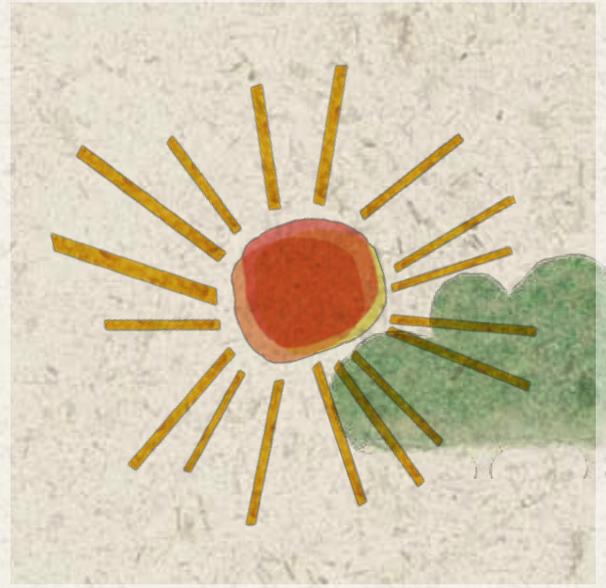


Samsung SDI
Sustainability Report 2011

Smart Solution for a Green World



SAMSUNG SDI



About Sustainability Report

Ninth Sustainability Report

Since it became the first Korean company to publish a sustainability report in 2003, Samsung SDI has issued annual published reports, including its eighth in May 2011. This is Samsung SDI's ninth sustainability report.

The Reporting Period is from January 1st to December 31, 2011.

Any major changes that have been made before the issue date of this report in 2012 have been reflected.

All Global Manufacturing and Sales Subsidiaries and Offices, R&D Centers, and Joint Ventures.

This report includes information on all our products including small-sized rechargeable batteries, rechargeable batteries for electric vehicles, rechargeable batteries for ESS, solar modules, PDP, CRT, VFD and future products being developed at the R&D centers.

Reporting Framework

This report has been prepared according to the GRI (Global Reporting Initiative) G3.1 Guidelines and the Environmental Reporting Guidelines of the Ministry of Environment of Korea. Data was compiled based on the G3.1 protocol and, when not specified in that protocol, according to Samsung SDI's internal standards.

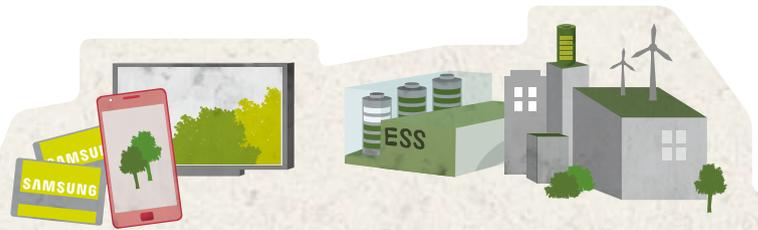
Assurance

To ensure its credibility, this report has been verified by a third party, the Institute for Industrial Policy Studies (IPS), utilizing the international assurance standard AA1000AS(2008). The verification results are included in this report (P.59-60).

For further information please contact us at:

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Smart Solution
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Samsung SDI

Samsung SDI is an Eco-friendly and Clean Energy Solution Company.

Samsung SDI operates 10 production plants, 1 R&D center, 2 sales subsidiaries, and other branches, subsidiaries, and offices in 12 countries around the world.

We operate the Battery Cell Business Division, Battery Pack Business Division, PDP Business Division and CRT Business Division. As of July 1st 2011, we acquired a solar business that will be the driving force for future growth from Samsung Electronics, and we are currently operating Solar Energy Business Division, as well as an ESS Business Team which aims to strengthen our energy storage business. At our R&D Center, core materials for rechargeable batteries and other next-generation technology are currently under development.

In October 2011, in order to enhance our battery business capabilities and overseas presence, we established a battery manufacturing subsidiary in Malaysia and a sales subsidiary in Europe, and added battery cell production lines at our Ulsan plant and Tianjin subsidiary.

Product Sales

23.4%

Market Share of Small-Sized Rechargeable Batteries

6.8 million units

PDP Sales Volume

11.6 million units

CRT Sales Volume

12.8 million units

VFD Sales Volume

Assets

KRW **8.5** trillion

Equity
KRW **6.3** trillion

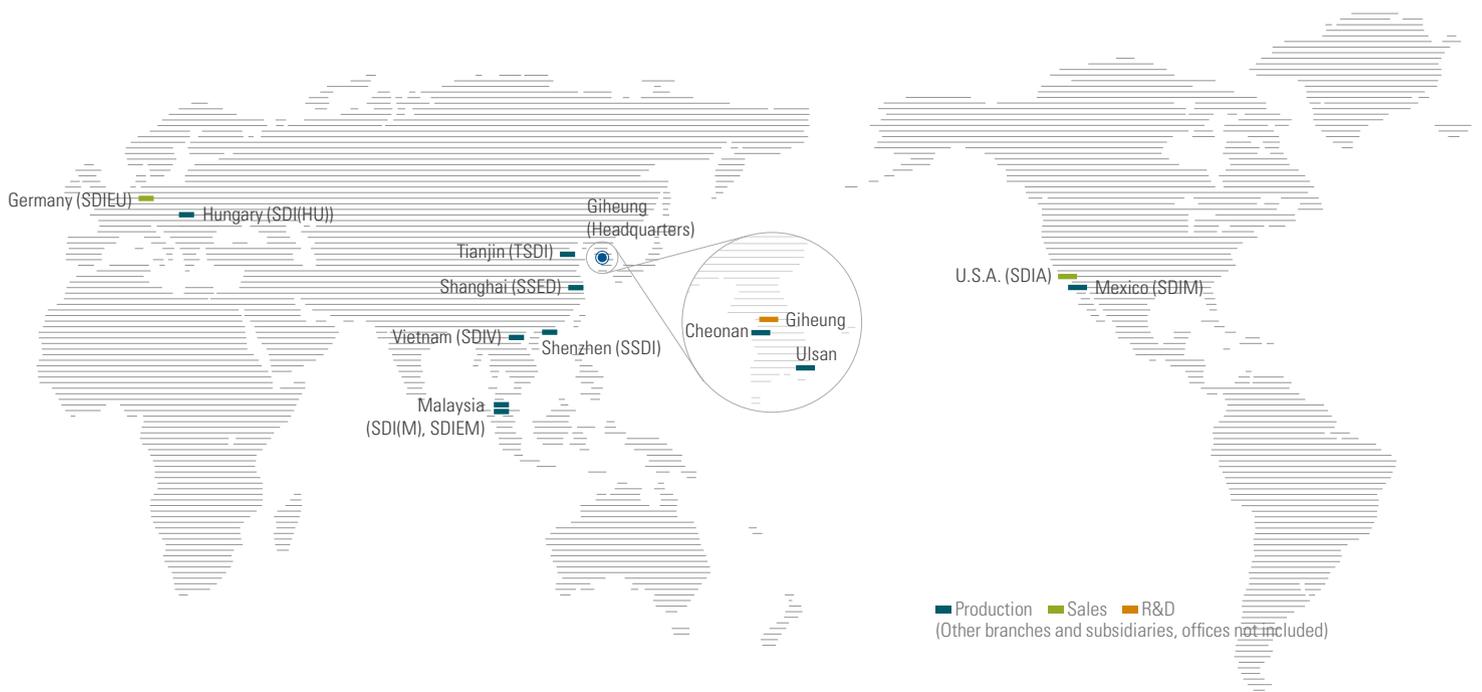
Liabilities
KRW **2.2** trillion

Sales

KRW **5.4** trillion

Employees

14,155 persons



Products

- 1 Small-sized Rechargeable Batteries
- 2 Mid-sized Rechargeable Batteries
- 3 Large-sized Rechargeable Batteries
- 4 Solar Module
- 5 Display



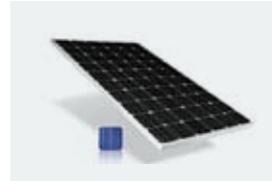
Rechargeable batteries for IT Devices, Electronic Tools, etc.



Rechargeable batteries for xEVs (Electric Vehicle)



Energy storage systems (ESS) that can store and use generated energy



Eco-friendly power generation device that converts solar energy to electricity



Eco-friendly PDP and slim CRT





CEO Message

Dear partners of Samsung SDI around the world
We are deeply grateful for your continued support and encouragement.

The corporate management paradigm has been recently evolving. A number of factors have become crucial measures for determining a company's sustainability, namely: an undying passion and willing spirit for change and innovation; a sense of responsibility toward the natural environment and local community; and a commitment to mutual growth with all stakeholders.

In 2011, Samsung SDI declared its new vision "Smart Solutions for a Green World." This expresses Samsung SDI's vision for growth focusing on two areas - "Smart Energy" represented by the rechargeable battery, and "Green Devices" represented by clean energy technology such as solar modules and environmentally friendly devices. In economic, environmental, and social aspects, this vision is also Samsung SDI's 'orientation' toward insightful solutions for a sustainable society.

In undertaking these challenges, Samsung SDI has made several meaningful achievements. Thanks to its technological competitiveness, it has maintained the largest global market share in small-sized rechargeable batteries for two consecutive years, and strengthened the foundation for the successful implementation of medium to large sized rechargeable battery business. We signed an agreement with Nichicon of Japan to provide rechargeable batteries for energy storage systems (ESS). SB LiMotive, a joint company between Samsung SDI and BOSCH of Germany, was selected as the sole supplier of battery packs for a hybrid SUV being developed by Mahindra & Mahindra of India. In July 2011, Samsung SDI acquired Samsung Electronics' solar business. This solar business is expected to contribute greatly to Samsung SDI's advancement as a global energy solution provider fueled through synergy with its existing battery business.

Samsung SDI has implemented various sustainability management activities as well. We have developed an integrated system for the systematic management of energy use and GHG (greenhouse gas) emissions, and carried out the establishment and expansion of low-carbon green partnerships in the supply chain. In addition, to help enhance the social responsibility of our sup-

ply chain, we are taking part in the S-Partner Program, which is an evaluation and certification system for our suppliers and aims to identify and avoid risks, and improve performance, in terms of corporate social responsibility. To further our contribution to the community, we have enhanced our communication and networking links with stakeholders, and developed a number of new contribution activities giving concrete support to the local community, such as the "Green Planet School for Environment and Children" project.

Samsung SDI will make 2012 a year of realizing its new vision and building the foundation for sustainable growth that will open up an eco-friendly and green energy future for our industry. Despite forecasts of global economic recession and corporate uncertainties for 2012, we are confidently kicking off our growth businesses, based on the foundations we have built over the past year. We will combine creative software competitiveness with our long-standing technological competitiveness, and spearhead change and innovation as a trend-setter in our industry.

In addition, we will create better environmental and social value based on cooperation and communication with our various stakeholders. We will share our principle of building a "So Good Company" that provides benefits to our various stakeholders including shareholders, customers, employees and suppliers. Meanwhile, we will continue to rapidly and consistently grow all elements that show potential for improvement and advancement, even the smallest aspects of our business. It is through such effort that we will fulfill our social responsibility and help to build a prosperous and sustainable society.

We hope for your continued interest and support as we move forward as an eco-friendly and clean energy solution company that is dedicated to helping to build a sustainable future.

President & CEO
Sang Jin Park

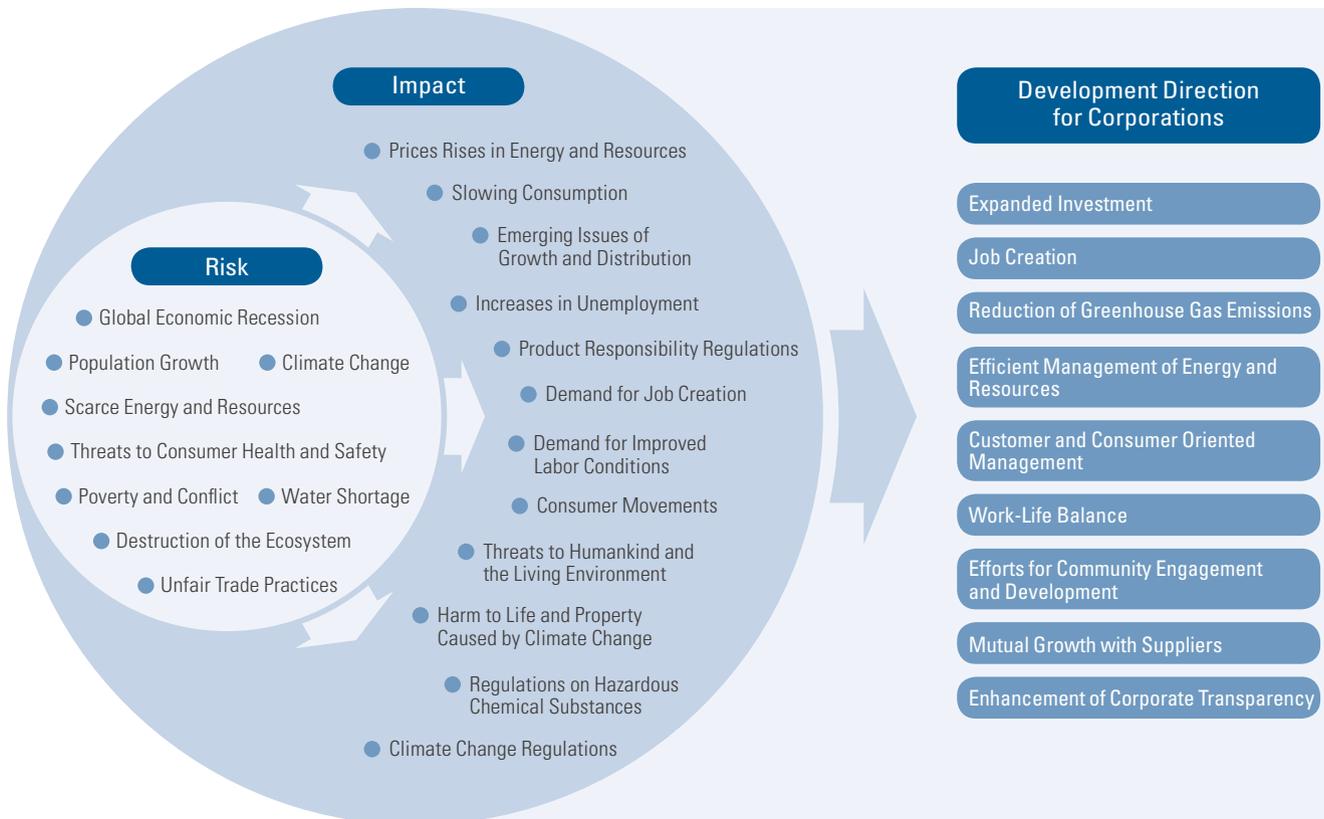


Our Approach

With the global population estimated to be over 7 billion, issues of water shortage, food security and pollution are becoming more serious issues. In a world confronted by climate change and energy problems, governments and corporations are speeding up their implementation and expansion of GHG (greenhouse gas) reduction, energy conservation and renewable energy efforts. International regulations on harmful chemical substances are becoming more rigid while restrictions on the trade of limited resources such as rare metals are being strengthened as well.

Meanwhile, society is demanding a much broader corporate social responsibility in order to ensure a sustainable future. In November 2010, ISO (International Organization for Standardization) launched ISO 26000, a set of international guidelines for an organization's fulfillment of its social responsibility. Affirming that social responsibility contributes to the sustainable development of humanity, ISO 26000 provides integrated guidelines on 7 core issues - governance, human rights, labor practices, environment, fair operating practices, consumer issues, and engagement with the community and its development.

Current rapid changes in social circumstances around the world demand more responsibility and action from corporations. Corporations should work on minimizing their environmental and social impact through continued communication with their various stakeholders and by fulfilling their responsibility and role as a member of society.

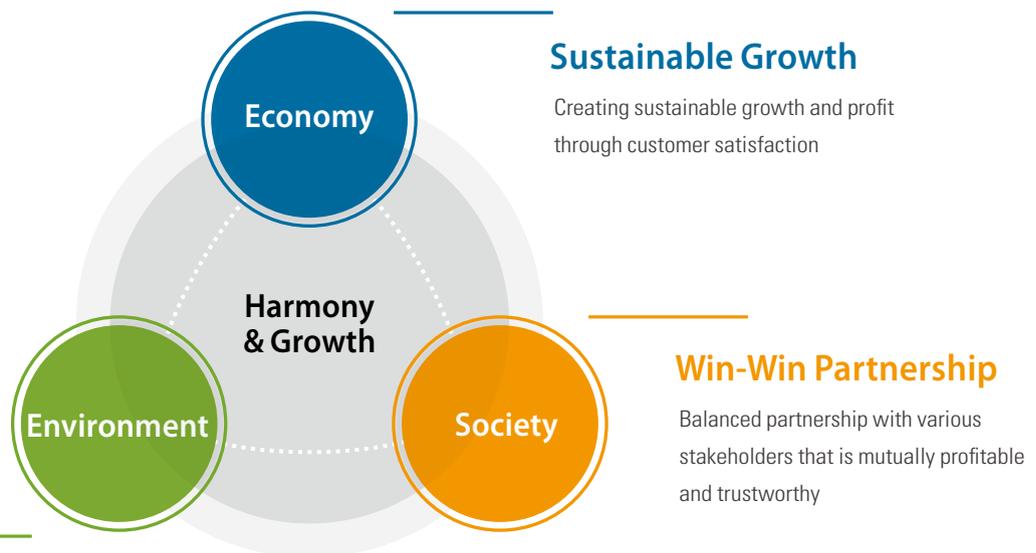


Innovator for a Sustainable World

Samsung SDI responds proactively to ever-changing sustainability issues. In doing so, we strive to identify major issues for each sector and take them into account when practicing sustainability management. Thus, Samsung SDI announced its sustainability management vision with a view to contributing to humanity through sustainable development, showing leadership in the economic, environmental and social spheres, and establishing TBL (Triple Bottom Line) strategies for each of its sectors.

Sustainable Development Innovator

Contributing to humanity through sustainable development, demonstrating leadership in the economic, environmental and social spheres.



Eco-Value Creation

Contributing to the enhancement of quality of life by creating more value through eco-friendly methods across the whole life cycle of products and services

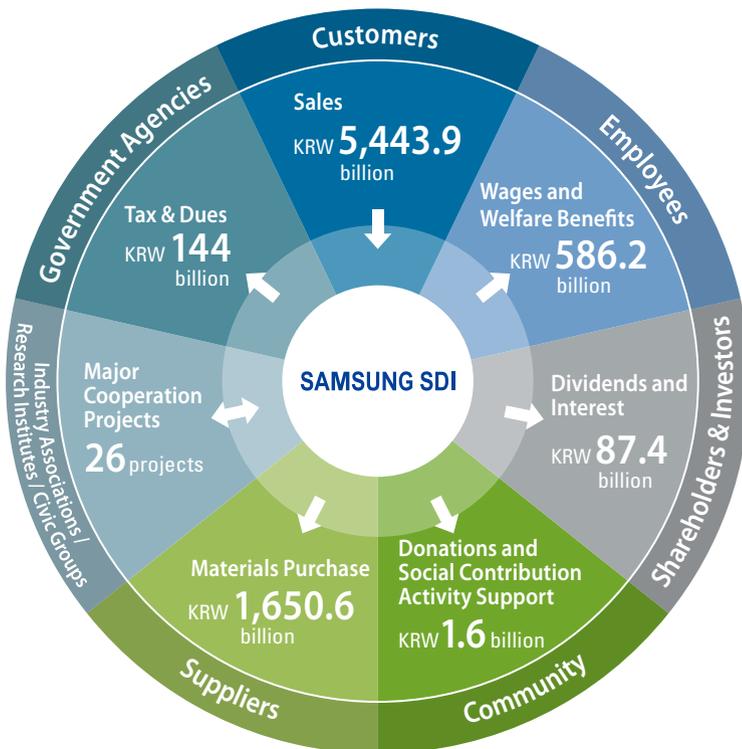
For More Information

More information is available on Samsung SDI website's <Sustainability - Value & System> page.
http://www.samsungsdi.com/sustain/s1_8.jsp

Stakeholders

Distribution of Value Among Stakeholder Groups

Samsung SDI strives to distribute the value created through its business operations fairly among its stakeholders, and thereby seeks mutual growth with these stakeholders through an exchange of economic, social and environmental value. Samsung SDI's major stakeholders are: customers; shareholders and investors; employees; suppliers; government; industry associations; research institutes; civic groups; and the general community. Major stakeholders are identified through an annual stakeholder status survey conducted by each department and through internal discussions. Samsung SDI will continue its efforts to build a prosperous and sustainable society together with its stakeholders by providing increasingly better products and services, fulfilling its corporate social responsibility, and creating better value.



Government The government provides a fair and competitive business environment by strengthening institutions and social infrastructure. As a corporate citizen, Samsung SDI complies with the law and contributes as tax part of the value created through its operations.

Industry associations / Research institutes / Civic groups Samsung SDI participates in the development and advancement of the industry through collaborative projects with industry and research organizations on shared technological challenges as well as by developing human assets. Through collaboration with civic groups, Samsung SDI identifies social demands and needs and builds cooperative relations with a range of organizations.

Stakeholder Value Distribution

Customer Providing safe and high-quality products enhances customer sales, which is the economic basis for a corporation's operations. Samsung SDI is continuing its sustainable growth through active communication and close cooperation with its customers.

Employees Employees are a company's most valuable asset and the core element for its success. Samsung SDI rewards its employees' hard work and achievements fairly and is building a working environment that will enhance employees' individual capabilities as well as improve their quality of life.

Shareholders & Investors Shareholders provide the basis for business operations and continued growth through capital investment. Samsung SDI works to maximize investor value by publicizing transparent and practical information, protecting and expanding shareholders' assets, and distributing profits fairly.

Community For Samsung SDI, community means the local area and citizens that provide the context for its operations. Samsung SDI and the community affect each other, both directly and indirectly. As a member of society Samsung SDI strives for mutual growth with the community through job creation and various support activities for local development.

Suppliers The products and services provided by suppliers are important factors that decide Samsung SDI's product quality. Based on a relationship of trust, Samsung SDI supports suppliers to enhance their global competitiveness and strives for mutual growth through cooperation to establish fair trading practices.

Communication with Stakeholders

The essence of stakeholder engagement is communication through which we pursue the goal of sharing various types of value and growth together with our stakeholders. Samsung SDI regularly communicates through various stakeholder channels, and is always listening to its stakeholders' voices through the company website's VOC system, which is open to everyone. In terms of sustainability issues, Samsung SDI operates a Sustainability menu on its website, as well as a "Listening to you" survey, a phone service (82-31-8006-3366), and an e-mail account. In addition, our SM(Sustainability Management) Office actively responds to inquiries and survey results relevant to sustainability management. Stakeholders' opinions and needs are reflected in our annual sustainability report through surveys conducted each year. In addition, sustainability issues brought up during operations and stakeholder engagement are monitored throughout the year through regular inspection of relevant departments. The results of communication and engagement with stakeholders are widely reflected in business operations through internal sharing and reporting to the executive level.

Stakeholder Communication and Participation Channels



Customers

Customer Visits
QBR Meeting
Customer Representative
Customer & Consumer Satisfaction Survey
Collaborative Design Information System
Product Website
VOC System
CRM (On-site Customer Response)

Employees

Open Counseling Center
Labor Council
Training Programs
Satisfaction Survey
Management Briefing
Online Communication
New Corporate Culture Promotion Secretariat
Company Newsletter
Communication Blog

Shareholders & Investors

General Shareholders' Meeting
IR Road Show
Public Notifications
IR Website
Factory Line Tours
Conferences
Year-Round Meetings
IR Delegate Phone Number

Suppliers

MegaSTEP (purchasing portal)
S-Partner Program
SSP Member System
Win-win Cooperation Department
Suppliers' Day

Local Community

Community Forum
Social Contribution Activities
Social Contribution Satisfaction Survey
External Advisory Panel
Sisterhood Ties

Government

Participation in Standardization Projects
Participation in National Policy Projects
Joint Programs
Conferences
Forums

Industry Associations, Research Institutes, Civic Groups

Participation in Association and Academic Activities
Joint Programs
Responding to Surveys and Evaluation
Conferences
Forums

Issues of Interest According to Stakeholder Group

*The results of a survey conducted for the 2011 Sustainability Report



Customers

Developing Eco-friendly Energy Saving Technology P.16-27
Health and Safety of Customers and Consumers P.48-49
Supply Chain's CSR P.46-47
Compliance Management P.36-37

Employees

Win-win Management P.44-47
Developing Eco-friendly Energy Saving Technology P.16-27
Work-life Balance P.40, 42
Social Contribution P.50-55

Shareholders & Investors

Resource Use and Conservation P.28-31
Information Disclosure P.9,10, 12
Rare Metal Usage and Substitution P.26-27
Work-life Balance P.40, 42

Suppliers

Win-win Management P.44-47
Compliance Management P.36-37
Human Resources Development P.41-42
Environment & Energy Management Systems P.30, 31, 34

Government

Developing Eco-friendly Energy Saving Technology P.16-27
Responding to Climate Change P.32-35
Win-win Management P.44-47
Compliance Management P.36-37

Industry Associations

Responding to Climate Change P.32-25
Managing Hazardous Substances in Products P.26
Win-win Management P.44-47
Employees' Safety and Health P.43

Research Institutes

Responding to Climate Change P.32-35
Health and Safety of Customers and Consumers P.48-49
Resources Usage and Conservation P.28-31
Respect for Diversity and Prevention of Discrimination P.41-42

Civic Groups

Information Disclosure P.9,10,12
Compliance Management P.36-37
Respect for Diversity and Prevention of Discrimination P.41-42
Social Contribution P.50-55

Response and Participation in Public Policy

In its role as an Eco-friendly and clean energy solution company, Samsung SDI participates in public policy development activities with both the government and related agencies and associations. This collective policy approach is crucial in the rechargeable battery industry, where all players must work together to secure their capability to respond collectively to mid-to long-term challenges. Thus, it is necessary to develop public policies for technological innovation and increased investment, and for cooperation between large companies and SMEs (small and medium enterprises) to acquire fundamental technology. In August 2010, Samsung SDI was selected to implement the WPM (World Premier Materials: 10 key materials in the global market) Lithium-ion battery development program supported by the Korean Ministry of Knowledge and Economy. Through this program, together with the small and medium enterprises that are also participating, Samsung SDI is further enhancing its competitiveness in the rechargeable battery material sector.

AEO Certification

As international interest in logistics security continues to increase, trade conditions are becoming more complex. In particular, in developed countries such as the United States, a growing number of companies are requiring AEO¹⁾ certification in addition to their existing requirements regarding fulfillment of trading conditions. Samsung SDI is an Authorized Economic Operator, certified by the Korean Customs Service according to World Customs Organization regulations and Korean customs law.



Samsung SDI's AEO Certification Plaque

1) AEO (Authorized Economic Operator) is a certificate approved by the respective national Customs administration, which confirms that a company has met 80 requirements under 4 categories (cargo security, customs compliance, internal control and financial solvency).

Association / Organization	Participant (Position)
Korea Battery Industry Association	Samsung SDI CEO (First Chairman)
Korea Industrial Technology Association	Samsung SDI CEO (Director)
Korea Smart Grid Association	Samsung SDI Division Head (Director)
Korea AEO Promotion Association	Samsung SDI Head of Purchasing Team (Director)
Korea Institute of Energy Technology Evaluation and Planning	President of Samsung SDI R&D Center (Outside Director)
Nano Technology Research Association	President of Samsung SDI R&D Center (Director)
Korea Photovoltaic Industry Association	Samsung SDI Head of Division (Director)

Participation in Associations and Organizations

In keeping with its management principles, Samsung SDI prohibits itself from direct involvement in political activities. However, it does actively voice its opinions through its business collaboration with various associations and organizations.

In addition to the associations listed above, Samsung SDI cooperates with other organizations including the Office of Strategic R&D Planning, Korea Smart Grid Association, Korea Evaluation Institute of Industrial Technology, Korea Institute for Advancement of Technology, Korea Institute of S&T Evaluation and Planning, and Korea Electronics Technology Institute. Samsung SDI also participates in a range of organizations such as the Federation of Korean Industries, Korea Business Council for Sustainable Development, and Korea Green Foundations' Manbun Club.

Establishment of the Korea Battery Industry Association

Samsung SDI's CEO, Park Sangjin, was elected as the first chairman of the Korea Battery Industry Association, which was newly launched in November 2011. The Association has a membership of over 50 companies both large and small, including Samsung SDI, LG Chem, SK innovation, GS Caltex, and L&F Materials. At its inaugural meeting held on November 1st 2011, a "Mutual Development Council" was installed, and the members agreed to pursue mutual development through "3 Main Strategies and 7 Joint Projects", which can be summarized as: patent-related cooperation; eschewing vertical integration; and collaborative R&D. As the chair company of the Korea Battery Industry Association, Samsung SDI will take a leadership role and, with the support of the government, mediate between large companies and SMEs, thus contributing to a healthy environment for mutual growth.



The Korea Battery Industry Association's Inaugural Meeting

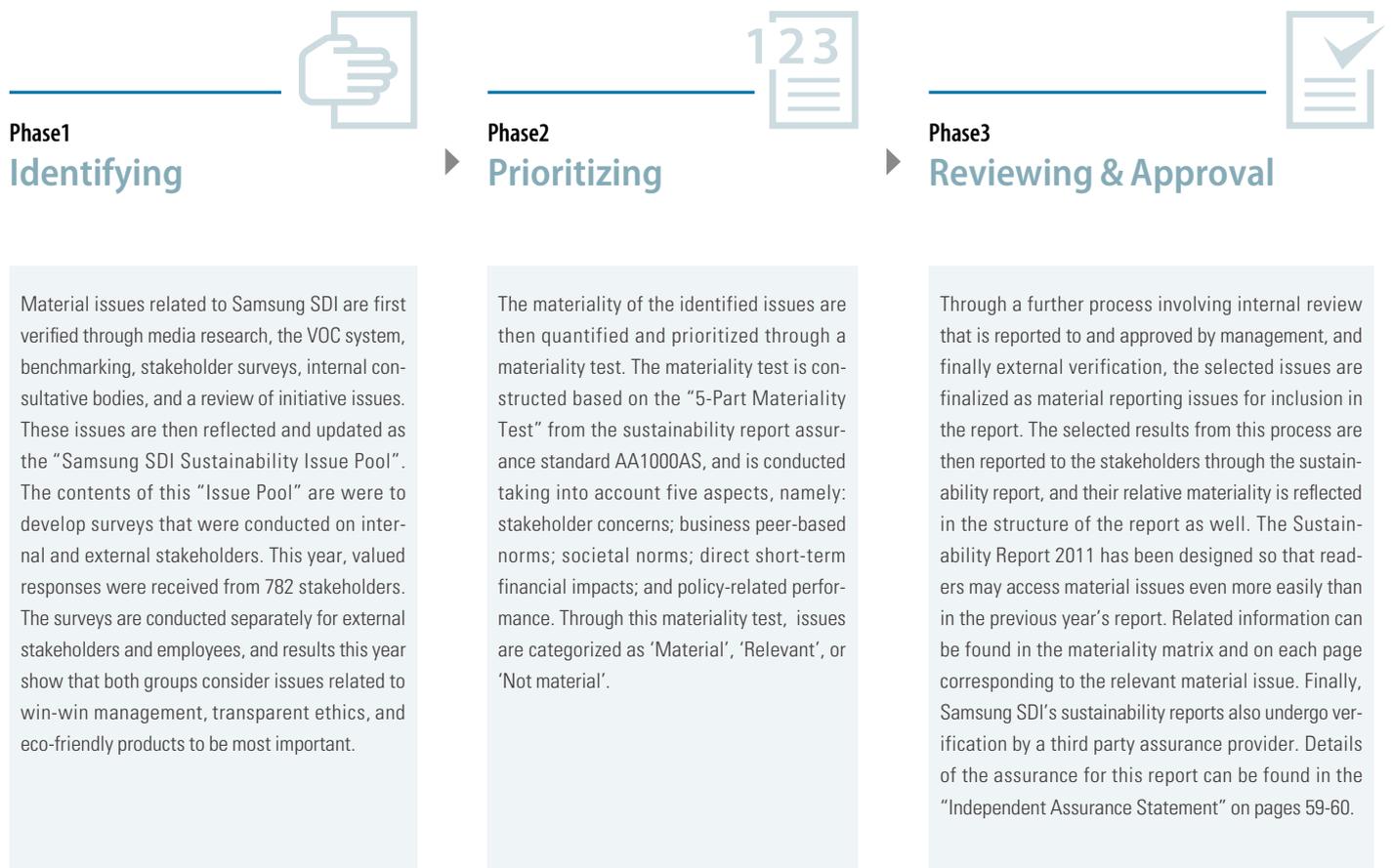
Preparing the Sustainability Report

Sustainability Report 2011

For Samsung SDI, this Sustainability Report is a communication channel through which we can publicize and receive feedback on our sustainability activities and performance. It is also, an important means of contributing to our internal and external stakeholders' awareness of sustainability issues. With nine years' experience publishing annual sustainability reports, we have developed our understanding of what to include and how, and have endeavored to create a report that is balanced, readable and easily understandable for our stakeholders. Samsung SDI will continue to improve its publication processes to ensure we create ever better reports that will actively reflect the voice of our stakeholders, as discerned through external assurance, internal and external surveys, and ongoing online surveys at our company website.

Process of Selecting Material Issues

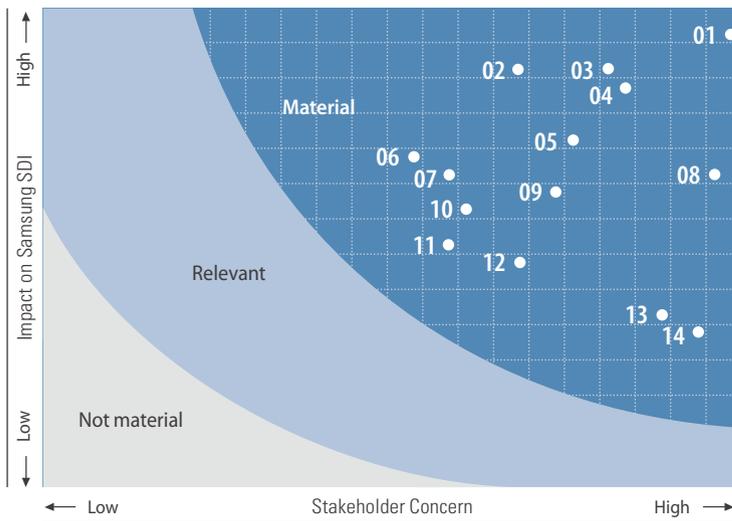
Selecting material issues is an important process in the preparation of any sustainability report that aims to explain sustainability issues efficiently and precisely. For this report, sustainability issues of greatest importance to Samsung SDI and its stakeholders were carefully chosen. Samsung SDI's process of selecting material issues consists of three major phases - identifying, prioritizing, and reviewing.



Materiality Test Results

The materiality test is largely guided by two criteria: "Impact on Samsung SDI (internal aspect)" and "Stakeholder concern (external aspect)". The materiality of each sustainability issue is quantified and mapped, and drawn onto a materiality matrix. This year, 14 sustainability issues out of a total of 44 were selected as material issues. Newly emerging material issues included "Supply chain CSR(Corporate Social Responsibility)", "Responding to climate change" and "Resources usage & conservation", while those that ranked high for yet another year were "Win-win management", "Social contribution", "Eco-friendly energy saving technology" and "Work-life balance". Both internal issues concerning "Compliance" and "Environment and energy management systems", and external issues related to "Supply chain CSR", "Responding to climate change" and "Resources usage & conservation" gained much importance in this year's materiality test. The direction of change in the level of materiality since last year is indicated in the table below by the symbols beside each issue (▲increase, ▼decrease, ▬no change).

Materiality Matrix



01	Win-win Management	▬	P. 44-47
02	Social Contribution	▬	P. 50-55
03	Work-life Balance	▲	P. 40, 42
04	Development of Eco-friendly Energy Saving Technology	▬	P. 16-27
05	Environment and Energy Management Systems	▲	P. 30, 31, 34
06	Customer Satisfaction	▼	P. 48-49
07	Labor-management Relations	▼	P. 41
08	Compliance	▲	P. 36-37
09	Customer & Consumer Health and Safety	▼	P. 48-49
10	Communication with Employees	▬	P. 38-40
11	Product and Service Innovation Beneficial to Society and Environment	▬	P. 16-27
12	Responding to Climate Change	▲	P. 32-35
13	Supply Chain CSR	▲	P. 46-47
14	Resources Usage & Conservation	▲	P. 28-31

🔗 For More Information

More information including the survey results of "Listening to You" is available on <Sustainability - Performance & Reporting> at the official website of Samsung SDI. http://www.samsungsdi.com/sustain/s4_1.jsp

Stakeholder Opinions and the Comments Reflected in the Report

“An integrated reporting of the goals and performance of each sector is necessary”

The Sustainability Issue Overview that consists of major performance and future direction by sector, etc. 📄 P. 14-15

“I would like to know more about Samsung SDI’s new businesses”

The report contains a detailed report on Samsung SDI’s solar and ESS businesses. 📄 P. 21-24

“I would like to know more about your activities and performance on the diversity issue”

The report has been made by applying GRI G3.1, which includes reinforced diversity indicators. 📄 P. 62

“Tell me more about sustainability efforts related to your supply chain”

The report includes new reporting on our response activities on conflict minerals and rare minerals. 📄 P. 26-27, 47

“A detailed description of stakeholder engagement is necessary”

The report includes a definition of stakeholders, plus reporting on stakeholder engagement activities and major issues related to stakeholders. 📄 P. 6-10

Governance

Samsung SDI is committed to corporate decision making that serves the shareholders' interests and respects social responsibility, and pursues this through the transparent and independent operation of its board of directors and the implementation of responsible management practices.

Board of Directors

Samsung SDI's Board of Directors consists of two inside directors and three outside directors with the CEO holding the position of Chairman of the Board to practice responsible management. Outside directors are selected from a pool of experts with abundant experience in the areas of management, economic, legal, and technology spheres, and are appointed based on recommendations from the Outside Director Recommendation Committee. In accordance with commercial law and the regulations of the Outside director Candidate Nomination Committee, the Nomination Committee ensures that the number of outside directors comprise a majority of the total number of board members. The applicable law stipulates that no person with a special interest in the company, such as the employees of affiliates or those who have been employed by the company for the past 2 years, shall be eligible as an outside directors. At the 42nd general shareholders' meeting held in March 2012, Kim Heebyeong was reappointed, after having completed her previous term as outside director, while Executive Vice President Ji Myungchan and executive Noh Mingi were newly elected as inside director and outside director respectively.

Members of the Board of Directors

Inside directors			Outside directors		
Name	Title	Remarks	Name	Title	Remarks
Park Sangjin (male)	President and CEO	No Change	Kim Heebyeong (female)	Professor of Finance and Insurance, Sangmyung University	Reappointed
Ji Myungchan (male)	Head of Corporate Management Office, CFO	Newly Appointed	Kim Seongjae (male)	Professor of Business Management, Hankuk University of Foreign Studies	No Change
			Noh Mingi (male)	Former CEO of Korea Occupational Safety and Health Agency	Newly Appointed

The Management Committee, Audit Committee and Outside Director Recommendation Committee operate under the Board of Directors (BOD). In particular, the Management Committee, of which the CEO is a member, reviews and decides major business issues delegated to it by the BOD, and is directly responsible for the company's economic, environmental and economic performance.

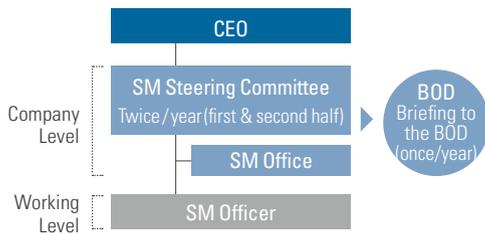
Committees under the BOD

Committee	Purpose of Establishment	Members	Name
Management Committee	Reviews and decides key business issues	2 Inside directors	Park Sangjin, Ji Myungchan
Audit Committee	Inspects business operations, accounting and directors' operations	3 Outside directors	Kim Heebyeong, Kim Seongjae, Noh Mingi
Outside Director Recommendation Committee	Recommends candidates for outside director positions	2 Inside directors 3 Outside directors	Park Sangjin, Ji Myungchan Kim Heebyeong, Kim Seongjae, Noh Mingi

The Board of Directors convened 9 times in 2011, and the attendance rate was 98% (96% by outside directors).

BOD's Major Activities During 2011

Date of Meeting	Agenda	Approval	Attendance of Outside Directors
Jan. 1st, 2011	Approval of 2010 financial statements and business report	Approved	3/3
Feb. 23rd, 2011	Convocation of the 41st annual shareholders' meeting and 1 other agenda item	Approved	3/3
Mar. 9th, 2011	Prior signed consent on Samsung Mobile Display's capital increase and 1 other agenda item	Approved	3/3
Mar. 18th, 2011	Appointment of CEO and 4 other agenda items	Approved	3/3
Apr. 27th, 2011	Participation in SB LiMotive's capital increase	Approved	3/3
May 27th, 2011	Acquisition of solar business from Samsung Electronics	Approved	3/3
Sep. 23rd, 2011	Taking out of fire insurance (package)	Approved	2/3
Nov. 25th, 2011	Approval of transaction limit with largest shareholders	Approved	3/3
Dec. 14th, 2011	Payment of retirement pension for 2011 and 1 other agenda item	Approved	3/3



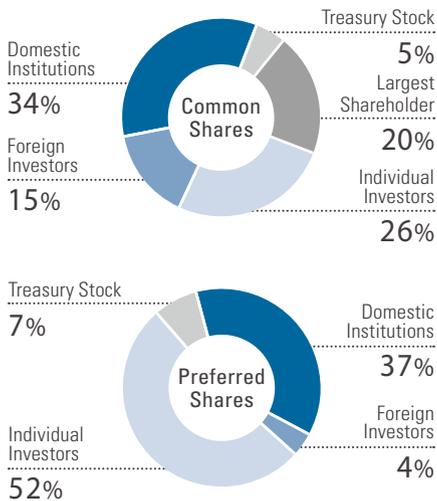
Sustainability Management Promotion System

Samsung SDI operates an SM (Sustainability Management) Steering Committee as its highest level decision-making body for sustainability management. The SM Steering Committee includes all members in the management level including the CEO. The Committee convenes twice a year to share opinions on major sustainability management issues and to discuss and approve strategies and goals. In addition, the SM Office is responsible for planning and coordinating the implementation of Sustainability management.

Sustainability Management Reporting

Since 2009, sustainability management-related key issues, risks and countermeasures have been reported to the Board of Directors once a year. At its April 2011 meeting, the BOD was briefed on major sustainability issues and tasks, such as product environmental regulations, CSR risk management, and business continuity planning.

Shareholder Base



Shareholders

Samsung SDI is a public company listed on the Korea Exchange. The total number of issued shares as of December 31st, 2011 was 47,176,237 (45,558,341 in common shares and 1,617,896 in preferred shares). The largest shareholder is Samsung Electronics, which owns 19.68%, while the National Pension Service and Korea Investment Management each hold 9.28% and 7.15%, respectively. Shareholders can participate in the company's important decisions by freely exercising their voting rights at the general shareholders' meeting. At the annual general meeting of shareholders, the CEO reports on the company's business performance, listens to opinions on agenda items and makes decisions with the consent of the shareholders. Samsung SDI strives to reflect the opinions and suggestions of shareholders in the company's operations based on careful review by management and the board of directors. In addition, in order to protect minority shareholders' rights and reflect their opinions in management decisions, Samsung SDI guarantees the right of these shareholders to pursue derivative suits and to inspection of company books and records in compliance with Korean commercial law. However, no such minority shareholder right was exercised in 2011.

Strengthening Online Communication

In November 2011, Samsung SDI added an IR (investor relations) page to its corporate website. For the convenience of individual and foreign investors, we have enhanced the accessibility of financial information and disclosure in the English language. In particular, visual data on financial performance has been improved through the addition of a "Financial Highlights" menu. Moreover, an FAQ banner has been installed and foreign investors' Q&A are answered immediately, which further enhances the variety of communication channels available to our investors. Samsung SDI will continue to provide timely and appropriate information to its stakeholders, with a commitment to real-time communication.



Financial Information webpage

For More Information

More information is available on Samsung SDI website's <IR> menu.
http://www.samsungsdi.com/ir/ir_4_1.jsp

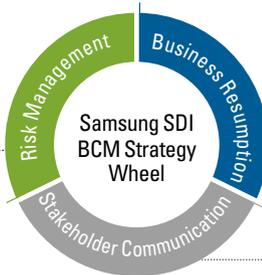
Risk Management

In order to respond to risks effectively, Samsung SDI has further strengthened its risk prevention and accident early-response system; strengthened its ability to swiftly regain business continuity following accidents; and has also established a risk management system that responds accordingly to risk type.

Business Continuity Management

In recognition of the importance of robust risk management in the battery business, Samsung SDI has, since 2008, been building a Business Continuity Management (BCM) system throughout its domestic and overseas battery operations. BCM is a management system which is intended to minimize damage and shock in situations such as abrupt work disruption, by restoring core business operations within a fixed target period and then bringing all other operations back to business as usual as quickly as possible. In July 2009, Samsung SDI became the first Korean manufacturer to obtain international certification for BCM (BS25999) for all its domestic battery operations. The company completed the establishment and certification of Business Continuity Management systems for existing battery lines in Tianjin and Shanghai subsidiaries in 2010, and the new line in Ulsan in 2011. In 2012, we will establish a risk evaluation and BCM system at our Vietnam subsidiary (established in 2010) and at our Malaysia subsidiary (battery line to be built in 2012) both of which are new bases for Samsung SDI's battery business.

RM_ Strengthening Prevention Activities



BR_ The strategy to resume core operations and business through an efficient implementation cell and timely allocation of resources

SC_ Communication Maintaining trust through active communication with stakeholders in case of business disruption

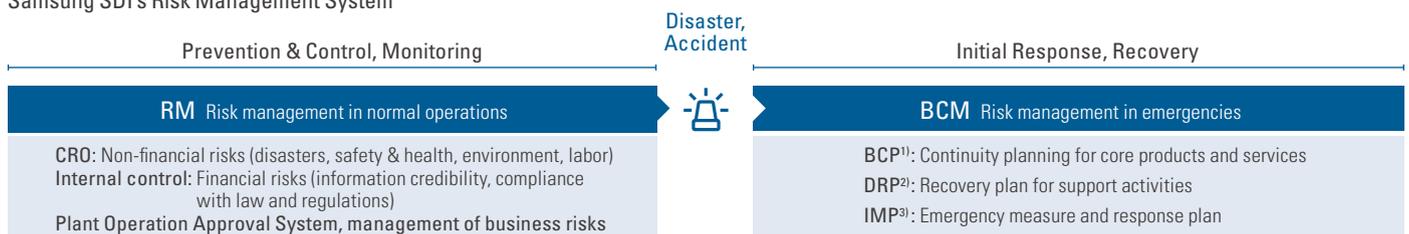
Risk Management by Type

CRO(Chief Risk Officer) Samsung SDI appoints a CRO who oversees the prevention activities for non-financial risks such as disasters and accidents, safety, health, environment and labor issues. The human resources management executive assumes the post of CRO, and supervises employees who are appointed to take charge of risk perception and prevention for each job function at all business sites.

Plant Operation Approval System Samsung SDI has introduced a Plant Operation Approval System to manage potential risk factors that may arise when investing in new business opportunities and building/expanding production lines. Comprehensive inspections are carried out from the investment approval phase through to the manufacturing phase, on issues regarding legal compliance, work standardization, hazardous substance management and training levels, in key areas such as production, IT, environmental safety, utility and quality. Improvements are made on issues that are identified during this process.

Internal Control System The Internal Control System is an IT system that ensures Samsung SDI's operational transparency through compliance with the law and with our internal policies, regulations and procedures. The system includes an internal accounting control system aimed at enhancing the credibility of financial data and certification, and monitoring to protect assets and prevent corruption. Through this internal control system the company meets its certification obligations regarding the credibility of its financial information and disclosures.

Samsung SDI's Risk Management System



1) BCP: Business Continuity Plan 2) DRP: Disaster Recovery Plan 3) IMP: Incident Management Plan

Sustainability Issue Overview



14

15

Risks & Opportunities

Economy & Management

- Global economic recession and uncertainty
- Energy shortage and imbalance between supply and demand
- High demand for smart devices such as smartphones and tablet pcs
- Acceleration of the introduction of renewable energy

Environment

- Acceleration of climate change
- Intensifying global environmental regulations
- Depletion of fossil fuels and rise in energy prices
- Full-scale growth of the green industry

Compliance · Ethical Management

- Exponential increase of global legal risks such as criminal penalties, fines, class actions, and exemplary damages
- Growing trend of compliance management within corporate management

Major Activities During 2011

- Declared the new vision "Eco-friendly and Clean Energy Solution Company"
- Largest market share in small-sized rechargeable batteries for two consecutive years
- Acquired solar business
- Entered the Japanese market for home ESS

- Accomplished its environmental target for 2011
- Established energy management system
- Proactive response to product environmental regulations
- Created greenhouse gas calculation system for all processes

- Established prevention, continuous inspection, evaluation, and follow-up processes
- Provided training on anti-corruption and compliance for all employees
- Various compliance management support and consultation activities

Future Direction

- Accelerate the speed of change and innovation
- Expand investment for the future and secure technological competitiveness
- Enhance synergy between businesses (Solar module + ESS, ESS + xEV)

- Transform renewable energy business into our growth engine
- Implement our environmental target for 2015
- Low carbon, energy management innovation
- Secure environmental competitiveness of our products

- Establish principles, rules and processes
- Establish preventive and continuous management system
- Establish an ethical corporate culture

P. 16 ⇨

P. 28 ⇨

P. 36 ⇨



Labor & Human Rights

- Stronger regulations on labor practices and demands for improvement
- Growing issue of job creation and job sharing
- Higher desire for a balance between work and life
- Emphasis on importance of utilizing the female workforce
- Greater need to enhance human resource competitiveness
- Emergence of the need for a new corporate culture
- Continued to build a new corporate culture
- Enhanced human resource diversity
- Cultivated human assets and strengthened global capabilities
- Provided systematic support for work-life balance
- Examined and improved labor-related risks
- Localization of overseas subsidiaries
- Firmly establish the new corporate culture
- Advancement of the resources and systems operation method
- Enhance competitiveness of our human resources
- Fulfill social responsibility

P.38 ↻

Supply Chain

- Changes in form of competition (individual companies → competition among corporate networks)
- Expanding scope of social responsibility (individual companies → supply chain)
- Heightened social demand for mutual growth
- Established fair trading practices
- Supported human resource development in suppliers
- Undertook various mutual growth activities
- Expanded supply chain social responsibility
- Secure suppliers' overall competitiveness and realize mutual growth
- Firmly establish supply chain social responsibility

P.44 ↻

Product Responsibility

- Increased customer demand for product safety
- Threats to consumer health and safety
- Strengthening of related laws and standards
- Increased demand for quick customer response
- Acquired international safety standard certification for more products
- Acquired the first ISO/IEC certification in the rechargeable battery industry
- Improvement of the VOC response process
- Put rechargeable battery safety foremost
- Quality innovation true to the basics and principles
- Enhance communication with the customers

P.48 ↻

Local Community

- Increased demand for corporations' participation and support for the community
- Emphasis on community harmony through communication
- Increasing need for education to nurture underprivileged children
- Supported the local community through talent sharing
- Conducted a satisfaction survey on corporate social contribution and reflected opinions
- Developed a new main contribution project (green planet school for environment and children)
- Expand talent sharing and mentoring
- Continue to conduct satisfaction surveys and enhance communication (use the SNS channel)
- Expand the children's education support program

P.50 ↻

01

Moving Forward with Sustainable Growth

Vision

Smart Solutions for a Green World
Eco-friendly and Clean Energy Solution Company

Strategy

- Maximize synergy between Smart Energy and Green Devices (e.g. solar module and ESS)
- Enhance manufacturing competitiveness for the rechargeable battery for electric vehicles and ESS rechargeable battery
- Secure differentiated competitive capability, including solar module

Performance

No.1

Global Market Share for Small-sized Rechargeable Batteries, PDP and CRT

23.4%

Market Share for Small-sized Rechargeable Batteries

6.8

million units

PDP Modules Sales Volume

16

17

Samsung SDI - an Eco-friendly and Clean Energy Solution Company

With the declaration of its new vision in June 2011, Samsung SDI has embarked on further renewal as an eco-friendly and clean energy solution company, pivoting on two main areas - Smart Energy and Green Devices. Our acquisition of the solar business means we now have a full line-up from solar energy generation and energy storage through to system solutions, which will facilitate our renewal as a truly eco-friendly and clean energy solution company.

In terms of the Smart Energy sector, we are drawing on our technological competitiveness in small-sized batteries for digi-

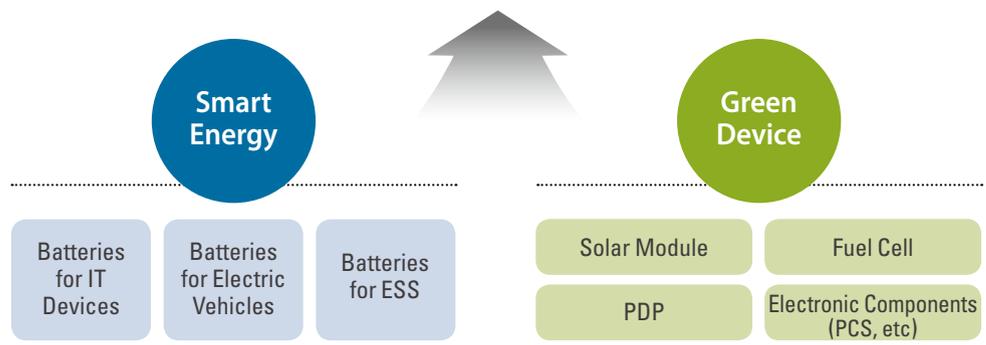
tal devices to expand our business scope to include rechargeable batteries for electric vehicles, as well as energy storage systems (ESS) connected to smart grids for home/commercial use. In the Green Device sector, key areas include new businesses such as solar modules and fuel cell, and display products such as PDP. In terms of the new businesses (solar modules and fuel cell), we are confident of achieving a range of synergy effects with batteries for electric vehicles and ESS. Samsung SDI will continue to expand investment in these new businesses to prepare for the coming future.

Vision

Smart Solution for a Green World

An Eco-friendly and Clean Energy Solution Company

Business Portfolio



Samsung SDI never ceases in its pursuit for change and innovation. We aim for innovation across all sectors, including production, marketing, R&D and corporate culture. We are preparing to take big steps toward a new tomorrow as an eco-friendly and clean energy solution company by undertaking bold challenges, investing in new businesses and creating synergy between Smart Energy and Green Devices.



Accelerating Change and Innovation

Producing Performance Through Innovation

Samsung SDI is a byword for innovation. During the 1980s~1990s, Samsung SDI had already implemented TQC(Total Quality Control) and TPM(Total Productive Maintenance) methods in its production lines, which at the time were focused on CRT (cathode ray tubes). In 1996, Samsung SDI was the first Korean company to introduce Six Sigma management strategies. Beginning in 2000, Six Sigma was applied from top management down throughout the company, including administrative and research departments, and continues today to act as part of the company's 'DNA' for innovation. In addition, following the introduction of our ERP (enterprise resource planning) system in 1997, we also developed PLM¹⁾, MES²⁾ and SCM³⁾ systems. In 2011, our development of an integrated management system infrastructure culminated in the establishment of a global ERP system. Our business scope

has gone through many changes as well. Samsung SDI is successfully transforming itself from a display manufacturer centering on CRTs and PDP into an eco-friendly and clean energy solution company whose business includes rechargeable batteries and solar modules. In tandem with our production innovation, which is one of our abiding strengths, we will continue to focus on introducing marketing innovation and R&D innovation in 2012, thus helping to secure our mid-to long-term performance. The groundwork for this lies in innovation of our corporate culture, which is achieved through the implementation of our I-BEST⁴⁾ campaign.

1) PLM : Product Lifecycle Management

2) MES : Manufacturing Execution System

3) SCM : Supply Chain Management

4) I-BEST : Starting from Myself (I), the Basic, Easy and Small things, Today

Increased Work Speed with the Establishment of the Global ERP System

Samsung SDI successfully built a global ERP system in 2011. ERP (Enterprise Resource Planning) is a system that supports the optimum utilization of all the resources of a corporation. Throughout our whole operational process, from demand through supply to settlement of accounts, our global ERP system has enabled us to further enhance work speed and efficiency. It achieves this through close integration between our SCM system dealing with planning, our ERP system dealing with implementation, and a range of other support systems.



Investment for Tomorrow / Patents

Investment for Tomorrow

In 2011 Samsung SDI spent a total of KRW 635.6 billion on facilities and R&D investment. This represents an increase of approximately 22% compared to 2010 (KRW 519.6 billion) and is the result of expanded investment in rechargeable batteries and next-generation energy businesses. In 2011, the ratio of investment in the next-generation energy business was less than planned because the investment that was scheduled to be made in 2011 was postponed beyond 2012, as a result of the company's strategic decision to reschedule the investment in manufacturing, taking into account the ESS market conditions. In the smart energy sector, Samsung SDI will continue to guard its number 1 position in the small-sized rechargeable battery market and enhance its competitiveness in rechargeable batteries for electric vehicles and ESS. In the Green Device sector, Samsung SDI will con-

tinue investments in new businesses including solar modules and fuel cell. In 2012, we will continue to increase investment in the solar modules and next-generation energy businesses, while for the small-sized rechargeable batteries, we will expand our overseas presence in China and Malaysia to further strengthen our global competitiveness. We will improve investment efficiency by maximizing synergy between our energy businesses and further strengthen the basis for our continued growth as an eco-friendly and clean energy solution company.

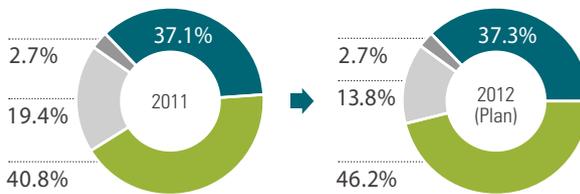
Securing Patent Competitiveness

The year 2011 foreshadowed a future of fierce and strategic patent competition. The patent competition that began in the smartphone industry is expected to unfold just as fiercely in the green energy sector. In order to prepare for such competition, Samsung SDI has filed roughly 41,000 patent applications worldwide and registered approximately 20,000 patents, in order to secure its R&D achievements as intellectual assets. We registered 421 patents in 2009 and 438 patents in 2010 with the US Patent Office, a record that ranks us high among companies holding multiple patents. Most of our patents are energy-related, a reflection of our move to establish ourselves as a true energy expert company. In addition, for two consecutive years from 2009 to 2010, Samsung SDI was ranked 1st in the world in the rechargeable battery industry category by the GETI (Green Energy Technology Index). The GETI was jointly developed by ED Research, a patent consulting firm, and Electronic Times, a Korean newspaper. Samsung SDI outpaced its competitors in the number and quality of US patents acquired relating to rechargeable batteries. Samsung SDI will boost its internal R&D capability while actively acquiring external patents as well through Open Innovation. By implementing differentiated patent strategies that take into account each national situation and future market conditions, Samsung SDI will continue to secure its patent competitiveness in the green energy domain.

Shift in Facility Investment



Shift in R&D Investment

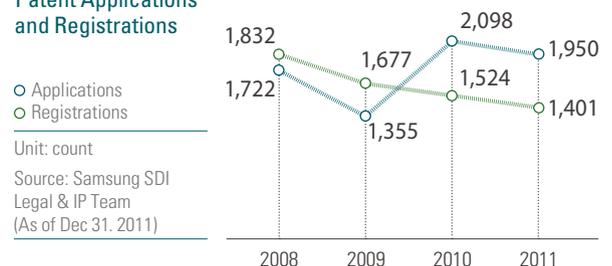


- Rechargeable batteries
- Next-generation energy business (ESS, solar module, R&D center)
- PDP
- Utilities, infrastructure

Investments in Facilities and R&D



Samsung SDI's Patent Applications and Registrations



○ Applications
○ Registrations
Unit: count
Source: Samsung SDI Legal & IP Team (As of Dec 31, 2011)

Rechargeable Batteries

Trends in Products that Use Rechargeable Batteries

Since the 2000s, lead batteries and nickel-based batteries (nickel-cadmium, nickel-metal-hydride) are being quickly replaced by the LIB (Lithium-ion battery). Recently, the demand for LIBs has been growing exponentially not only for laptop computers and cell phones, but also for various mobile IT devices

such as smartphones, tablet PCs and e-books, which require slim and high-capacity batteries. LIBs are also being employed in a growing list of products that require high power and capacity, such as power tools, e-bikes, garden tools and robot vacuum cleaners.

Increasing LIB-applied Products

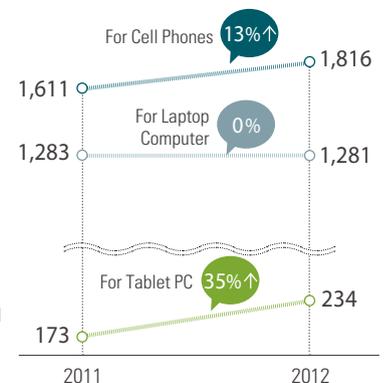


Continued Growth of the Small LIB

The LIB industry, which is an essential component for IT devices, has been growing rapidly since the beginning of the worldwide craze for smartphones and tablet PCs in 2010. Although the market growth for major applications such as cell phones and laptop computers is expected to slow down somewhat in 2012 due to global economic recession, the smartphone and tablet PC market will continue to grow. According to IIT, a Japanese rechargeable battery market research group, the demand for LIBs in 2012 will grow by 7% to 4,583 million cells. The demand for three major IT devices (cell phones, laptops and tablet PCs) is expected to grow by 9%. In particular, with a 35% increase in demand for LIBs for tablet PCs, we expect to see rapid growth for slim, high-capacity Li-polymer rechargeable batteries.

World Market Demand Forecast for LIBs for 3 Major IT Devices

Unit: million units
Source: Samsung SDI Global Marketing Office, IIT



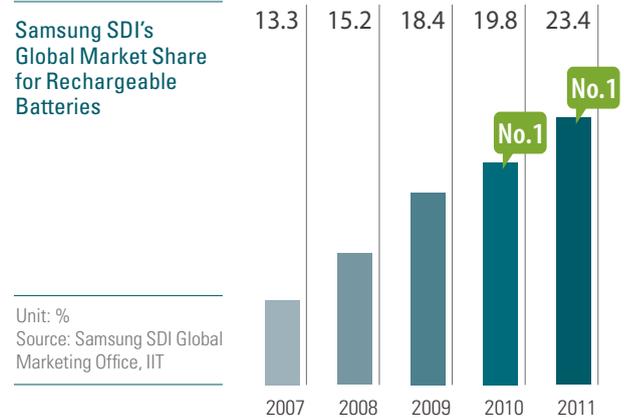
Largest Global Market Share for Rechargeable Batteries for Two Consecutive Years

In 2011, Samsung SDI secured the world's largest market share for rechargeable batteries. After outpacing Japanese competitors for the first time in 2010, Samsung SDI accomplished 23.4% market share in rechargeable batteries in 2011. Samsung SDI will continue to strengthen its leadership in the rechargeable battery market through technology development in high energy density polymer and high voltage prismatic batteries for smartphones and tablet PCs, which are both high growth sectors. In addition, Samsung SDI will proactively respond to the slim laptop market which is steadily growing, by developing thinner cell and pack technologies.

Rechargeable Battery R&D Competitiveness

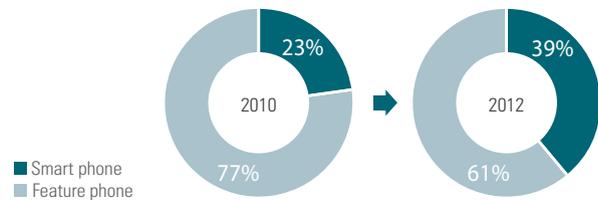
With the growth of the market for smart devices such as smartphones, tablet PCs and e-books, there is growing interest in battery capacity and performance. Samsung SDI is actively responding to these trends through the development of large format polymer batteries that are slim and have high capacities. Polymer batteries are easier to make into thinner and larger applications, which makes it possible to employ them in a limited space that requires high capacity. They also have higher stability compared to the Li-ion battery. Along with the development of the prismatic battery platform for smartphones in 2011, Samsung SDI has developed a prismatic battery with the highest energy density in the market and also shortened development lead time and improving profitability at the same time. In September 2011, Samsung SDI won the IR52 Jang Young-sil Award¹⁾ for developing the "World's Largest Wide Double-Sided Continuous Coater for Rechargeable Batteries", a recognition of its prowess in production technology. This productivity-enhancing process involves coating a large area with electrode active materials simultaneously while rapidly drying the coating material. Samsung SDI will continue to spearhead development of the large format high energy density polymer battery, prismatic battery for smart devices, and high power, high capacity cylindrical battery for new applications.

Samsung SDI's Global Market Share for Rechargeable Batteries



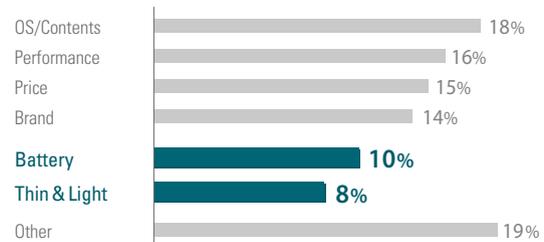
With the Rising Demand for Smartphones, the Need for Longer-Use and Slim-Design Batteries is Increasing as Well

Changes in Cell Phone Market Conditions



Consumers' Requirement

"Batteries should be thinner and lighter"



Source: Consumer Research by Nielsen Company, Aug 2011

1) IR52 Jang Young-sil Award : South Korea's most renowned industrial technology awards that has been awarded since 1991, and which is co-hosted by the Korea Industrial Technology Association and Maeil Business Newspaper, and sponsored by the Ministry of Science and Technology.

Building a New Growth Base of the rechargeable Batteries Business

In July 2011 Samsung SDI completed construction of a new rechargeable battery production line at its Ulsan Plant. The new production line is composed of an electrode line and an assembly line, and is gaining attention as Samsung SDI's new base for growth in the battery business. The successful operation of the Ulsan battery production line will be a springboard for achieving synergy between rechargeable batteries for electric vehicles and ESS. The new production line is also expected to contribute to expanded investment and job creation in the Ulsan area.



Battery Production Building at Ulsan Plant

Solar Module

Starting the Solar Business - A New Step Forward

In July 2011, Samsung SDI acquired Samsung Electronics' solar business. Through this entry into the solar business, one of the five new growth businesses¹⁾ identified by Samsung Group, Samsung SDI has secured a foothold towards becoming an expert global energy company. Synergy with our existing rechargeable battery business will enable us to offer total solutions in solar energy generation and energy storage. Samsung SDI will aggressively apply its world's leading display technology and infrastructure to its solar module sector to secure a competitive edge in the global market.

1) Five new growth businesses: Five businesses(solar modules, rechargeable batteries for electric vehicles, LED, bio - pharmaceuticals and medical devices) named by Samsung Group as new growth engines in the years to come until 2020.(2010)

Outlook for Solar Energy Industry

Confronted by environmental destruction, resources depletion and an exponential increase in energy consumption, the world is in dire need of more efficient sources of energy. As shown by the nuclear accident crisis in Japan in March 2011, developing sustainable energy sources has become crucial to the survival of humankind. Within this context, solar energy is an unlimited source of clean energy that can best solve the twin problems of resource depletion and environmental destruction. High cost has been the issue for solar modules, but rapid cost reduction within the solar energy industry has enabled us to predict the achievement of Grid Parity¹⁾ by 2015. This is earlier than prior estimation, and the rapid growth of the market is continuing to push costs down. As a result, the solar market is expected to grow by 13% each year and reach 34GW by 2015, and after that its growth will accelerate even more, fueled by the achievement of grid parity and the government's RPS²⁾.

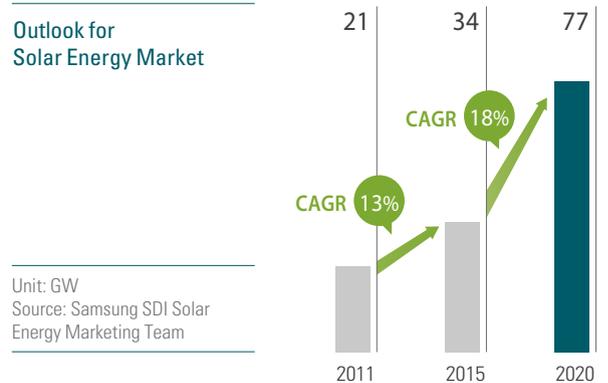


Solar Modules for Homes in Germany (16.3kW)



Solar Modules for Homes in the U.S. (5.8kW)

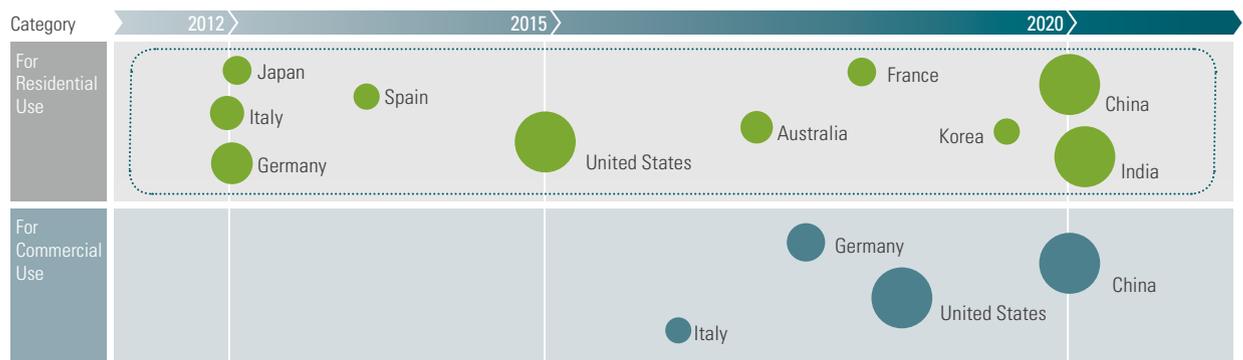
Outlook for Solar Energy Market



1) Grid Parity: The point at which the cost of fossil fuel-produced electricity is equal to that produced through solar energy.

2) RPS(Renewable Portfolio Standard):Regulation that requires electricity supply companies to produce a portion of electricity from renewable sources of energy.

Estimated Grid Parity Timeline by Country



Source: Samsung SDI Solar Energy Marketing Team

● The size of the circle represents the market volume when grid parity is reached

Turning Risk Into Opportunity

As demand for solar modules peaked in 2010, solar cell/module companies rapidly expanded their supply capacities. However, in 2011 due to reduced subsidy support for renewable energy in Europe and the concurrent financial crisis, market demand could not keep pace with supply, resulting in oversupply. Despite these conditions, Samsung SDI was able to use its range of distribution channels to sell its full stock of products produced in 2011 and also successfully built a number of large-scale solar power plants overseas. In addition, our 250W solar module introduced in 2011 was well received by both Korean and overseas buyers for the ease with which the system can be constructed. Samsung SDI has made the best use of its manufacturing capabilities in the fields of PDP and rechargeable batteries and of its differentiated production technology, and is evolving by turning the crisis in the solar market into an opportunity, gaining newfound recognition in the world's solar market, which is currently dominated by Chinese markets.

Preparing for the Future

As well as selling high-efficiency crystalline solar modules to the United States and countries in Europe and Asia, Samsung SDI's Solar Energy Business Division has been conducting a range of R&D, which started with research in 1987 into amorphous silicon thin film solar modules and has progressed to current research on a range of thin film solar module technologies including CIGS¹⁾. Although the thin film solar modules currently under R&D are still less efficient than their crystalline counterparts, production costs are low and wide surface application is easier, which makes this a high-potential business. Thus, Samsung SDI is preparing for the future of the solar energy business through its innovative R&D in crystalline and thin film solar modules.

Thin Film Solar Module Group Launched

In July 2011 Samsung SDI was chosen as a participant in a national project to develop thin film solar modules. This project is one of the South Korean government's "Future Flagship Programs"¹⁾ and will develop second-generation solar modules that will replace the crystalline solar modules that account for 90% of the current market. Samsung SDI will develop and aim to commercialize a CIGS thin film solar module only a few micrometers (μm) thick on a fifth-generation large format board.

As part of this project, R&D will be carried out over 3 years until 2014, and will not only bring economic benefit by promoting synergy between large companies, SMEs, universities and research

Locations where Samsung SDI's Solar Modules Have Been Installed (Capacity)



For commercial use in the United States (3.9MW)



For commercial use in Japan (11kW)



For utility use in Korea (1MW)



For utility use in Italy (1MW)

1) CIGS: Cu (copper), In(indium), Ga(gallium), Se(selenium)

institutes, but will also present a model for mutual growth through academic-industrial cooperation and win-win cooperation.



Thin Film Solar Module Project Consortium Launching Ceremony

1) Future Flagship Program: A government supported project aimed at maintaining and/or expanding leadership in the global market by developing future innovative technologies based on existing technological competitiveness.

Energy Solutions

Solar Energy Solutions, the Core of Smart Grid

In October 2011, Samsung SDI introduced its residential solar energy solution at the "Solar Power International" conference held in the United States. Through this solution, Samsung SDI demonstrated a two-way energy system that involves: power generation using a solar energy module; energy storage through as ESS (Energy Storage System); and return of energy to the grid. By combining the solar energy module and ESS, our solar energy solution stores electricity during the early morning hours when

electricity rates are low and draws on the electricity produced through solar energy during the daytime or during peak periods when electricity rates are high. thus saving costs and enabling a more efficient use of power. This solution is the core of the smart grid, providing emergency power in case of a blackout and allowing effective use of electricity even when usage increases dramatically. Further highlighting the strengths of its rechargeable batteries, Samsung SDI plans to enhance marketing synergy by providing a total energy solution that connects solar energy and ESS to home appliances and electric vehicles.



Winning the Minister of Knowledge Economy Award at the 2011 Green Energy Awards

At the 2011 Green Energy Awards held in November 2011 and hosted by the Ministry of Knowledge Economy, Samsung SDI won the Minister of Knowledge Economy Award for "Developing a Large Scale Energy Storage Device for Storing Electricity." The Green Energy Awards are given to technologies that have been developed within the past three years in the renewable energy, energy efficiency, and electricity/nuclear energy sectors, which have major positive economic impacts. Samsung SDI registered 67 patents for its MW-grade high efficiency, high power and high capacity energy storage systems, and the award is a recognition of Samsung SDI's achievements in this area.

ESS

The Core of Maximizing the Efficiency of Electrical Grids

Recently, unpredictable extreme weather conditions caused by climate change have been occurring more frequently, causing an imbalance between power demand and supply. In Korea, abnormally high fall temperatures caused power demand to shoot up in September 2011, and rolling blackouts had to be applied in regions throughout the country. ESS (Energy Storage Systems) are a solution to this problem. ESS narrows the gap between daytime and nighttime power demand, contributing to improving power usage efficiency. For example, nighttime surplus electricity at power plants, factories, buildings and homes can be stored for use during the daytime. Moreover, ESS also ensures that a stable supply of power is maintained should a discrepancy between supply and demand occur.

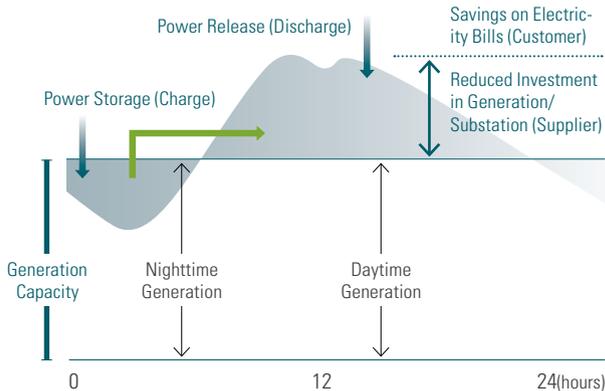
Synergy with Renewable Energy

Renewable sources of energy such as sunlight and wind fluctuate greatly according to changes in the natural environment. Therefore, power usage efficiency will be maximized by using an ESS to store some of the power produced during the daytime when there is plenty of sunlight, or during windy weather, and using that power when there is no light or wind. This also leads to savings in investment costs for electricity transmission and distribution.

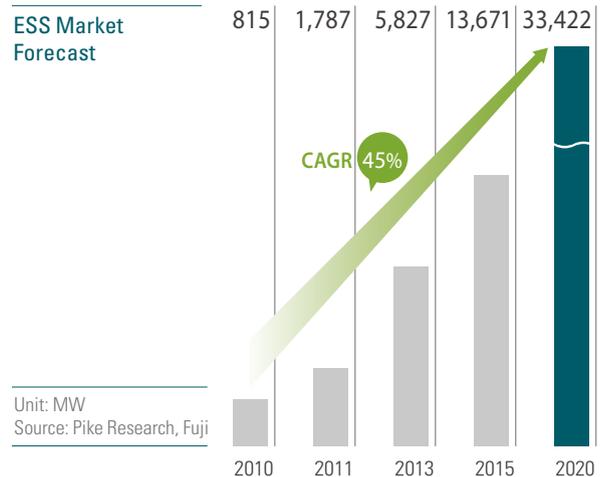
Global ESS Market Forecast

The ESS market is expected to recover in Japan and Europe in 2012. A steep growth in the market is predicted particularly in Japan, with increased interest and demand for residential ESS triggered by the earthquake in March 2011. A full-blown market growth is forecast for 2013 in connection with electric vehicles and the smart grid.

Load Leveling



ESS Market Forecast



ESS - First Overseas Shipment and Exclusive Supply Contract with Nichicon of Japan

In January 2011, Samsung SDI agreed to supply a 25kW battery to S&C, an American electric power equipment and services company, which was the first overseas shipment of our official ESS products. In October 2011, Samsung SDI entered an agreement with Nichicon, one of the world's leading capacitor manufacturers, for an exclusive supply of residential ESS. In this case, Samsung SDI delivers the ESS battery module and BMS (Battery Management System), and Nichicon then adds the PCS (Power Conditioning System) before selling the end product to customers. Samsung SDI will begin shipment of its ESS products from the first half of 2012, and we plan to reach over 30% market share in the Japanese residential ESS market by 2014.

1. First overseas shipment of our ESS
2. Signed contract with Nichicon

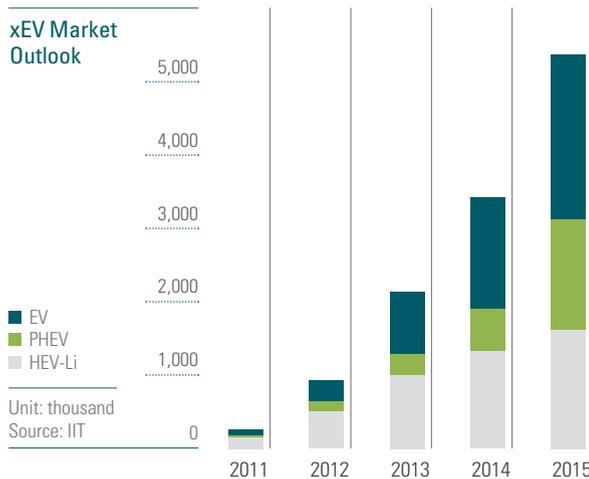


Rechargeable Batteries for Electric Vehicles

New Growth Engine

Major nations in the world are promoting eco-friendly vehicles while strengthening fuel efficiency regulations and carbon dioxide emission standards. With recent high oil prices, the demand for fuel-efficient cars is increasing in industrialized countries such as the EU, United States and Japan. Electric vehicles have become an essential product for automakers seeking to meet consumer needs for eco-friendly and fuel-efficient cars. Electric vehicles will continue to evolve, starting with the HEV (Hybrid Electric Vehicle) through the Plug-in HEV to the totally EV (Electric Vehicle). According to IIT, a Japanese market research institution focusing on rechargeable batteries, the market for xEVs¹⁾ equipped with LIB will start to grow rapidly beginning from 2013, and will reach a volume of 5,495 thousand units by 2015.

1) xEV (Electric Vehicle) : HEV, Plug-in HEV, EV



Preparing for the Next Step

In November 2010, SB LiMotive, a joint company between Samsung SDI and Bosch, completed construction of a large-sized battery production line for electric vehicles in Ulsan. SB LiMotive made a sample product for mass production in 2011 and began supplying them to customers in 2011. For the year 2012, SB LiMotive will prepare for the coming age of electric vehicles by strengthening its internal capabilities and securing orders.

SB LiMotive's Business Status

In August 2009, SB LiMotive was chosen as the battery supplier for German automaker BMW's electric vehicle called "i3" and plug-in hybrid car models. In December that year, SB LiMotive signed a 10-year agreement with Delphi, a global automotive parts supplier to supply batteries for hybrid commercial vehicles, starting in 2012. Then, in November 2010, Samsung SDI was selected as the battery pack supplier for Chrysler's electric vehicle Fiat 500EV, and in November 2011 became the sole supplier of Li-ion battery packs to Indian car-maker Mahindra & Mahindra for its hybrid SUVs.



SB LiMotive's Rechargeable Batteries for xEV

Requirements of Rechargeable Batteries for Electric Vehicle

Unlike Li-ion rechargeable batteries used in cell phones and laptop computers, vehicle-applied LIBs require high safety, performance and lifetime standards that meet the comprehensive specifications for automotive use. SB LiMotive follows such specifications to manufacture high quality Li-ion rechargeable batteries for various applications, from hybrid cars to battery electric vehicles.

	Mild Hybrid	Strong Hybrid	Plug-In Hybrid	Electric Vehicle
Battery Type	Medium Power	High Power	High Energy	
Power	5kW - 15kW	20kW - 60kW	40kW - 80kW	5kW - 150kW
Energy	0.6kWh - 1.8kWh		5kWh - 15kWh	> 15kWh



R&D

Developing Materials for High-Capacity, Highly Safe Rechargeable Batteries

Rechargeable batteries are fast emerging as the core technology for green technology and cutting edge convergence industries. Currently the global rechargeable battery market is in a transitional phase where weight is shifting from small-sized batteries for IT devices to mid- and large-sized batteries for electric vehicles and energy storage systems. In order to respond actively to these changing market conditions, it is crucial to develop world-class materials for the batteries. Samsung SDI focuses primarily on developing high capacity, high voltage electrode materials for mid- and large-sized batteries and highly safe electrolytes and separators, and is also developing a next-generation electrode material with increased energy density. In particular, Samsung SDI is continuing its efforts to secure cross-cutting technology to develop cathode and anode material, which is a key material for storing energy, overcoming the limits of conventional batteries, and making them globally competitive.

Developing Non-cobalt Cathode Active Material

Cathode active materials account for the majority of material costs for rechargeable batteries with approximately 44%. This is because cathode active materials are crucial in deciding energy density, which in turn directly affects battery performance. Conventionally, most cathode active materials are made using LCO (lithium cobalt oxide), which contains cobalt that is in short supply. Therefore, Samsung SDI is gradually shifting toward non-cobalt cathode active materials as well as developing new cathode materials, in order to secure high capacity, low-priced innovative battery materials that will replace limited resources such as lithium and cobalt.

Developing Fuel Cell MEAs for Vehicles

Governments around the world are taking steps to provide subsidies for next-generation vehicles to reduce carbon dioxide emissions. Governments around the world are taking steps to provide subsidies for next-generation vehicles to reduce carbon dioxide emissions. As business trends shift toward eco-friendly, high-efficiency, and non-fossil fuel power, the eco-friendly vehicle market is expanding. In particular, fuel cell vehicles are gaining attention for their strong power and long duration without producing any exhaust emissions, and price-lowering technologies are steadily evolving as well. Unit cells, called the MEA (Membrane Electrode Assembly), account for approximately 40% of the cost of each FCV fuel cell system and are the core component commonly used in all fuel cell applications. Samsung SDI is also working to improve the reliability of its technology by developing core MEA technologies to commercialize core materials for vehicles.

Responding to Restrictions of Hazardous Chemical Substances within Products

In addition to international product environmental regulations such as RoHS (Restrictions of Hazardous Substances) and REACH (Registration, Evaluation and Authorization of Chemicals), client companies are making increasingly strict demands on issues such as requirements for Halogen¹⁾-free products. The Samsung SDI R&D Center strives to fundamentally prevent product-related environmental accidents by establishing analysis standards for each hazardous substance and conducting verification across the whole company. By collaborating with related departments, we prevent hazardous substances from entering our products. In 2011 the Samsung SDI Research Center established an independent standard that uses XRF (X-ray fluorescence spectrometer) technology to measure chlorine traces within tapes, and completed the horizontal expansion of the technology into its overseas, as well as domestic, subsidiaries and suppliers. As the product environmental regulations become global and sophisticated, such as in China's RoHS, we will continue to undertake preventive activities and develop our own rapid response systems.

1) Halogen: A series of nonmetal elements from Group 17 of the periodic table, such as bromine (Br) and chlorine (Cl)

Display

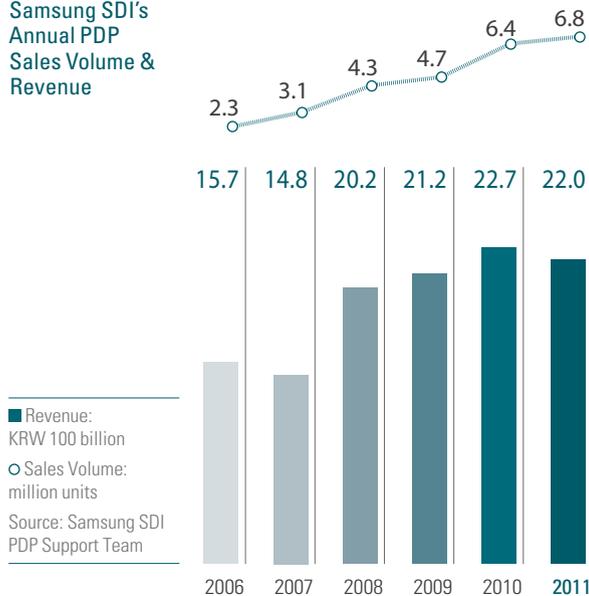
Samsung SDI's PDP Sales Ranks No. 1 in the World

Boosted by increased sales of SMART TVs and 3D PDP TVs by our customer company, our PDP module sales have increased by 6% in 2011, with 6.8 million units sold, compared to 6.4 million units in 2010, despite the declining PDP market in 2011. As a result, Samsung SDI took the first place in the PDP module market, with a 39% share, and our PDP Business Division posted recorded profits for two consecutive years. Although the PDP TV market is expected to shrink further in 2012, we will continue to increase our market share by making forays into the emerging markets such as China and tapping into our competitive edge in the PDP business.



Samsung SDI's PDP module-applied 3D TV

Samsung SDI's Annual PDP Sales Volume & Revenue



Energy Efficient Products

In recent years, EU and US energy efficiency regulations have recently become increasingly stringent. In order to respond to this trend, Samsung SDI's PDP products have undergone energy consumption improvements in all areas including product design, materials and software. For example, the 2011 model of our 51" FHD PDP TV improved its power efficiency to 159W, a 37% improvement over 2009, and met the EU ErP¹⁾ standards and the United States' Energy Star Program. Samsung SDI will continue to improve the energy efficiency of its PDP products as it develops its green device technology.

1) EU ErP :Eco-design requirement for Energy related Products

Reducing Resource Consumption

In 2011, due to the economic recess in the United States and financial instability in Europe, investment in precious metals which are perceived as safe assets increased, which led to rapid price increases of silver (Ag), a key material in PDP production. This can severely compromise the competitiveness of the PDP business. Samsung SDI PDP Business Division's Development Team conducted a project that greatly reduces the usage of silver electrodes, significantly improving the cost structure. In addition, we started development of a replacement electrode with the target of starting commercial production by the first half of 2012. Recently, an international effort to secure rare-earth minerals which are a type of rare-earth elements are increasing. In PDP manufacturing process, rare earth elements are used in the phosphor material which is crucial in generating light. Samsung SDI undertook a project to limit phosphor use for display production and succeeded in applying the study results to mass production. In 2012 Samsung SDI will conduct a project to reduce the rare earth elements in phosphor material into half of the conventional amount and apply the results to mass production.

Slim CRT

With the growing demand for flat panel TVs, CRT (cathode ray tube) sales are on a downward trend even in the Chinese, Indian and Southeast Asian markets. According to a report published in November 2010 by the Samsung Economic Research Institute, the sales volume of CRT TVs tumbled from 53 million units in 2009 to 43 million units in 2010, with an estimated further 36% decrease to 28 million units in 2011. Despite the market conditions, Samsung SDI plans to increase sales of the 21-inch slim CRT UXF to meet relatively high demand, while enhancing the effectiveness of the existing production lines in its subsidiaries in Malaysia and Shenzhen (China).

02

Eco-Value
Creation

Vision

Contribute to humanity's quality of life, creating more value through environmentally friendly methods throughout all processes in products and services.

Strategy

- Build a more eco-efficient production process
- Maintain and improve an eco-friendly supply chain
- Contribute to society and the Earth
- Pioneer innovative eco-friendly products
- Reflect environmental considerations in all work processes

Performance

371,203 tCO₂e

GHG Reduction Compared to 2005

8,866 kilotons

Water Usage Reduction Compared to 2005

22 kilotons

Hazardous chemicals reduction compared to 2005

93.8%

Waste Recycling Rate

28

29

Environmental Impact

We have conducted a quantitative calculation of the material input, output and resulting impact on the environment of the battery and PDP products produced by Samsung SDI in 2011.

Notes on Calculation and Numbers in the Chart

- 1) Based on the battery and PDP panel production bases
- 2) Based on power consumption of PDP TVs at 'home mode', 1,460 hours a year
- 3) Based on sales volume of battery cells and PDP modules
- 4) Based on battery cell and PDP panel production bases
- 5) Based on waste materials (packaging) related to the products
- 6) Applied theoretical recycling rate based on input materials
- 7) Waste water discharge in 2010 includes part of the recycled water in Samsung Mobile Display's production process at its Cheonan Plant

INPUT

		2010	2011
Materials ¹⁾ (tons)	Steel	56,083	60,264
	Glass	56,902	54,671
	Plastic	17,172	10,905
	Paper	9,179	12,264
	Chemicals	19,120	27,268
	Others	19,828	19,775

		2010	2011
Energy ¹⁾ (TJ)	Energy	10,504	11,672

		2010	2011
Water ¹⁾ (1,000 tons)	Water	5,310	5,590

Direct GHG Emissions
55 kilotCO₂e

Products Sales
136,298 tons

Energy Usage
11,672 TJ

Water Usage
5,590 kilotons

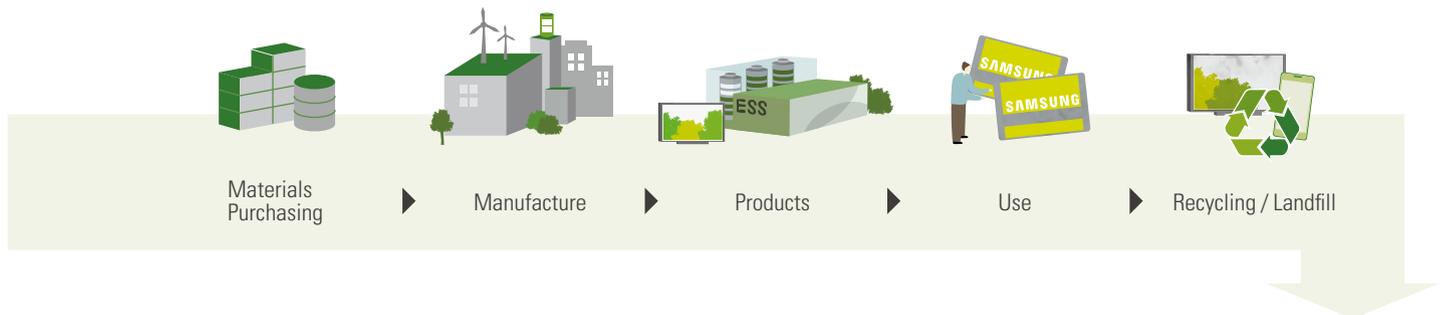
Water Discharge
5,505 kilotons

Samsung SDI actively responds to the climate change risks through low-carbon and energy management innovations, and is working hard to reduce GHG emissions by adopting an energy management system. Samsung SDI is committed to sustainable growth, minimizing environmental impacts across all its business operations.

Performance

Category	Base year (2005)	2011 Target	2011 Performance	Mid-term Target (2015)
GHG emissions	1,172 kilotCO ₂ e 45.47 ¹⁾	Reduce by 300,000tCO ₂ e compared to 2005 Improve efficiency by 1.5 times	Reduced 371,203 tCO ₂ e (801 kilotCO ₂ e) Efficiency improved by 1.5 times (KRW 6,721million/1kilotCO ₂ e)	Improve GHG efficiency by 2.0 times
Water usage	3.06 ¹⁾	Improve water usage efficiency by 1.5 times	Improved by 2.1 times (6.30)	Improve water usage efficiency by 2.5 times
Waste discharge	0.42 ¹⁾	Improve efficiency by 1.3 times	Improved by 2.0 times (0.83)	Improve waste efficiency by 2.0 times
Recycled waste ²⁾	89.8%	More than 95%	93.8%	More than 95%
Waste landfill	10.2%	Less than 5%	6.2%	Less than 5%
Hazardous chemical usage	1.11 ¹⁾	Improve usage efficiency by 1.2 times	Improved by 1.9 times (2.08)	Double hazardous chemical efficiency

1) Efficiency means eco-efficiency calculated by "Sales(KRW 100 million) / Environmental Influence (environmental influence unit)."
2) Recycling rate includes heat collecting from incineration.



OUTPUT

		2010	2011
 Product sales volume ³⁾ (tons)	Sales	124,913	136,298
	Waste Water	5,895 ⁷⁾	5,505 ¹⁾
 Water discharge (kilotons)	Waste Water	5,895 ⁷⁾	5,505 ¹⁾
	Direct Emissions ¹⁾	60	55
 GHG (kilotCO ₂ e)	Indirect Emissions (Electricity)		
	- Samsung SDI ¹⁾	544	614
	- Consumers ²⁾	670	632

		2010	2011
 By-products (tons)	Packaging Material ⁵⁾ (Disposed)	24,720	23,133
	End-of-life Products ⁶⁾ (Recycled)	97,267	97,124
	Waste ¹⁾ (Recycled) (Landfill)	32,746 1,142	48,592 1,737
 Pollutants ⁴⁾ (tons)	COD	235	255
	SS	146	158
	Dust	17	19

Environmental Management System

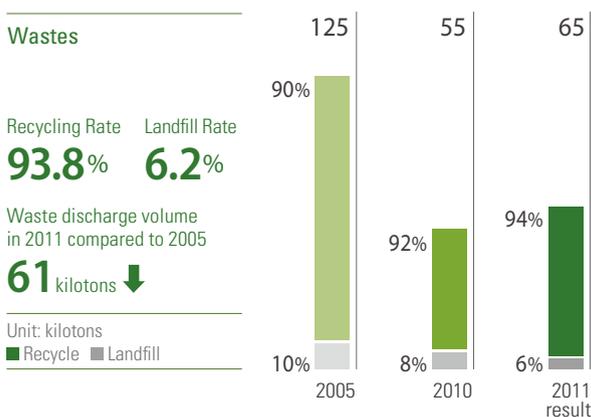
Samsung SDI strives to become a role model in the industrial sector as an eco-friendly, green corporation. By complying with its environmental management system based on ISO 14001 (an international standard for environmental management), all Samsung SDI operation sites around the world manage their data systematically through an SMIS EMS¹⁾ module. This allows us to enhance our environment management faster by not only assessing each site's environmental impact but also comparing their environmental performance and reducing risk factors.

Samsung SDI will continue to work toward a more eco-efficient production process by minimizing the environmental impact of its production process and increasing value (efficiency).

1) Sustainability Management Initiative System EMS: The environment module of the SMIS

Waste

In 2011, Samsung SDI generated 65 kilotons of waste in total at its global production sites, which was 61 kilotons less than its base-year production in 2005 (125 kilotons). This represents a 51% reduction resulting from our continued efforts to reform the business structure, save resources, and reduce waste during the manufacturing process. The waste recycling rate in 2011 was 93.8%, an improvement over the previous year's 91.8%, whereas the landfill rate decreased from 8.2% to 6.2%. Samsung SDI aims for 95% recycling rate and 5% landfill rate by 2015. In order to achieve the targets, the company will also have to develop a community recycling system. Recognizing that waste reuse and minimization are crucial to preserve resources, we will continue to work hard to reduce landfill and increase our recycling rate.



Hazardous Chemical Substances

Samsung SDI deals with a total of 24 types of hazardous chemical substances, and their total consumption in 2011 amounted to 26 kilotons. Compared with the base year 2005, it represents a decline by 22 kilotons and a 1.9 times improvement. To reduce hazardous chemical use, Samsung SDI will double the chemical efficiency in 2015 over 2005 through substantive improvements, such as the development, use, and reuse of replacement substances in our manufacturing processes. Meanwhile, Samsung SDI has created a reference list that outlines the hazard grade and usage status of chemical substances, along with product information, for all its operation sites. Samsung SDI has also newly established an independent chemical substance control standard and improved its processes so that substances that have been graded by our toxicity evaluation can be monitored, further helping reduce chemical use.

Chemical Substance Control Standard

Samsung SDI has established a 4-tier classification system that grades chemical substances from A to D in terms of carcinogenicity and reproductive toxicity, legal permission/prohibition and distribution restriction factors. All chemicals are classified through this toxicity evaluation process, and this classification determines whether they are subject to follow-up monitoring.

Group	Classification Standard
Group A (Prohibited Substance)	Legally prohibited substance Distribution prohibited around the world
Group B (Substitutable: 2 years)	Legal permission and restricted use Group 1,2 carcinogens
Group C (Non-substitutable)	Problematic substances among those belonging to Group B
Group D (Substitutable: 5 years)	Substance with reproductive toxicity Group 3 carcinogens

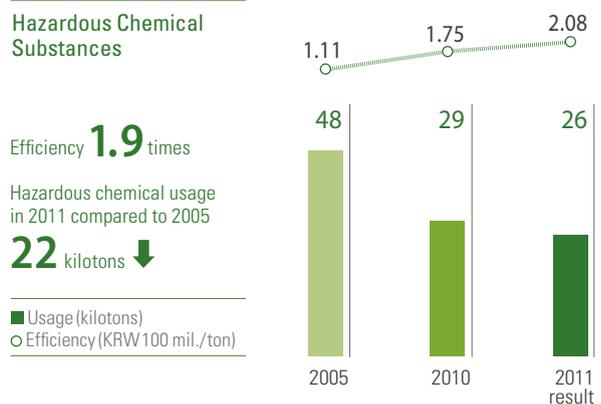
Hazardous Chemical Substances

Efficiency **1.9** times

Hazardous chemical usage in 2011 compared to 2005

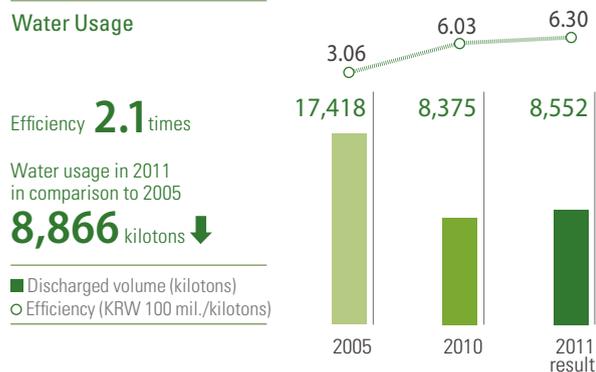
22 kilotons ↓

■ Usage (kilotons)
○ Efficiency (KRW100 mil./ton)



Water Usage

The total water usage at Samsung SDI's plants around the world in 2011 was 8,552 kilotons. Compared with the base year 2005, the company used 8,866 kilotons less, and the efficiency improved by 2.1 times, which surpasses the target of 1.5 times. This results from SDI's efforts to minimize water usage during its production processes, through corporate restructuring into an Eco-friendly and clean energy solution company. We will continue to increase efficiency and reuse in order to reach a 2.5 times improvement in efficiency by 2015.



Biodiversity and Green Communication

Samsung SDI conducts environmental cleanup activities, including its "1 Company 1 Stream" and "1 Company 1 Mountain" campaigns, while also actively participating in ecosystem preservation programs with the local stakeholders, such as government agencies and civil groups. Samsung SDI also contributes to the community's environmental education through the "Green Planet School for Environment and Children" program that opened in 2011.

Environmental Compliance

In 2011, there was no violation of the environmental regulations at any of Samsung SDI's business sites, both in Korea and abroad.

Investment in Environmental Facilities and Environmental Costs

Samsung SDI operates its SMIS Environmental Accounting (EA) module in order to assess investment, costs and benefits according to environmental activity criteria. The EA module is actively used in all our environment-related decision-making, and allows a systematic assessment of cost input related to the environment, as well as a more objective calculation of benefits arising from reduced environmental risks. In 2011, Samsung SDI spent KRW 74,835 million on environmental facilities investment and other environment-related expenses.

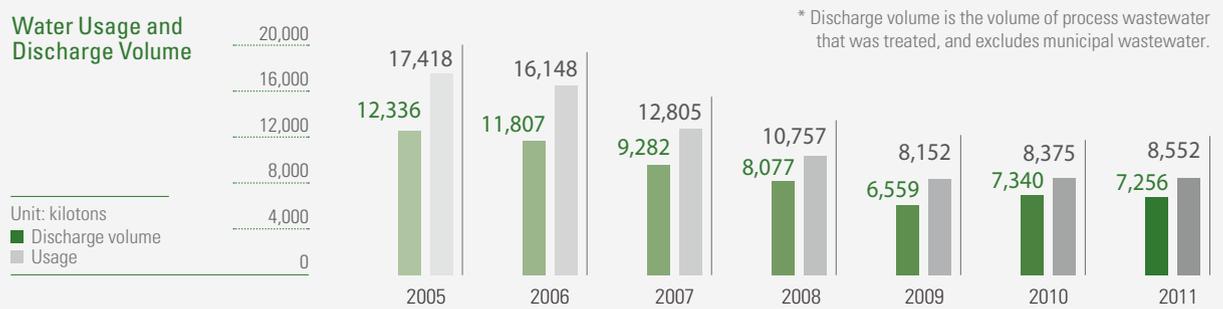
Type of Activity	Investment ¹⁾	Cost ²⁾	Benefits ³⁾	Details
Treatment	164	62,184	17,890	Operation of in-house environmental facilities, consigned treatment, other
Prevention	5,190	7,108	1,389	Environmental education, measurement & analysis, audit, waste management, process improvements
Stakeholders	0	19	10	Support for environmental groups and local communities, environmental events
Legal Compliance & Remediation	135	35	0	Surcharge on waste, insurance

Unit: KRW million

- 1) Investment: Investment related to environmental activities
- 2) Cost: Environment-related costs managed within the company, plus external costs that may be incurred in society through emissions or products themselves
- 3) Benefits: Tangible gains (e.g. cost savings from environmental activities and cost reduction) plus intangible gains (e.g. reduced risk, social contribution)

Managing Water Risks

Samsung SDI is acutely aware of the importance of water resources. In the event of a water shortage and a potential increase in prices, Samsung SDI is working hard to reduce water usage while simultaneously promoting water reuse. Water consumption has been reduced dramatically by restructuring our business portfolio into an Eco-friendly and clean energy solution company specializing in rechargeable batteries rather than merely displays. To reduce water-related risks, Samsung SDI plans to establish and operate a corporate-wide water management strategy in addition to its existing lower levels of pollutants in discharged water and reduce water usage.



Climate Change

Samsung SDI has implemented an energy management system to identify the risks associated with climate change and establish a low-carbon production system in an effort to reduce greenhouse gas emissions. Samsung SDI will continue developing itself

into a leading eco-friendly and clean energy solution company, by expanding both its rechargeable battery-based product line and its solar business.

Risks and Opportunities Associated with Climate Change

Category	Risks	Opportunities	Status & Plan
Regulatory Changes	<ul style="list-style-type: none"> • Disclosure of GHG emissions and regulations of total volume • Restrictions on energy usage • Disclosure of product carbon emissions • Restrictions on product energy consumption • Stronger national environment- friendly policies 	<ul style="list-style-type: none"> • Transition to a low-carbon society • Increasing demand for eco-friendly products • Mandatory use of renewable energy • New markets for green energy 	<ul style="list-style-type: none"> • Build an energy & GHG IT system • Implement an energy management system (ISO 50001) • Fulfill voluntary GHG reduction target • Calculate products' carbon footprint • Launch the solar business
Physical changes	<ul style="list-style-type: none"> • Natural disasters such as snowstorms and heat waves • Rapid temperature changes • Changes in precipitation patterns 	<ul style="list-style-type: none"> • Expansion of the large scale power storage market to stabilize power supply • Demand for low-cost source of energy 	<ul style="list-style-type: none"> • Expand the ESS business • Expand the scope of energy solution products
Other Changes	<ul style="list-style-type: none"> • Rises in production and energy costs • Production glitches caused by supply chain problems • Evaluating corporate value in the context of climate change • Increased social costs 	<ul style="list-style-type: none"> • Expansion of the smart grid • Increased future value of eco-friendly enterprises • The rise of the BCM (Business Continuity Management) regime 	<ul style="list-style-type: none"> • Take the next step as eco-friendly and clean energy solution company • Establish a BCM (business continuity management) system

Greenhouse Gas Emissions

Samsung SDI set its initial goal for 2011 to reduce greenhouse gas emissions by 300kilotCO_{2e} and to improve greenhouse gas efficiency by 1.5 times compared to the base year 2005. In 2011, Samsung SDI emitted 801kilotCO_{2e}, accomplishing a greenhouse gas efficiency of KRW 6.72 billion/kilotCO_{2e}. Greenhouse gas emissions were reduced by 371kilotCO_{2e} compared to 2005 and the efficiency increased by 1.5 times. This reduction volume is equivalent to 32% of the total emission volume of 2005, and is the result of business restructuring into an eco-friendly and clean energy solution company and establishing low-carbon production processes. Due to the expansion of our rechargeable battery business, greenhouse gas emissions in 2011 increased slightly over 2010 to 560kilotCO_{2e} domestically and 241kilotCO_{2e} in our overseas subsidiaries. Samsung SDI's second greenhouse gas target is to double greenhouse gas efficiency by 2015 compared to 2005. Samsung SDI will continue to manage greenhouse gas efficiency as one of its key management indicators, by reducing greenhouse gas emissions and achieving sustainable growth of its business through innovative energy management,

continuation of its low-carbon production system, and reorganization of its low-carbon product portfolio.

Greenhouse Gases Reduction Strategy

Process

Innovation in Energy Management

Products

Low-carbon Product Portfolio



Production

Low-carbon Production System

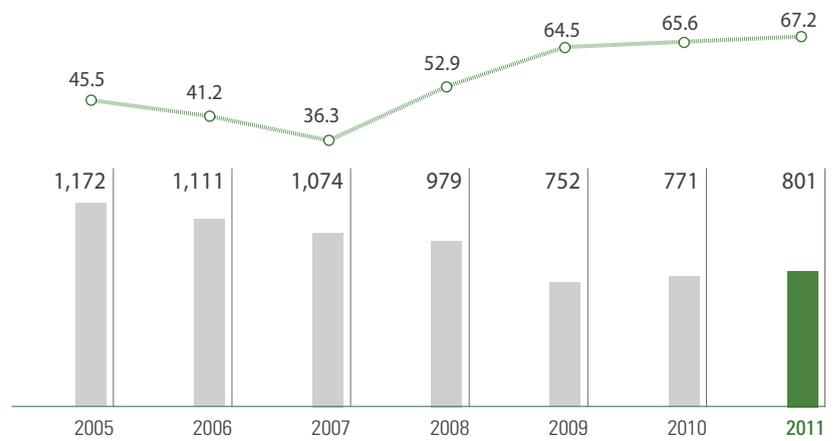
Greenhouse Gas Emission Status

Volume reduction in 2011 compared to 2005

371,203 tCO₂e ↓

Greenhouse gas efficiency **1.5** times ↑

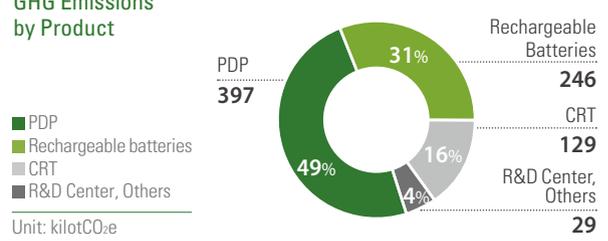
■ Emission volume: kilotCO₂e
○ Efficiency: KRW 100 million / kilotCO₂e



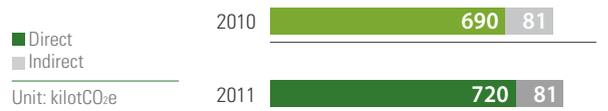
GHG Emissions by Country



GHG Emissions by Product



Direct/Indirect GHG Emissions



GHG·Energy Target Management System

In 2009, Korea finalized its GHG reduction target as 30% of estimated BAU in 2020 and is pursuing this goal in compliance with the Framework Act on Low Carbon, Green Growth, under which its GHG·Energy Target Management System¹⁾ came into force in 2011. Samsung SDI's allocated domestic greenhouse gas emission quota for 2012 is 790,139 tCO₂e (15,418 TJ in energy), and its performance against this target will undergo yearly verification until 2015. Meanwhile, our Cheonan and Ulsan Plants have been acknowledged for reductions they achieved prior to the enactment of the Negotiated Agreement, and hold 82,000 tCO₂e of early action credit.

1) GHG·Energy Target Management System : Legislation that assigns reduction targets to corporations that emit greenhouse gases above a given level, and inspects their compliance with these targets.

Commitment to "Zero" Boiler Operation

Samsung SDI's Cheonan Plant is striving to achieve a "0" boiler operation rate. After replacing its large volume water-tube boiler with a high-efficiency small volume once-through boiler, the minimum load was decreased, allowing for more collection of exhaust steam from the incinerators. Along with Cheonan City's plans to build more incinerators, Samsung SDI will aim at building operation sites that do not require any boilers.



Cheonan Plant's Once-Through Boiler

Energy Management

In order to establish its Energy Management System (EnMS), Samsung SDI organized a taskforce and began infrastructure improvements and energy management training from March 2011. A corporate-wide energy management policy was established and formalized, and related standard processes were revamped. First, internal inspection and improvements were implemented for our Cheonan and Ulsan Plants' energy management status, allowing them to acquire ISO 50001 certification in September 2011. Through implementation of this energy management system, Samsung SDI will continue its improvement activities to practice energy management at all its business operations and minimize energy usage.

Samsung SDI's Energy Management Policy



- Comply with Energy Laws and International Agreements
- Achieve Targets
- Maintain a Corporate Culture as an Eco-friendly, Energy Company
- Bonds with the Community

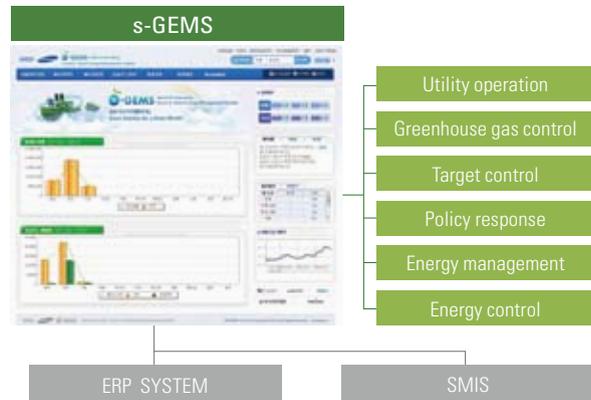
ISO 50001 Certification acquired by Cheonan and Ulsan Plants



Establishing an Integrated Energy & GHG System (s-GEMS¹⁾)

Samsung SDI has created a system that automatically coordinates measurement data on GHG emissions, enabling real-time monitoring and calculation. This allows more effective energy management through a systematic collection of energy usage data and subsequent GHG control measures. Starting with the construction of an IT infrastructure network of energy-measuring devices, Samsung SDI will build an integrated energy & GHG system covering utility operation, energy control, and calculation of energy and GHGs. Samsung SDI will make this the core system in its energy management.

s-GEMS Structure



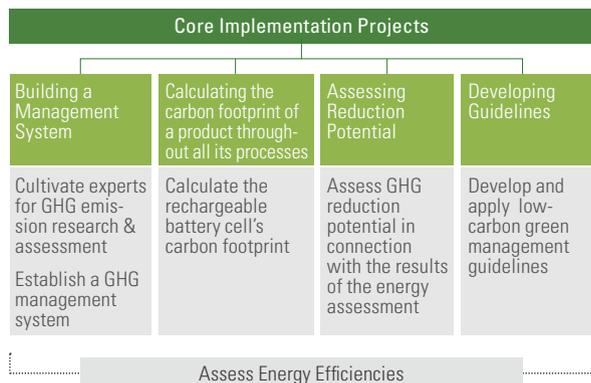
1) s-GEMS (Smart & Samsung -Green & Global Energy Management System): Samsung SDI's IT system for energy & GHG management

Reducing GHG Emissions in Supply Chain

To reduce suppliers' greenhouse gas emissions, Samsung SDI has undertaken and implemented the "Establishment and Expansion of Low-carbon Green Partnership Project," a government project supervised by the Ministry of Knowledge Economy, over a two-year period from December 2009 to November 2011, aiming to build the eco-friendly, low-carbon manufacturing infrastructure of small and medium companies using the supply chain. The project, named 'Establishment and Expansion of Low-carbon Green Partnership', was implemented over a two year-period from December 2009 to November 2011. We provided specialist training and policy guidelines to assist 41 major suppliers in building their greenhouse gas management infrastructure. The total greenhouse gas reduction achieved during the project period was 9,366 tCO₂e/year. The direct reduction amounted to 5,254 tCO₂e/year, and the 11 companies for which the project's energy efficiency evaluation was conducted are expected to reduce 4,112

tCO₂e/year during a mid-to long-term period. In the future, we will further promote this voluntary low-carbon green partnership to a second and third tier of our supplier groups.

Major Projects

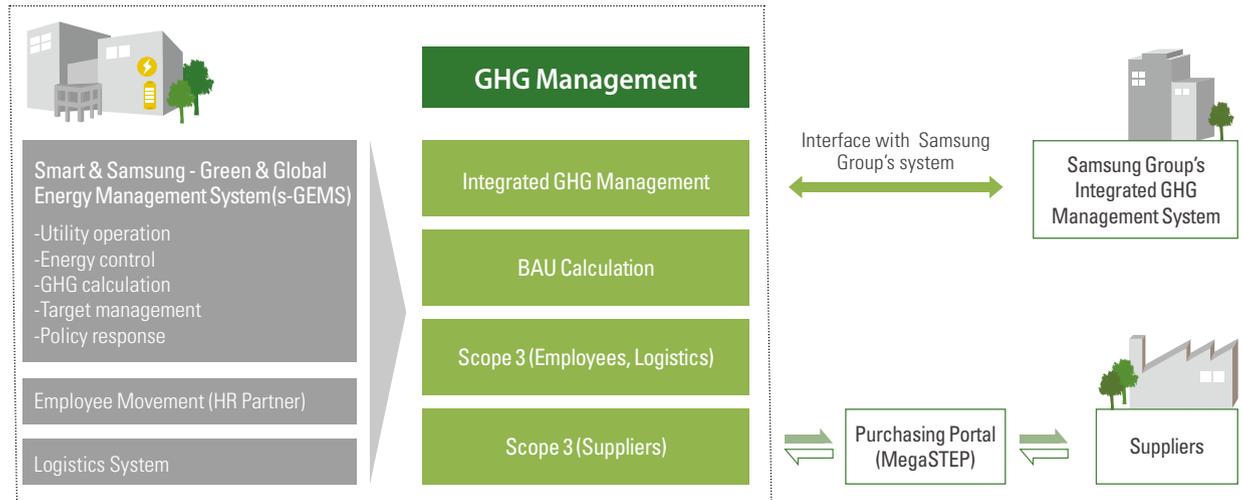


Our Efforts to Reduce GHGs Emissions Across All Business Operations

Samsung SDI has developed a system for monitoring both direct/indirection emissions during the manufacturing process and GHG emissions across all its business activities (Scope 3). Our efforts

will continue to reduce GHG emissions across all business operations by measuring and managing GHG emissions from our suppliers, logistics, domestic and overseas transportation, and employee commuting and business travels.

Scope III Calculating System



Calculation and Disclosure of Product Carbon Footprint

Samsung SDI calculates the total carbon footprint of each product and makes this data available to the public. In 2011, as the first company in the Li-ion rechargeable battery industry, Samsung SDI obtained Carbon Footprint Label certification from KEITI (Korea Environmental Industry & Technology Institute) for its cylindrical cell (18650-22F).



Product Name	Cylindrical Rechargeable Battery (18650-22F)
Manufacturer	Samsung SDI
Certificate Reg. No.	C-2011-031
Valid Period	Aug. 26, 2011 ~ Aug. 25, 2014
Certification Agency	KEITI



GHG Emission Rate by Product Phase(%)



For More Information

You can find more information at Samsung SDI's website's <Sustainability - Climate Changes & Environment> page. http://www.samsungsdi.com/sustain/s3_1.jsp

03

Compliance
and Ethical
Management**Vision**

Establish a corporate culture of compliance

Strategy

- Spread a culture of compliance that facilitates prevention and around-the-clock control
- Develop a compliance infrastructure by establishing principles, rules and processes
- Build a corporate culture of integrity

Performance

* Aggregate annual participants

15,228 persons

Compliance Education

10,371 persons

Anti-corruption Education

36

37

Compliance

Compliance and ethical management have evolved from a mere means to address risks into a common phenomenon in business management. Samsung SDI actively and willingly practices transparent management and encourages all employees to internalize the values of compliance.

Operation System Samsung SDI operates a compliance program that supports employees as they voluntarily comply with the law in the course of their duties. Compliance awareness is promoted through education, while voluntary inspection and monitoring activities help prevent and minimize legal risks. Samsung SDI is committed to preventing and reducing legal risks through self-inspection and monitoring activities, while encouraging employees' awareness of law compliance. The company focuses on the preventive management of risks of legal violations, including market competition, product liability, financial accounting, intellectual property, environment, and labor, and also risks associated with corruption.

Organization A Compliance Team is in operation for the implementation of compliance activities, while the Compliance Committee is the highest decision-making body that reviews and decides on major issues. In addition, Compliance Leaders (division and team leaders) and Compliance Managers (department heads) are appointed to promote voluntary compliance at the department level.

Compliance Management Organization

Training and Prevention Activities In 2011, a variety of training programs were conducted in order to strengthen employees' legal capabilities and enhance their awareness. An obligatory online compliance course for all employees and management, "Samsung SDI-Understanding Compliance Management", was launched in June. We have established a range of customized courses for both new and existing employees, and overseas subsidiaries, as well as lectures by external experts, all tailored to specific job functions and positions. The scope of participants has also been expanded to include CEOs from our major suppliers, to help increase their understanding of issues surrounding compliance, as well as to help them further share in Samsung SDI's activities. Throughout 2011, a total of 15,228 employees, both domestic and overseas, completed compliance training.

Compliance Education in 2011

Category	Participants	Persons	Subject
Online education	All employees	6,056	Compliance
Job function-specific training	Marketing / purchasing / development / production / quality / technical personnel	1,208	Laws related to the job functions (i.e. cartels, subcontracting)
Position-specific training	New University graduate employees	155	Compliance
	Employees with prior experience	82	
	Managers from overseas subsidiaries	142	
Dissemination of training contents	All employees	7,476	
Special courses	CEOs from supplier companies	109	
Total		15,228	

Samsung SDI strives to practice transparent management and internalize the values of compliance management. To this end, we have established an organizational structure conducive to voluntary compliance, and are strengthening employees' compliance capabilities via various training programs. In addition, we prevent legal risks through voluntary inspection and monitoring activities, and are also strengthening anti-corruption activities through anti-corruption education and constant monitoring.



In addition, in order to prevent compliance risks within our business processes, a Compliance Supporter's "Prior Consent" rule has been incorporated into our major business activities, whereby prior legal reviews are conducted on the Board of Directors' discussion agendas, the company's disclosure material and the enactment and/or revision of the company bylaws. A guidelines on major compliance issues such as cartels, privacy, and product liability have been developed and distributed to relevant departments and personnel, and inspection and improvements were carried out on our work processes.

Support and Inspection Activities To support the establishment of voluntary compliance management in the company's departments, compliance issues in each sector have been shared through meetings for compliance practice leaders and the persons-in-charge, and a variety of support activities, such as training materials for independent training, legal information support, and work-related consulting, are being carried out. A compliance program for overseas subsidiaries has been developed to provide consulting support and evaluate compliance-related risks in relation to emerging businesses and changing local circumstances. In 2012, we plan to perfect this cycle, which flows from prevention, through constant inspection and evaluation, and on to follow-up management. First, we will further promote custom-tailored training to enhance compliance capabilities. Employees will continue to take individual self-check surveys, and a variety of additional training programs are being prepared, including training for executives and business unit heads, as well as special lectures on current social issues. Moreover, we will expand the scope of risk inspection and further focus on addressing areas for improvement in our compliance processes, by identifying and responding to risks in our overseas subsidiaries.

Anti-Corruption

Anti-Corruption Training In 2011, Samsung SDI conducted a corporate-wide anti-corruption training program coordinated by our Audit Team. This involved offline training for: employees at our 4 domestic operation bases; personnel in charge of client company correspondence; expatriate employees in overseas subsidiaries; and manager-level employees. In addition, anti-corruption training was also provided to personnel in charge of communication with supplier companies.

Corruption Monitoring and Measures Samsung SDI conducts ongoing monitoring of our suppliers and customer point-of-contact departments. We look out for any signs of fraud by regularly inspecting transaction amounts, and monitoring for collusive ties with specific firms and any abnormalities in payments. We aim to minimize the risk of corruption through the reporting function of our intranet and ethical management website, regular audits across all sectors, and ongoing inspection of the company work processes. In 2011, we conducted a corporate-level corruption audit, resulting in the dismissal of 18 violators and disciplining of 30 others. In 2012, we will conduct intensive inspections on processes that are sensitive to the risk of corruption, as well as on potential blind spots in our overseas subsidiaries. In addition, we will continue to enhance prevention by conducting training programs for employees in Korea and manager level employees at our overseas subsidiaries.

Legal Compliance Since November 2007, there have been a number of ongoing investigations in Korea, the U.S., Japan and EU, of alleged antitrust violations relating to CRT products. In some countries, such as Korea and the U.S., the cases have been settled with a fine; in Japan the case is under administrative review; while in the EU, investigation is ongoing. Aside from these cases, Samsung SDI received no penalties or sanctions in 2011 for violating laws, regulations or treaties in the countries where we operate.

Anti-Corruption Training Participants in 2011

Total	10,371	Executive level	55
(includes 3,589 overseas participants)		Non-executive level	10,316

04

Employees and Corporate Culture

Vision

Make the 'So Good Company'

Strategy

- Foster and spread a new corporate culture
- Strengthen the qualitative competitiveness of our human resources
- Make HR system more sophisticated
- Build a safety culture of mutual understanding and participation

Performance

*Number of training recipients is based on annual aggregate

43%

Ratio of women among new university graduate employees

123 hr

Annual average training hours per capita

38

39

Corporate culture is an intangible source of competitiveness and a valuable management resource. At a vision declaration ceremony held in May 2011, Samsung SDI presented its new vision and announced an organizational innovation scheme that will be the foundation for its advancement as a "So Good Company." A "So Good Company" means a company that its workers are proud of, and which brings benefits to its shareholders, customers and suppliers, contributes to society and the country, and is respected for these qualities. Samsung SDI installed a '501 Culture Station', a corporate culture innovation TFT, and a New Corporate Culture Office in each plant to share with employees the three key values of corporate culture, "Passion", "Soh-tong (communication)", and "Challenge", in order to focus on innovative activities. Cul-

ture Planners have been appointed to be agents in stimulating each department's corporate culture, and will act as catalysts for communication between the members of the departments, and between employees and the VOC (Voice of Customers).



41st anniversary vision declaration ceremony

Corporate Culture Innovation Scheme

Slogan

So Good Company

Core Values

Passion

Work Smart

Soh-Tong
(Communication)

Challenge

Activities

Management
Corporate Culture Secretariat

Employee Participation

Field Organization
Culture Planner

×

×

Samsung SDI is undertaking a range of projects to become “So Good Company.” Our best efforts go into fostering communication for a healthy corporate culture and building a future-oriented labor-management relationship, a healthy and safe working environment, and working conditions where women can fulfill their workplace potential, so that all our employees can feel proud.



Corporate Culture Innovation in 2011

In 2011, the first year in a three-year plan for corporate culture innovation, we focused our efforts on promoting the three core values of passion, soh-tong(communication) and challenge. First, in order to spark employees’ interest in this corporate culture slogan and its core values, various ‘Boom-up’ activities were implemented. A message from our CEO explaining the meaning and importance of passion, soh-tong and challenge was sent to all employees, and each employee was given the opportunity to develop a personal vision related to the core values of the corporate culture. Celebrities who epitomize the values of passion, soh-tong and challenge were invited to give lectures, which provided an opportunity for reflection on the true meaning of the core values. To provide role models, employees are nominated as “Core Value Heroes”, for practicing the core values in their everyday lives and at work. We have also carried out a variety of programs that connect promoting the core values with creating a happy workplace, such as our “Guinness Challenge Contest” and “SDI Olympics.”



1. Celebrity Lectures
2. 3. Guinness Challenge Contest



Culture Planner: Byun Sungchan, PDP Manufacturing Team

Our job is to act as a “facilitator” who helps our employees to communicate better. Once you try it, soh-tong, or communication, is not as difficult as it seems. I believe the ultimate goal of the “So Good Company” is bringing happiness to our employees and customers. If we communicate and steer ourselves toward a happy future, I believe there is nothing we cannot achieve.

Open Counseling Center

Samsung SDI's "Open Counseling Centers" are the company's representative communication channel for building a sound organization and promoting communication among employees. The first Open Counseling Center was opened as the "Women's Counseling Center" at our Ulsan Plant in 2004. The center provides a place where employees can talk about their problems and take some rest. A resident counselor conducts individual counseling and psychological testing at the three Open Counseling Centers in Giheung, Cheonan and Ulsan, as well as operating an online counseling page on the intranet, where employees can talk about about problems they are facing and get advice within 24 hours. The Center also plans and conducts various programs designed to build a caring corporate culture, such as departmental talks, communication training, and sexual harassment prevention programs. In 2011, a new specialized program was introduced for employees who may be marginalized. The "Muhan Soh-tong (Limitless Communication) Workshop" has been held twice so far for foreign employees working at our Giheung headquarters. The workshops provide emotional support related to hardships these employees may be facing in their lives outside their home countries, as well as art therapy to help enhance their sense of belonging. At our Cheonan Plant, a training program called "Working Moms' Mind Plus" has been provided for pregnant employees, in which they can discuss emotional difficulties and ways to overcome them, in terms of finding balance between parenting and work. Meanwhile, an external speaker was invited to give a lecture program called "Healing Cinema", about solving emotional conflict.

Channels for Communication and Sharing Passion

In 2011, Samsung SDI opened a new channel for communication in order to encourage employees' voluntary and active participation in building a new corporate culture. Through our intranet, we have launched a "Club E-Room", where club members can communicate with each other, as well as an in-house radio broadcast,

"501Radio", which encourages employees' active participation. Other new programs include our "Smart Salon", a forum where individuals can exchange ideas on various subjects, and "CEO Wine & Talk", an informal communication channel with the CEO on the topic of wines.

Smart Salon

The Smart Salon is a communication forum designed by Samsung SDI as a means to share information and knowledge on subjects such as TEDx (Technology, Entertainment, Design). Opened in November 2011, the Smart Salon has so far featured 6 speakers from various backgrounds within the company who have presented their thoughts on the subject of "happiness". The event has given participating employees the opportunity to openly exchange ideas on how to pursue happiness, and to hear tips on ways to bring more happiness to the drier aspects of the workplace, such as through music, sports and volunteer activities. In the future, the Smart Salon will cover various subjects suggested by the participants, such as travel, dreams and love.



Direction for 2012

In 2012, we plan to undertake activities to further incorporate the core values of corporate culture into our workplace and lives. We will continue to enhance two-way communication with our employees and focus on promoting our core values to the overseas subsidiaries. The achievements of these activities during 2012 will be reported in detail in the next sustainability report.

Corporate Culture Implementation Steps



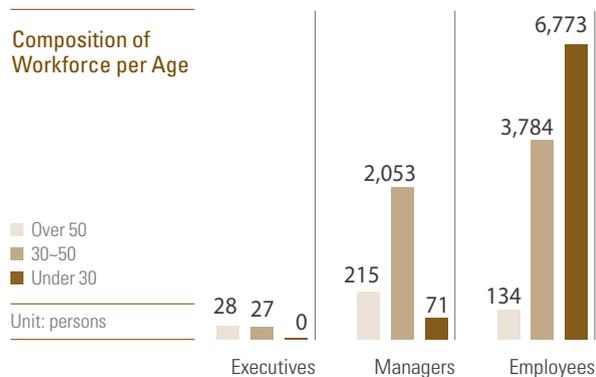
Workforce Status

The total number of workers in Samsung SDI, including contract and dispatched workers, is 14,155, an increase of 10% compared to the previous year. The total turnover rate declined significantly from 21.0% to 11.3%.

* Please refer to the Social Performance on p. 57

* In accordance with the GRI G3 Guidelines, the turnover rate was calculated by dividing the number of those who resigned in 2011 by the number of employees as of end of 2011. This may be different from the typical turnover rate calculation method.

* When calculating the turnover rate, branches and offices with less than 20 employees were excluded.



The Principle of Respecting Human Rights

Samsung SDI affirms its commitment to respecting human rights through the principle of “Respect for Individual Diversity and Dignity” that is incorporated within our management principles. All our business activities, including investment decisions and supplier transactions, are based on the spirit of respecting human rights.

Prohibition of Forced/Child Labor and Discrimination

Samsung SDI complies with the International Labor Organization Conventions and the labor-related laws of its domestic and overseas plants. Therefore, we strictly prohibit child

and forced labor in all our operations both domestically and abroad. In conducting our day-to-day business activities we forbid any discrimination based on skin color, gender, religion, social status, age, political stance, and nationality. All employees are given fair opportunities and performance-based compensation according to their ability and aptitude. During 2011, there were no violations of policies regarding child labor, forced labor or discrimination.

Labor Relations

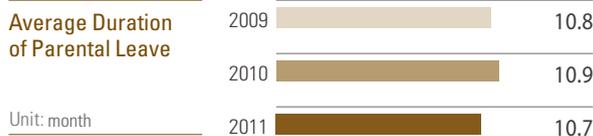
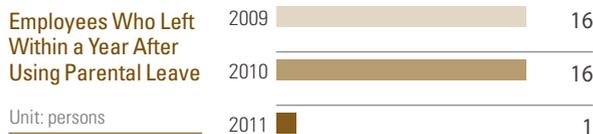
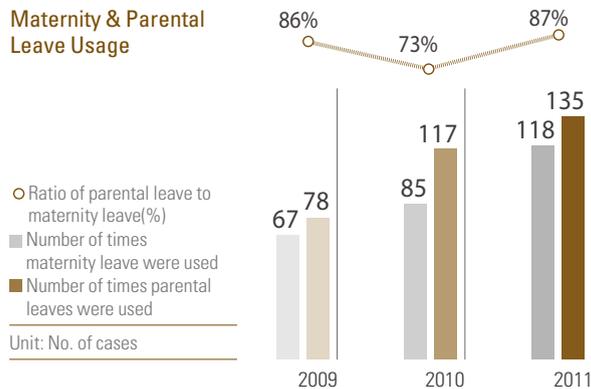
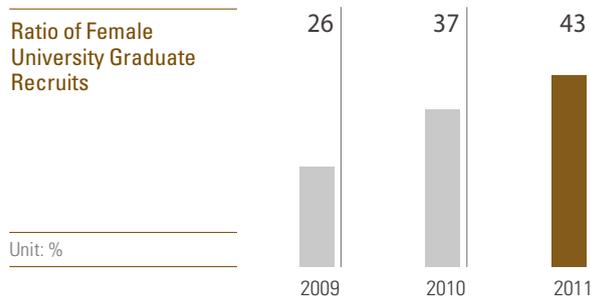
Underpinned by our principle of compliance management, Samsung SDI guarantees freedom of association and the right to collective bargaining. We also operate a Labor Council to resolve employees’ grievances, protect their rights, and enhance their quality of life. The council is comprised of an equal number of labor and management representatives, and discusses matters related to workers’ rights and interests, such as improving working conditions and wages, as well as grievances and complaints. Issues are negotiated with management and any agreement reached is then applied to corporate policies. In cases where major proposed changes involving policy and restructuring require labor-management agreement, the Labor-Management Council Meeting is notified 7 days in advance, and the results of any decisions announced to the employees without delay.

Nurturing Talents

Aiming to build a culture of creativity and communication, Samsung SDI set as its core challenge for 2011 the strategic cultivation of next-generation leaders and enhancement of global communication capabilities. Accordingly, we implemented programs to cultivate energy experts and business leaders of the next generation, and to foster a self-challenging spirit. As part of enhancing our workforce capabilities, we have established a job function capability structure in marketing and development sectors, and are operating a “Global Marketing Course” to support capability enhancement in our overseas subsidiaries. Meanwhile, we have also initiated our new “Global Leadership Course”, a leadership training program for locally hired employees at our overseas subsidiaries. In addition, we are operating a PSC (Passion, Soh-tong, Challenge) Academy to help employees internalize the values of our new corporate culture. In 2012, for the purpose of developing more systematic capability-enhancement activities, we will conduct an assessment of the level of job function performance of individuals and departments, will have employees set their own personal development plans, and will operate a corporate-level consultative group to support the recruitment, employment and cultivation of human talents.

Female Employees

In order to build a working environment where women can realize their full workplace potential, Samsung SDI is nurturing female employees' professional capabilities, increasing their roles in workforce management, developing candidates for future leaders, and expanding daycare support to prevent obstacles to female employees' career progression. In addition, we will continue to maintain a gender quota for hiring new university graduates, further contributing to expanded opportunities for women's social participation.



Established in August 2010, our Women's Council consists of female opinion leaders and is responsible for enhancing women's networking power and gathering women's opinions. The Women's Council not only offers suggestions to boost our female workforce but also provides role models for junior female workers by running a mentoring program. In addition, an in-house daycare center has been built in our Giheung head office is scheduled to open in 2012, which will be a major step in building the infrastructure for maternity protection. We will continue to carry out a range of activities to provide all-round support for the development of female employees, from recruitment to career progression, and to professional development in 2012.

Localization Policy

Samsung SDI operates 8 manufacturing subsidiaries in China, Malaysia, Vietnam, Mexico and Hungary, and also operates sales subsidiaries, branches and offices in a range of countries. As the importance of overseas subsidiaries increases so does the need for localization to ensure self-reliance. In 2011, we focused on localizing management of overseas subsidiaries and enhancing their capabilities.

Key Policies for Overseas Subsidiaries in 2011

Expanded authority of local employees

- Local employee-oriented restructuring (appointed position leaders)
- Expanded promotion for outstanding local employees
- Expanded evaluation authority for local employees (local head of post)

Enhanced global mobility of local employees

- Implementation of system to send local employees to work at our head office (4 employees in total, dispatch period: 3 months minimum ~ 2 years)

Our continued localization policies increased the ratio of local managers significantly to 76% (107 out of 140 departments) by the end of 2011, compared with the previous year's 61%. We plan to implement an even stronger initiative to enhance the capabilities of our overseas subsidiaries and local employees in 2012. We will introduce a set of localization criteria that quantify the degree of localization, including the ratio of local employees at key posts, the level of professional development training, and level of activities undertaken to recruit outstanding local employees. To support our overseas subsidiaries in systematizing their human resources management, we will provide HR consulting to evaluate their current status and strong points, as well as pointing out areas for improvement.

Safety & Health Management

Samsung SDI considers employee health and safety a top priority across all its business operations, and fully complies with the international health and safety standard OHSAS 18001. All personnel, including at overseas subsidiaries, receive training on safety and health under the coordination of our Environment and Safety Center, which is in charge of risk management as well as health management, disaster control, and preventing occupational diseases. Recognized for its efforts at preventing safety

hazards, our Giheung Base won the Prime Minister's Award at the 10th Korea Safety Awards. The injury rate¹⁾ (IR) at all Samsung SDI business sites was 0.15 and loss day rate²⁾ (LDR) was 4.50 in 2011.

1) Injury rate:
total injuries/total hours worked × 200,000 (based on GRI Guidelines)

2) Loss day rate:
total days loss/total hours worked × 200,000 (based on GRI Guidelines)

Best Keeper TF Activities

Employees are a company's most valuable asset. In 2011, Samsung SDI implemented a Best Keeper TF program, which established an integrated set of standards regarding the management of chemicals, the provision of follow-up care for employees with abnormal medical findings, and improvement of the working environment. Based on this integrated set of standards, we plan to build in 2012 a whole-process system for health care and chemical management. This system will include modules dealing with the working environment, chemical usage and personal health management. We will use these modules to put employee health first, prevent health-related risks and implement a systematic approach to follow-up health management.



Training in preparation for chemical spills

For More Information

More information is available on Samsung SDI corporate website's <Sustainability - Stakeholder Engagement - Employees> page.
http://www.samsungsdi.com/sustain/s2_4_1t.jsp

05

Mutual Growth
with Partners

Vision

Realize mutual growth by achieving overall competitiveness

Strategy

- Nurture Global Best Companies
- Expand support for second and third-tier suppliers
- Enhance R&D cooperation
- Reinforce mutual growth programs

Performance

770 persons

HR development to
enhance self-reliance

41 companies

Participated in the
Low-carbon Green
Partnership

98 companies

Acquired S-Partner
accreditation

44

45

Samsung SDI continues to reinforce its mid-to long-term cooperation with partners to achieve co-prosperity founded on trust, and to ensure fair trade practices and enhance suppliers' overall competitiveness.

Win-Win Cooperation

In 2011, we expanded the range of our support to include not only 1st-tier suppliers but also 2nd and 3rd-tier suppliers. This support was provided in areas of production innovation, R&D collaboration, renovating inefficient processes, funding, and HR development. The provisions of our Code of Conduct covering mutual cooperation and fair trade practices were strengthened to fully incorporate the win-win culture into our day-to-day operations. Other related efforts included special in-house broadcasts on the theme of win-win cooperation with suppli-

ers, and business etiquette training for employees in suppliers' point-of-contact positions.

Establishing Fair Trade Practices

With the goal of ensuring fair subcontracting practices, Samsung SDI has established guidelines on 3 key areas - desirable contract practices; selection and management of suppliers; and installation and operation of an internal review committee on subcontracting. We share these fair trade guidelines with our suppliers via our Win-Win portal. In order to improve transaction practices in our purchase and procurement processes, we have visited suppliers to listen to the VOS (Voice of Suppliers) and conducted on-site inspections. In 2011, a total of 11 irrational practices in terms of purchasing price, quality, stock handling, development and logistics were identified and remedied.

Major Support Activities



Samsung SDI continues to reinforce and develop win-win cooperation to support the overall enhancement of its partners' competitiveness. The company operates a variety of cooperation programs, such as joint technology R&D and human resources development support, and is working hard to spread its CSR across the supply chain by implementing low-carbon green partnership projects with its partners, banning minerals in conflict areas, and running the S-Partner program.



Major Support Activities

Samsung SDI conducts joint R&D with its suppliers, and has introduced a new system to support and protect suppliers' technology development. Samsung SDI also sponsors 35 organizations, including 13 of our suppliers, within the WPM (World Premier Materials) consortium, a national project with the goal of developing world class material for rechargeable batteries. We have also licensed suppliers to use some of our patents and have signed a contract regarding this matter with 6 companies, as well as newly introducing a technology deposit system¹⁾ for technologies owned by our suppliers. In addition, our occupational training center operates HR development programs for our suppliers, and provides pre-job training to new employees at supplier companies, as well as training for suppliers' incumbent employees to enhance their job function capabilities. In 2011 alone, over 20 courses were offered to 770 persons.

1) Technology deposit system: The technology owned by an SME (Small and Medium Enterprise) is deposited with a reliable institution which ensures the prevention of technology leaks, and guarantees the large company access to the technology in the event of closure or bankruptcy of the owner of the technology, subject to contract provisions.

Moreover, Samsung SDI dispatches innovation team staff to support and advise suppliers on enhancing their production competitiveness in terms of quality, productivity and other issues. Quarterly exchange meetings are held to promote information sharing and communication, and managers of outstanding suppliers are provided opportunities to benchmark leading enterprises and new markets.

Supplier Company Training

		Target (persons)	Performance (persons)	Achievement rate(%)
Training program	New employees	100	64	64
	Incumbent employees	160	243	152
	Cyber	100	375	375
	Igniting Innovation	60	88	147
Total		420	770	183

In 2012, we will seek to achieve concrete results from these win-win cooperation activities, such as in increased profits and efficiency. While deepening existing support programs, we will also focus on linking them with the government's national program to enhance suppliers' general competitiveness and cultivate small companies with global clout.

Spreading CSR Across the Supply Chain

Low-Carbon Green Partnership

During a two-year period from December 2009 to November 2011, Samsung SDI implemented the Ministry of Knowledge Economy's national project for the 'Expansion of Low-Carbon Green Partnership', with a vision of building GHG (greenhouse gas) management infrastructure at supplier companies and developing a low-carbon partnership system. A total of 41 enterprises participated in this project and joined hands to implement 5 core tasks - building a management system; developing guidelines; evaluating energy efficiency; assessing reduction potential; and calculating the carbon footprint of each product throughout all processes.



The final briefing session of the 'Expansion of Low-Carbon Green Partnership' project

Major Achievements in Each Core Task

Task	Details
Building a management system	- Cultivated experts for the measurement & calculation of GHG emissions - Established GHG management work processes
Developing guidelines	- Developed and applied the low-carbon, green management guidelines
Evaluation of energy efficiency	- Energy assessment in the electricity & heating sectors - Improvements and inspection according to assessment findings
Assessment of reduction potential	- Evaluated the GHG reduction potential in connection with the energy assessment findings
Calculating the carbon footprint of each product throughout all processes	- Calculated the carbon footprint of the rechargeable battery cell

Samsung SDI will continue its efforts to expand the low-carbon green partnership throughout the supply chain. We will operate a Scope 3 emission information system to monitor the greenhouse gas emissions along the supply chain, and promote voluntary participation of our 2nd and 3rd-tier suppliers as well.

For More Information

More information is available on Samsung SDI corporate website's <Sustainability - Stakeholder Engagement - Suppliers> page.
http://www.samsungsdi.com/sustain/s2_5.jsp

S-Partner Program

Samsung SDI operates an S-Partner Program as an overall evaluation and approval system intended to spread social responsibility in 4 areas - labor, ethics, environment, and safety - across the supply chain. Through this program, Samsung SDI aims to identify risks related to social responsibility and take remedial measures. Under the program, suppliers (excluding those whose contracts are about to expire) conduct a self-assessment through check sheets, which Samsung SDI follows up by conducting on-site evaluations. Those who score above a certain level are given S-Partner accreditation, which is effective for 2 years. Suppliers with a low score or where material risks have been found are required to submit an improvement plan within a month and then undergo another evaluation in 3 months. Since 2011 overseas suppliers have been subject to this program as well. We conducted training and on-site examinations for major suppliers in China, as well as training overseas companies' personnel to take leadership positions within the S-Partner Program. During 2011, we completed evaluation for S-Partner accreditation for 98 companies.

S-Partner Accreditation Performance in 2011

Category	Battery	PDP	CRT	Total
Korea	43	26	-	69
Overseas	21	5	3	29
Total	64	31	3	98

In 2012, in response to requests from the EICC¹⁾ (Electronic Industry Citizenship Coalition), we will refine the check sheet used in these evaluations and expand inspection activities to include solar energy, ESS and overseas suppliers.

1) EICC(Electronic Industry Citizenship Coalition) : A global coalition of electronics companies with the purpose of spreading social responsibility through the supply chain

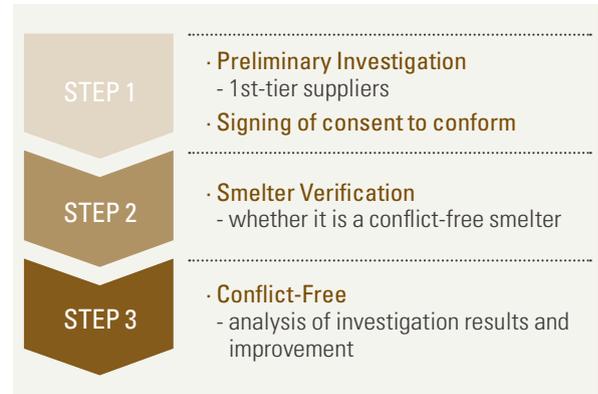


S-Partner on-site evaluation at an overseas supplier

Ban on Conflict Minerals from Africa

Since the year 2000, the mining of minerals from conflict regions such as Congo and Zimbabwe has become a global issue. Armed forces including rebel groups and national armies control the distribution channels of many mined resources, using the profits made from these minerals to fund wars that lead to the loss of many lives. Thus, there has been continued demand led by civic groups for the disclosure of the origin of all minerals used in products, and the electronics industry is working hard to meet these demands through the Extractives Working Group of the EICC. In July 2010, the U.S. passed a bill which prohibits trade in 4 minerals (tantalum, tin, gold and tungsten) mined by armed forces in DRC (Democratic Republic of the Congo) and adjoining countries, and mandates reporting and due diligence from companies that acquire or use these minerals. To meet such demands, in 2011 Samsung SDI developed a phased response plan regarding conflict minerals, conducted a briefing for 1st-tier suppliers for our battery business, and started investigation on the usage status of conflict minerals. In 2012, we will complete the investigation regarding conflict minerals and will write to our supplier companies to seek their consensus for the prohibition of usage of conflict minerals.

Roadmap to Ensuring Conflict-Free Minerals



06

Creating Customer Value

Vision

Complete customer satisfaction and safety and quality

Principle & Strategy

- Quality innovation in strict agreement with the fundamentals and principles
- Secure safety and reliability
- Preemptive quality-related risk control in SCM (supply chain management)

Performance

40%

Improvement rate of VOC response completion deadlines

385 cases

Projects undertaken to acquire international safety certifications for our battery products

Safe and Reliable Products Making reliable products that ensure customers' safety and health is Samsung SDI's basic principle in product manufacturing and core to our pursuit of customer satisfaction. In 2011, we undertook 385 projects to acquire international safety certification, including UL, TUV and CE marks, in order to ensure the safety of our rechargeable batteries. We applied the Robust Design method to develop and supply products that are safe under all circumstances and user conditions. With a view to securing product reliability that guarantees performance, we incorporated a reliability evaluation system into our MES (Manufacturing Execution System). Thus, anyone in the company can access the evaluation results on a real-time basis. In 2012, in addition to our basic activities to ensure product safety and reliability, we also plan to strengthen quality inspection, operate a taskforce team of experts, and enhance the capabilities of our quality control personnel.

Improving the VOC Response Process Customer satisfaction starts from seeing eye to eye with our customers and listening closely to them. In 2011, we gathered broad ranging VOC (Voice of Customers) responses regarding all stages of our processes, from development through production, with a view to expediting VOC responses, improving the overall quality of our products, and addressing basic customer complaints. We maintain the objective of rapidly providing initial VOC responses within 24 hours. In addition, the VOC response process has been revamped, shortening the lead time for full processing of cus-

tomers requests to 13 days, which is an improvement by 40% from the previous 22 days. Moreover, monitoring of our customer point-of-contact departments, such as CS and sales, has been expanded to more effectively improve VOC response procedures. Meanwhile, daily inspection meetings are held in which customer response-related departments, such as sales, development, quality, technology and production, collaborate to provide comprehensive and rapid responses on various customer issues. We will continue our efforts to maximize customer satisfaction and minimize customer complaints through these active and prompt channels of communication.

Customer Communication Samsung SDI seeks to actively communicate not only with our current customers but also with potential customers and consumers in general in order to develop and provide better products. In 2011, we conducted a consumer survey on 2,400 users of digital devices around the world to collect respondents' opinions as well as to identify end consumers' needs regarding batteries. We utilized the collected opinions in the survey to develop products that meet customers' expectations by listening directly to the voice of customers on their priorities regarding batteries in terms of location, duration, price and lifetime, and sharing the survey results with our client companies who make digital sets. In 2012, we plan to foster even more effective communication with our customers by building a website dedicated to our battery products so that consumers and potential customers can more conveniently access comprehensive information on Samsung SDI's products.

Samsung SDI undertakes various efforts to create customer value. We continue to enhance product reliability and safety, acquiring a range of international certifications, communicating through various channels to maximize customer satisfaction, and improving our VOC response processes.



Certification Marks Samsung SDI provides customers with information on the safe usage of its products and their impact on the environment, such as recycling information. Most product certification marks are the basic requirement of the customers. Regarding safety in particular, products that have passed our internal inspection standards and have been verified by a 3rd party are marked accordingly. Rechargeable batteries for IT devices and displays have the RoHS (Restriction of Hazardous Substances Directive) compliant mark on them. In addition, we collect environmental information on the components and eliminate those that may have negative environmental or social impacts.

Samsung SDI's Major Product Certification Marks

Safety Standards (Overseas safety standards)



Environmental Marks (Product retrieval & recycling, and environmental claims based on self-declaration)



Acquiring "ISO/IEC" Accreditation as a Testing Laboratory for the First Time in the Rechargeable Battery Industry

In June 2011, for the first time in the world's Lithium-ion rechargeable battery industry, Samsung SDI acquired ISO¹⁾/IEC²⁾ 17025 accreditation, which is an international standard used by testing and calibration laboratories. The ISO/IEC 17025 was jointly established by ISO and IEC as an international standard for quality assurance for rechargeable batteries. Samsung SDI passed the standard's strict evaluation requirements by renovating its work standards, establishing a safety/reliability test laboratory, and creating a quality control system at an international level. With the accreditation, Samsung SDI can issue internationally certified test results subject to the MRA³⁾ between ILAC⁴⁾ bodies. With self testing and certification now possible, product development lead time will be reduced by over 50%, saving more than KRW 400 million.

- 1) ISO : International Organization for Standardization
- 2) IEC : International Electrotechnical Commission
- 3) MRA : Mutual Recognition Arrangement
- 4) ILAC : International Laboratory Accreditation Cooperation

For More Information

You can find more information at Samsung SDI's website's <Sustainability - Stakeholder Engagement - Customers> page.
http://www.samsungsdi.com/sustain/s2_3_1t.jsp

1) TÜV (Technischer Überwachungsverein): German organization that validates the safety of products
 2) UL (Underwriters Laboratories): An American non-profit organization for testing and verifying product safety
 3) CE (Conformity European): The mandatory conformity mark for products sold in the EU
 4) CCC (China Compulsory Certification): A compulsory safety mark of China

07

Community Engagement and Development

Vision

Samsung SDI - The future energy source of the local community

Strategy

- Strategic social contribution in connection with the energy business
- Social contribution to invest in the community's future

Performance

* In Korea

94.2 %

Employees' participation in social contribution

8,491 persons

Received free eye treatment

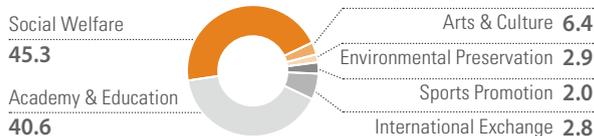
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Samsung SDI implements various community support and contribution programs to develop communication and harmony with the community to encourage sharing compassion and encouraging community growth. In 2011, we introduced the "Green Planet School for Environment and Children", a new contribution project that embodies our new vision to become an "Eco-friendly and clean energy solution company". In addition, we continued to participate in community-oriented volunteer activities, such as Free Eye Treatment Project that has continued for 17 years. We built community networks for collaborative projects with various stakeholders. We conduct annual satisfaction surveys to communicate with our stakeholders and reflect their suggestions in order to design a more effective contribution plan. We held an in-house farm products market in collaboration with a local traditional market and distributed gift vouchers for employees to use at traditional markets in an effort to stimulate the local economy. In 2011, a total of 17,910 Samsung SDI employees (aggregate total, domestic) participated in social contribution activities and contributed KRW 1,564.9 million to the community within Korea alone. In 2012, Samsung SDI will implement sharing activities to further enhance win-win cooperation with the community and dedicate ourselves to communicating with the community and implementing personalized volunteer activities.

Social Investment Per Sector in 2011(In Korea)

Unit: %

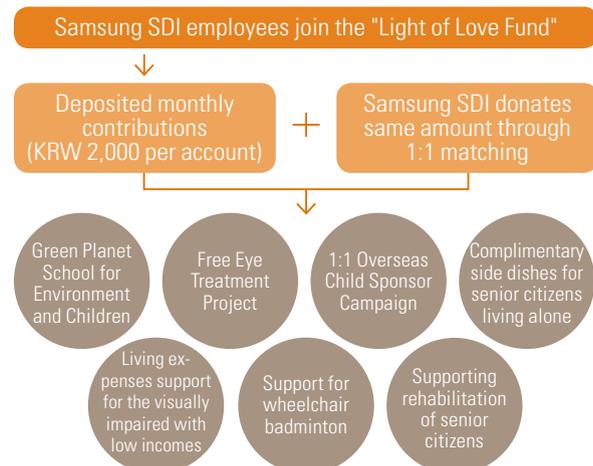


Employee Participation & Sharing

Light of Love Fund

Samsung SDI endeavors to spread the spirit of sharing through our matching grant program "Light of Love Fund", which started in 2000 as Korea's first matching grant program. Employees voluntarily donate a fixed amount from their salaries and the company channels an equal amount through 1:1 matching. In 2011, the number of employees participating in the program increased and approximately KRW 600 million was raised for the Light of Love Fund, a slight increase over the previous year. Samsung SDI will continue to share the joy through community contribution activities including the Light of Love Fund.

Light of Love Fund



In collaboration with the community, Samsung SDI carries out various communication and contribution activities. We continue our community-oriented activities to contribute to the local community by operating the Light of Love Fund, communicating with the community through talent sharing work, and teaching children the value of the environment and energy through our representative contribution program, the Green Planet School for Environment and Children.



Talent Sharing

Samsung SDI is carrying out contribution activities with increasing impact on the community through our pro bono¹⁾ work that taps into our employees' talents. In 2011, the number of our expert volunteer teams was expanded to 16 (In Korea). These include volunteer clubs and talent donation connected to the volunteers' expertise through which employees can participate as well as have fun in the process. Employees were able to share their expertise on energy and the environment, and their talents in art and sports, with underprivileged groups in the community. Participants felt rewarded for the opportunity to contribute their talents while doing something they enjoyed. In 2012, we will further enhance our talent sharing volunteer teams' activities and conduct a mentoring program for adolescents in the local community.

1) Pro bono: Rendering professional knowledge or services for free

Expanding Participation

In 2011, Samsung SDI encouraged more participation from our employees by identifying new contribution activities that are easy to participate in. In May, we undertook a "1:1 Overseas Child Sponsor Campaign" in collaboration with Korea Food for the Hungry International (KFHI) and sponsored 213 children in need in countries where we have subsidiaries in operation (Vietnam, China, Malaysia). In December, the "Save the Children Knit a Cap Campaign" was conducted, in which 161 employees participated and donated 320 caps. Other social contribution activities include the "Book Donation of Hope Campaign" (contributing over 4,200 books to community child care centers); a blood donation campaign (over 200 employees participated in 2011); make-a-wish volunteering for children with life threatening diseases; and making kimchi. In 2012, Samsung SDI will continue to conduct social contribution campaigns where many employees can participate to help the community.



Yearbook making by the photo club



Mural painting by the mural club



Book Donation of Hope campaign



Blood donation campaign

Communicating with the Community

Samsung SDI seeks to conduct practical social contribution activities through continuous communication with various stakeholders. In April 2011, we conducted a "Satisfaction Survey on Samsung SDI's Social Contribution" via e-mail and the company intranet. We examined the communication level between the staff in charge of social contribution activities and the satisfaction rate of beneficiaries, and identified major issues. Based on the survey findings, we planned and implemented further community development programs. The Green Planet School for Environment and Children is a good example of a project developed through such communication. In addition, we have established a cooperative network with government agencies, civil groups, schools and welfare organizations, and together conduct contribution activities that will bring realistic benefits that meet the community's needs. In 2011, Samsung SDI strengthened communication not only with the community, but also internally with its employees. The e-mail newsletter "Light of Hope, Energy of Sharing" was sent each month to all employees, providing opportunities for them to participate indirectly, and encouraging them to become directly involved, in social contribution. In addition, volunteering was included in our new employee orientation program to introduce Samsung SDI's social contribution program, and provide opportunities to experience it first-hand. In 2012, we will utilize SNS (Social Network Service) channels to communicate ever more actively with stakeholders about social contribution.

"I am thankful for the opportunity to realize my childhood dream to become a painter through this mural volunteering program. Being with my colleagues is fun, but most of all, I feel most rewarded when the children look at our work and look happy."

Kang Jiwon, Senior Engineer
Member of the Mural Club



"The Green Planet School for Environment and Children is a program where volunteers come and give hope and dreams to the children, reminding them that they can be the ones to give help and not get help."



Ahn Yeonjin, Division Head
Korea Food for the Hungry International



1) Korea Food for the Hungry International

Samsung SDI's Representative Social Contribution Activities

Green Planet School for Environment and Children

In 2011, Samsung SDI introduced the "Green Planet School for Environment and Children," a new contribution project that embodies our new vision to become an "Eco-friendly, energy solution company." From June to August, we opened an environmental education camp for 300 children from low-income families in the Gyeonggi-do, Chungcheongnam-do and Ulsan regions. Some of the camp programs include solar energy model car racing, environmental quizzes, and environmental picture drawing, designed to help children develop as healthy members of society. Samsung SDI maximizes synergy through joint projects with government agencies and civic groups. For example, in collaboration with the Korea Environmental Preservation Association, Samsung SDI developed teaching material employing a storytelling method for hands-on environmental education (elementary school level). In 2012, we will expand the Green Planet School for Environ-

ment and Children to cover community child care centers across the country, teaching young children the value of the environment and energy.

Free Eye Treatment Project

Samsung SDI's representative contribution project is its "Free Eye Treatment Project", which was started in 1995 and continued in 2011. In collaboration with the Siloam Eye Hospital, we have supported treatment and surgery for eye diseases such as cataract and glaucoma, for the underprivileged in Korea and abroad for the past 17 years. In 2011, 8,491 individuals (in Korea) regained their vision thanks to this project. Aside from the free treatment program, we have also conducted various support activities such as reading for the blind and leisure experience activities. We will continue the free eye treatment project in 2012 as part of our community-oriented social contribution activity.

Reflecting the Needs of Various Stakeholders

Employees

- New energy business-related contribution
- Volunteerism utilizing employees' expertise

Children

- Providing high quality, hands-on learning opportunities
- Planning for the future through contact with our employees

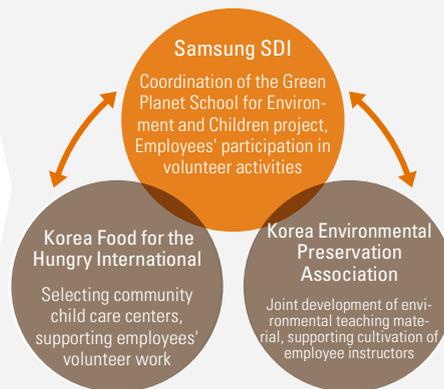
Government

- Climate change & environmental issues
- Stimulation of children's environmental education

Community Child Care Centers

- Complementing environment and science education
- Establishment of corporate support

Green Planet School for Environment and Children



Joint Project by 3 Institutions

Major Performances

Number of Attendees

Completed environmental education: 300 (100 each from Gyeonggi-do, Chungcheongnam-do and Ulsan regions)

Community Child Care Center Support

Supported 30 community child care centers (10 each in Gyeonggi-do, Chungnam and Ulsan regions)

Set Up Employee Expert Volunteer Teams

Formed the environmental education instructor volunteering group

Developed Environmental Teaching Material

Developed teaching material for hands-on learning
Distributed a standardized program

Number of Free Eye Treatment Patients

173,421 Patients

Amount Sponsored

KRW 4,051,752,000

* Aggregate amount from 1995-2011

1. Free Eye Treatment Project
2. Social outing for the blind
3. Green Planet School for Environment and Children teaching material
- 4,5. Green Planet School for Environment and Children



3

4

5

Samsung SDI's Key Social Contribution Activities in 2011

Giheung

Samsung SDI's Giheung Headquarters actively undertakes social contribution activities that tap into our employees' talents and expertise. Our "Yearbook Making Project", which has continued since 2005, is a volunteer activity by our photo club members, who made yearbooks for 346 graduates of Seogwang School, a special education institute for children with impaired hearing and intellectual disabilities. Through the voluntary participation of its employees, Samsung SDI was able to contribute to the community through such undertakings as our talent sharing program "Mural Painting", which was conducted 6 times in 2011, and a Korean cooking class for multicultural families, which was held twice a month. Meanwhile, employees at the Central R&D Center and Environment & Safety Center contributed their expertise as well, becoming instructors for environmental science classes and participating in the clean-up of the Singal Stream.

Cheonan

Our Cheonan Plant seeks to provide activities that bring real benefits to the community. In cooperation with Cheonan City, the "Moving Together" project helped low-income families by improving their living conditions: replacing old wallpapers and floor covering, providing daily necessities and moving expenses. Between 2005 and 2011, a total of 161 households benefited from this project. In July 2011, in recognition for their contribution through the Moving Together project, the Battery Division's HR Team in the Cheonan Plant received the "Team Award for Sharing" from the Ministry of Health & Welfare. In addition, Cheonan Plant developed sisterhood ties with 3 rural villages (Sanjeong-ri, Sara-ri and Hwangcheon-ri), offering them helping hands in their work, and holding farm products market, while also sponsoring a wheelchair badminton match, and hosting a volunteer camp with employee families and children.

01 Giheung_Marathon race to support low-income groups

02 Giheung_Clean-up activity in Singal Stream

03 CEO volunteering with disadvantaged households



04 Cheonan_Wheelchair badminton competition

05 Cheonan_Volunteer camp for employees' children

Awards in 2011 for Social Contribution

Samsung SDI won the following awards in commendation for its contributions to the community.

"Achievement Award" for disseminating the Love the Farm movement through sisterhood ties with rural villages (January, Love the Farm Movement Headquarters)

"Team Award for Sharing" won by our Battery Division's HR Management Team, Cheonan Plant (July, Ministry of Health & Welfare)

"Presidential Citation" in recognition for our practice of sharing (October, Ministry of Health & Welfare)

"Mayor of Suwon Citation" in recognition for community volunteer activities (January, Suwon City)

Samsung Global Volunteer Awards - Grand Prize in 2 categories, First Prize in 5 categories (November)

Ulsan

Ulsan Plant has been sharing love through the continued operation of its "Twilight Charging Station" program, which provides support to seniors in Ulju-gun, a neighborhood near our Ulsan Plant where 19.5% of the population are over 65. In May 2011, we collaborated with local authorities to hold a "Hyo (filial piety) Grand Concert", where 1,250 citizens came to enjoy friendship and happiness. Ulsan Plant is planning another "Hyo Grand Concert" in 2012 with a more diverse program and enhanced planning & coordination. We have also carried out large-scale volunteering, through which employees cleaned up mountain areas and streams near our Ulsan Plant, while also running a soup kitchen to help bring warmth to the community.



06 Ulsan_Twilight Charging Station
07 Ulsan_Hyo Grand Concert



China

In 2011, our Shenzhen subsidiary carried out 36 volunteering activities in Sogawi village, with which it has sisterhood ties. Five waste disposal sites were built to improve sanitation levels and 200 sets of teaching tools were donated to the elementary school to enable the children to study in a better environment. Other activities included our Tianjin subsidiary's program called '1 Company 1 Village' program and our Shanghai subsidiary's support for poor students. We will continue our contribution programs to further communicate and harmonize with the local community.



08 Tianjin_1 Company 1 Village program (elementary students invited to the event)
09 Shenzhen_1 Company 1 Village program (teaching tools contribution to elementary school)



Malaysia

At our Malaysia subsidiary, employees who came from diverse ethnic backgrounds and nationalities work together to carry out support programs for the underprivileged and volunteer for clean-up activities. In April 2011, we provided furnishings for four schools that were in dilapidated condition, and in July, earnings from a charity bazaar were donated to underprivileged groups. To help improve the local environment and raise environmental awareness, we continued our Lenggeg Jungle Park Clean-up Activity, started in 1996, and the clean-up of the children's park near our subsidiary office.



10 Malaysia_Supported center for children with developmental disabilities



11 Malaysia_Lenggeg Jungle Park Clean-up

➡ For More Information

More information is available on Samsung SDI corporate website's <Company Info - Community Service> page.
http://www.samsungsdi.com/intro/c_5_1_1_1_t.jsp

Economic Performance

Abstract of Consolidated Financial Statements

Category		Unit: KRW million				
		2007	2008	2009	2010	2011
Assets	Current assets	2,282,637	2,409,201	2,783,288	2,451,455	2,364,109
	Quick assets	1,786,699	1,989,403	2,415,740	1,967,402	1,780,522
	Inventories	495,938	419,798	367,548	484,053	583,587
	Non-current assets	4,832,055	4,244,103	4,364,447	5,482,112	6,163,302
	Investment assets	1,646,479	1,935,185	2,374,058	3,456,594	3,985,413
	Tangible assets	2,898,303	2,051,406	1,722,325	1,727,039	1,827,202
	Intangible assets	94,119	45,337	69,629	78,890	140,297
	Other non-current assets	193,154	212,175	198,434	219,589	210,390
	Total assets	7,114,692	6,653,304	7,147,735	7,933,567	8,527,411
Liabilities	Current liabilities	1,249,327	1,112,380	1,484,013	1,098,399	1,749,983
	Non-current liabilities	1,118,164	846,700	531,775	604,307	462,901
	Total liabilities	2,367,491	1,959,081	2,015,788	1,702,706	2,212,884
Stockholders' Equity	Capital stock	240,681	240,681	240,681	240,681	240,681
	Capital surplus	1,287,595	1,235,188	1,246,780	1,255,831	1,258,120
	Other capital	(208,329)	(203,766)	(191,395)	(169,965)	(165,395)
	Accumulated Other Comprehensive Income	661,727	391,971	619,389	1,333,567	1,173,912
	Retained Earnings	2,645,768	2,850,726	3,057,295	3,391,052	3,610,804
	Minority Interests	119,759	179,423	159,196	179,695	196,405
	Total Stockholders' Equity	4,747,201	4,694,223	5,131,947	6,230,862	6,314,527
Revenue	3,932,473	5,302,802	4,951,855	5,124,275	5,443,881	
Operating Income	(538,248)	133,030	268,209	286,812	203,714	
Net Income (Loss)	(603,151)	57,312	241,349	385,112	351,055	
Net Income of Controlling Company	(592,183)	38,874	217,658	356,103	320,109	

* According to K-IFRS, the date of transition to K-IFRS is January 1st, 2009, and the consolidated financial statements above were prepared in accordance with K-IFRS 1101 "First-time adoption of IFRS." The item "Operating income" includes other income and other expenses.

Economic Indicators

Category		Unit: %				
		2007	2008	2009	2010	2011
Current Ratio		182.71	216.58	187.55	223.18	135.09
Liability Ratio		49.87	41.73	39.28	27.33	35.04
Local Sourcing Ratio		62.2	61.2	58.6	46.9	63.1

Social Performance

Category		2007	2008	2009	2010	2011	
Employment Unit: persons	Total	25,229	15,121	12,159	12,662	14,155	
	Region	Korea	10,618	6,718	6,467	6,384	7,263
		Asia	12,502	6,115	4,341	5,093	5,856
		Europe	663	565	616	535	411
		America	1,446	1,723	735	650	625
	Type	Regular	24,385	14,145	11,024	11,439	13,085
		Contractual	178	146	251	245	239
Outsourced		666	830	884	978	831	
Turnover Unit: %	Total	34.4	32.4	34.6	21.0	11.3	
	Region	Korea	12.1	15.3	2.9	3.1	2.6
		Asia	49.3	41.3	69.1	50.5	20.1
		Europe	88.4	50.5	35.2	36.7	35.8
		America	50.6	64.8	139.9	35.6	21.8
	Gender	Female	49.1	50.0	71.4	34.9	21.3
		Male	23.7	25.1	22.4	13.8	7.5
	Age	Under 30	44.2	41.3	54.3	30.8	16.2
		30-50	17.4	22.0	19.2	9.3	7.0
		Over 50	45.4	55.0	12.2	13	7.3
Per Capita Hours Trained Unit: hours * Korea only	Total	110	108	102	107	123	
	Position	Executives	8	6	23	40	70
		Managers	151	122	118	117	134
		Employees	99	104	96	58	119
Injury Rate Unit: Total Injury Count / Total Hours Worked × 200,000	Total	0.18	0.27	0.22	0.36	0.15	
	Region	Korea	0.05	0.03	0.03	0.03	0.02
		Asia	0.25	0.15	0.17	0.61	0.27
		Europe	0.46	0.68	0.63	0.00	0.15
		America	0.55	1.66	1.38	2.26	0.93
Loss Day Rate Unit: Number of Loss Days / Total Hours Worked × 200,000	Total	7.84	7.01	8.85	11.41	4.50	
	Region	Korea	4.20	2.56	2.98	4.08	0.52
		Asia	6.36	4.67	4.15	10.61	7.88
		Europe	19.69	14.57	27.56	0.00	1.95
		America	30.92	33.24	55.47	97.09	37.60
Matching Grant Value Unit: KRW million	Total	564	574	555	538	600	
	Employees	423	374	278	269	300	
	Company	141	200	278	269	300	
Cumulative Number of Free Eye Treatment Beneficiaries Unit: persons * Korea only		133,115	144,259	156,103	164,930	173,421	

Environmental Performance

	Indicator	Criteria	Unit	2007	2008	2009	2010	2011
Input	Energy	Usage	(Global) TJ	18,647	16,627	13,263	13,811	14,396
		Efficiency	(Global) KRW 100 million/TJ	2.09	3.12	3.66	3.66	3.74
		Usage	(Korea) TJ	10,761	10,496	9,891	10,613	11,233
	Water	Usage	(Global) kiloton	12,805	10,757	8,152	8,375	8,552
		Efficiency	(Global) KRW 100 million/kiloton	3.05	4.82	5.95	6.03	6.30
		Usage	(Korea) kiloton	5,233	4,932	4,592	4,884	5,293
	Hazardous Chemicals	Emission	(Global) Ton	33,041	33,001	28,223	28,941	25,912
		Efficiency	(Global) KRW 100 million/ton	1.18	1.57	1.72	1.75	2.08
		Emission	(Korea) Ton	27,370	28,494	26,410	27,619	24,661
Output	Greenhouse Gases	Emission	(Global) tCO ₂ e	1,074,088	978,735	751,736	770,502	801,042
		Efficiency	(Global) KRW 100 million/tCO ₂ e	0.036	0.053	0.065	0.066	0.067
		Emission	(Korea) tCO ₂ e	559,006	544,024	497,184	531,481	560,484
	Air pollution	NOx	(Korea) KRW 100 million/kg	8.12	7.64	4.46	7.93	6.69
		SOx	(Korea) KRW 100 million/kg	N/A	N/A	N/A	N/A	N/A
		Dust	(Korea) KRW 100 million/kg	3.17	2.96	3.30	3.00	2.82
	Ozone Depleting Substances	Emission	(Global) kgCFC11eq	1,013	915	1,047	1,367	1,243
		Efficiency	(Global) KRW 100 million/kgCFC11eq	39	57	46	37	43
		Emission	(Korea) kgCFC11eq	76	25	24	38	28
	Wastewater	Emission	(Global) kiloton	9,282	8,077	6,559	7,340	7,256
		Efficiency	(Global) KRW 100 million/kiloton	4.20	6.41	7.39	6.88	7.42
		Emission	(Korea) kiloton	4,274	4,550	4,680	5,803	5,428
	Water Pollution	BOD	(Korea) KRW 100 million/kg	0.15	0.12	0.15	0.17	0.21
		COD	(Korea) KRW 100 million/kg	0.18	0.12	0.17	0.22	0.21
		SS	(Korea) KRW 100 million/kg	0.26	0.24	0.25	0.35	0.34
	Waste	Discharge	(Global) Ton	112,276	84,714	58,911	55,321	64,562
		Efficiency	(Global) KRW 100 million/Ton	0.35	0.61	0.82	0.91	0.83
		Discharge	(Korea) Ton	57,166	36,825	32,911	35,686	48,407
Recycling rate (Global)		%	89.0	89.4	90.7	91.8	93.8	
Recycling rate (Korea)		%	90.8	89.3	92.9	96.6	96.4	
Landfill rate (Global)		%	11.0	10.6	9.3	8.2	6.2	
Landfill rate (Korea)		%	9.2	10.7	7.1	3.4	3.6	

* Notes Related to Environmental Performance Data

1. Electricity usage and efficiency from 2007 to 2011 was recalculated according to the change in Korea's calorific conversion factor in the electricity sector.
2. We hereby correct the typo in the Greenhouse Gas emission for 2009.
3. Air and water pollution output represent the domestic volume only, as an annual calculation is difficult to measure due to differing pollution level items and legal measurement periods at some overseas subsidiaries.
4. Wastewater output volume is the volume of process wastewater that was treated, and excludes municipal wastewater.
5. Hazardous chemical substances was calculated based on the 24 substances intensively managed by Samsung SDI.

Independent Assurance Statement

Dear Executives of Samsung SDI

The Institute for Industrial Policy Studies (“assurance provider”) has been commissioned by Samsung SDI to provide assurance on your 2011 Sustainability Report (“the report”) as a “Third Party Assuring Institution”, and present our findings as follows.

Responsibilities and Objectives

Samsung SDI is solely responsible for all information and claims made in the report, including sustainability target setting and performance management. The assurance provider’s responsibility is to notify the executives of findings made through our assurance procedures. This assurance statement’s objectives are: to verify whether there exist any material errors or prejudice in the report’s contents or in the functionality of its data collection systems; to review the processes and results of identifying material issues related to sustainability management; and to present our recommendations on ways to improve the quality of the report.

Assurance Scope and Type

Assurance on the report was conducted according to the following standards.

- 1) AA1000 Assurance Standard(2008)¹⁾
- 2) BEST Guideline²⁾
- 3) GRI G3.1 Sustainability Reporting Guidelines³⁾

Assurance Scope _(Assurance Type and Level)	Reviewing Criteria for Assured Party
Whether the 3 main principles (inclusivity, materiality, responsiveness) of the AA1000AS(2008) are adhered to in the contents of “2011 Sustainability Report” _(Type I & moderate level)	The evaluation criteria for 3 key principles of the AA1000AS(2008) and the IPS Assurance Manual criteria
The performance criteria in “2011 Sustainability Report” as specified in the AA1000AS(2008) _(Type II & moderate level)	IPS Performance Indicators Assurance Criteria™
Self-declaration of the GRI application level / BEST Guideline application level _(Moderate level)	GRI Sustainability Reporting Guidelines G3.1 application criteria

1) AA1000AS: This sustainability report assurance standard published in 1999 by Account Ability, a non-profit organization related to socially responsible management headquartered in the United Kingdom, aims to enhance the quality of social/ethical accounting, auditing and reporting, thereby enhancing organizations’ overall performance and accountability. AA1000AS was revised in 2008, with revisions coming into effect in 2010.

2) BEST Sustainability Management Guidelines: This set of guidelines was prepared in 2006 by the BEST Forum (Business Ethics is the Source of Top performance) in collaboration with the Ministry of Knowledge Economy, the Institute for Industrial Policy Studies(IPS), and the Korea Chamber of Commerce and Industry(KCCI), with the goal of disseminating sustainability reporting through Korean companies. The BEST guidelines provide guidance on the preparation and assurance of sustainability reports, and present a grading system of 5 levels for evaluating these reports.

3) GRI G3.1 Guidelines: The first generation of G3 reporting guidelines were launched in 1997 through the collaboration of Ceres and UNEP. GRI G3.1, which is an updated version of G3 issued in October 2006, was launched in March 2011, and includes expanded guidance for reporting on human rights, gender and local community issues. G4 is currently in development and is planned to be launched in 2013.

Assurance Work Performed

- Review of information appropriateness via interviews with persons-in-charge in each performance unit and those responsible for performance data collection
- Review of Samsung SDI’s material issue identification process and results thereof
- Review of stakeholder engagement process
- Visits to the company headquarters to review systems and processes for collecting and reporting sustainability management data (February 16-17th, 2012)
- Review of disclosures related to major economic, social and environmental performance, review of reporting systems and performance management methods
- Review of the completeness and accuracy of the reported data through sample testing on material issues

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- Data on local purchasing ratio in all operation bases
 - Data on injuries and injury rate in all operation bases
 - Data on supplier training support and S-Partner accreditation
 - Data on social contribution to the local community
 - Data on waste discharge and hazardous chemical usage in all operation bases
 - Data on anti-corruption education
-

Limitations

On-site inspection for this assurance statement was conducted at the Giheung head office only. Assurance work was carried out based on materials provided and disclosed information falling within the reporting period, and does not include online information. Financial information and greenhouse gas-related data that had already received assurance from a third party were not included in this assurance procedure.

Assurance Opinion

Based on the the assessment criteria, and the scope and methods of the assurance provider as outlined in this statement, we conclude that there is no material error or prejudice in the reported contents. The performance information was collected appropriately, based on systematically gathered data, and has been reported without alterations. Major assurance results are presented through this statement, and detailed assurance results and recommendations have been submitted to Samsung SDI.

Inclusivity

Does Samsung SDI adhere to the principle of stakeholder engagement for a responsible and strategic response in pursuing its sustainability management activities?

The assurance provider has verified that Samsung SDI is aware of the importance of stakeholder engagement in pursuing sustainability management, and that it operates a stakeholder engagement process.

In addition, it is our judgment that Samsung SDI identifies issues of interest through each stakeholder engagement channel, and reflects the opinions collected with a view to enhancing stakeholder engagement in sustainability management. In particular, we commend the following:

- A sustainability management system has been established under the

supervision of an SM Steering Committee composed of the CEO and executives, and material sustainability issues are shared at regular briefings.

- Stakeholders' opinions are reflected in the materiality test, and important opinions are reflected in management activities.
- The company has developed a new social contribution project (Green Planet School for Environment and Children) through stakeholder engagement.

However, we recommend that in addition to the existing channels and processes for communicating with stakeholders, more systematic communication channels be developed to reflect opinions on sustainability management activities, and that reporting be enhanced on how the opinions collected through these systems are reflected in Samsung SDI's business operations.

Materiality

Does this report include information in the economic, social and environmental sectors that are most important to Samsung SDI and its stakeholders?

The assurance provider concludes that Samsung SDI has not omitted or excluded information that is important to its stakeholders. To ensure that it reported the performance information that its stakeholders required, Samsung SDI identified material issues through a systematic materiality assessment process that covered major sustainability management initiatives and relevant regulations, stakeholder surveys, a VOC system, surveys on SM-related consultative bodies, industry benchmarking and media research. In particular, we commend the following.

- Material issues were identified and reported systematically, based on a range of assessment elements
- Shifts in material issues were presented on a time series basis, in order to help identify changes in existing issues, as well as issues that have newly emerged.
- The report was designed in a manner that facilitates understanding of the company's major activities relevant to the material issues.

However, we find that the materiality test process should be improved by refining the system for reflecting stakeholders' opinions at the internal & external material issue identification stage. In addition, we recommend that the qualitative and quantitative information regarding targets and performance on material issues be supplemented to further enhance the report.

Responsiveness

Does the report appropriately address stakeholders' requirements and concerns?

We conclude that Samsung SDI presents a balanced response to its stakeholders' requirement and expectations, by reflecting their opinions collected through various stakeholder communication channels. In particular, we commend the following.

- Samsung SDI presents its policies, strategies and key performance on material issues through a DMA (Disclosure on Management Approach).
- In product development, Samsung SDI aims to communicate actively with its customers by identifying the needs not only of its customers but also of end-consumers, and shares these findings with its customers.

- Samsung SDI reports on its response systems and activities on emerging issues, such as community demands relating to strengthened environmental regulations and conflict minerals.

However, we recommend that detailed reporting be further enhanced regarding performance information related to each stakeholder group's issues of concern, and that jargon terms and in-house control criteria related to performance information on material issues be explained with more universally understandable terminology.

Application Level

The application level of this report according to the GRI G3.1 guidelines is B+. In addition, upon review of the reporting rate and depth of the information provided, we conclude that the report meets 90.7% at Stage 4 level (out of a total of 5 levels) of BEST standards, which corresponds to the stabilization stage.

Recommendations

The assurance provider commends Samsung SDI's ninth sustainability report, "2011 Sustainability Report", on the following points. **1)** Sustainability management is being systematically implemented through the SM Steering Committee. **2)** Performance information on material issues is being systematically managed. **3)** Newly emerging issues are reflected in the report, and Samsung SDI reports on its activities concerning those issues.

For future sustainability reports to come, we recommend the following:

- Enhance connectivity between management strategies & goals, material issues, and performance indicators
- Enhance opinion collection by refining the stakeholder engagement process.
- Enhance qualitative and quantitative reporting on DMA targets, performances and plans.
- Enhance use of commonly accessible terminology in performance reporting.
- Enhance reporting on negative issues and inadequate performances.

Independence

The assurance provider is not engaged in any for-profit relations with Samsung SDI and did not partake in the preparation of the report, and thus carried out an independent assurance procedure for the report.

Competence of the Assurance Provider

The Institute for Industrial Policy Studies (IPS), which was engaged by Samsung SDI to provide this assurance, is a "third party assurance provider" that undertakes assurance of sustainability reports. IPS was formed in 1993 and has been accumulating experience in ethical management, socially responsible management and sustainability management since 2002. Our team of practitioners consists of experts in the fields of management, accounting and environment, who have expert qualifications and plenty of experience as university professors and sustainability management consultants.

March 5, 2012
Kim Jae-eun, President of IPS

Kim



Greenhouse Gas Emission Verification Opinion

Samsung SDI., Ltd.

Shenzhen plant, Tianjin plant, Shanghai plant, Malaysia plant, Hungary plant, Mexico plant and Vietnam plant

Scope:

The annual GHG emissions for 2011 calendar year inclusive.

The physical scope is within the boundary of the 7 sites mentioned above.

GHG emissions for Scope 1(Direct-emissions from the plant) and Scope 2(Indirect-energy related) as defined in WBCSD/WRI GHG protocol Chapter 4 "Setting Operational Boundaries"



Data Verified:

The greenhouse gas emissions at Samsung SDI Co., Ltd.'s 7 overseas subsidiaries are as follows:

Scopes	Sites	Shenzhen	Tianjin	Shanghai	Malaysia	Hungary	Mexico	Vietnam	Sub Total
Direct Emissions (Scope1)	Stationary	4,631	4,291	293	5,390	1,362	860	54	16,882
	Transport	92	252	254	859	971	18	44	2,491
	Process	19	-	347	532	1,156	-	-	2,054
	Fugitive	-	-	390	4,824	526	28	-	5,768
Indirect Emissions (Scope2)	Electricity	60,919	60,410	17,824	62,761	5,572	4,816	1,060	213,363
Total (tCO2e/yr)		65,662	64,953	19,109	74,366	9,586	5,723	1,159	240,558

GHG Criteria & Protocols used for Verification:

The verification was carried out at the request of the Samsung SDI Co., Ltd. using:

- The GHG Protocol of the WBCSD/WRI - Revised March 2004
- IPCC Guideline for National Greenhouse Gas Inventories - Revised 2006
- ISO14064 Part 1 & 3 - Issued 2006
- BSI GHGEV Manual - Issued 31. January 2011

As the principal reference documents.

BSI Group Systems standard confidentiality arrangements were in force for all of the activities that were part of the verification.

Verification Opinion:

As a result of carrying out verification in accordance with the protocols and the best practice mentioned above and the principles of ISO/IEC 17021:2006, it is the opinion of BSI that:

- No material misstatement in the calculations was revealed, good record keeping was demonstrated and
- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.

* According to the enforcement of the Low Carbon Green Growth Basic Act, the 2010 assurance report (statement) on domestic GHG output was electronically submitted to the national system.



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Tel: +82-(0)2-777 4123

Date : 31. Feb. 2012
J. K. Cheon / BSI Group Korea President

GRI Content Index (G3.1)

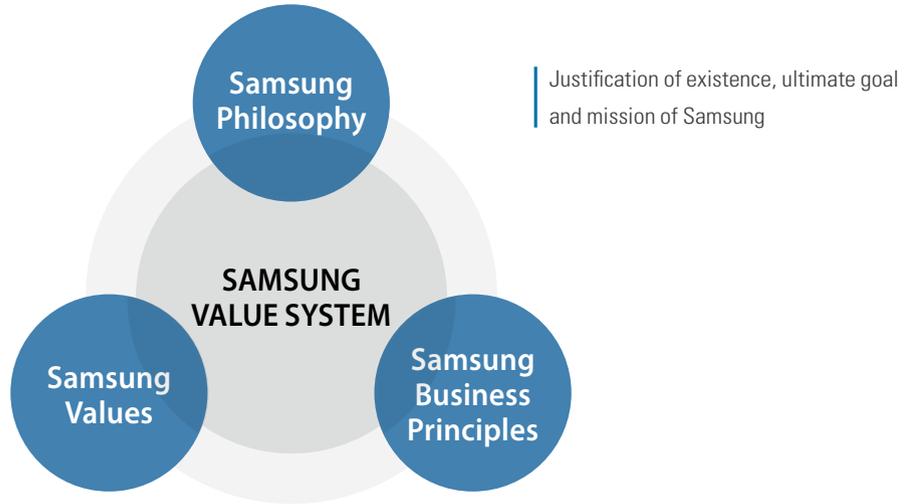
● Full Reporting ○ Partial Reporting ◊ Not Reported ◇ Not Applicable H Reported on Homepage

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Samsung Value System



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Samsung Philosophy

We will devote our human resources and technology to create superior products and services thereby contributing to a better global society

Samsung Values



People



Excellence



Change



Integrity



Co-prosperity

Samsung Business Principles

- Principle 1. We comply with and ethical standards
- Principle 2. We maintain a clean corporate culture
- Principle 3. We respect customers, shareholders and employees
- Principle 4. We care for the environment, health and safety
- Principle 5. We are a society responsible corporate citizen

Listening to You

We would like to incorporate your valuable feedback to improve our future Sustainability Report. Your comments and suggestions collected through this survey will be reflected in our business activities and future Sustainability Reports. We will inform you of the results through next year's Sustainability Report and our Sustainability website. Readers can participate in the same survey on <Sustainability - Performance & Reporting - Listening to you> page of Samsung SDI's website.



Which of the following applies to you?

- Samsung SDI Customer Institutional investor (social responsibility investment) Individual investor Supplier
- Government Civic group Industry association (enterprise, industry association, etc.) Research center Local resident
- Academia Others

What is the reason for your interest in Samsung SDI's Sustainability Report?

- To obtain investment information To evaluate Samsung SDI To prepare Sustainability (CSR) Report
- For the purpose of research and education To obtain specific information (Type:)

What were your major areas of interest? (Please write in detail)

1. 2. 3.

How would you rate the Sustainability Report?

- | | | | | | | | |
|--|----------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------|
| • Easy to understand | very low | <input type="checkbox"/> | very high |
| • Easy to find desired information | very low | <input type="checkbox"/> | very high |
| • Contains sufficient information | very low | <input type="checkbox"/> | very high |
| • Design and layout are helpful in understanding the content | very low | <input type="checkbox"/> | very high |

Which sustainability issues would you like to see more in future report? (Multiple answers possible)

Economy	<input type="checkbox"/> Transparency of governance <input type="checkbox"/> Investment	<input type="checkbox"/> Risk management <input type="checkbox"/> Product and service innovation that can bring social and environmental benefits	<input type="checkbox"/> Innovation activities
Environment	<input type="checkbox"/> Environment and energy management system <input type="checkbox"/> Environmental law compliance <input type="checkbox"/> Management of hazardous substances in products <input type="checkbox"/> Climate change (GHG) response <input type="checkbox"/> Use of rare metals	<input type="checkbox"/> Resource use and reduction <input type="checkbox"/> Efforts to reduce emissions of air & water pollutants, hazardous industrial wastes <input type="checkbox"/> Eco-friendly design of products and consideration of the entire process <input type="checkbox"/> Environmental preservation initiative and restoration <input type="checkbox"/> Development of eco-friendly energy conservation technology	
Labor, Human Rights	<input type="checkbox"/> Employment (recruiting & transferring) <input type="checkbox"/> Human resources development <input type="checkbox"/> Communication with employees <input type="checkbox"/> Child labor and forced labor	<input type="checkbox"/> Labor-management relations <input type="checkbox"/> Welfare benefit, evaluation/compensation <input type="checkbox"/> Respecting diversity and preventing discrimination <input type="checkbox"/> Rights of indigenous peoples	<input type="checkbox"/> Employee health & safety <input type="checkbox"/> Work-life balance
Transparency Ethics	<input type="checkbox"/> Anti-corruption related system <input type="checkbox"/> Information disclosure <input type="checkbox"/> Protection of intellectual/material property rights	<input type="checkbox"/> Protection of whistle-blower <input type="checkbox"/> Fair competition <input type="checkbox"/> Compliance with transparency and ethics-related law	
Product Liability	<input type="checkbox"/> Health and safety of customers and consumers <input type="checkbox"/> Marketing communication	<input type="checkbox"/> Product service and labeling <input type="checkbox"/> Customer satisfaction	
Local Community	<input type="checkbox"/> Social contribution <input type="checkbox"/> Public infrastructure investment and service	<input type="checkbox"/> Health of local residents <input type="checkbox"/> Evaluation and management of impact on local community	
Supply Chain Management	<input type="checkbox"/> Win-win management <input type="checkbox"/> Green purchasing	<input type="checkbox"/> Supply chain CSR(Corporate Social Responsibility) <input type="checkbox"/> Conflict minerals	

Feel free to comment on the sustainability report of Samsung SDI.

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	Ethical Management	http://www.samsungsdi.co.kr/ethics/eng/main.jsp	

Listening to You (Sustainability Report Survey)

We welcome your feedback. Please take part in the online survey or fill out the feedback questionnaire on the printed version of the Sustainability Report.

http://www.samsungsdi.com/sustain/s4_4.jsp

Voice of Customer (VOC system)

You can submit your comments and suggestions through the 'Voice of Customer(VOC)' page on our corporate website.

http://www.samsungsdi.com/e_voc_write.sdi

Included in the DJSI for eight consecutive years- the first in Korea

Dow Jones Sustainability Indexes (DJSI) are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. Based on cooperation between Dow Jones (US-based leading global index provider) and SAM (Swiss-based sustainability assessment and investment firm, Sustainable Asset Management), they provide asset managers with reliable and objective benchmarks to manage sustainability portfolios. In the 2011 sustainability assessment of 2,500 companies worldwide, Samsung SDI was included in the DJSI for the eighth year in a row, the first for a Korean firm. In addition, by being selected as the leader in the electronic equipment sector for the sixth time, Samsung SDI was once again recognized as a leading sustainability-driven company.



GRI Application Level

Samsung SDI self-declares that Samsung SDI Sustainability Report 2011 has been prepared in such a manner as to meet all the requirements for an application level of B+ among the application levels in the GRI G3.1 Guidelines. In addition, an independent assurance provider has confirmed of this report meeting the application level of B+.

SAMSUNG SDI



This report was printed with soy-based ink on eco-friendly paper made of elemental chlorine-free (ECF) pulp.