharge our wastewater to sewage treatment facilities run by the government after first treating it at our wastewater treatment plants. In 2018, we upgraded the sewage transfer system at the Cheonan site for more stable wastewater treatment as the generation of organic wastewater (manufacturing and human waste) was anticipated to increase following the expansion of the M Line at the site among others.

### Wastewater Generation in 2018 | Unit: ton

Description	Location	Quantity
Domestic	Giheung	471
	Suwon	24,314
	Cheonan	829,579
	Cheongju	405,299
	Gumi	379,523
	Ulsan	685,707
	Overseas	
Overseas	Malaysia	398,309
	Tianjin	45,665
	Xian	49,447
	Wuxi	562,843
	Hungary	84,431
<b>Total</b>		<b>3,465,588</b>

\* Scope of data collection: all domestic and overseas production sites, headquarters and research centers (excluding sales offices, overseas offices, and production facilities with no production records in 2017)

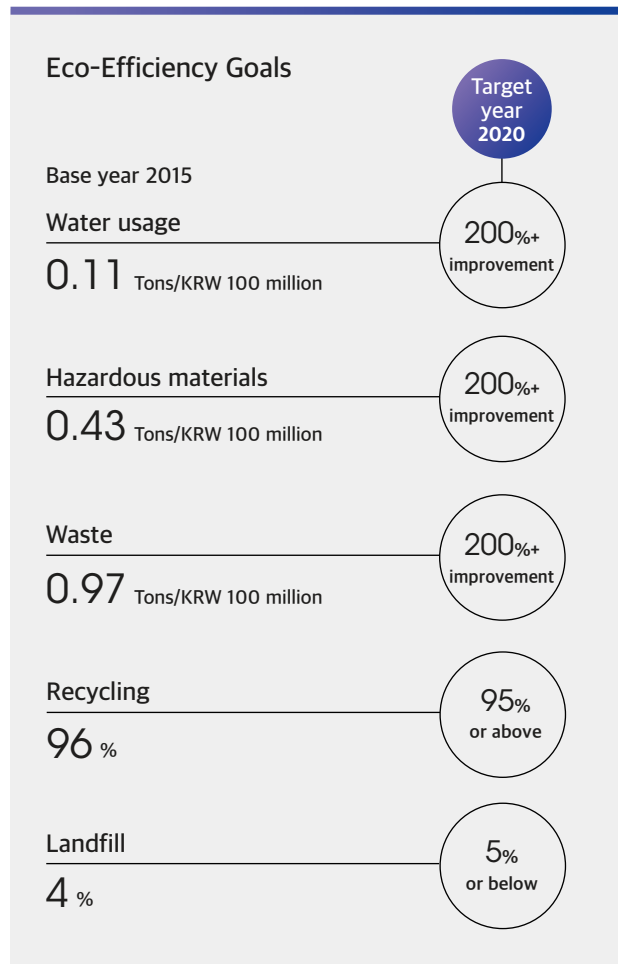
## Management of Pollutants

### Air Pollution Control

We control all possible sources of air pollution through the application of stricter in-house standards that exceed the legal requirements. To reaffirm the companywide measurement of air pollutants and its management, we conduct a "Companywide Monitoring of Air Pollution Measurement Results" every month. We take preemptive measures against all air pollution potential.

### Water Pollution Control

To verify the credibility of water pollutant measurements and analysis and to prevent environmental accidents from arising due to data errors, we carry out an "evaluation of water quality assessment capabilities" of those charged with our water quality assessment every year.



## Waste Management

### Securing Waste Treatment Stability

We assign waste treatment to outside contractors. To secure their stability in waste treatment and to ensure that all the waste generated by our business sites are treated legally and according to the relevant environmental laws, we check with the businesses for any potential violations through the implementation of a “Legal Violation Statement” system. We keep them informed of our strong commitment to comply with all the legislation as a way of ensuring that our waste is treated properly.

### Waste Reduction Efforts

To minimize the generation of waste from our manufacturing processes, we promote further recycling based on the transition of waste into resources. Most notably, our plant in Gumi spiked its average recycling rate from 81.3% to 85.8% between 2017 and 2018 following its discovery of ways to recycle its SOD salt waste.

### Waste Management 2018



Domestic	
Total waste	68,746 Tons
General waste	33,895 Tons
Designated waste	34,852 Tons
Recycling quantity	64,154 Tons
Recycling rate	93.3%
Landfill rate	6.7%



Overseas	
Total waste	37,966 Tons
General waste	33,136 Tons
Designated waste	4,830 Tons
Recycling quantity	35,282 Tons
Recycling rate	93%
Landfill rate	7.1%

## Recycling

### Promotion of Recycling

As environmental pollution worsens due to global resource waste, a growing number of governments and NGOs requested a “resource circulation production method.” Global clients also demonstrated strong interest in the Closed-Loop System that applies metals extracted from battery waste to new products.

Demand for metals used to produce batteries (cobalt, lithium, and nickel) continuously grows, raising price fluctuations and demand risks.

From this context, we are seeking to establish a recycling eco-system to preemptively respond to the demands of our customers and civic societies regarding resource recycling and to diversify our supply source of core raw materials.

\* Closed-Loop: A system aimed at using metals extracted from battery waste in new products

### Resource Recovery Processes

There are two ways to recover battery waste for recycling.

First, the scraps generated in the process of manufacturing products are recovered in a factory. Second, waste batteries are recovered from consumers and sent to recycling companies to undergo a shredding and chemical treatment processes before being used to make key metal materials including cobalt and nickel.

We plan to establish a strategic collaboration system with battery customers and recycling companies for the recovery of waste batteries through a closed-loop system. In 2018, we had discussions with our partner companies about the establishment of a recycling process. We will start recycling in 2019 with scraps from plant operations. We will continue to establish and expand upon a collaborative network with diverse stakeholders to recover waste batteries from our customers.



# SUSTAINABILITY DATA

## Compliance

### Compliance & Ethics Education

Description	Unit	2016	2017	2018	
Samsung SDI	Corruption prevention (Domestic running total)	Persons	22,969	9,377	4,591*
	Compliance & ethics (Domestic running total)	Persons	3,645	4,097	5,412
Supply chain	Compliance & ethics	Company	57	80	53

\* The 2018 number diminished due to the non-implementation of online education (2016) and special education (2017).

### Compliance Audits

Description	Unit	2016	2017	2018
Compliance audits	Cases	15	17	17

### Business Site Corruption Risk Evaluation

Description	Unit	2016	2017	2018
No. of business sites	EA	30	30	30
Sites evaluated as having corruption risks	EA	4	2	2
Ratio of sites evaluated as having corruption risks	%	13	7	7

### Disciplinary Measures

Description	Unit	2016	2017	2018
Disciplinary measures from corruption audits (Korea)	Persons	42	20	2
No. of terminated partners due to corruption	Company	-	-	-

## Human Rights Management

### Diversity and Social Equality

Description	Unit	2016	2017	2018	
Disability employment	Persons	137	133	152	
Local employment	No. of local leaders *	Persons	111	105	109
	No. of local leaders in overseas branches	Persons	195	180	184
	Actual hiring rate	%	56.9	58.3	59.2
Female employment	No. of female managers or above	Persons	274	303	316
	No. of all managers or above	Persons	3,570	3,715	3,858
	Ratio of female managers or above	%	7.7	8.2	8.2

\* Managers or above include group and team leaders.

### Welfare and Benefits

Description	Unit	2016	2017	2018	
Welfare and benefit expenditures	KRW 1 million	282,779	255,013	297,369	
Parental leave	Return to work ratio* (2018 return ratio of those on 2017 leave)	%	81.9	82.1	95.8
	Re-entry ratio after parental leave* (re-entry ratio for employment for over 12 months)	%	70.9	80.7	96.5
SCI Assessment Score	Points	70.1	70.3	70.0	

\* Only for Korea

## Remuneration and Others

Description	Unit	2016	2017	2018
Remuneration	KRW 1 million	970,241	759,356	977,764
Severance pay	KRW 1 million	428,381	65,489	64,183
Gender-based base remuneration ratio	Males/Females	1:1	1:1	1:1
Members of Works Council*	Persons	52	52	52

\* Only for Korea

## Grievances

Description	Unit	2016	2017	2018
Resolution ratio (Korea)	%	100	95.2	99.9
No. of grievances (Korea)	Cases	414	441	887

## Local Community Contributions

### Social Contribution Investments

Description	Unit	2016	2017	2018
Social contribution amounts	KRW 100 million	49	40	50
Social welfare	%	37.0	40.4	40.3
Research and education	%	54.9	45.6	52.9
Healthcare	%	1.0	3.1	2.4
Sports promotion	%	1.9	2.1	1.4
Conservation	%	2.8	6.7	0.7
Culture and arts	%	2.3	2.2	2.3
Matching funds	KRW 100 million	19.8	18.5	23.4

### Employee Engagement

Description	Unit	2016	2017	2018
Engagement ratio	%	98.6	97.0	98.0
Volunteer hours per person (Korea)	Hours	11.7	13.7	13.7

### Major Social Contribution Achievements

Description	Unit	2016	2017	2018
Donated Eyesight Recovery Project (Accumulated)	Persons	218,728	224,399	228,563
Donated Eyesight Recovery Project (Treatment)	Persons	6,243	5,615	4,125
Donated Eyesight Recovery Project (Operation)	Persons	73	56	39
Green Planet Environment School (Accumulated)	Persons	8,584	17,061	26,210
Green Planet Environment School Beneficiaries	Persons	5,356	8,477	9,149
Green Planet Environment School satisfaction ratio	Points	87	91.9	89.2
Talent Nurturing Company Scholarship Recipients (Accumulated)	Persons	94	104	114



## Environmental Management

### Water Resources

Description	Unit	2016	2017	2018
Total consumption	1K Tons	5,646	6,408	7,927
Domestic	1K Tons	3,399	3,484	3,485
Overseas	1K Tons	2,247	2,924	4,442
Intensity	1K Tons/KRW 100 million	0.11	0.10	0.09

### Wastewater

Description	Unit	2016	2017	2018
Domestic quantity	1K Tons	2,535	1,960	2,325
Overseas quantity	1K Tons	373	1,060	1,141
Intensity	1K Tons/KRW 100 million	0.70	0.05	0.04

### Pollutants

Description	Unit	2016	2017	2018
<b>Discharge of Water Contaminants (Domestic)</b>				
BOD intensity	Kg/KRW 100 million	0.13	0.12	0.06
COD intensity	Kg/KRW 100 million	0.57	0.41	0.20
SS intensity	Kg/KRW 100 million	0.70	0.36	0.24
<b>Emission of Air Pollutants (Domestic)</b>				
NOx	Kg/KRW 100 million	0.05	0.14	0.21
SOx	Kg/KRW 100 million	0.02	0.02	0.11
Dust	Kg/KRW 100 million	0.20	0.09	0.19
<b>Ozone Depleting Substances</b>				
Domestic quantity	kgCFC11eq	52	52	239.50
Overseas quantity	kgCFC11eq	92	0.3	113.12
Intensity	kCFC11eq/KRW 100 million	0.003	0.001	0.004

\* An annual basis calculation is difficult because certain overseas corporations have different measurement cycles for different types of pollutants.

### Hazardous Chemical Substance

Description	Unit	2016	2017	2018
Total consumption	Tons	20,694	26,097	47,103
Domestic	Tons	20,274	24,228	41,338
Overseas	Tons	420	1,869	5,764
Intensity	Tons/KRW 100 million	0.40	0.41	0.51

## Waste

Description	Unit	2016	2017	2018	
Domestic	Tons	40,346	46,705	68,746	
Overseas	Tons	12,957	26,025	37,966	
Intensity	Tons/KRW 100 million	1.02	1.15	1.17	
Designated waste	Tons	21,922	25,225	39,682	
Domestic	Recycling	%	97.7	99	93.3
	Landfill	%	1.9	1	6.7
Overseas	Recycling	%	84.8	92	92.9
	Landfill	%	15.2	8	7.1

Description	Unit	Total	
Waste treatment	Incineration	Tons	12,093
	Landfill	Tons	919
	Recycling	Tons	90,851
	Total	Tons	103,863

\* The scope of data collection: All domestic and overseas production corporations, the HQ and research centers (except sales offices and production sites without production records in 2018)

\* Amounts in KRW are based on consolidated financial statements.

\* An annual basis calculation is difficult because certain overseas corporations have different measurement cycles for different types of pollutants.