

Sustainability Report 2008

Power to Imagine



SAMSUNG SDI 

SAMSUNG SDI

Over the past few years, Samsung SDI has undergone extensive **business restructuring** to re-create itself as an environment friendly and clean energy company.

In 2009,

Samsung SDI finally unveils its new vision and new identity as a leading **environment friendly and clean energy company**, valuing 'environment friendly and clean energy manufacturing and service' at the core of the business. Our world-class **technology** and **market leadership** are the foundation of this successful transformation.

About Sustainability Report

The 6th Episode On Sustainability

Samsung SDI opens its sixth sustainability report this year.

The reporting period is defined from January 1 to December 31, 2008

Any significant changes in activities up to April 30, 2009 from the stated reporting period have been included in this report.

All production sites, sales companies and offices, R&D centers, and joint ventures

Details of global Samsung SDI establishments have been included.

Information on energy products and display products

Rechargeable batteries, PDPs, CRTs, VFDs, HEV batteries, as well as future products that are under development at our R&D centers have been included.

GRI G3

The report has been prepared based on the GRI Guidelines G3 for Sustainability Reporting and the Environmental Reporting Guidelines announced by the Ministry of Environment of Korea. Data was generated based on G3 protocol, and company management standards were applied for data which do not have guidelines outlined in the G3.

Assurance

In order to provide a credible report and data, we asked an assurance provider with an independent and objective view for the assurance of this report. The latest AA1000AS, the international assurance standard, was applied to enhance credibility of assurance.

The fifth report was made public in June 2008.

Samsung SDI publishes a sustainability report every year.

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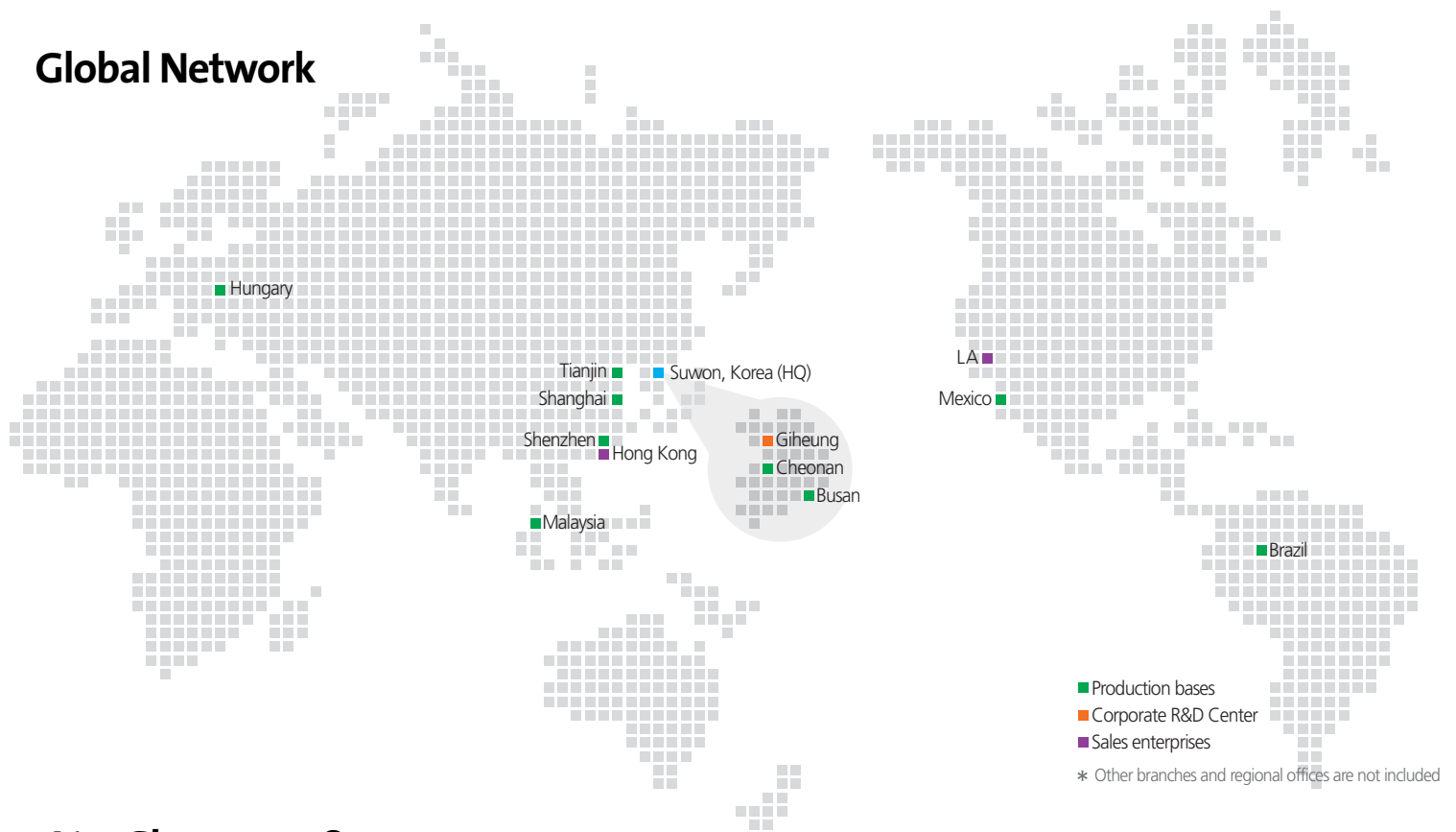
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* Samsung SDI's Suwon headquarters move to Giheung in July 2009.

Global Network

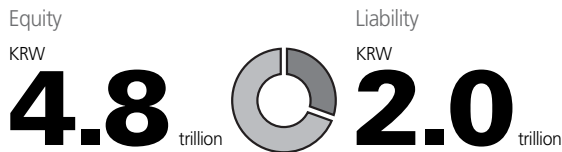


At a Glance 2008

Products sold in 2008



Total capital



Sales



Employees



* This table was completed as of December 31, 2008. Please refer to page 44 for the comparison before and after business restructuring.

Samsung Mobile Display Spin-off

September 2008: Spin-off and formation of a new company of Mobile Display business including AMOLED

Establishment of SB LiMotive

September 2008: A Bosch-Samsung SDI joint venture established for the automotive grade battery business

PDP Business Integration

July 2008: Samsung SDI started the integrated management of the PDP business with Samsung Electronics

* Reports relevant to Samsung Mobile Display are excluded from the Sustainability Report 2008.

An Easy Way to Read

A sustainability report is a crucial communication channel of a company. When preparing our Sustainability Report, we consider what our stakeholders want to know and what we are going through several levels of processing to select and screen the most significant issues. In this report reflects the voices of our stakeholders from all sorts of backgrounds. In the table below, stakeholders selected as important and the page number of relevant issues. In addition to the issues in the table below, 19 more issues in the areas of management, human resources, and competition are included in the Sustainability Report 2008.

Shareholders & investors	Customers	Employees	Suppliers	NGOs	Government	Industries	Institutions
●	●	●	●			●	
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Contents

When Samsung SDI decides the contents of our report, we pursue to realize corporate sustainability. After listening to the voices for our stakeholders, we can assure you that the table below, we listed the issues that our report covers. We also listed the contents of our report based on our business strategy, social norms, and issues of major

Issues	Significant Issues		
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	Facility Investment: Performance & Goals	06 New Future	
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	Risk Management		
	Legal Conflicts and Breach of Regulations		
	Management Performance		



Changing and **Focusing,**
Our Endless **Efforts** for
Sustainable Growth

CEO Message

Dear global Samsung SDI partners,

I express my deepest gratitude for your encouragement and support for Samsung SDI.

As in the past, all members of Samsung SDI have put forth their best efforts in 2008 to create a sustainable future that we want to share with our stakeholders.

From the beginning, 2008 was expected to be a difficult year given the financial deficit and three consecutive years of negative growth for the first time after the foundation of our company. What was worse, the surge of oil and raw material prices and a sharp fall in sales prices were all against our favor. Adding to this, the financial crisis starting from the U.S. and the subsequent global recession in the consumer sector caused us to go through the most challenging time in the corporation's history.

Despite all of the negative factors, every member of Samsung SDI pulled together to take off from the crisis. Strenuous business restructuring led us to successfully turn to a surplus earlier than expected. In particular, our rechargeable battery business was evaluated as the best in the industry in categories such as profitability and product safety, achieving a number 2 world ranking in eight years since the inception of the business.

Above all, 2008 was the year that Samsung SDI completed its readiness for a new change toward sustainable growth. We established 'SB LiMotive' in a joint partnership with Bosch, the world class automotive technology company, as a way to lay a solid foundation for the production and sales of rechargeable batteries for automobiles. This will be the future growth engine of Samsung SDI. In order to enhance competitiveness and market leadership for the AMOLED and mobile display businesses, we built 'Samsung Mobile Display' with Samsung Electronics. We also implemented the integrated management of the PDP business to maximize the synergetic effect in the TV Business.

Although we started 2009 full of hopes and a strong drive for success, the external business environment has not been favorable. Decreased consumption and the liquidity crisis caused by last year's global financial crisis are now threatening the object-economy, which is raising the issue of the survival of companies, let alone corporate sustainability. That's not the end. Companies are required to address the global issue of climate change, and to fulfill a broadened corporate social responsibility (CSR) for the sustainable future of society.

For Samsung SDI, such a crisis in the business environment was not a threat to corporate survival. Rather, we saw this as an opportunity for further growth, to deliver corporate sustainability through the harmonized growth of economy, environment, and society. The current crisis became a springboard for us to mobilize our capabilities and take another leap, to make sustainability reality.

Based on the competitiveness of the rechargeable battery area, we extensively shifted our business focus from the display and energy sectors to environment friendly and clean energy sectors. The new corporate strategy of 'G (Generation)·R (Regeneration)·S (Storage)' re-identified Samsung SDI as an environment friendly and clean energy manufacturing and service company. Besides that, we set an environmental sustainability goal to be accomplished by 2011, and renewed a corporate direction to minimize the environmental impacts from our business activities and create new values for the environment. With this new vision, Samsung SDI's leap toward the fulfillment of CSR and the sustainable development has just begun.

Until now, we took a small step toward the new future. However, these changes in Samsung SDI will affect the stakeholders and the company as well as all global citizens and future generations. These changes will also bring us a future that we've never experienced before. As a partner and great innovator for a sustainable future, Samsung SDI will continue to communicate with a variety of stakeholders and demonstrate our value by taking leadership as an environment friendly and clean energy company.

I'd like to ask for your continuous encouragement and support for our new challenge. Thank you.

President & CEO
Kim Soon Taek

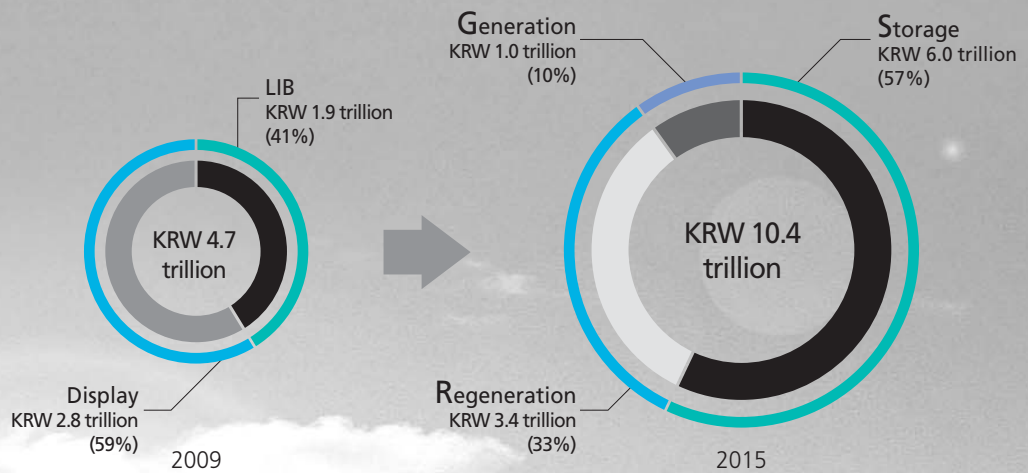


New Future

Re-created into an Environment Friendly and Clean Energy Company

Starting from the financial sector, the worst economic depression since World War II is causing economic and social problems such as falling demand and price, unemployment, and social unrest. The increasing uncertainty in business management may disorient companies from pursuing their future goals as current financial difficulties lead to the delay of numerous social agendas. There is, however, a growing awareness of climate change and its impact around the globe. Once recognized as a global threat, climate change has now become a part of national and corporate strategy, and is accepted as a new opportunity. Confronting these waves of change, Samsung SDI has gone through intensive business restructuring and drastically reshuffled our business portfolio to maximize business efficiency. In the process, we've transformed the company into an environment friendly and clean energy company with the lithium ion battery and green technology as new growth engines. As a result, our core business has shifted from display and energy to green energy. We also renewed our corporate identity as an environment friendly and clean energy company which delivers G (Generation) · R (Regeneration) · S (Storage). Now, Samsung SDI is taking a great leap toward realizing sustainable growth and becoming a leading environment friendly and clean energy company.

The Shift of Samsung SDI's Business Structure



Vision Statement

Build a leading G·R·S Company



As a leading environment friendly and clean energy company,

fulfill corporate responsibility to the society

and achieve sustainable growth

G·R·S

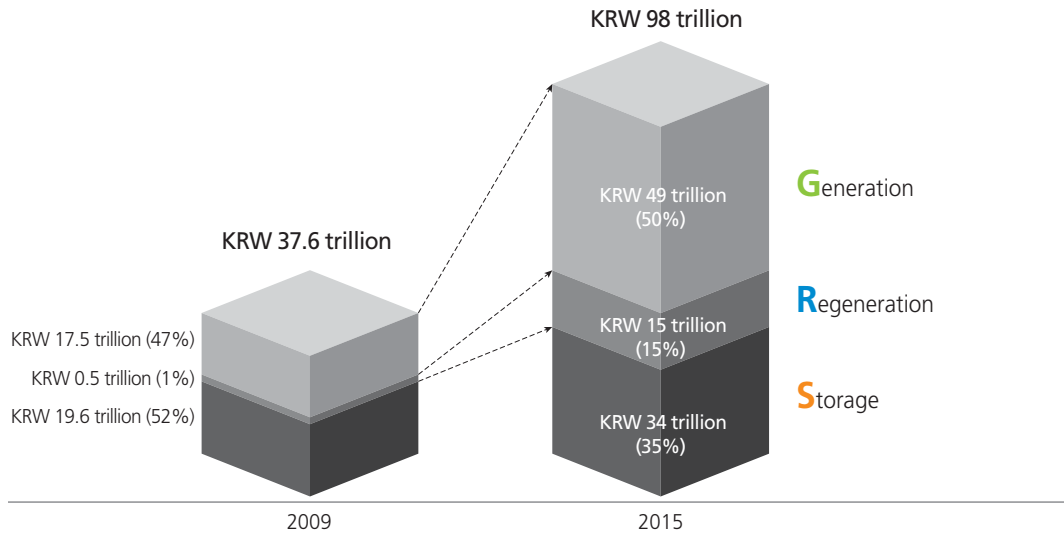
G·R·S is Samsung SDI's new vision, representing our commitment to the environment friendly and clean energy businesses (Green), social responsibility (Responsible), and continual growth and development (Sustainable). G·R·S also represents our environment friendly and clean energy businesses that focus on providing clean energy (Generation), replacing fossil fuel with eco-friendly alternatives (Regeneration), and innovating energy efficiency (Storage). Samsung SDI expects that the G·R·S market will grow from KRW 37.6 trillion in 2009 to a whopping KRW 98 trillion by 2015. Particularly, the development of Energy Technology will continue to expand the size of its potential market. This will make the Lithium ion battery all the more important as an energy storage device.

G·R·S Business Portfolio

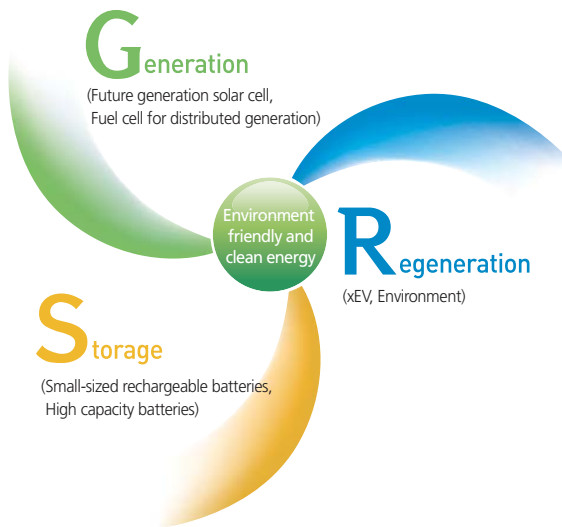
- Generation**
 Future generation solar cells,
 Fuel cells for distributed-generation
- Regeneration**
 Batteries for green cars and
 e-Bikes, Green business,
 Green PDPs
- Storage**
 Small-sized rechargeable batteries,
 High capacity batteries

G·R·S Market Forecast

(Unit: KRW)



* PDP and other new businesses are not included in the 'Regeneration' category
 * Source: Samsung SDI Planning Team



Environment Friendly and Clean Energy Business (G·R·S)

- Providing clean energy (**Generation**)
- Replacing fossil fuels with eco-friendly alternative (**Regeneration**)
- Innovating energy efficiency (**Storage**)

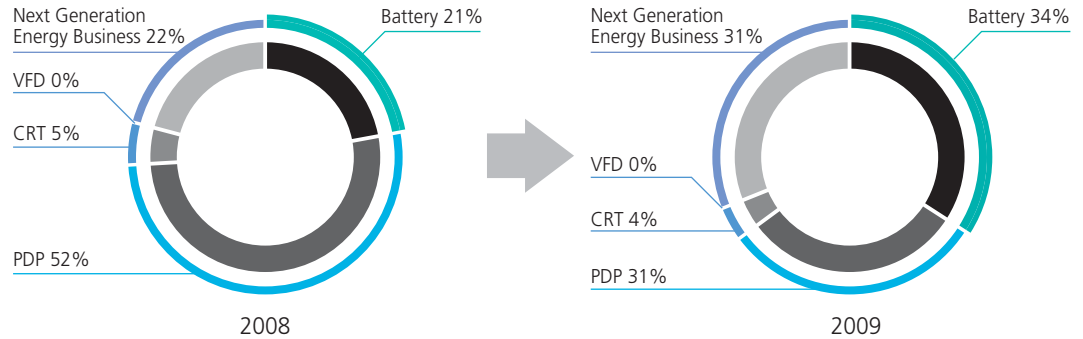
[Environment friendly and clean energy manufacturing and service]

* xEV: Electric Vehicles (HEV, PHEV, EV)

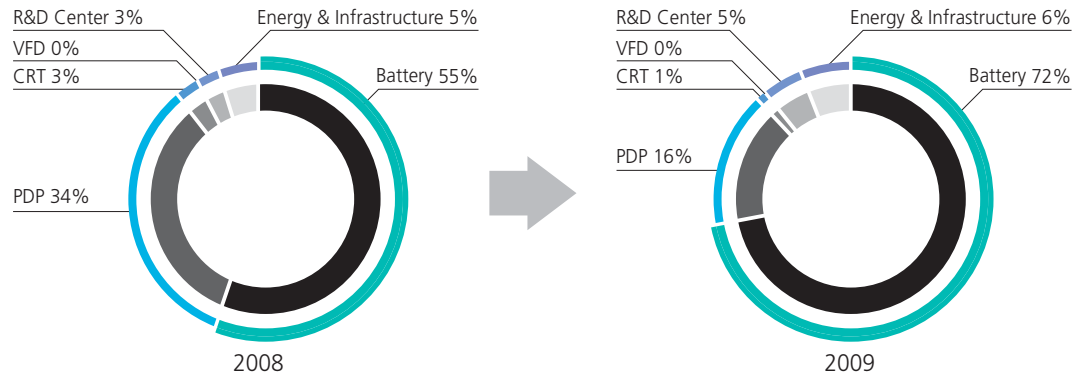
We Invest in the Future

Samsung SDI has continued to invest for the future that we are pursuing. In 2008, we invested KRW 581.7 billion towards facilities and R&D. Despite a slight decrease in our overall investment plan, we will increase investment proportions in strengthening business competence in the battery sector, and in securing future growth engines such as fuel cells and solar cells, as we shift our corporate focus on energy. Meanwhile, we cannot deny that such business restructuring effects many stakeholders of Samsung SDI. Samsung SDI has never stopped communicating with our stakeholders to minimize the impacts, and we assure you that we will do best to fulfill our responsibility as a member of society.

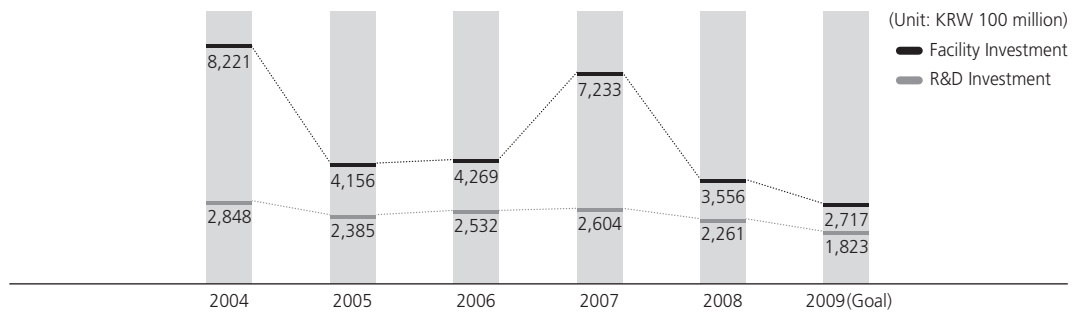
Changes in R&D Investment Proportion



Changes in Facility Investment Proportion



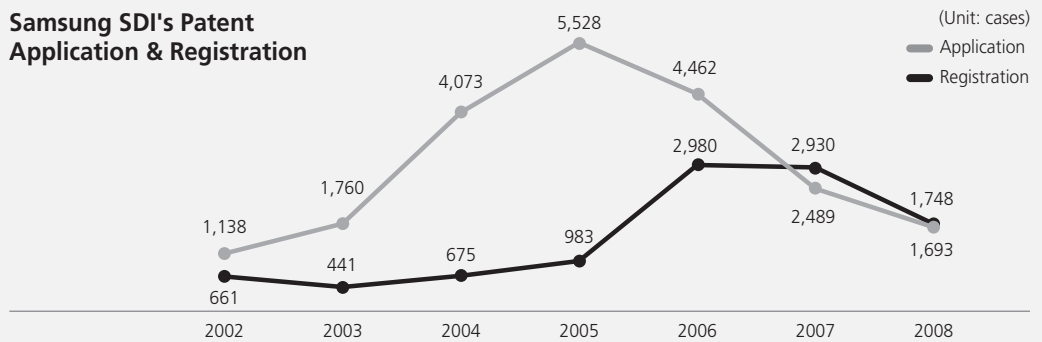
R&D and Facility Investment



Technological-edge

Globally, Samsung SDI has applied for more than 34,000 patents, and registered more than 16,000 patents, which we regard as valuable assets from our R&D activities.

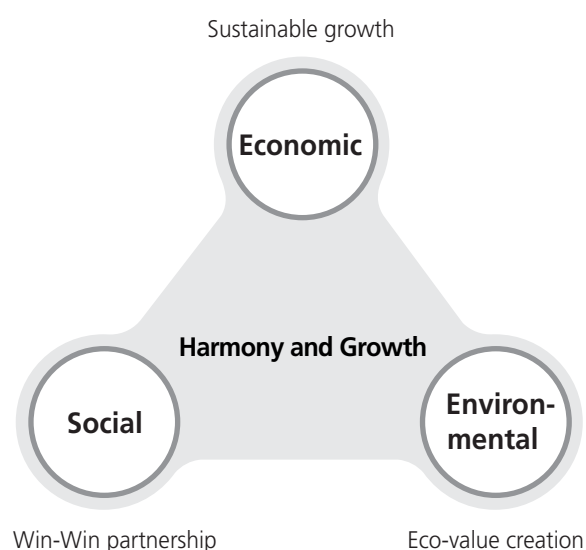
Samsung SDI's Patent Application & Registration



* Based on patent applicants as of March 31, 2009.

Innovator for a Sustainable World

Samsung SDI will become an innovator for a sustainable world. We will maintain a leadership role in the areas of environment, society, and economy to achieve the sustainable development for current and future generations. This sustainability vision will move us toward becoming a leading environment friendly and clean energy company. Samsung SDI promises to maintain a balanced partnership with stakeholders based on mutual interest and trust, to create higher values in the whole process of products and services in an eco-friendlier manner and contribute to improving quality of human life, and to generate sustainable growth and profits by delivering G-R-S technologies and higher customer satisfaction. This is our commitment to the growth backed by the harmony of economic, social, and environmental contributions.



SDI 2.0 New Environmental Sustainability Goal

Samsung SDI has sought to achieve the goal of Eco-value 2010 in the ways of developing greener products, strengthening eco-friendly cooperation with suppliers, and developing manufacturing processes that cause minimal impact to the environment. However, our extensive structural overhaul in 2008 required new targets and bigger efforts for our target products and businesses, leaving us no option but to set a new environmental goal.

SDI 2.0, our new environmental goal, takes previous performances and future business environments into account. This three-year goal to be achieved by 2011 represents our commitment to transform into a leading environment friendly and clean energy company. It encompasses five environmental strategies and targets in the strategies of manufacture, products, partners, management, and relations and it is our first step towards our aim of increasing eco-efficiency by more than double. With SDI 2.0, Samsung SDI will make our direction for environmental sustainability more solid, and accelerate the corporate transformation into a leading environment friendly and clean energy company.

SDI 2.0, New Environmental Sustainability Goal

Eco-friendly	Strategy	Indicator	Criteria (2005)	Goal (2011)
Manufacture	Building manufacturing processes with higher eco-efficiency	GHG emissions	1,091,277 tCO ₂ e 0.049 ¹⁾	Reduce by 300,000 tCO ₂ e GHG emissions efficiency ¹⁾ up by 1.5 times
		Water usage	3.06 ¹⁾	Water usage efficiency up by 1.5 times
		Waste generation	0.42 ¹⁾	Waste generation efficiency up by 1.3 times
		Recycling rate ²⁾	89.8%	95% or more
		Landfill rate	10.2%	5% or less
		Use of hazardous chemicals	1.11 ¹⁾	Hazardous chemical use efficiency up by 1.2 times
Products	Innovative green products	Removing hazardous substances from products		Continued expansion (Responding to new environmental regulations in advance)
		Expanding eco-friendlier business ³⁾		50% sales ↑
Partners	Green supply chain improvement	S-partner system		Assessing & supporting improvement in environmental & social areas
		Supporting eco-efficiency improvement		Supporting development & improvement of eco-efficiency indicators
Management	Environmental concern across entire corporate activities	Improving eco-education system		Improving eco-education system by work level and type of jobs
		Raising eco-awareness		3R (Reduce, Reuse, Recycle) activities
Relations	Contributing to society and the global environment	Environmental conservation programs		Developing & implementing corporate environmental conservation programs

1) Efficiency represents eco-efficiency meaning 'sales (KRW 100 million)/environmental load (environmental load unit)'

2) Heat recovery incineration was taken into account for calculating recycling rate.

3) Eco-friendlier businesses are selected by corporate criteria, and include businesses relating to rechargeable batteries, next generation batteries such as fuel cells, new & renewable energy, and new environment and health care businesses.

Energy

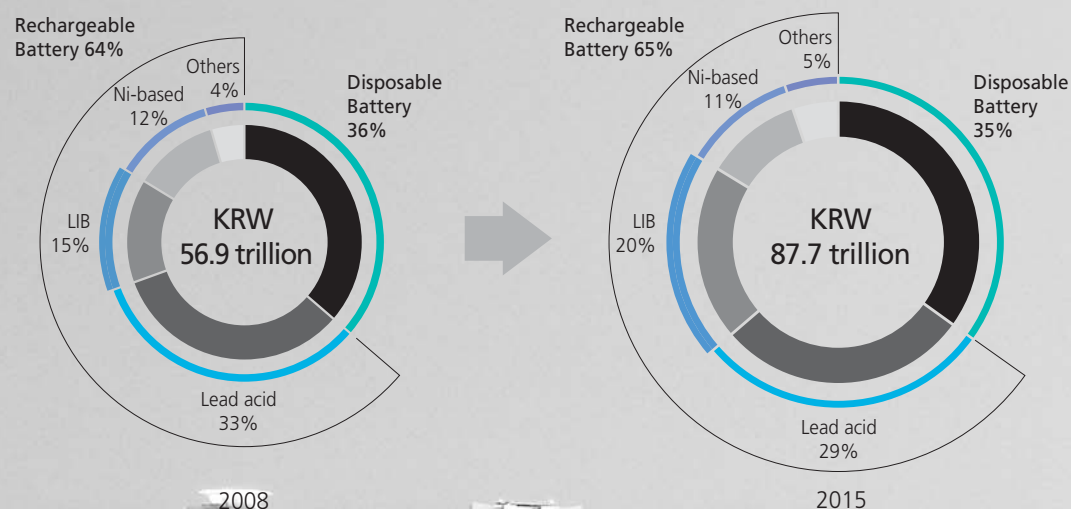
Batteries, The Limitless Possibilities

The battery market is expected to grow from KRW 57 trillion in 2008 to KRW 88 trillion by 2015. While the demand for lead acid batteries and Ni-based rechargeable batteries is set to decrease, the lithium-ion battery market will continue growth at a fast speed. The smaller-sized Li-ion battery market is particularly forecasted to expand from KRW 8 trillion in 2008 to KRW 18 trillion by 2015. At the backdrop to this forecast, there are increasing demands for smaller, lighter, and longer lasting batteries as mobile devices and services are becoming more diverse. Also, customer needs for green energy sources are growing more than ever. Li-ion batteries are the very products which cater to customer needs for a greener future because they are free of environmentally harmful substances such as cadmium, lead, and mercury and they last for more than 500 recharges and reuses.

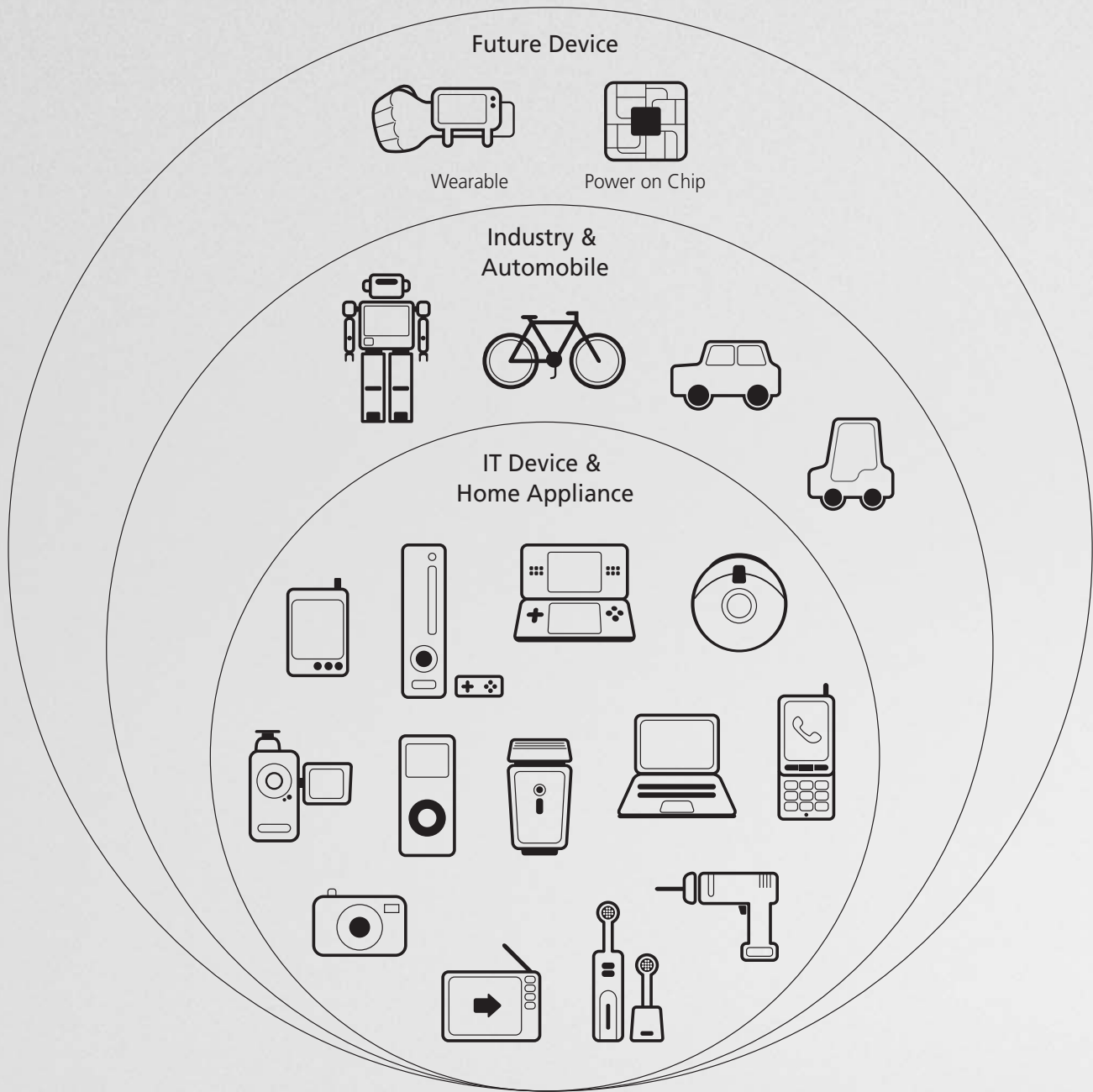
This year, the global economic slowdown is expected to cause a setback to major application markets such as cell phones and laptop computers. Meanwhile, market experts say that the demand for smaller, lighter and more versatile IT devices like Netbook PC, the super-light notebook PC, and Smartphone will be on the rise. In 2009, Samsung SDI will do its very best to produce greener rechargeable batteries and prepare for the growing demands for Li-ion batteries. As a part of the effort, we will strengthen product competitiveness by consistent R&D activities, quality improvement, and safety enhancement. We will also accelerate the development for new materials and processes as we reduce the use of rare minerals such as cobalt. Along with this, we will diversify applications that employ rechargeable batteries such as electric tools, PNDs (Portable Navigation Devices), and E-Bikes to capture new markets and customers.

The industrial mid/large-sized Li-ion market is also drawing keen attention as a future business opportunity because the demand for this product is expected to remain strong. Until now, we've focused our capabilities on IT devices and home applications that employ small sized rechargeable batteries with high capacity. It's time that we broaden the application of rechargeable batteries into larger sized energy storage, industrial, and HEV batteries with better performance, higher output, and the highest capacity possible. We are planning to make inroads into UPS batteries and storage businesses in the foreseeable future. Furthermore, SB LiMotive, a joint venture of Samsung SDI and Bosch, the German-based world class automotive technology company, will position itself as the leader in the HEV and EV Li-ion battery market.

Battery Market Growth Forecast



* Source: Samsung SDI Global Marketing Operations



Whoever rules the battery rules the world

"In recent years, the battery market has been drawing attention for two reasons. One is the higher demand for better performing batteries as we move toward a mobile society. The performance of digital devices such as PCs and cell phones heavily depend on that of the battery. Some even say that the successful procurement of a quality battery affects the market share of each PC brand. The other is that a variety of industries including the auto industry require CO₂-free power sources instead of the power that we get from fossil fuels as the global campaign against global warming is getting higher momentum. In the past, people perceived batteries as simple containers of electricity. But now, consumers expect new roles for batteries that generate or store electricity on a massive scale. As a result, batteries that once remained on the sideline have jumped into the mainstream of the industry."

* An excerpt from Nikkei Business, a Japanese Business Weekly, September 29, 2008

Lithium-ion Battery

Since it was put to practical use in the 1990s, the Lithium-ion battery (LIB) has been expanding its influence in the battery market for small size IT devices. In the recent years, the industry has been trying to employ LIBs to large size applications that require batteries with high power output and capacity.

For the same capacity, LIBs reduced the cell weight by 20~50% compared to Ni-Cd batteries or Ni-MH batteries, making batteries smaller and lighter. In addition, LIBs work longer than Ni-Cd batteries because they have no memory effect that causes a loss of charging capacity as the process of discharging and recharging repeats. Besides this, LIBs deliver voltages three times as high as those of their Ni-based rivals. This helps to make digital devices smaller and lighter by using less number of batteries. In sum, we are confident that LIBs are greener products than other rechargeable batteries because they reduce size and weight in the material use phase, provide larger capacity and longer life in the product use phase, and reduce harmful substances in the discarding phase. The greener quality of LIBs are expected to draw an explosive growth of the LIB market as people pay more and more attention to environmental issues and climate change.

Number 1 in Comprehensive Competitiveness | In September 2008, Samsung SDI started the mass production of high capacity rechargeable batteries with 2,800 mAh that can be recharged at high voltage of 4.3V - the first in the world. This cylindrical battery, mainly used for note PCs, and UMPCs (Ultra Mobile PCs), applies a 4.3V high voltage recharging system, thereby improving capacity more than 7.7% and operating time by 10% compared to its 2,600 mAh rival.

Samsung SDI's cylindrical battery also achieved 636 Wh/L, the world highest energy density. Samsung SDI is clearly leading high-capacity battery technology by being the first in the industry to launch a rechargeable battery with 3,000 mAh in October 2008. In the 'Comprehensive Product Competitiveness Evaluation of LIB' compiled by IIT in March 2008, a Japanese rechargeable battery market research company, Samsung SDI was ranked first beating its major rivals. In September 2008, Samsung SDI was the only company among 5 major LIB makers that scored "A"s for all five categories including high capacity products, low-cost products, and stable supply capacity in the 'Comprehensive Competitiveness Assessment of Cylindrical LIB'.

Comprehensive Competitiveness Evaluation for Cylindrical Batteries

	High-capacity products	Low-cost products	Stable supply capacity
A	B	A	A
	2.8Ah having a tough time	Y/A series	37M → 52M
SAMSUNG SDI	A	A	A
	Small-volume production of 2.8Ah, 3.0Ah near at hand	22F series	26M → 26M
	3.6Ah development		
B	C	A	C
	2.8Ah in frozen	G6F series	21M → 26M
			Priority for power tool use 06CY massive recall
C	A	B	C
	Mass-production of 2.9Ah, 3.1Ah planned	PSS series	16M → 24M
	3.6Ah development		07CY factory fire
D	A	A	C
	2.8Ah near at hand	S3/A4 series	13M → 35M
	3.0Ah development		08CY factory fire

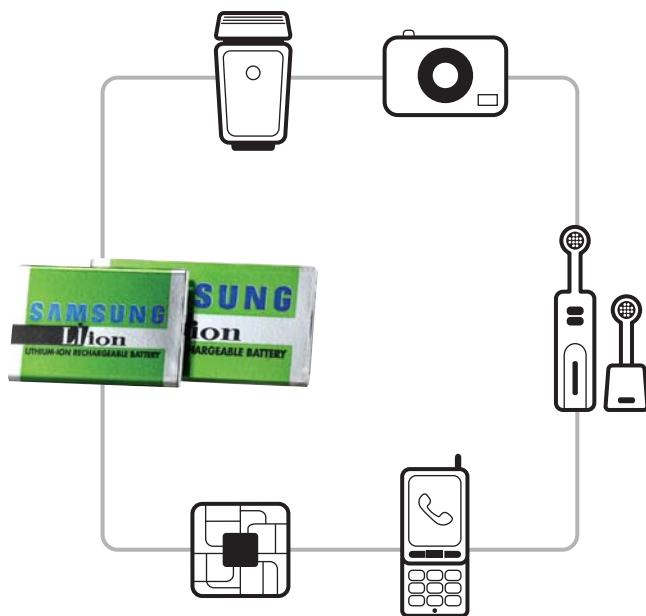
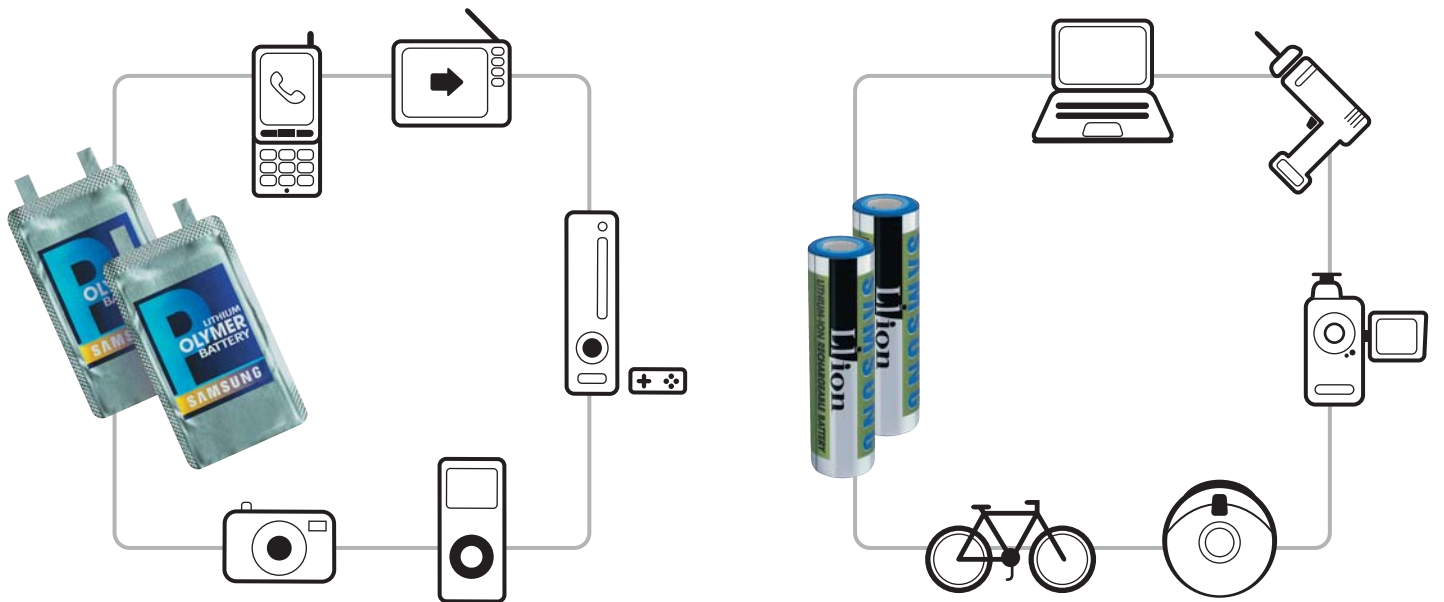
* Source: IIT, September 2008

* IIT (Institute of Information Technology) is a trusted Japanese rechargeable battery market research company that has monitored and forecasted the market since the inception of the business.

Safety No.1 | Battery safety is our all-time priority. In recent years, there has been a series of rechargeable battery accidents of excessive heating, ignition, and explosion. These accidents, caused from mobile phones and note PCs that employed our rival makers' batteries, may have direct impacts on the safety and lives of users. Among major battery makers, Samsung SDI is the only company that hasn't experienced serious accidents or product recall, a testament to our motto 'Safety No.1' from the product development stage. In our rechargeable battery safety testing labs, Samsung SDI applies a safety evaluation specification far stricter than those enforced by Underwriters Laboratories Inc. (UL). For example, cylindrical batteries are put through 18 evaluation stages, compared to the nine enforced by UL.

Halogen and Cadmium Free | Samsung SDI never stops its efforts to comply with RoHS which regulates hazardous substances in electrical and electronic equipments. Along with this, we're engaging in activities to remove Halogen (halogenated flame retardant), PVC, and other substances that will be put on the restriction list in the near future. Since 2007, Samsung SDI has produced 100% PVC-free Li-ion batteries, and has supplied halogen-free products to a portion of our customers. Our Li-ion batteries do not contain any mercury or cadmium, as listed on the new European directive for battery products. Samsung SDI will also execute screening tests for hazardous substances that are not currently listed for regulations. Our rigorous efforts for improvement will continue.

Currently, Samsung SDI maintains a competitive edge in the four areas of battery quality & safety, development & manufacturing technology, investment strategy, and market dominance, and we will further sharpen these competences. In order to maintain and strengthen competitiveness for battery quality & safety, we will pursue management that puts product safety first, continue to expand high-end energy product businesses such as high-capacity batteries and packs, and strengthen our world best technology and manufacturing leadership by utilizing our high-speed production line design capability. At present, Samsung SDI is recognized as the best maker of small size Li-ion batteries based on its technological-edge. Now, we will take another leap as a global total energy maker by diversifying the rechargeable battery business and advancing to the power generation energy business.



HEV Battery

Next Generation Green Car | The Hybrid Electric Vehicle (HEV) is powered by the combined power sources of a gasoline engine and an electric motor, a hydrogen engine and fuel cell, or a diesel engine and an electric motor. Types of HEVs vary depending on the proportion of electric motors to batteries. As major auto makers announce their plans to develop Plug-in hybrids and electric vehicles (EVs), which are solely powered by electric batteries or generators without an internal combustion engine, increasing attention is being paid to batteries as the device to contain and supply power to these vehicles. Along with this, there is an increasing demand for Li-ion batteries, which have higher power density (W/kg) and energy density (Wh/kg) than those of Ni-MH batteries, which are applied to the currently commercialized hybrid cars. Although market forecasts vary from one research company to another, IIT, a Japanese rechargeable battery market research firm, viewed that the global hybrid vehicle market including EVs will grow from some 500 thousand cars in 2008 to 4.7 million cars in 2017.

In line with global major car makers' plans to roll out HEVs in 2010, Samsung SDI aims to secure core technology to supply safe and cost effective HEV Li-ion batteries at the right time. We're focusing on three factors of technology to deliver 'more powerful, safer, and cheaper' batteries for HEVs. To provide better Li-ion batteries, Samsung SDI is strengthening collaborative ties with auto makers and automotive technology companies.

Ni-MH vs. LIB

The rechargeable battery is a core element of HEV and a major determinant of the performance of HEV. Currently, most HEVs are powered by Ni-MH batteries. However, Ni-MH batteries have inherent technical problems of high production cost, low battery efficiency, and a high self discharge rate. Now, attention is being paid to the LIB, which is already used for small size mobile communications devices and note PCs, as the next generation HEV rechargeable battery. Compared to the Ni-MH battery, the LIB shows higher energy density per unit weight and volume and generates higher power output. That's why the LIB is now in the spotlight of the industry as the next generation HEV battery.

Categories	Ni-MH	LIB
Power density (W/kg)	1,000	2,000
Energy density (Wh/kg)	65	120
Operation voltage (V)	1.2	3.6
Product Life span	Approx. 5 years	Approx. 10 years
Relative Cost	1	3
Safety	○	△

* Source: SB LiMotive Planning Team

SB LiMotive | In joint partnership with Bosch, the German based global automotive technology company, Samsung SDI established SB LiMotive In September 2008. Bosch is the world best automotive company that aims to deliver high quality products based on their top-notch technology. It is true that Samsung SDI lacks automotive business experience and marketing networks although we do possess first class technology in terms of Li-ion batteries. To take hold on market leadership and attract more customers in the auto industry, it is a must to have a thorough understanding of



* SB LiMotive Signing Ceremony

the automobile market, marketing competence, and to have ample business experiences with global car makers. In this perspective, SB LiMotive, a joint venture of Samsung SDI and Bosch, will create synergetic effects to boost product credibility and deliver a higher level of battery and system technology, thereby positioning itself as the solid leader of the HEV rechargeable battery market. Now, SB LiMotive expedites its efforts for the development of batteries for Plug-in hybrid EVs and EVs as well as HEVs. In 2010s, you will meet a brand new eco-friendly vehicle and SB LiMotive will be there to provide the right battery system.

Fuel Cell

Eco-friendly Power Generation | The massive use of fossil fuel has caused global warming and abnormal weather patterns. From 2013, South Korea will no longer be exempted from the CO₂ emissions reduction requirement under Post-2012, the follow-up regulation of Kyoto protocol to cut green house gases. It is also expected that the Renewable energy Portfolio Standard (RPS) will come into enforcement in Korea in 2012. Under these circumstances, people are paying more attention to distributed power generation systems. Unlike central power generation systems, distributed power generation systems can be stationed in small scale (dozen kW ~ tens of thousands kW) in places near locations where power is in demand. Therefore, this system can reduce power losses caused by the transmission and supply of electricity, and it can boost energy efficiency.

Responding to this trend, Samsung SDI continuously pursues to enhance product reliability such as better performance and longer life of portable and mobile fuel cells. We're also building the foundation for next



Samsung SDI's Portable Fuel Cell

generation energy businesses by developing a solid oxide fuel cell (SOFC), the fuel cell for distributed power generation with high price competitiveness, utilizing our accumulated fuel cell technology. SOFC generation technology improves generation efficiency by 40~60% and lowers CO₂ emissions by 30~50%, compared to conventional distributed generation system powered by fossil fuels (ex. gas turbine, diesel engine, etc). Also, it is an eco-friendlier system that generates almost no NO_x gas. SOFC is a highly efficient system with 20~30% higher generation efficiency than the thermal power generation, a type of central generation system. Samsung SDI was selected as the chief participant of "100kW-grade SOFC Generation System Development for Greener Power Generation Project", a strategic project of the Korean government's Ministry of Knowledge and Economy in the area of new & renewable energy. Samsung SDI is always the first to be engaged in the collaborated R&D activities of government, university, and industry.

Mobile Fuel Cell

Samsung SDI succeeded in developing a mobile fuel cell that generates and supplies power without having to go through charging processes. Using liquid methanol as its power source, this cell is the most efficient mobile fuel cell in the global market. As the energy density of this fuel cell is 2~3 times higher than that of disposable & rechargeable batteries, a 3,5kg fuel cell system can supply 1,800 Wh energy, an equivalent amount that a person can use for 3 days (72 hours).



Samsung SDI's Mobile Fuel Cell

Solar Cell

Powered by the Sun | Since 2002, Samsung SDI has focused its R&D competence on developing the Dye Sensitized Solar Cell (DSSC), which requires about a fifth of material cost compared to that of crystalline silicon. The DSSC is a technology that generates power using the same mechanism as photosynthesis in plants. Therefore, it carries the effect of lightening and permeating, and is able to generate a variety of colors. Such quality of the DSSC makes it possible to be applied to Building Integrated Photovoltaic (BIPV), which transforms window panels or walls of a building into a small power plant. Now, technology to ensure DSSC performance and reliability is under development at Samsung SDI. We're planning to run substantive tests for BIPV in 2011, and pursue business in this area afterwards.

Dye Sensitized Solar Cell (DSSC)

Samsung SDI exhibited a 'window-type' solar cell module connecting 6 panels of the world's largest (37*40cm²) DSSC, and demonstrated an e-book powered by the electricity generated from this module.

* Exhibited at 'Green Energy Expo 2009' in Korea (April, 2009)

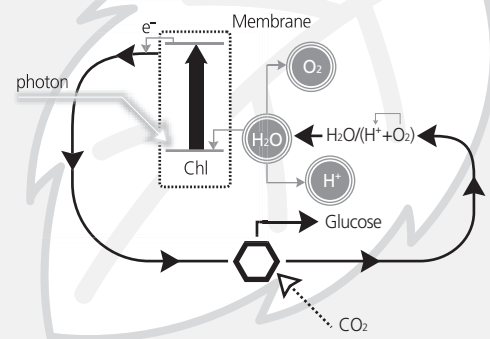


Samsung SDI's DSSC

DSSC Mechanism

Dye molecules inject light on the electrode of nano-sized semiconducting oxides to create exciton. Here, electrons are injected into the electron band of the semiconductor to create electric currents. The DSSC is highly price-competitive compared to existing silicon solar cells because it is made of low cost materials of dye molecules and a photosynthesis mechanism.

* Source: Korea Information Center for Material (<http://icm.re.kr>)

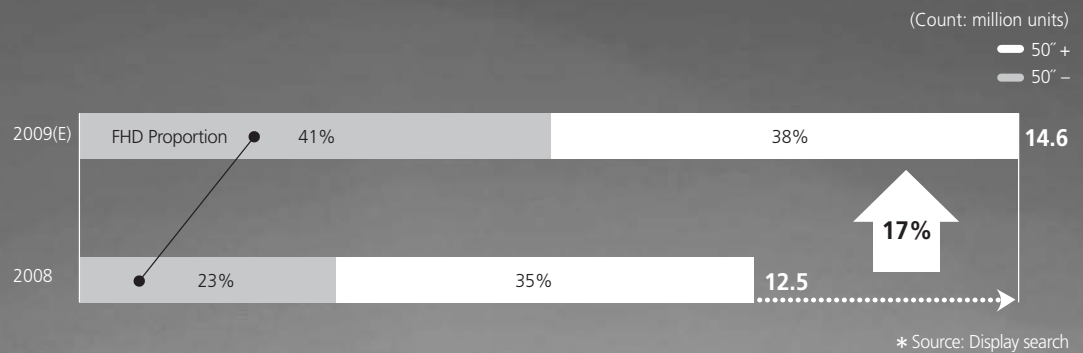


Display

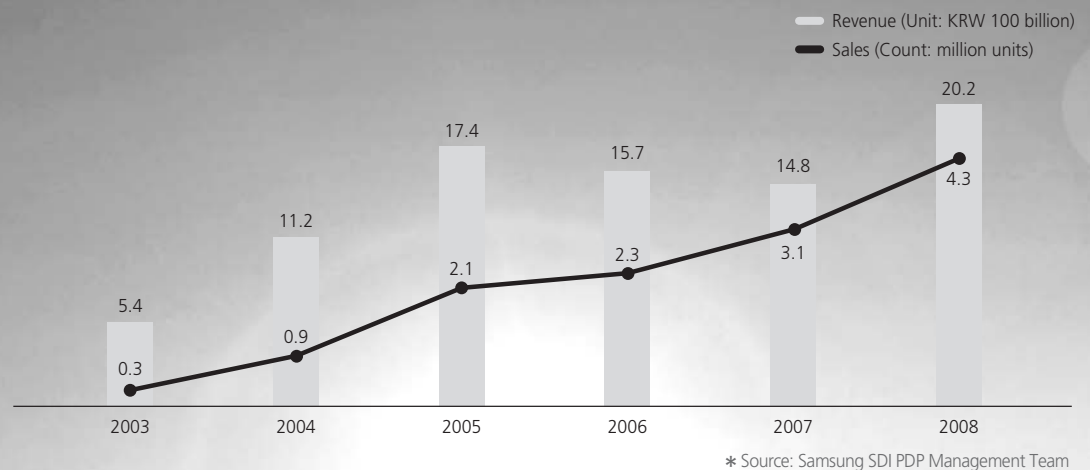
Display, Demonstrating its Power

In July 2008, Samsung SDI started integrated management on PDP with Samsung Electronics. The integrated management improved management efficiency, boosted price competitiveness thanks to the successful launching of Single Scan for all FHD product lines (50", 58", 63"), and increased sales. This eventually improved profit in the PDP business in 2008 from the previous year. Despite the global recession in 2009, it is expected that the demand for 40" or larger PDP modules will increase 17% from the previous year and, especially, the markets for 50"+ large size modules will grow by more than 25%. In 2009, Samsung SDI will continue its effort to create more demand and maintain its leadership position in the PDP TV market by securing price competitiveness and offering diversified and differentiated products such as more efficient, slimmer, 3D, and eco-friendlier PDPs. In addition, as started from the Mexico plant in 2008, the Hungary plant began an integrated operation of PDP modules and set-lines from in January 2009. We will also launch new products in advanced and emerging markets at the same time. All of this shows our commitment to maximizing the synergetic effect from the integrated management of the PDP business.

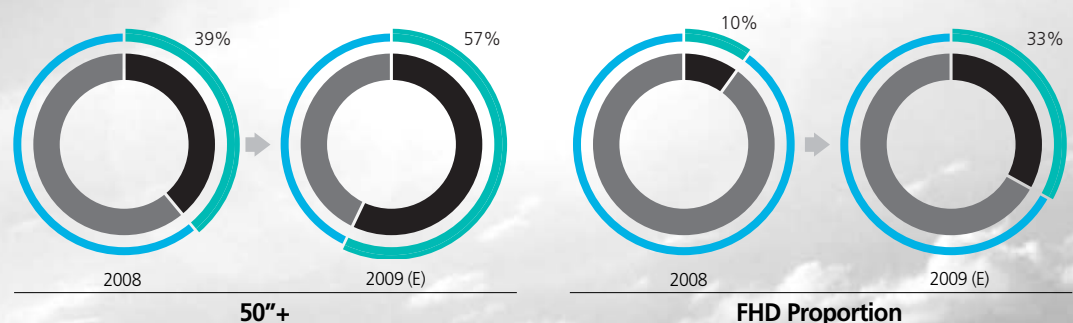
PDP Module Demand (40" or larger)



Yearly PDP Revenue & Sales

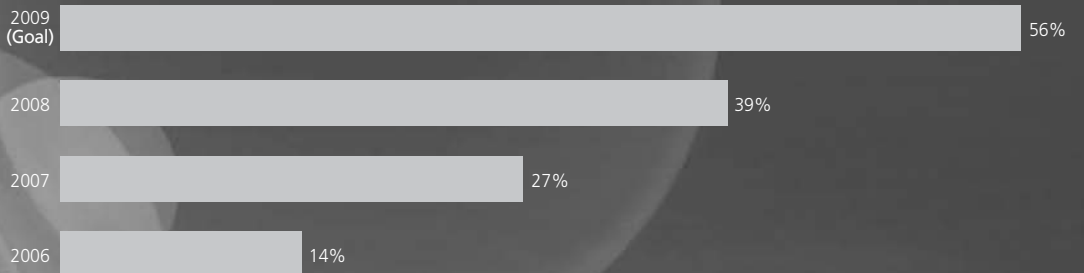


Samsung SDI's PDP Module Sales Forecast for 2009



Due to the rise in the demand for FPD, the CRT market is experiencing a strong contraction. While a strong and negative market pressure remained, Samsung SDI continued its efforts to broaden market shares in China and other emerging countries and to make profits by overhauling less-competitive product lines. In 2009, we reduced the number of lines to seven as of April 30. We'll do our best to minimize sales reduction by expanding the market share of Vixlim. In January 2009, we launched UXM 21", a low power consuming product, and started global sales in March. Along with this, we will continue to stretch our market share in BRICs, advance into new markets in Middle East Asia and Africa, and thereby expand business opportunity.

% of Vixlim sales out of total CRT sales



* Source: Samsung SDI Global Marketing Operations



All-new PDP, U Series | To win the fierce competition in the flat panel display industry, Samsung SDI has continued technology development and finally rolled into full commercial production of the U Series, a new concept of the eco-friendly PDP, in January 2009.

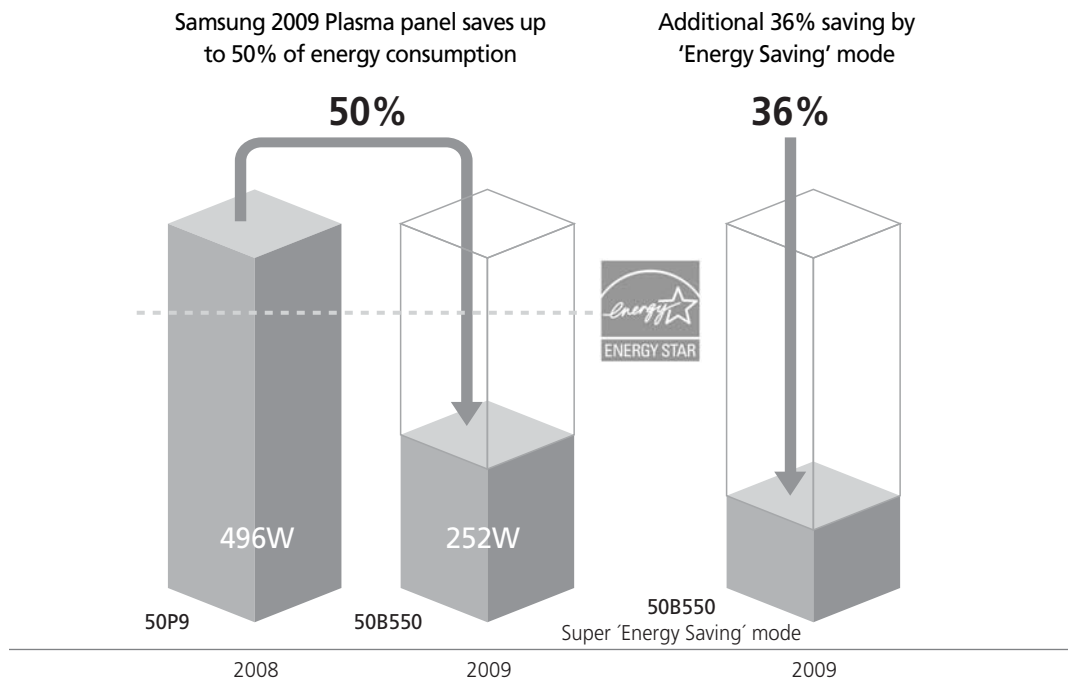
We can proudly say that the U Series is a lead-free model. Although materials used inside PDP panels are currently exempt from EU RoHS directive, Samsung SDI started to phase in lead-free technology inside panels in 2005. By the end of 2008, we completed the development of lead-free materials. And now in 2009, we plan to remove lead from the commercial production of every U Series model in 2009 as a way to fulfill the environmental responsibility of the company.

Power consumption of electrical and electronic products is highlighted as the core element of product competitiveness. Recently, advanced nations like EU, Japan, and Australia tightened energy label placement requirements, which are expected to be applied globally. Samsung SDI's U Series dramatically reduced power consumption in PDP panels. Recognizing energy consumption of PDPs as the core element of an eco-friendly PDPs, we developed a highly efficient luminescence cell structure and enhanced phosphor efficiency, sharply cutting power consumption of PDPs. As a result, the 50" full HD PDP module consumes half of the amount of power than existing models of the same size, and it can save another 36% of power when the module is on power-saving mode. This innovative U Series was commercialized and on sale in March 2009. Our effort to save energy does not stop here. We will go extra miles to develop greener products and technologies.

U Series is a slimmer and lighter model. For W3 model in 2008, we reduced the thickness of panel glass from 2.8mm to 1.8mm. For U Series models in 2009, we achieved the standardization of circuits and equipments to simplify circuits and slash the number of parts by 5~25% by model types compared to W3. All of this is part of our efforts to deliver slimmer and lighter PDPs. There's more. In 2008, we completed to develop components to replace bromine containing flame retardants which is not on the RoHS compliance list yet. This component will be tested for reliability verification for product application.



W3 vs. U1 Power Consumption



* Measurement based on IEC62087

* Source: Samsung Electronics Visual Display Sales & Marketing Team

CRT

Slim CRT | Samsung SDI's restless effort to deliver slimmer CRTs has led us to develop eco-friendly 21" UXM in 2008. With the application of a new electric gun design, mask optimization, and glass thickness minimization, this 21" UXM has improved power consumption by 12% compared to existing models of the same size. Also, the total weight of the product was cut by more than 5%. It is estimated from the 2009 sales forecast that 3,600 tons of raw materials will be saved every year. We will continue to simplify CRT parts and components to contribute to the global effort to save resources and energy.

Ready for REACH Compliance

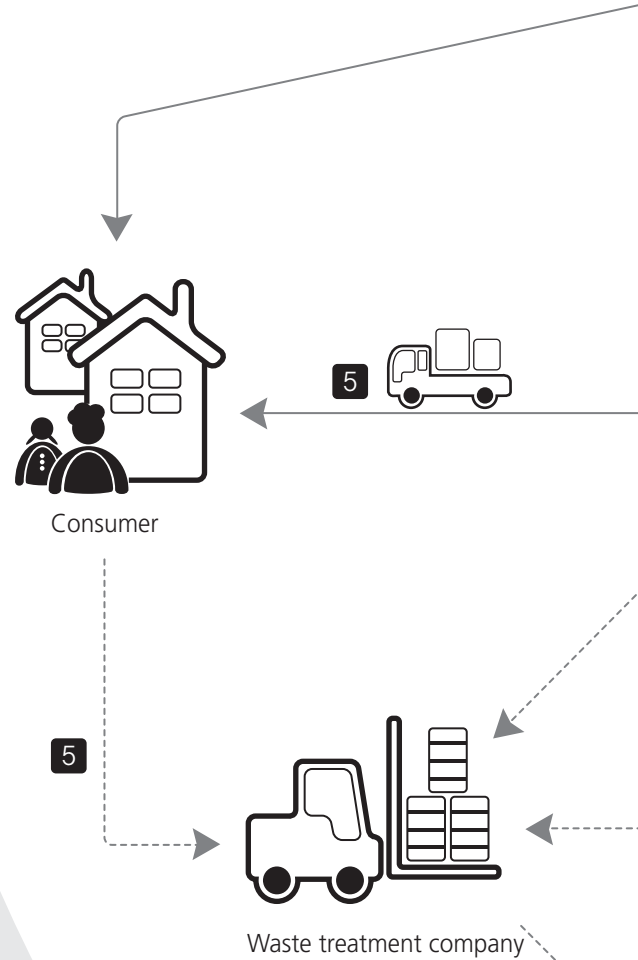
In November 2008, 7 types of chemical substances that are used more than 1 ton each year for PDP module production in the Hungary plant were put on a chemical substance pre-registration list under EU REACH, the new EU chemicals regulation. Responding to this move, Samsung SDI had the suppliers of those chemicals confirm that pre-registrations of these chemicals have been completed. From now, companies are obligated to report whether articles regulated under REACH legislation contain substances of very high concern (SVHCs), and the amount of those substances. In preparation for tightened REACH compliance, we improved the supplier purchasing portal system (MegaStep) and a sustainability management initiative system (SMIS) from December 2008 to February 2009. Now, every member of Samsung SDI can easily click on the system and see whether our products contain SVHCs and other harmful substances.



Ecofriendly!

ISO 14000, an international standard for environmental management, requires organizations to analyze and assess environmental impacts on in and outside of organizations and to pursue continual improvement. Every production site and R&D center of Samsung SDI runs its environmental management system under the ISO 14001 requirement, and, therefore, is engaged in continuous efforts to analyze environmental impacts on a regular basis and minimize significant impacts. There are a couple of issues that a company must consider in terms of environmental management. One is "What are our environmental priorities?" and the other is, "To what extent, should we manage and care for environmental impacts outside of the company?" Of course the answers to these questions are determined by environmental laws, international regulations, and the voices of stakeholders. However, Samsung SDI is thinking beyond that. Apart from complying with environmental rules and regulations, Samsung SDI confronts the global challenge of climate change and resource recycling as major environmental impacts and we're taking measures to actively address these issues.

This picture on the right, showing the environmental impacts of Samsung SDI, conveys significant meanings. While the picture shows our environmental impacts on the outside of the company, it also indicates the areas out of Samsung SDI's reach or proper management and the possible answers to tackle these tasks. It also implies the magnitude of a company's challenge to control the environmental impacts of its products thinking far beyond its manufacturing bases and factories. Meanwhile, it is true that the environmental impact of a product's lifecycle is far greater than the impact created by a factory. That's why it is an impending challenge that we should and will continue to think about.



- 1 Indirect CO₂ emissions (Samsung SDI¹⁾): 423,336 tCO₂e
- 2 Indirect CO₂ emissions (Consumers²⁾): 718,000 tCO₂e
- 3 Material Input³⁾
- 8 Waste generation⁵⁾: 8,059 t
- 9 E-waste recycling⁷⁾: 73,148 t

- Steels: 31,065 t
- Glasses: 49,364 t
- Plastics: 9,394 t
- Papers: 3,829 t
- Chemicals: 53,386 t
- Others: 14,769 t

- 3 Water usage⁶⁾: 4,733,150 t
- 5 Amount of product sold⁴⁾ and waste: 84,760 t

- 6 Waste recycling¹⁾: 32,897 t
- 7 Direct CO₂ emission¹⁾: 52,867 tCO₂e

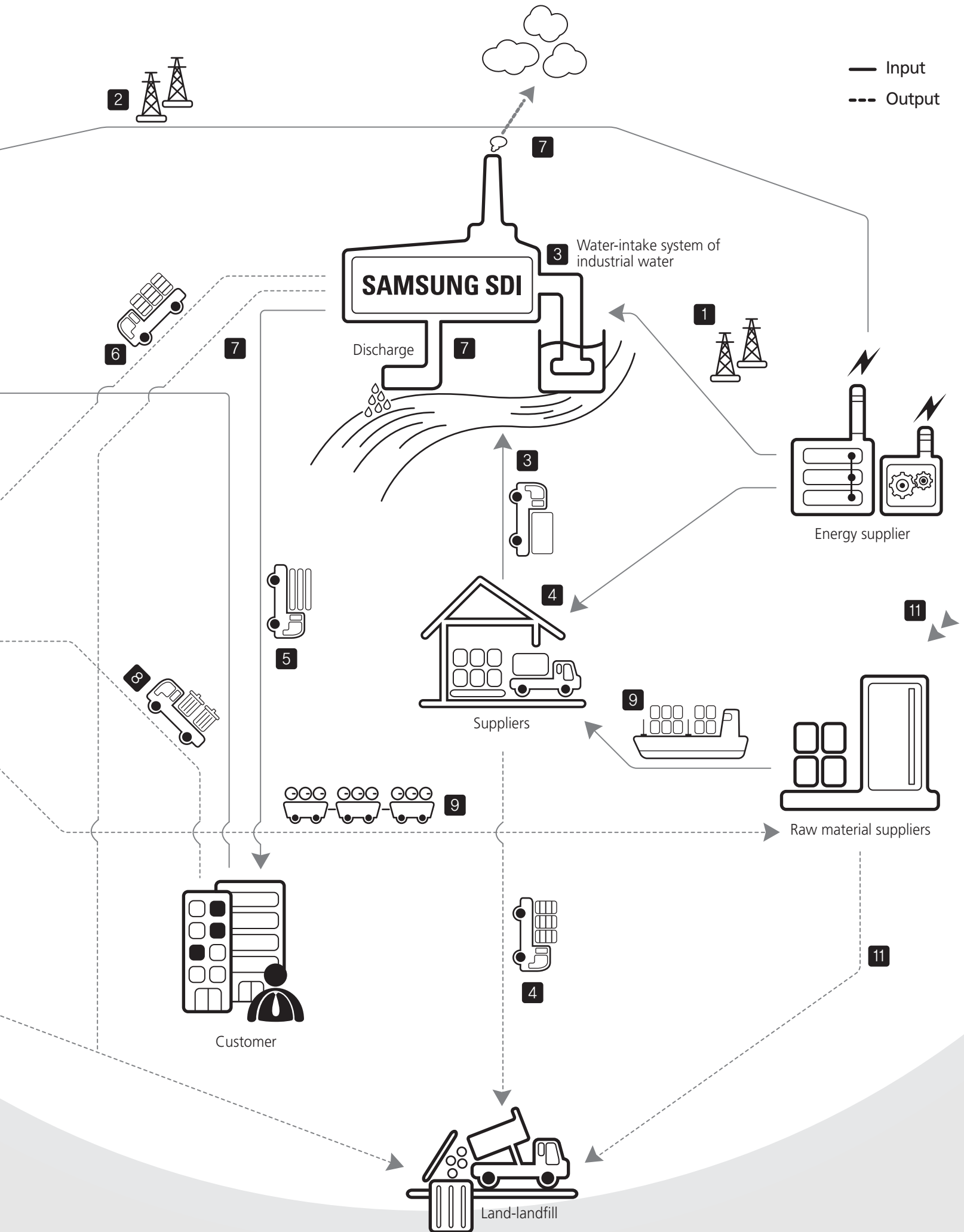
- 7 Waste water⁶⁾: 4,363,105 t
- 7 Waste landfill¹⁾: 3,928 t

- 7 Pollutant emissions⁶⁾
- COD: 434 t
- SS: 216 t
- Dust: 16 t

[Facts under verification]

- 3 · 5 Environmental impacts in transportation process
- 4 Environmental impacts caused by suppliers
- 10 Environmental impacts from e-waste disposal
- 11 Environmental impacts in raw material extracting process

- 1) Cheonan, Busan, Giheung plants and the Suwon headquarters
- 2) Based on PDP, applied 1,460 operation hours/year
- 3) Based on utilities and materials for PDP & battery at Cheonan and Busan plants
- 4) Based on PDP and battery sales of Korean plants
- 5) Based on wastes related to Samsung SDI's product (packaging material)
- 6) Based water and wastewater at Cheonan & Busan plants (production sites)
- 7) Based on Material input, applied theoretical recycling rate

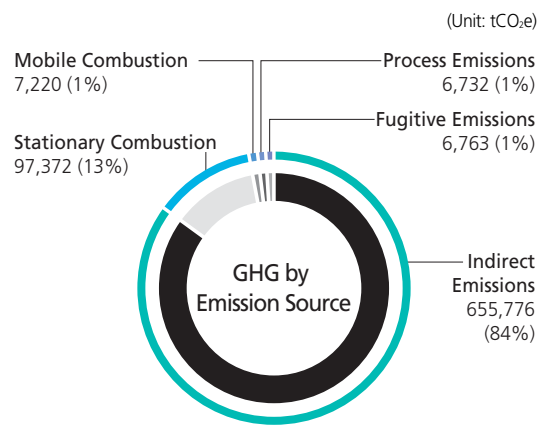


300,000

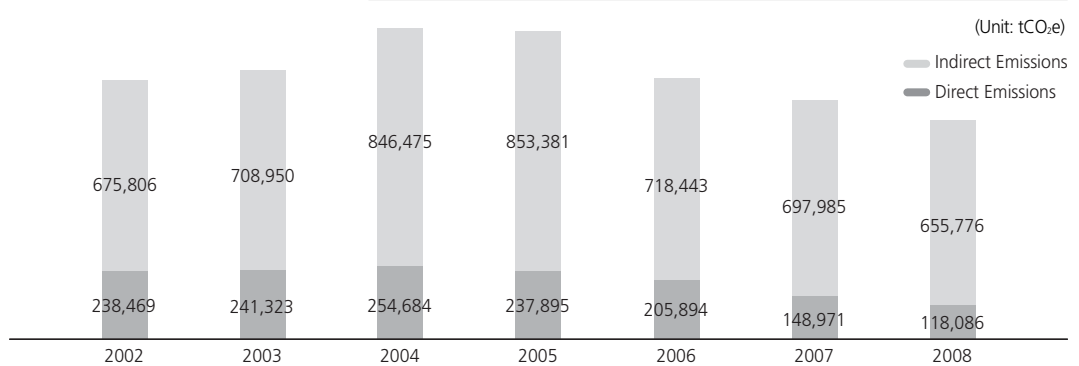
Greenhouse Gases | 300,000 represents the amount of greenhouse gas emissions (tCO₂e) reduction target that Samsung SDI's global plants will achieve by 2011 based on 2005 data. This reduction target is the equivalent of 30% of the total GHG emissions emitted in 2005 and includes both direct and indirect emissions of Samsung SDI's production sites. By attaining this goal, Samsung SDI will improve GHG emissions efficiency (KRW 100 million / tCO₂e) by 1.5 times compared to 2005. This is the first important goal in the journey to pursue environmental sustainability. Business restructuring, energy saving, use of new and renewable energy, and improving energy use efficiency in manufacturing processes are the ways that we will meet this target. Samsung SDI will continue to report our effort to reduce GHG emissions in the sustainability reports to come.

In 2008, Samsung SDI emitted 773,862 tCO₂e of GHGs. Compared to the previous year, the total GHG emissions was lowered by 73,094 tCO₂e, boosting emissions efficiency by 1.45 times from KRW 4.6 billion/1,000 tCO₂e to KRW 6.7 billion/1,000 tCO₂e. For the sources of GHG emissions, indirect emissions (electricity and steam) and stationary combustion (fuel combustion) accounted for 84% and 13% respectively, taking up 97% of total emissions. Acting upon this data, Samsung SDI focuses its GHG emissions reduction strategy on curtailing the use of electricity and fuel.

GHG by Emission Source



Direct & indirect GHG emissions



Factors considered for calculating the amount of GHG emissions

The following shows how we accounted and calculated the amount of GHG emissions from Samsung SDI's production sites.

1. Change of reporting scope

Because the Mobile Display (MD) Division was spun off into Samsung Mobile Display Co.,Ltd., the GHG emissions from the MD division is excluded from the 2009 sustainability report. We also subtracted the amount of the MD division's GHG emissions from the past data under the re-calculation procedure for the change of business scope provided by the Greenhouse Gas Protocol.

2. Greenhouse gases accounting criteria

"The Guidelines for National Greenhouse Gas Inventories (2006)" of the Intergovernmental Panel on Climate Change (IPCC), and "The Greenhouse Gas Protocol: the Corporate Accounting and Reporting Standard (2004)" co-published by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

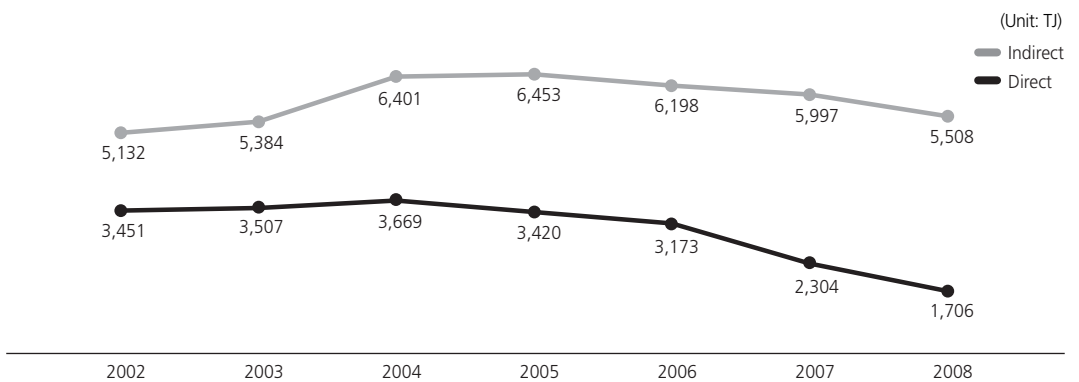
3. Conversion Factor by energy source

Samsung SDI calculated respective calorific values for each energy source with net calorific values (NCVs), one of the energy-calorie conversion factors stipulated in the Enforcement Rule of the Framework Act on Energy. The applied NCVs are as following: 7,400 kcal/L for gasoline, 8,450 kcal/L for diesel, 8,200 kcal/L for kerosene, 9,350 kcal/L for residual fuel oil, 9,550 kcal/Nm³ for LNG, 13,800 kcal/Nm³ for LPG, and 11,050 kcal/kg for liquid LPG (propane). For the carbon emission factor for electricity, Samsung SDI applied 0.1156 tC/MWh which was the data calculated by the Energy Economy Institute in 2005.

For overseas sites, Samsung SDI applied data from local suppliers of energy to the respective sites, as well as those provided by the local governments. But if a country's standard emission factor by energy source had not been established, or if NCVs of each energy source were hard to survey, Korean emission factors and NCVs were applied.

Energy | In 2008, Samsung SDI used total energy of 7,214 TJ including 5,508 TJ of electricity (indirect energy) and 1,706 TJ of fuel (direct energy). The total amount of energy consumption was lowered by 1,087 TJ year-on-year, improving energy efficiency by 1.5 times from KRW 2 billion/Tcal to KRW 3 billion/Tcal.

Energy consumption



1.5

Water Usage | We plan to improve water usage efficiency up to 1.5 times by 2011 compared to 2005 data. This plan was built considering the possible water shortage due to climate change. We will meet the target by taking actions such as reducing process water, building equipments to use rain water, and water recycling.

In 2008, Samsung SDI used 10.757 million tons of water. The amount of water usage was down by 2.047 million tons from the previous year while water efficiency was up by 1.5 times from 3.1 to 4.8. Most of the water that our plants and facilities use is surface water except for a few production sites including Brazil production base which consumes ground water.

95 vs. 5

Waste | Samsung SDI set the target of increasing the waste recycling rate to 95% while cutting the landfill rate to 5% by 2011 with the participation of our entire manufacturing sites and plants around the globe. Considering the countries that host our manufacturing plants and their waste recycling systems, we have a very slim chance to achieve the target. However, we're not hiding behind excuses. Waste recycling rate and landfill rate are two major issues of recycling. Therefore, we will exert our extra effort to convert landfill to recycling, starting from the wastes with the biggest generation proportion.

In 2008, Samsung SDI generated 84,714 tons of waste. We reduced waste generation by 27,562 tons from the previous year, raising waste generation efficiency by 1.7 times from KRW 35 million/ton in 2007 to KRW 61 million/ton in 2008. The waste recycling rate was slightly up to 89.4% from 89% lowering the landfill rate to 10.6% from 11%.

1.2

Hazardous Chemicals | Beneath the positive aspects of recycling, which is considered to be one of the biggest challenges to human kind, lies a hidden threat. It is precisely the problem of hazardous chemicals, which is possibly created in the process of recycling. To address this issue, the use of hazardous substances in every area must be minimized. Containing the use of hazardous substances not only reduces those substances in our products, but it also prevents environmental problems that are in the delivery and storage processes and safety & healthcare problems that can arise while handling hazardous chemicals. Samsung SDI listed 24 types of major hazardous chemical substances, and we're planning to increase the efficiency of the use of these chemicals by 1.2 times by 2011. Hazardous chemical use is closely related to product quality and productivity. That's why every division of Samsung SDI pulls together to make improvements.

In 2008, Samsung SDI used 33 kilotons of hazardous chemicals. This data is close to the number from the previous year, however the efficiency of hazardous chemical use was increased 1.2 times from KRW 120 million/ton in 2007 to KRW 160 million/ton in 2008. From 2009, we will eliminate lead oxide from the PDP panel. We'll also develop technologies to remove hazardous chemicals from processes and reduce the use of those chemicals applied to utilities and environmental treatment facilities.

Samsung SDI does not use Class 1 substances under Montreal Protocol. Nonetheless, we used the ozone depleting substance under the protocol as a refrigerant of chillers. The amount used is 915 kgCFC11eq, down by 10% from the previous year.

151,091

In 2008, Samsung SDI's plants in Korea spent KRW 151,091 million for environmental facility investment and environmental management cost.

Environmental facility investment and environmental management cost

(Unit: KRW million)

Activities	Investment	Cost	Benefits	Details
Pollution treatment	1,122	31,568	24,373	Operation of corporate environmental facilities, consigned treatment, others
Pollution prevention	28,423	89,765	76,862	Environmental education, measurement analysis, audit, process improvement
Stakeholders	-	136	111,883	Supporting environmental bodies & local communities, environmental events
Legal compliance & remediation	-	77	-	Surcharge on wastes, insurance

0

In 2008, there were zero cases of outside spills of oil, waste, and chemicals in the process of handling, transportation, use, and storage at all plants of Samsung SDI. We also report zero breach of environmental laws and international environmental regulations. Samsung SDI will be active in operating and improving our environmental management system, taking preventive measures against pollution, and applying strict environmental standards in order to comply with domestic laws and international regulations.

Toxic chemical use reduction

Samsung SDI's Busan plant is operating a complex treatment system for organic and acid waste water generated from the processes of PDP etching and coating. The treatment system runs through chemical treatment (1st step Fenton), biological treatment (anoxic+water mill), and chemical treatment (2nd step Fenton), and its operation requires massive use of chemicals. The Busan plant underwent extensive efforts to analyze pollutant density at each step and altered the chemical injection condition. As a result, they cut the use of hydrogen peroxide, the major oxidizer, into half, saving 160 tons for a year.



Reducing GHG emissions by using incinerator steam

The Cheonan plant took a step toward a boiler-free plant. As the first part of the effort, in 2008, the Cheonan plant undertook a project to use steam created from the heat of Cheonan City's municipal waste incineration plant. At the end of the project, they succeeded in supplying 17 tons out of a total 22 tons of steam per hour from the waste incinerator to the Cheonan plant in December 2008. It is expected that the success of this project will reduce the yearly LNG use and GHG emissions by 7,000 Nm³ and 10,856 tCO₂e, respectively. Now, we're taking procedures to register this project on the national GHG emissions reduction project list.

This project is all the more valuable as it is the fruit of the collaboration between local community and company to achieve GHG emissions reduction.

Decreasing chemical use by altering manufacturing processes and building a chemical recycling system

In 2008, Shenzhen plant succeeded in recycling filming liquid, which was 100% disposed after being used in the chemical spread process under the CRT manufacturing process, by applying recovery & treatment facilities. They also eliminated cleaning liquid from the mask cleaning process by changing the manufacturing processes. All of the effort led to reduced chemicals use and waste by 370 tons a year.

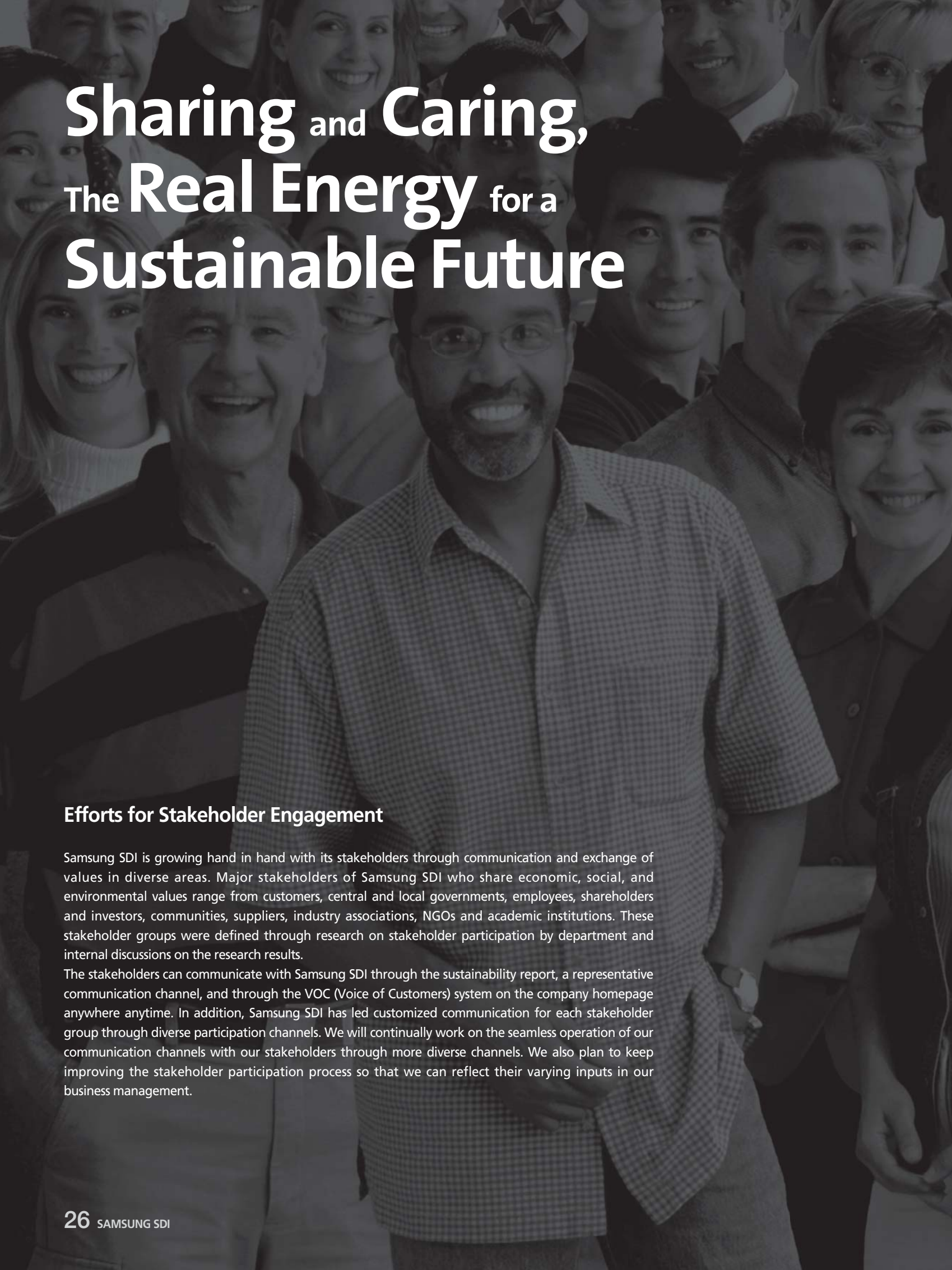
Saving electricity by changing the freezer operation method

In 2008, the Cheonan plant ran two separate freezers for lower and higher temperatures to get different degrees of cool water at 5°C and 13°C. Running the freezers separately lowered both ROL(rate of loading) and freezer efficiency.

To address these issues, the plant decided to integrate the freezer operation. Because the integrated operation could have caused other problems, they redesigned the freezer operation program to tackle the problems in advance. This improvement helped the plant to save 4,500 MWh of power, reduce 1,900 tCO₂e of CO₂, and obtain KRW 300 million of cost benefit each year.

For more cases, see the Sustainability - Performance & Reporting tab at Samsung SDI's website.
http://www.samsungsdi.com/evfront/sustain/s4_1.jsp





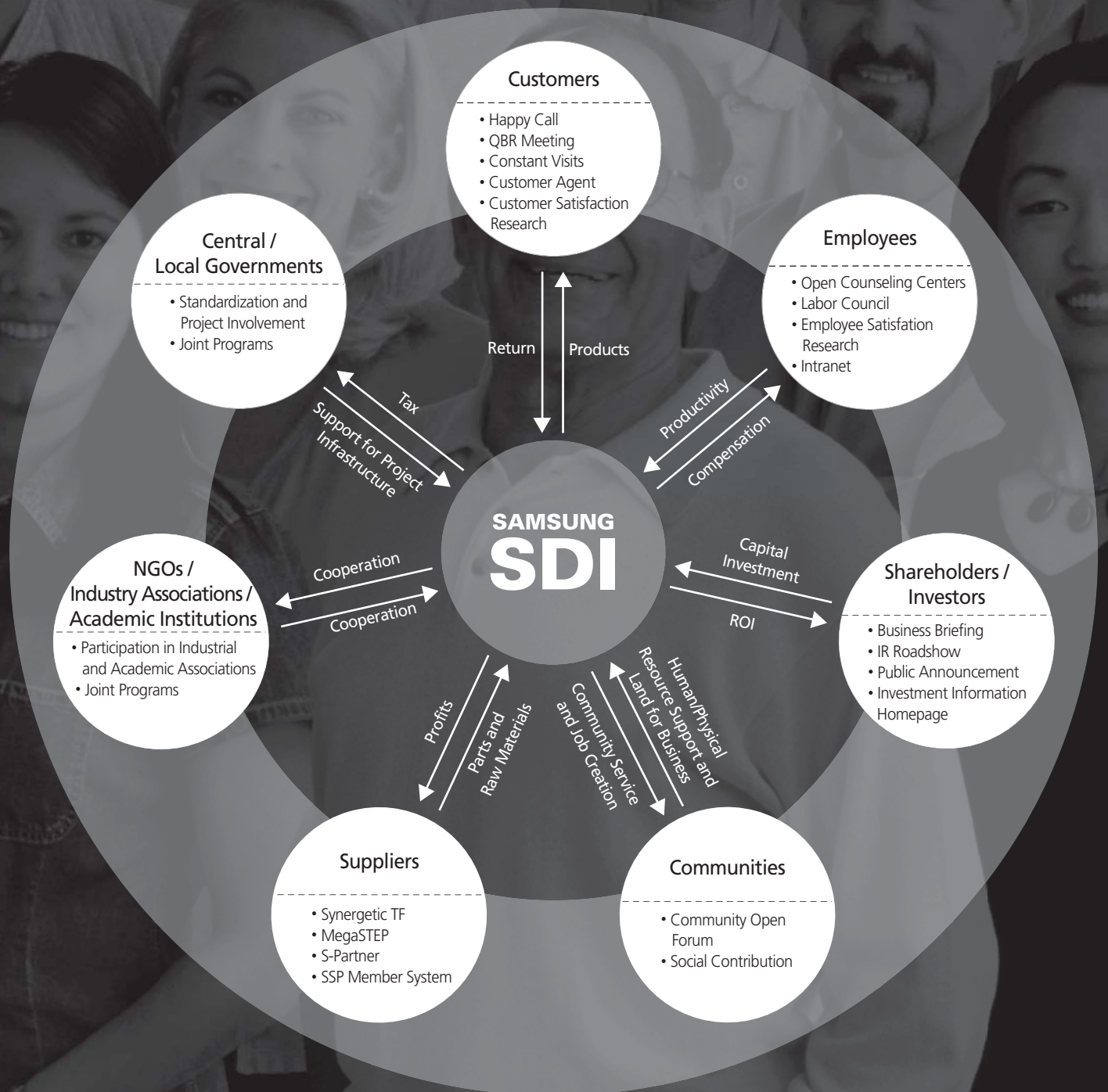
Sharing and Caring, The Real Energy for a Sustainable Future

Efforts for Stakeholder Engagement

Samsung SDI is growing hand in hand with its stakeholders through communication and exchange of values in diverse areas. Major stakeholders of Samsung SDI who share economic, social, and environmental values range from customers, central and local governments, employees, shareholders and investors, communities, suppliers, industry associations, NGOs and academic institutions. These stakeholder groups were defined through research on stakeholder participation by department and internal discussions on the research results.

The stakeholders can communicate with Samsung SDI through the sustainability report, a representative communication channel, and through the VOC (Voice of Customers) system on the company homepage anywhere anytime. In addition, Samsung SDI has led customized communication for each stakeholder group through diverse participation channels. We will continually work on the seamless operation of our communication channels with our stakeholders through more diverse channels. We also plan to keep improving the stakeholder participation process so that we can reflect their varying inputs in our business management.

Stakeholders

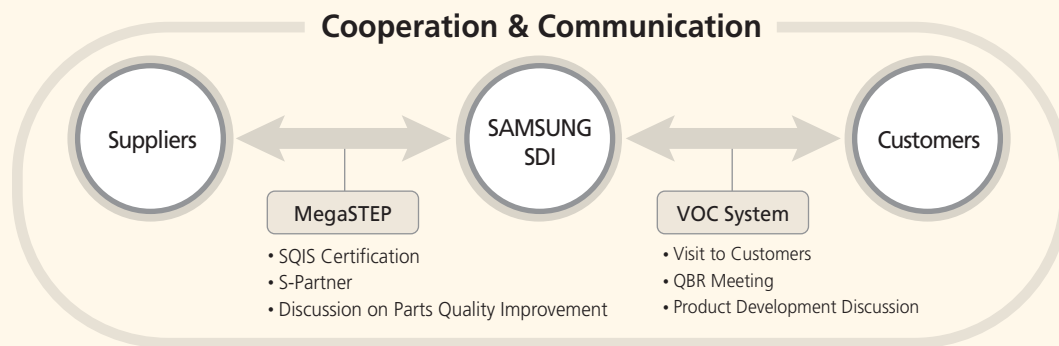


For details, see the Sustainability - Stakeholder Engagement tab at Samsung SDI's website.
http://www.samsungsdi.com/envfront/sustain/s2_1.jsp



Customers

Communication for Customer Satisfaction | Samsung SDI's effort to satisfy our customers starts with communication. We collect customer opinions through regular visits or channels such as an online VOC system, respond within 24 hours through efficient cooperation between marketing, quality control and development departments, and contact the customers again after internal discussions on reasons and solutions within seven days. Varying efforts are put into product quality control, which is the basis of customer satisfaction. Samsung SDI is holding regular meetings with its suppliers to improve the quality of the parts, discussing statistics and related issues and collaborating to enhance a quality assurance process. As for customers, we are reviewing product strategies, relevant activities, and future plans for cooperation through QBR (Quality Business Review). Samsung SDI will faithfully continue to place our efforts in maximizing customer satisfaction through active communication and expand efficient cooperation in 2009.



* SQIS : Supplier Quality Innovation System

As the Customers Like It | During 2008, Samsung SDI developed and supplied products customized to specific customer needs. For TomTom, a Dutch auto navigation company, Samsung SDI had suggested a rectangular battery safe for cars in the high temperatures of the summer season, and the company agreed on its necessity. Currently Samsung SDI is developing batteries with improved stability in high temperatures, in cooperation with TomTom. The cylindrical battery for 'NC10', a netbook PC developed by Samsung Electronics, is a result of our efforts to meet our customers' requirement for longer battery life. NC10 boasts the longest battery life (10 hours) among its kind, and was recognized as the Best Netbook PC by L'ordinateur Individuel, a French PC magazine, in December 2008.

Winner of 2009 Rechargeable Batteries Excellence in Globalization, Quality, & Innovation Award by Frost & Sullivan

In April 2009, Samsung SDI was recognized as one of Frost & Sullivan's Excellence and Industrial Technologies Award winners, for its outstanding achievements in the area of rechargeable batteries. US-based Frost & Sullivan is a world-renown market analysis and consulting agency, which selects and announces companies that have made a significant contribution to varying industries every year. Samsung SDI, having the 2nd largest market share within 8 years of entering the rechargeable battery business, was recognized for its safety, high customer satisfaction and technological innovation, leading the development of high capacity cylindrical batteries.



Winner of Frost & Sullivan Award

Employees

Samsung SDI aims to take a new leap by strengthening the competence of its human resources. Upon Samsung Values and Samsung Business Principles of human rights, health and safety, and a balance between work and personal life, Samsung SDI is developing individual competence, maximizing the efficiency of human resource management, and cultivating a corporate culture of trust and cooperation.

Human Resources | In 2008, the total workforce was reduced by 40% due to extensive business restructuring such as the split-off of the mobile display business and launching of a joint venture. As of the end of 2008, the total headcount of Samsung SDI, at home and abroad, is 15,121, including contractors and outsourced employees. As the restructuring of the domestic CRT business was completed at the end of 2007, the turnover rate of 2008 slightly decreased to 32.4% from 34.4% the last year. Because the mobile display workforce was split off, this number was excluded in the turnover rate calculation.

* The turnover rate was calculated by dividing the total number of retirees in 2008 by the manpower size at the end of the year as stipulated in GRI G3. The formula may differ from a conventional formula for turnover rate calculation.

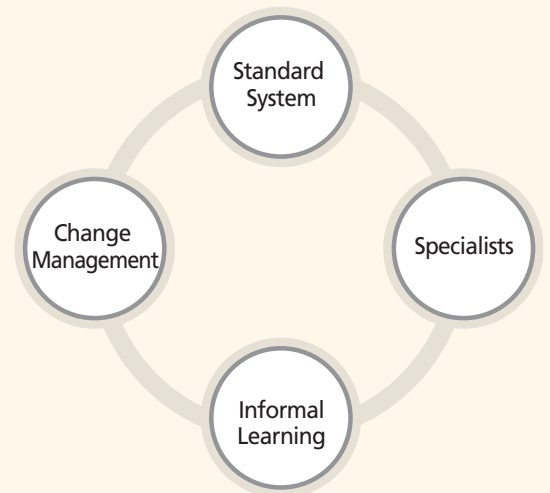
* Branches and offices with less than 20 employees are not included in turnover data.

Strengthening Competence | As the center of our business has shifted from display to energy and massive relocation of our workforce took place around the battery business, Samsung SDI has established a new training scheme and is focusing its efforts in developing energy specialists.

With our goals to develop talents of energy technology, help transferred employees adapt quickly, and improve speed and efficiency in business operation, the company has designed a new training system customized by business area and individual, which will be introduced from the year 2009.

The new training roadmap has been updated with a standardized training process for each job group. In addition, a training program for battery specialists will be introduced in order to nurture in-house experts in areas including R&D, technology, manufacturing and quality control. Training on change management will be a mandatory course for employees to enhance community spirit and develop creative leadership. Holding regular seminars on technology joined with the government, industry and academia, and the activation of in-house study groups will also contribute to strengthening the competence of our workforce.

Talent Development System



Labor Council | Samsung SDI is cultivating a labor-management relationship of trust and collaboration as it seeks to respect employees' personal rights, remedy their complaints, and improve their quality of life.

The labor council, or employee representatives, collects the complaints regarding employee rights and interests such as working condition and treatment, and brings up the issues to the company to find solutions. The results are announced to the whole company and reflected in the company policies.

When there are significant changes in the management of the company such as streamlining and business restructuring, the company puts such plans and ideas on open hearings and holds an agreement process between labor and management. The company then discloses the results immediately to the employees according to the articles of the labor council.

2008 Key Discussion Agenda of Labor Council

- Adjustment of salaries and benefits for 2008: salary increase, company meal provision adjustment, expansion of paternity leave, improvement in salary structure, increase of holiday benefits, etc.
- Negotiation to agree on transfer to Samsung Mobile Display: negotiation to decide HR system application and benefits after the transfer.
- Other complaints handling: placing employee lounges and small offices for counseling, repairing of the wellness center, etc.

Respect for Human Rights | One of the business principles of Samsung SDI is to respect individual diversity and dignity, and the company abides by this principle. Samsung SDI respects the basic human rights of every individual, prohibits forced labor, exploitation of wages, and child labor, and ensures equal and fair treatment of every employee across the globe. The principle of respect for human rights is also considered in making important investment decisions in terms of size and strategy and in dealing with its suppliers. In 2008, there had been no report of the violation of the company policy against forced labor and child labor.

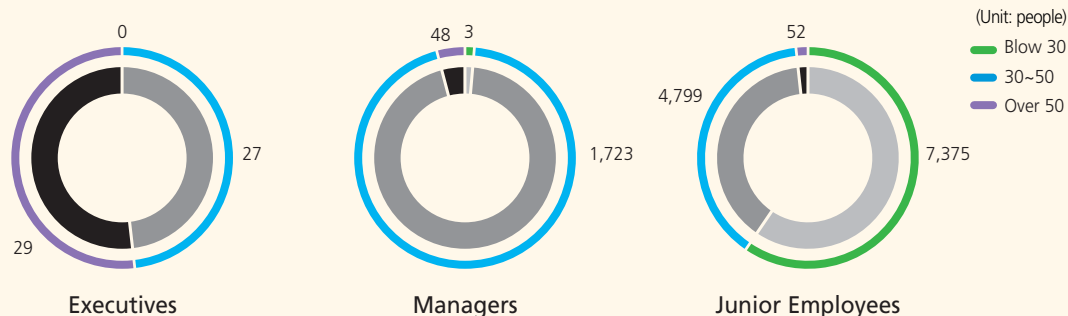
Non-Discrimination and Equal Opportunities | In managing its human resources, Samsung SDI thoroughly excludes the consideration of school connections, family relations, and regionalism. Rather, it follows the principle of merit and performance of the individual. In its business management principle and hiring criteria, it is stipulated that there shall be no discrimination due to academic background, hometown, gender, religion, race, social class and age in employee treatment such as hiring, assigning job responsibility, promotion, training and salary. The

For details, see the Sustainability - Stakeholder Engagement tab at Samsung SDI's website. http://www.samsungsdi.com/en/front/sustain/s2_1.jsp



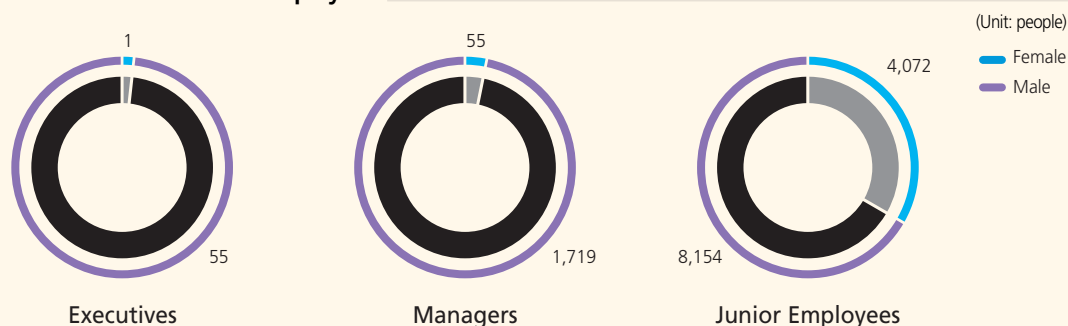
company staffs talents according to their competence and aptitude, provides equal opportunities and rewards them rightfully according to their performance. In order to expand the opportunities for female employees to exercise their talent, the company maintains a proportion of female new hires of over 20% when hiring college graduates and is gradually increasing the figure. In 2008, 28% of the new employees with college degrees were women. In 2008, there had been no report of the violation of the company policy of non-discrimination.

Age Distribution of Employees



* Branches and offices with less than 20 employees are excluded

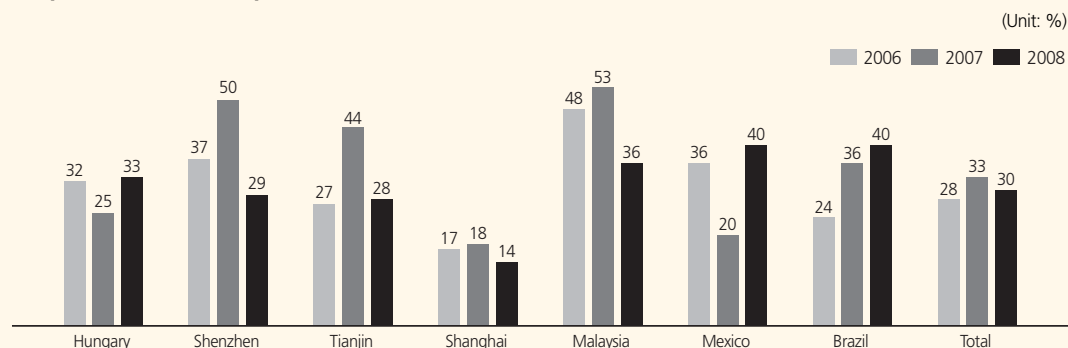
Gender Distribution of Employees



* Branches and offices with less than 20 employees are excluded

Localization | Samsung SDI has seven overseas production bases in China, South-east Asian region, American region, and European region, and 27 out of 89 departments in total are led by local department heads. In 2009, their share has slightly decreased because of massive business restructuring and slimming of overseas organizations. With the goal of growing with local communities, Samsung SDI will continue to increase the proportion of local leaders heading major departments.

Proportion of Local Dept Heads





① Busan, Daddy Rocks
 ② ③ Giheung, Sympathy Plus
 ④ Suwon, Sympathy Plus
 ⑤ ⑥ Busan, Toc Toc Village

Communication and Empathy | 2008 was a year of overcoming challenges and making a new leap. While undergoing structural changes such as launching a joint venture, Samsung SDI carried out varying activities to facilitate communication among employees and to cultivate a healthy corporate culture that will ensure that competitiveness will leap ahead. The Open Counseling Center established in 2004 has become a medium for communication among Samsung SDI employees and organization development. The 'Sympathy Plus' workshop, which began in the Suwon headquarters, took place in the Corporate R&D Center and the Cheonan plant as well in 2008. The employees had a meaningful time of understanding and motivating themselves and their colleagues through programs including an MBTI test, art therapy and filling compliment cards. The 'Sympathy Plus' workshop will be spread to all business sites including the Busan plant in 2009.

In addition, Toc Toc Village, the Open Counseling Center additionally placed within the PDP P4 Line of the Busan plant, will support employees on site by providing easier and more convenient access to professional help for their personal difficulties. In 2008, family counseling and personality test that began in the previous year for employees' families were extended further to more participants. Through the parent-child relationship test, aptitude test, and counseling for the children, these families could work together in building better family relationship and planning for the future of the children. In addition, Samsung SDI provided various cultural activities, such as the 'Daddy Rocks' program at the Busan plant, where employees could participate with their children at home and overseas plants.

Making Exciting Challenges | The production sites of Samsung SDI at home are holding the 'Guinness Champion Competition' every year to create a fun organization culture and motivate a challenging spirit among the employees. In May 2008, the competition was held to find the best FR (Fun Record) and employees made challenges in new and creative areas at each production site. From October 2008, the Guinness Champion bulletin board on the company intranet was open for contestant registration in BR (Business Record) and SR (Surprise Record) within Samsung SDI. In June, the Tianjin plant held its first Guinness Champion Competition, a quiz celebrating the Beijing Olympics, which received a positive response from the employees.

Meanwhile, there were various other challenges made by Samsung SDI employees around the globe to make their workplace healthier and more energetic. The Busan and Cheonan plants held the 'Wellbeing-Unlimited Challenge!' program to reduce body fat, weight, and waist size and rewarded those who accomplished their goals, along with a health improvement campaign of obesity prevention and antismoking. The Hungary plant held the 'Management Innovation Competition' in December, where employees came up with activities for organizational development suitable for each department and strengthened their team spirit.



① Guinness Champion Competition
 ② Tianjin, Olympics Knowledge Competition
 ③ Busan, Wellbeing-Unlimited Challenge!
 ④ Shanghai, Business Briefing Event
 ⑤ Tianjin, Kite Flying Competition
 ⑥ Shenzhen, Team Building Activities

Health and Safety | The health and safety of the employees are essential to corporate management, as the employees are one of the most important stakeholders and the company itself. Thus the safety and health of the employees are major determinants for the company's health.

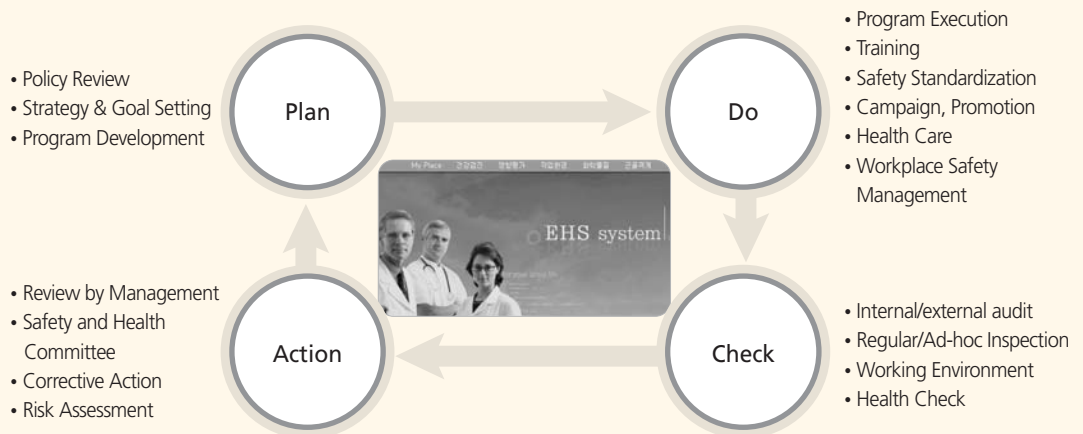
Samsung SDI recognizes the health and safety of its employees as important elements in business management, pulling efforts for the systematic management of employee health and safety in compliance with OHSAS 18001, and receiving the 3rd party certification. Every year the company sets health and safety goals and related programs, provides structured training, improves the working environment measurement, and works on preventing accidents and occupational diseases. The company makes improvements in the health and safety management of its business sites through constant inspection, including local exhaust ventilation tests, safety inspections, and internal and the 3rd party audits on the health and safety management system.

The head of each plant holds ultimate responsibility of the health and safety of its employees. That is why it executes top-down health and safety management by operating an occupational health and safety committee, checking on the results of internal and the 3rd party audits and outsourced evaluations and inspections, and making decisions on new policies. To accurately manage health and safety data, Samsung SDI has developed an EHS system to manage employees' health check data, material health and safety data, work environment, and manage employees with abnormal findings. In addition, the company is actively promoting safety campaigns and special activities in each business site to raise safety awareness among employees. It is also operating an in-house clinic and Wellness Clinic to closely take care of employees' health. As a result of such efforts, the IR (Injury Rate)¹⁾ of Samsung SDI in 2008 is maintained at 0.19, similar to last year, and LDR (Loss Day Rate)²⁾ is 4.95, slightly reduced from the previous year.

1) IR (Injury Rate) calculation formula according to GRI guideline: number of injuries/total working hour x 200,000

2) LDR (Loss Day Rate) calculation formula according to GRI guideline: number of loss days/total working hours x 200,000

Occupational Health and Safety Management System



Accident-Free Activities at the Cheonan Plant

The Cheonan plant is putting earnest efforts to prevent accidents completely. It has implemented a Safety Domino program which is an on-site safety management activity led by department heads, a safety rating system which awards departments with performance phenomenal, a fire safety competition to raise fire safety awareness and improve readiness, and a special safety training at the end of the year when the safety precautions tend to decrease. Such efforts resulted in reducing the accident rate¹⁾ to 0.024% in 2008 from 0.113% in 2006.

1) Accident Rate calculation formula: number of people affected/total number of employees X 100

Shareholders and Investors

For the Common Interest | Samsung SDI is actively pressing forward in its IR activities in order to improve understanding and trust of its shareholders and investors and advance common interests. Business performance briefings, participation in conferences, ad-hoc meetings and the IR webpage provide useful information, and we are listening to the voices of shareholders and investors. Samsung SDI has successfully completed our business restructuring in 2008. To communicate such changes to our shareholders and investors more effectively, we have increased our one on one meetings with shareholders and institutional investors, IR visits to institutions and individuals, and participation in outside. As for the quarterly performance briefings, we did not simply report profits

and losses. Rather, we facilitated meaningful discussions to share the mid/long-term vision of Samsung SDI and asked for stakeholders' opinions on selected topics including the next-generation battery business. Further, the stakeholder feedback has been constantly reported during the management briefings and other occasions to be reflected in setting business strategies. Again in 2009, Samsung SDI will vigorously provide IR activities, strengthen the competence of IR personnel, manage the VOC and improve its sharing process, so that we can listen to the voices of our shareholders and investors more effectively and advance common interests.



IR Webpage



The 39th General Conference of Shareholders

Online Communication | Samsung SDI has an investment information homepage to deliver accurate information to the shareholders in a timely manner. Along with the disclosed data such as accounting and audit reports, other resources on financials, stocks, shareholders and governance are constantly being posted and updated. In addition, the VOC system is in place for real time communication with our stakeholders.

General Conference of Shareholders | Shareholders can directly participate in the major decision making of the company by freely exercising his/her voting rights in the general conference of the shareholders. Samsung SDI held an extraordinary general meeting of shareholders in September 4, 2008, where the split-off of Samsung Mobile Display received approval. In the 39th general conference on March 13, 2009, the 2008 business results were reported and approved, along with appointment of inside/outside directors and their remuneration limits.

Major IR Activities Worldwide in 2008

Date	Venue	Activity
Jan	Seoul	- 2007 4Q Performance Briefing
		- IR Visit to Domestic Institution
Feb	Europe	- Europe IR Roadshow
		- Samsung Securities London Conference
	US	- US IR Roadshow
Mar	Hong Kong,	- Lehman Asia Display & Memory Conference
	Singapore	
	Cheonan	- Tour of the Cheonan plant by Korean Institutions
Apr	Seoul	- 2008 1Q Performance Briefing
		- IR Visit of Korean Institution
	US	- US IR Roadshow
May	Seoul	- 2008 2Q Performance Briefing
		- IR Visit of Korean Institution

Date	Venue	Activity
Jun	Seoul	- JP Morgan Conference
Jul	Seoul	- 2008 2Q Performance Briefing (held by CEO)
Aug	US, Europe	- US/Europe IR Roadshow
	Singapore	- Asia IR Roadshow
Sep	US	- US IR Roadshow
		- JP Morgan Conference
Oct	Seoul	- 2008 3Q Performance Briefing
		- IR Visit of Korean Institution
Nov	Hong Kong,	- Asia IR Roadshow
	Singapore	
Dec	Seoul	- US IR Roadshow
		- UBS Conference

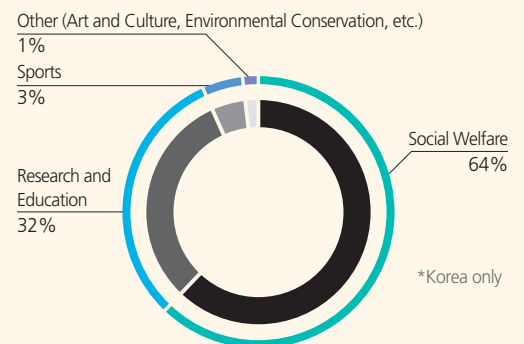
For details, see the IR Info tab at Samsung SDI's website.
http://www.samsungsdi.com/en/front/ivt/ir_1.jsp

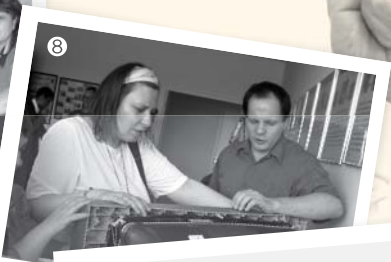


Communities

Together with Local Communities | Samsung SDI is building synergy in its social contribution and growing with communities as a member of society. To implement effective programs, Samsung SDI looks into the needs of the beneficiaries working with local NGOs and public institutions. The findings are reflected in the planning of our social contribution programs, and the activities are carried out in cooperation with organizations of the local community. Once completed, the programs are evaluated for revision and future improvement through interviews and questionnaires given to beneficiaries, employees participated, and to the partner organization. Looking ahead, Samsung SDI plans to expand its cooperation with local communities, and develop another representative social contribution program which suits the characteristics of our business as an environment friendly and clean energy company.

Social Contribution





- ① Tianjin, Supporting Schools for Visually Impaired People
- ② Tianjin, Visiting Elderly People Living Alone
- ③ Cheonan, Voluntary Activities for Farming Communities
- ④ Cheonan, Free Eye Clinic
- ⑤ Shenzhen, One Heart One Village Activities
- ⑥ Cheonan, Supporting Elderly People Living Alone
- ⑦ The Siloam Eye Clinic, Free Eye Sight Recovery Operation in China
- ⑧ Hungary, Open House for Visually Impaired People

Sharing the Light of Love | Again in 2008, Samsung SDI carried out diverse community outreach activities by supporting the visually challenged. Despite the global economic slowdown in 2008, Samsung SDI increased the Matching Grant, 'Light of Love Fund' which had been reduced in 2007 due to the aggravated business environment. During 2008, a total 5,143 employees participated in the voluntary service, and a total of KRW 970 million was returned to the society, KRW 570 million of which went to the Light of Love Fund, in Korea alone. Out of the total monetary contribution, KRW 244 million was put into the eyesight recovery program, including the operation of a mobile eye clinic and eye care service in collaboration with the Siloam Eye Clinic, and KRW 36 million was given to support the livelihood of the visually impaired with low income and a related welfare foundation. In addition, the employees participated in various cultural and sporting activities, including a bowling competition, a farm stay and pottery making, where 950 visually impaired people were invited in 2008. Such support projects were also continued in our overseas business sites. From 2004 to 2008, 467 people benefited from free eyesight recovery operations through the Chinese plants. In other places around the world, Samsung SDI has shared Light of Love by supporting a blind school by the Tianjin plant and holding special events for the visually challenged by the Hungary plant. Along with the programs for the visually challenged, Samsung SDI faithfully continued the 'One Heart and One Town' program to support rural communities. The company has been caring for seniors who live alone, building community facilities, aiding the sale of agricultural products and providing help during the busy farming season, thus working side by side with villagers to improve their health and living environments, not simply providing monetary support alone.

Winner of Samsung Voluntary Service Award

Being recognized for its continual efforts in the support program for the visually challenged, Samsung SDI received the 2008 Voluntary Service Center Award in the 14th Samsung Voluntary Service Awards Ceremony, 'Love! Sharing! Happy Together'. We are committed to press forward in sharing our dreams and hopes with local communities.



Green Community | In November 11, 2008, the Samsung SDI Cheonan plant celebrated the completion of a steam pipe construction with Cheonan City, which will supply the steam generated from the Cheonan waste incinerator. Utilization of the steam will reduce current energy consumption, greenhouse gas emissions, and related costs for the Cheonan plant, and Cheonan City will reinvest the profit from the steam supply for the welfare of its citizens. As part of its ecosystem preservation program, the Cheonan plant is conducting activities such as clearing invasive alien plants and sea wastes of 14 islands three times a year within the jurisdiction of the Geum River Basin Environmental Office, in cooperation with the office, NGOs and partners. Furthermore, the Cheonan plant is supporting small and medium sized local companies with environmental technologies and working with the Eco-friendly Committee, to cooperate in the environmental preservation of the community. Other activities of Samsung SDI for clean and beautiful communities include the Busan plant's One Company One River cleaning program and One Company One Wetland cultivation program, the Suwon headquarters' support for small and medium sized companies with environmental technologies, the promotion of eco-friendly products of Suwon City, Corporate R&D Center's pollutants monitoring of the Shingal reservoir, the Tianjin plant's cleaning activity around Samsung Square, the promotion of collecting used batteries, and the Shenzhen plant's One Company One River program and environmental preservation campaign.

- ① Shenzhen, World Day for Water Ceremony
- ② ③ Tianjin, Samsung Square Clean-up
- ④ Cheonan, Celebrating Steam Pipe Construction for Cheonan Waste Incineration on Plant
- ⑤ Giheung, Singal Lake Clean-up
- ⑥ Busan, One Company One River Activities



For the Future of Young People | Samsung SDI sees young students in elementary and secondary schools as future leaders, and supports them with diverse support programs to help them grow towards their dreams as healthy individuals. Making use of our researchers' expertise, the Corporate R&D Center operates the 'Junior Engineering Class' to develop local elementary students' interests and knowledge in science. Teachers for the class, selected among the volunteering employees, took the voluntary teacher training course at the Korea Academy of Science and Technology. In 2008, the class opened once a month during the first semester at Giheung and Nogok Elementary School. Students responded positively to the hands-on experiments and easy explanations. Giheung Elementary School, where the class began in the spring semester of 2007, was selected as a leading elementary school in science by Yongin City. The Busan plant set up a sister relationship with seven schools and worked with major institutions in Woolsan where the plant is located. Their activities include supporting students of low-income families in school activities. Also, the 'Titapat I-ting' program provides personality and aptitude tests as part of education consultation. The Suwon headquarters supported schools in small islands and remote mountain areas where it is difficult to participate in cultural events: they supported events such as graduation trips and have published a total 378 copies of yearbooks from 2004 to 2008. For the program named 'Yearbook of Love', employees took pictures of each student and produced the albums themselves. The Hungary plant invited students from three local technology schools to a program that lasted four months in 2008 where they were given tours and introduced to the company, its products and business. The Hungary plant to continue such programs to find human resources in technology and hire local talents.

- ① Busan, Titapat I-ting
- ② ③ Suwon, Yearbook of Love
- ④ ⑤ Giheung, Junior Engineering Class



For details, see the Company - Social Contribution tab at Samsung SDI's website. http://www.samsungsdi.com/en/front/intro/c_5_1_1t_1t.jsp

Suppliers

Win-win Cooperation Task Force | In order to build up the competitiveness of its suppliers, Samsung SDI has been operating a support center for its suppliers since 2004. In 2008, we launched Win-win Cooperation TF, exclusively assigned for synergetic cooperation with suppliers and improvement of suppliers overall competitiveness. Win-win Cooperation TF sets and executes win-win cooperation strategies with suppliers, and provides diagnoses and training for its small and medium sized suppliers on manufacturing innovation, facility innovation, environmental management, quality assurance and workforce training. In 2008, the TF led a quality and productivity innovation project for 46 suppliers that were selected for focused training, including domestic companies and those in China. In 2009, a co-growth strategy will be implemented to establish a high-efficiency management system which will raise the overall competitiveness of the suppliers.



Training for a Supplier in China

Expansion of Large and SME(Small and Medium Enterprise) Green Partnership | As part of the Large and SME (Small and Medium Enterprise) Green Partnership expansion project supported by the government, Samsung SDI has trained 254 people by providing an environment specialist course and an inspector training course. It also executed diverse programs to support suppliers including education on cleaner production, energy audit, and establishment of a system to deal with environmental regulations.

Suppliers' Innovation Activity Exhibition | The 12th suppliers' Innovation Activity Exhibition was held in November 2008 at the international conference center of the Corporate R&D Center. In the annual event for the win-win relationship with its suppliers, Samsung SDI's CEO and some 200 participants from 56 suppliers attended to share the major innovation cases of suppliers and their innovation strategy for 2009. The event also included a presentation of best practices and an awards ceremony.



Suppliers' Innovation Activity Exhibition

Completion of 2nd & 3rd Rounds of Green Partnership Expansion Project

Samsung SDI began the Large and SME Green Partnership project with the support from the Ministry of Knowledge Economy in May 2004 and has executed tasks such as supporting SMEs in establishing an environment management system, and educating SMEs on cleaner production, energy audit, green purchase, building a system to deal with international environmental regulation, environment-related training and workshops by area and position, and establishing an environment communication system. In 2008, the project covered 31 suppliers and was spread to all of the domestic suppliers. The project was finished in October 2008, and the ministry evaluated the project as successfully completed.



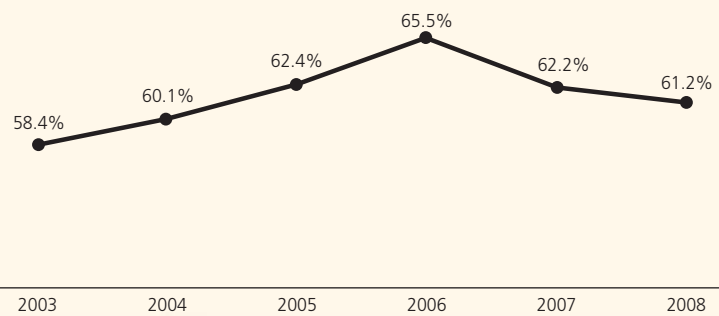
Large and SME Green Partnership Final Report Meeting

Suppliers Introducing CSR (Corporate Social Responsibility) | Samsung SDI has introduced the S-Partner system to build sustainable partnerships with its suppliers. In 2008, it evaluated 107 suppliers and reflected the results in the year-end comprehensive evaluation of the suppliers. The S-Partner checklist, revised in 2007, again included the items on environment and society in 2008. In October 2004, the US-based electronic companies, HP, DELL and IBM decided to jointly address the electrical and electronic industry's supply chain issues and launched EICC (Electronic Industry Code of Conduct), and as of September 2008, 41 electric and electronic companies worldwide, including major customers of Samsung SDI, have joined EICC.

According to its customers' supply chain CSR policy, Samsung SDI is revising the S-Partner checklist to meet the EICC requirements and enhance the social responsibility of its suppliers. The revised S-Partner system will be spread to all the suppliers from 2010, after going through training and pilot tests. More than any other time, risk management will be required in 2009. Samsung SDI is promoting credit risk management of all the domestic suppliers in collaboration with a credit rating agency, and plans to strengthen its support for the major suppliers with high credit risk.

Local Purchase | In selecting suppliers and purchasing, Samsung SDI considers their competitiveness including quality, technology and prices, regardless of nationality, and prefers qualified local suppliers. In 2008, the proportion of local purchases out of the total purchase amount was 61.2%. The figure has relatively dropped from 2007 because of the business restructuring at home and abroad.

Proportion of Local Purchase



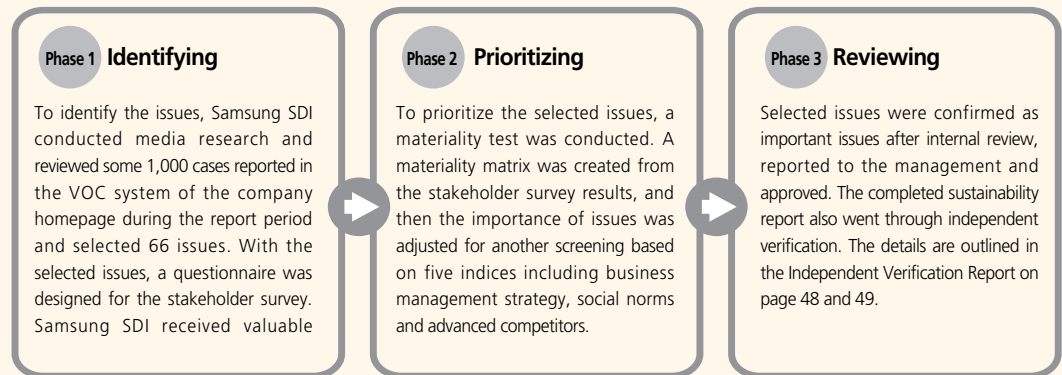
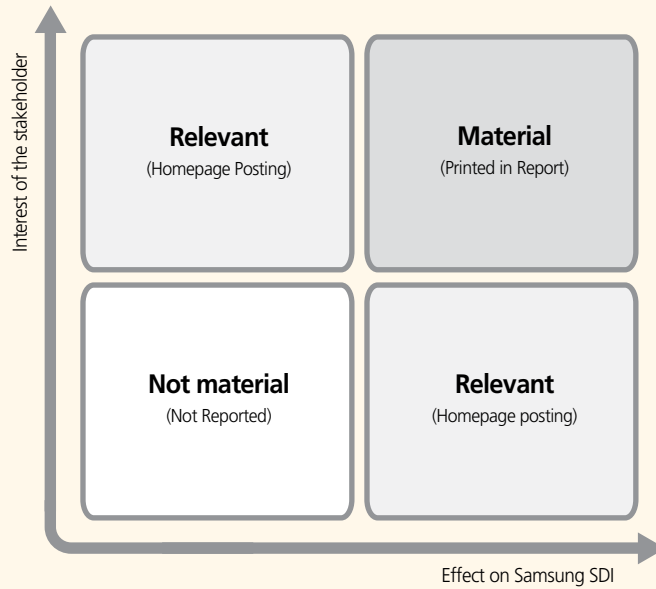
(Samsung Mobile Display data are excluded)



How to Report What?

A sustainability report is an important communication channel between a company and its stakeholders. In organizing a sustainability report, Samsung SDI considers both what the stakeholders would like to know and the sustainability pursued by Samsung SDI, and endeavors to include the key issues of varying stakeholders through a careful selection process. The selection process of what to report has three phases, and in 2008, Samsung SDI has refined its materiality test methods for the issue selection to improve its credibility.

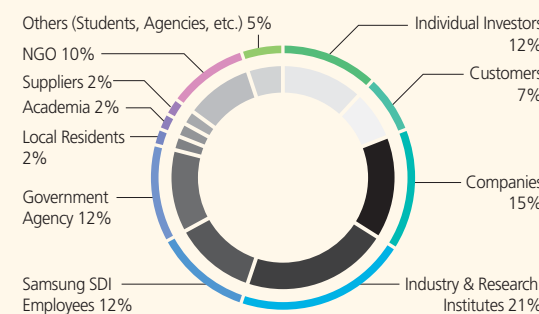
Materiality Matrix



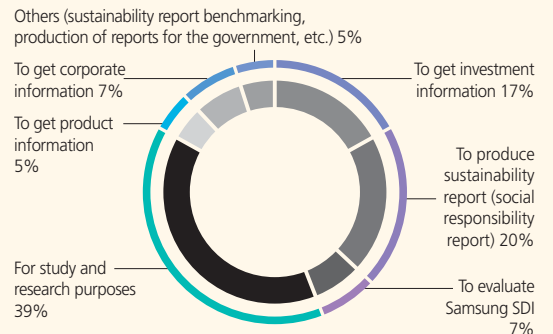
Listening to You

Through the Sustainability Report and Sustainability Homepage, 41 individuals have responded to the 'Ears to Listen' questionnaire. The results of the survey have been reflected in the 2008 Sustainability Report. We express our deepest gratitude for those who took interest and shared their opinion.

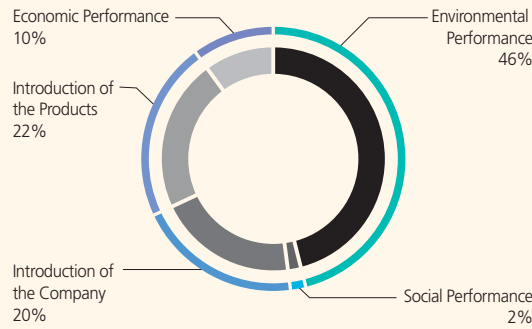
1. Composition of Respondents



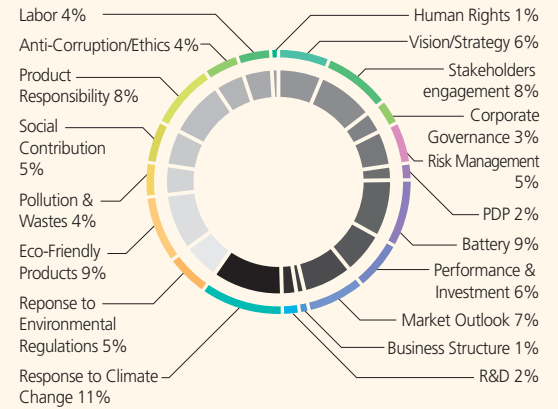
2. Types of Needs



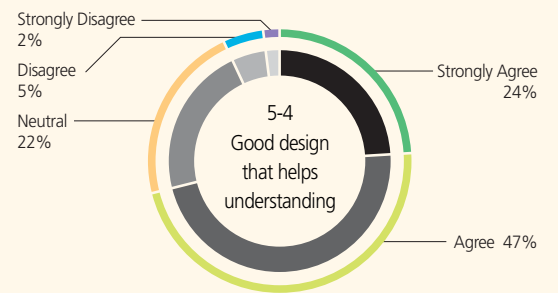
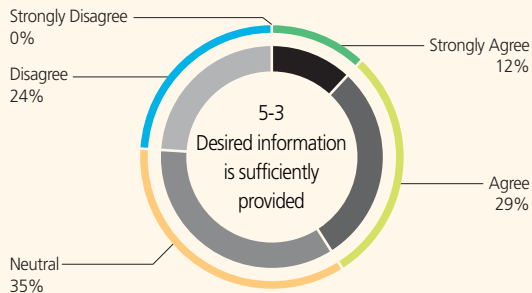
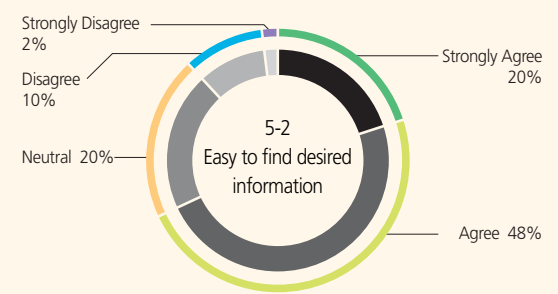
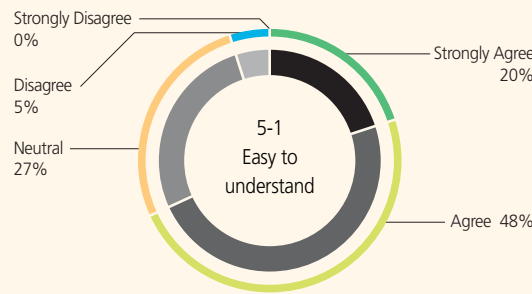
3. Areas of Interest



4. Areas in Need of Improvement



5. Rating the Sustainability Report 2007



Other Issues and Addressing Measures

Insufficient contents on efforts for customer satisfaction	<ul style="list-style-type: none"> Added a separate page on efforts for customer satisfaction (Stakeholders - Customer Section) 	p.28
Difficulty locating desired information	<ul style="list-style-type: none"> Made it easy to locate issues of interest for each stakeholder group, for better accessibility to information (See contents) Further details were reported through the homepage 	p.02
What are the results of activities responding to the climate change in 2008?	<ul style="list-style-type: none"> Report in Ecofriendly! and Environmental Performance Section 	p.20~25, 45
What are the major tasks in sustainability management and what is the future plan?	<ul style="list-style-type: none"> Revision and report of mid/long-term environmental goals (New Future - SDI 2.0 Section) 	p.09

Governance

Through transparent and independent operation of the BOD, Samsung SDI ensures business management that raises the shareholders' value and respects corporate social responsibility.

BOD

The current BOD consists of seven people: three internal directors, and four independent directors of ample knowledge and experience in economics, business management, law and technology. The BOD holds regular meetings every quarter and ad-hoc sessions whenever necessary to deliberate and make decisions on matters required by laws and articles of association, issues delegated by the general assembly of shareholders, and critical matters related to business operation. For your information, Samsung SDI held three regular BOD meetings and four ad-hoc sessions in 2008. From 2009, issues regarding corporate social responsibility including activities for sustainability management and issues discussed in the SM Steering Committee will also be reported regularly at BOD meetings.

In the 39th general assembly of shareholders on March 13, 2009, two internal directors nearing the end of their terms, Kim Soon Taek, the CEO, and Lee Jung Wha, the deputy CEO, were reappointed. Jeon Byeong Bok was appointed head of the Battery Div., the core business of the company. Among independent directors, Bae Young Kil, whose term ended in 2008, and Im Jin Tack and Kim Hee Kyung, recommended by the External Directorial Candidate Nomination Committee to have expertise and competence, were newly appointed as independent directors.

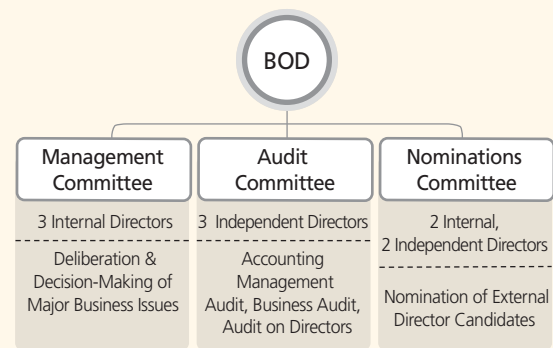
Composition of BOD

Position	Name	Role	Appointment	Gender
CEO	Kim Soon Taek	Chief Executive Officer and President of Samsung SDI	Chairman, Reappointed	M
Int. Dir.	Lee Jung Wha	Head of Global Marketing of Samsung SDI	Reappointed	M
	Jeon Byeong Bok	Head of Battery Div. of Samsung SDI	Newly Appointed	M
Ind. Dir.	Bae Young Kil	Law Professor at Bukyung Univ.	Reappointed	M
	Jang June Chull	Representative of Jang June Chull Law firm	Not Changed	M
	Im Jin Tack	President of Joongang Accounting Firm	Newly Appointed	M
	Kim Hee Kyung	Finance & Insurance Professor at Sangmyung Univ.	Newly Appointed	F

Committees under BOD

There are three committees, namely the Management Committee, the Audit Committee and the Nominations Committee, for the prudent operation of the BOD and enhanced expertise in decision making.

The Management Committee has three members including the CEO, and decides on major business issues delegated by the BOD. The Audit Committee has three independent directors and reviews the quarterly settlement of accounts and accounting management. The Nominations Committee has two internal and two independent directors and recommends candidates for the independent director position to the general assembly of shareholders.



Evaluation and Compensation of the Directors and Management

A director's wage is determined at the general assembly of shareholders, within the approved limit, and according to each director's contribution to the business. Management is evaluated and compensated by the individual's performance evaluation results, considering not only financial contribution, but also risk management such as safety, environment, labor-management relationships, poor performance/corruption, and security.

SM (Sustainability Management) Steering Committee

The SM Steering Committee is the highest decision making body for sustainability management, including the entire management and the CEO, and holds regular meetings twice a year to discuss and approve sustainability management strategies and performance. Under the SM Steering Committee is SM Secretariat, which is responsible for planning and coordinating the companywide execution of sustainability management. In the SM Steering Committee meeting held in March 2009, participants shared sustainability trends, environmental mid-term strategies and each division's SM strategies in action. What also took place was a training on BCM (Business Continuity Management), part of the business risk management of the Battery Div., which broadened common understanding of the management.

For details, see the Sustainability - Value & System tab at Samsung SDI's website http://www.samsungsdi.com/en/front/sustain/s1_1.jsp



Risk Management

As globalization, informatization, digitalization and emergence of new technologies all appear to pose new and realistic threats, comprehensive risk management has become a key subject for corporate management. Samsung SDI has in place a companywide risk management system which regularly reviews and prevents financial and nonfinancial risk elements in and outside of its business areas. Within the Battery Div., the company is establishing the BCM (Business Continuity Management) system, which will ensure the business continuity of the core business of Samsung SDI. This will secure the competence to supply its products and services to major customers even in times of emergency such as natural disasters or accidents.

Business Continuity Management

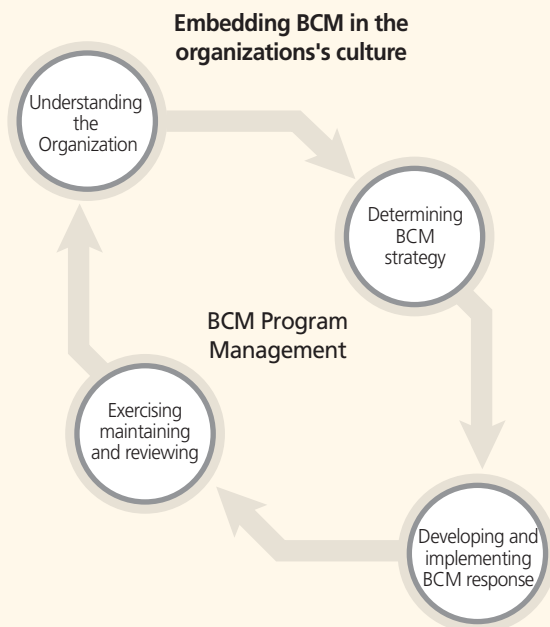
Business Continuity Management (BCM) is a set of processes that establishes and executes companywide policies and systems in order to resume core business functions within a limited time in case of massive disasters or crisis. Since late 2008, Samsung SDI has been working on establishing the BCM system to secure the continuity of the battery business and meet the needs of major stakeholders and customers in times of possible business crisis.

BCM System Development



In December 2008, a TF encompassing all areas of the Battery Div. was organized, which carried out the business impact analysis and risk assessment, and identified critical activities for business resumption in cases of emergency and major risks related to the battery business. Samsung SDI will also set business continuity strategies and detailed action plans (Business Continuity Plan, Recovery Plan and Incident Management Plan), and have BCM take root as part of the corporate culture through repetitive training and maintenance efforts.

BCM Life Cycle



Securing Sustainability through BCM

Lee Ho Jun,
Chief Researcher at Samsung Loss Control Center
of Samsung Fire & Marine Insurance Co.,LTD.

Sustainability in the global economy has emerged as a pending task to manage exposed risks of varying kinds and satisfy customers' expectations. Protecting business and stakeholders through BCM is an inevitable process for reliable global business management and to fulfill corporate social responsibility in this global society. Securing Samsung SDI's business continuity will serve as a foundation not only to manage unexpected risks, but to ensure the sustainability of a supply chain growing ever complicated.

Risk Management Tools

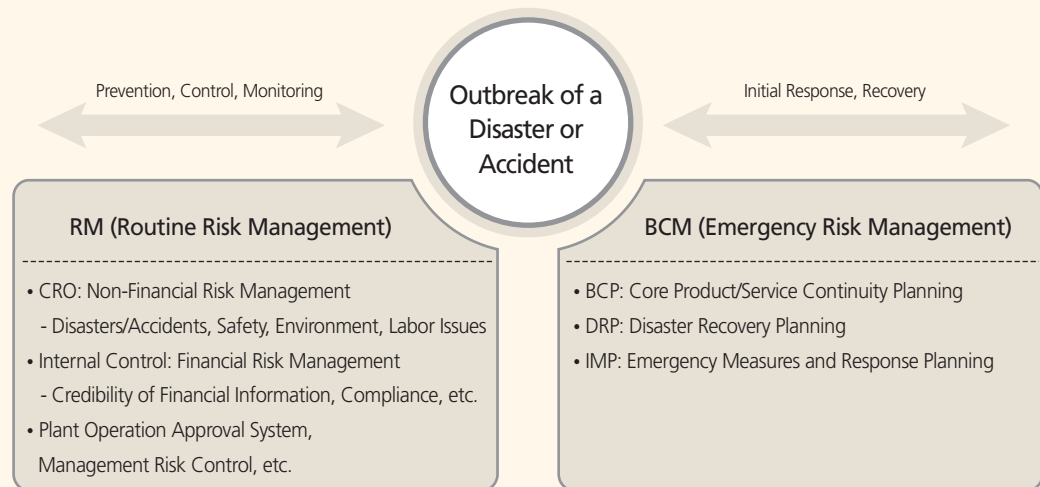
CRO (Chief Risk Officer) | Samsung SDI has a CRO (Chief Risk Officer) to prevent and alleviate nonfinancial risks in and outside of the company, including natural disasters, accidents, health and safety issues, environment and labor-management issues. The CRO, who is also the Corporate HR Director, selects a risk manager in all plants who detects nonfinancial risks and manages preventive activities. In addition, the CRO responds to emergencies promptly and efficiently to minimize the impact on business.

Plant Operation Approval System | The Plant Operation Approval System of Samsung SDI comprehensively manages possible risks that arise when building new or additional production lines, or risks in the process of new business investments. Through this system, Samsung SDI monitors the progress of construction and eliminates risk factors proactively from the project planning stage to the very initiation of commercial production.

Internal Control System | The objective of the Internal Control System is to ensure compliance to relevant laws, company policies, regulations, and due process in carrying out business activities. Through the Internal Control System, Samsung SDI fulfills its obligation of legal approval by the CEO/CFO regarding financial information and disclosed data, prevents risks of possible breach of laws, policies and process, and gears up the overall process of the company.

In addition, the system enables Samsung SDI to regularly monitor the possible risks in managing company reputation, and risks in each area that may lower the business efficiency and hamper the fulfilling of business goals.

Risk Management System



Ethical Management

Employees of Samsung SDI are building a transparent and clean corporate culture upon Samsung Values and Samsung Business Principles.

Training on Ethical Management

Since the launching of the online ethical management course in 2007, a total of 3,865 employees have completed the course. The course will become mandatory for every employee and the contents of the training will be updated regularly. Meanwhile, Samsung SDI has included Samsung Values and Samsung Business Principles and anti-corruption policy in the training courses for new hires, newly promoted employees and those to be sent to overseas sites, to ensure systematic and repetitive education.

2008 Ethical Management Trainees

	Management	Employees	Total
Trainees	9	1,265	1,274

*Korea only

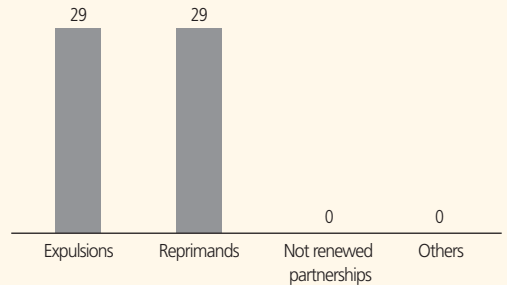
Anti-Corruption Monitoring and Countermeasure

In order to detect any irregularities and corruption in the entire company, Samsung SDI has a constant monitoring system which operates under the audit team. With the principle of complete confidentiality, unfair business activities or irregularities are reported through various routes such as the ethical management website, intranet, telephone, email and personal interviews. The results are promptly sent to the informant via telephone or email.

In addition, the company monitors budget execution and possible signs of embezzlement through the IT system, and constantly analyzes the transactions for possible collusion in departments serving as contact points with external stakeholders.

At the same time, through the audit team's activities in and outside of the company, any risks regarding corruption are being detected, and a separate anti-corruption audit is held for business areas or sites recognized of their high risk. When irregularities are exposed, rigid countermeasures are imposed according to regulations. During the report period, there was an anti-corruption audit on the Dongguan plant where 29 employees were found and punished for their corruptive actions; in the Busan plant, a financial irregularity was found and the case is currently pending in the civil and criminal court against the involved employees.

Countermeasure on Corruption



Compliance to Laws and Regulations

In 2008, in all of our business sites home and abroad, there have been no violations of the respective country's laws, regulations or international declarations or treaties that resulted in Samsung SDI to be fined or disciplined for such acts. However, investigation into the fair trade practice in CRT, also reported last year, is currently underway.



For details, see the Sustainability - Value & System tab at Samsung SDI's website http://www.samsungsdi.com/en/front/sustain/s1_1.jsp



Economic · Social Performance

		2004	2005	2006	2007	2008	
		SDI	SDI	SDI	SDI	SDI	SMD
Employment (Unit: people)		28,506	27,882	28,168	25,229	15,121	7,732
Region	Korea	10,064	10,045	11,449	10,618	6,718	2,608
	Asia (non-Korea)	13,515	13,591	13,554	12,502	6,115	5,124
	Europe	2,219	1,785	1,188	663	565	–
	America	2,708	2,461	1,977	1,446	1,723	–
Type	Regular	27,120	26,738	27,509	24,385	14,145	7,693
	Contractual	108	152	175	178	146	28
	Outsourced	1,278	992	484	666	830	11

* As the mobile display (LCD, AMOLED) business was split and Samsung Mobile Display (SMD) was established in September 2008, employment status of Samsung Mobile Display as of the end of 2008 was included for the comparison with the past data.

Indicator		2004	2005	2006	2007	2008	
Sales (Unit: KRW billion)		6,619	5,510	4,634	3,932	5,303	
Net income (Unit: KRW billion)		742	242	89	(592)	39	
Current ratio (Unit: %)		153.15	184.83	149.72	182.71	232.25	
Liability ratio (Unit: %)		50.0	41.72	43.62	49.87	41.92	
Government support (Unit: KRW billion)		158	101	64	27	77	
Local sourcing ratio (Unit: %)		60.1	62.4	65.5	62.2	61.2	
Turnover (Unit: %)		21.4	22.3	26.8	34.4	32.4	
Region	Korea	6.6	8.3	7.8	12.1	15.3	
	Asia (non-Korea)	24.7	26.7	33.6	49.3	41.3	
	Europe	28.4	26.9	81.8	88.4	50.5	
	America	56.1	53.0	56.7	50.6	64.8	
Gender	Female	22.3	25.5	33.3	49.1	50.0	
	Male	20.8	19.7	21.6	23.7	25.1	
Age	Under 30	27.2	28.6	30.9	44.2	41.3	
	30~50	10.4	11.2	17.3	17.4	22.0	
	Above 50	15.5	15.4	121.4	45.4	55.0	
Per capita hours trained (Unit: H) *Korea only		107	144	185	110	107.5	
Position	Executive	N/C	N/C	25	8	5.7	
	Senior managers	N/C	N/C	232	151	121.7	
	Junior employees	N/C	N/C	173	99	103.9	
Injury rate (Unit: total injury count/total hours worked X 200,000)		0.43	0.32	0.29	0.14	0.19	
Region	Korea	0.06	0.05	0.08	0.05	0.03	
	Asia (non-Korea)	1.27	0.87	0.42	0.46	0.08	
	Europe	1.37	0.84	1.26	0.55	0.68	
	America	0.39	0.36	0.29	0.13	1.66	
Absenteeism rate (Unit: total days of absenteeism/total hours worked X 200,000)		N/C	N/C	25.33	5.82	4.95	
Region	Korea	5.50	59.32	5.99	4.20	2.56	
	Asia (non-Korea)	N/C	N/C	17.77	19.69	2.24	
	Europe	N/C	N/C	11.08	30.92	14.57	
	America	N/C	N/C	42.10	3.08	33.24	
Matching grant value (Unit: KRW million)		736	861	946	564	574	
Employees		368	430	473	423	374	
Company		368	430	473	141	200	
Cumulative numbers of free eyesight recovery operation beneficiaries (Unit: people) *Korea only		95,416	104,636	110,499	120,672	131,775	

Environmental Performance

Indicator	Scope	Unit	2002	2003	2004	2005	2006	2007	2008	
Input	Energy	Global	TJ	8,584	8,891	10,071	9,872	9,371	8,301	7,214
		Korea	KRW 100 million/TJ	5.89	5.77	6.10	5.40	4.89	4.70	7.18
	Water	Global	kiloton	15,819	15,190	17,497	17,418	16,148	12,805	10,757
		Korea	KRW 100 million/kiloton	3.19	3.38	3.51	3.06	2.84	3.05	4.82
		Korea	kiloton	4,701	4,637	5,374	6,384	6,009	5,233	4,932
	Hazardous Chemicals	Global	ton	19,195	20,179	26,351	47,822	47,452	33,041	33,001
		Korea	KRW 100 million/ton	2.63	2.54	2.33	1.11	0.96	1.18	1.57
	Greenhouse Gases	Global	ton	914,275	950,273	1,101,159	1,091,277	924,336	846,956	773,862
		Korea	KRW 100 million/tCO ₂ e	0.055	0.054	0.056	0.049	0.050	0.046	0.067
Air Pollution	Global	tCO ₂ e	428,635	436,774	528,895	557,258	450,309	482,621	476,203	
	NOx (Korea)	KRW 100 million/kg	21.34	20.56	43.46	6.93	16.87	8.12	7.64	
	SOx (Korea)	KRW 100 million/kg	33.05	51.09	116.14	148.41	425.47	N/A	N/A	
Ozone Depleting Substances	Global	Dust (Korea)	KRW 100 million/kg	1.43	1.93	3.09	4.07	2.41	3.17	2.96
	Global	kgCFC11eq	1,473	1,532	2,754	1,254	1,205	1,013	915	
	Korea	KRW 100 million/kgCFC11eq	34	33	22	43	38	39	57	
Output	Wastewater	Global	kgCFC11eq	249	117	160	184	70	48	76
		Korea	kgCFC11eq	249	117	160	184	70	48	76
	Water pollution	Global	kiloton	10,933	10,751	11,603	12,336	11,807	9,282	8,077
		Korea	KRW 100 million/kiloton	4.62	4.77	5.30	4.32	3.88	4.20	6.41
		Korea	kiloton	4,219	4,067	4,339	5,401	5,228	4,274	4,550
	Waste	BOD (Korea)	KRW 100 million/kg	0.81	0.67	0.58	0.28	0.34	0.15	0.12
		COD (Korea)	KRW 100 million/kg	0.59	0.55	0.71	0.28	0.26	0.18	0.12
		SS (Korea)	KRW 100 million/kg	1.30	1.12	1.41	0.52	0.38	0.26	0.24
		Global	ton	111,483	118,048	144,377	125,439	129,548	112,276	84,714
Waste	Global	KRW 100 million/ton	0.45	0.43	0.43	0.42	0.35	0.35	0.61	
	Korea	ton	51,278	51,045	58,251	48,112	57,582	57,166	36,825	
	Recycling rate (Global)	%	84.2	86.1	86.1	89.8	88.4	89.0	89.4	
	Recycling rate (Korea)	%	80.3	81.3	81.1	88.0	91.9	90.8	89.3	
	Landfill rate (Global)	%	15.8	13.9	13.9	10.2	11.6	11.0	10.6	
	Landfill rate (Korea)	%	19.7	18.7	18.9	12.0	8.1	9.2	10.7	

Notes Related to Environmental Performance Data

1. Apart from pollution data, the overall environment data are based on current Samsung SDI products as of 2009. The data of the previous year are different from what has been reported earlier because they do not include the environment data of Samsung Mobile Display. The pollution data are produced based on efficiency and we used the existing data since splitting the data is not realistically feasible.
2. Air and water pollution emission data are applicable only to Korea as some overseas subsidiaries operate under different pollution regulations, and emission measurement cycles are different from Korean standards. Such differences made global calculation of annual emission difficult.
3. Waste water volume refers to the volume of water treated after use in manufacturing processes. It does not include sewage. However, the Suwon headquarters and the Corporate R&D Center in Giheung process industrial wastewater together with sewage so their data are inclusive of general swage.
4. The hazardous chemicals are based on the 24 substances under the intensive control of Samsung SDI.

For details of each business site, see the Sustainability - Climate Change & Environment tab at Samsung SDI's website.
http://www.samsungsdi.com/en/front/sustain/s3_1.jsp



Consolidated Financial Statements

Consolidated Balance Sheets

Samsung SDI Co., Ltd. and Subsidiaries (Unit: KRW million)

The 39th fiscal year: December 31, 2008
The 38th fiscal year: December 31, 2007

	39 th (Current)	38 th (Previous)
	Amount	Amount
Assets		
I. Current Assets	2,537,599	2,282,637
(1) Quick Assets	2,117,801	1,786,699
(2) Inventories	419,798	495,938
II. Non-current Assets	4,231,223	4,832,055
(1) Investment Assets	1,818,242	1,646,479
(2) Tangible Assets	2,155,813	2,898,303
(3) Intangible Assets	78,092	94,119
(4) Other Non-current Assets	179,076	193,154
Total Assets	6,768,822	7,114,692
Liabilities		
I. Current Liabilities	1,092,630	1,249,327
II. Non-current Liabilities	906,895	1,118,164
Total Liabilities	1,999,525	2,367,491
Stockholders' Equity		
I. Capital Stock	240,681	240,681
II. Consolidated Capital Surplus	1,320,044	1,287,595
III. Consolidated Capital Adjustment	(203,765)	(208,329)
IV. Other comprehensive income	495,687	661,727
V. Consolidated Retained Earnings	2,684,641	2,645,768
VI. Minority Interests	232,009	119,759
Total Stockholders' Equity	4,769,297	4,747,201
Total Liabilities and Stockholders' Equity	6,768,822	7,114,692

Consolidated Statements of Operations

Samsung SDI Co., Ltd. and Subsidiaries (Unit: KRW million)

The 39th fiscal year: Year Ended December 31, 2008
The 38th fiscal year: Year Ended December 31, 2007

	39 th (Current)	38 th (Previous)
	Amount	Amount
I. Revenue	5,302,802	3,932,473
II. Cost of Sales	4,571,528	3,857,039
III. Gross profit	731,273	75,434
IV. Selling, general and administrative expenses	598,243	613,682
V. Operating income (loss)	133,030	(538,248)
VI. Other Income	1,036,318	378,655
VII. Other Expense	970,752	471,642
VIII. Income (loss) before income taxes	198,597	(631,235)
IX. Income tax expense (benefit)	38,720	(74,471)
X. Income (loss) from continuing operations	159,877	(556,763)
XI. Discontinued operation	102,565	46,388
XII. Net income (loss)	57,312	(603,151)
Net income (loss) of controlling company	38,874	(592,183)
Minority interest income (loss) of consolidated subsidiaries	18,438	(10,968)

Consolidated Statements of Cash Flows

Samsung SDI Co., Ltd. and Subsidiaries (Unit: KRW million)

The 39th fiscal year: Year Ended December 31, 2008
The 38th fiscal year: Year Ended December 31, 2007

	39 th (Current)	38 th (Previous)
	Amount	Amount
I. Cash flows from operating activities	778,240	57,733
1. Net income (loss)	57,312	(603,151)
2. Addition of Expenses Not Involving Cash Outflows	1,235,183	1,118,635
3. Deduction of Revenues Not Involving Cash Inflows	(481,837)	(165,137)
4. Changes in assets and liabilities:	(32,418)	(292,614)
II. Cash Flow from Investing Activities	(988,728)	(304,466)
1. Cash inflows from Investing Activities	372,675	391,421
2. Cash Outflows from Investing Activities	(1,361,403)	(695,887)
III. Cash flow from Financing Activities	354,138	140,415
1. Cash inflows from Financing Activities	469,717	576,380
2. Cash outflows from Financing Activities	(115,578)	(435,964)
IV. Net decrease in cash due to change of consolidated entity	17,393	-
V. Net increase in other cash and cash equivalents	74,011	27,111
VI. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV+V)	200,269	(79,207)
VII. Cash and Cash Equivalents at the Beginning of the year	808,840	888,047
VIII. Cash and Cash Equivalents at the End of the year	1,009,109	808,840

* This consolidated financial statement is a summary of validated data which underwent review and audit by KPMG Samjong Accounting Corp.
For details, please visit the electronic disclosure system in Financial Supervisory Service or contact Samsung SDI through the VOC system link on the Samsung SDI webpage.

* The FSS electronic disclosure system: <http://dart.fss.or.kr>

Cumulative Effect of Accounting Changes

In accordance with the amendment of Interpretation of Statements of Korea Accounting Standards 53-70, *Accounting of Derivative Instruments*, revised hedge accounting is applied to the derivative instruments for the year ended December 31, 2008. As of December 31, 2008, as a result of adopting this revised accounting policy retroactively, derivative assets of ₩65,840,000 thousand and derivative liabilities of ₩9,669,459 thousand has been reclassified at the net amount of ₩56,170,541 thousand as derivative assets. In addition, derivative assets of ₩1,980,000 thousand and derivative liabilities of ₩5,148,106 thousand for the prior period has been restated at the net amount of ₩3,168,106 thousand as derivative liabilities.

Reclassification of Accounts in Consolidated Financial Statement Presentation

- The Consolidated Company has reclassified other current asset of ₩362,483 thousand and materials-in-transit of ₩11,631,837 thousand for the prior period to cash and cash equivalents and finished goods for comparative purposes.
- The prior period consolidated financial statements have been reclassified to reflect the effects of the accounting changes described in note 28 to the consolidated financial statements.

Independent Assurance Statement

Scope and objectives

Samsung SDI commissioned Two Tomorrows (Asia) Limited to undertake independent assurance of its 2008 Sustainability Report. The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide Type 2 assurance, which covers

- evaluation of adherence to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness (the Principles) and
- the reliability of specified sustainability performance information.

The performance information included in scope was:

- all data and key claims in the report;
- financial information in the report was outside the scope of this assurance;
- GHG data was excluded from scope as it is covered by a separate accompanying statement; and
- additional information provided on the Samsung SDI website was not assured.

We used the Global Reporting Initiative (GRI) Quality of Information Principles as criteria for evaluating performance information. Where data was prepared using the GRI Indicator protocols these were used as additional criteria.

Responsibilities of the directors of Samsung SDI and of the assurance providers

The directors of Samsung SDI have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of Samsung SDI, however our statement represents our independent opinion and is intended to inform all of Samsung SDI stakeholders including the management of Samsung SDI.

We were not involved in the preparation of any part of the Report. We have no other contract with Samsung SDI and this is the fourth year that we have provided assurance. We adopt a balanced approach towards all Samsung SDI stakeholders.

Our team comprised MinGu Jun, project leader, InMog Yang, lead associate and this assurance statement was prepared by the team in English, and reviewed and signed off by Jason Perks, a Two Tomorrows Group Director. Further information, including individual competencies relating to the team can be found at: www.twotomorrow.com

Basis of our opinion

Our work was designed to gather evidence with the objective of providing moderate assurance as defined in AA1000AS (2008). We undertook the following activities:

- Review of Samsung SDI's materiality assessment alongside a media review to identify the current sustainability issues that could affect Samsung SDI and are of interest to stakeholders;
- Interviews with one executive vice president, selected senior managers and employees responsible for management of sustainability issues and review of selected evidence to support issues discussed. The interviewees were arranged by Samsung SDI and agreed by us;
- Review of Samsung SDI approach to stakeholder engagement and recent outputs;
- Review of information provided to us by Samsung SDI on its reporting and management processes relating to the Principles;
- Site visits to Suwon headquarters and Cheonan manufacturing site to review process and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose sites, but visits to non-Korean sites were excluded;
- Review of supporting evidence for key claims in the report;
- Review of the processes for gathering and consolidating data and, for a sample, checking the data consolidation. Sampling was based on prioritising data from the most material issues;
- An independent assessment of Samsung SDI Reporting against the Application Level for the Global Reporting Initiative (GRI) G3 Guidelines. The focus of the assessment was on changed, omitted or new information. We relied on our assessment last year for repeated information.

Findings

We reviewed and provided feedback on drafts of the Report and, where necessary, changes were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Samsung SDI's adherence to the Principles or its sustainability performance.

We have confirmed that the GRI indicators referenced in the GRI index pages are reported either partially or fully. In our opinion the reports meets the criteria within the GRI G3 guidelines to an application level of B+.

Observations

Without affecting our assurance opinion we also provide the following observations.

Reporting on the recent business restructuring to become an 'eco-friendly energy company' and the related new vision, strategies and targets is encouraging. In particular, the setting up of specific environmental targets to achieve the Green, Responsible and Sustainable vision and the strong commitment on business continuity and risk management is commendable.

Consistent reporting on progress against these targets in the future will be a key priority. Establishing strategies and targets to address social impacts remains an ongoing challenge, given the changing business structure and needs to be built

on more robust and effective engagement with impacted stakeholders. Although not within the scope of the assurance process, employees and local communities at some of Samsung SDI's overseas sites have been particularly affected during the restructuring. A systematic review of economic, social and environmental changes at these sites should be considered, and key findings included in future reporting.

Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

- Samsung SDI has various stakeholder communication channels. Whilst it is clear that these channels have been actively used by each functional division to inform their strategies and decision-making process, the engagements do not yet fully cover the wider range of non-traditional sustainability issues.
- For example, market demands for greater environmental performance of products are increasing and Samsung SDI is responding with increasingly comprehensive disclosure of product environmental attributes. Further work to identify environmental impacts during the whole life cycle of products and consideration of these impacts in relation to relevant stakeholders will improve the completeness of reporting in this area.
- The Voice of Customer system is the main communication channel for many existing and potential stakeholders. Whilst it is providing easy and wide access, further channels need to be provided for those who have limited internet access. Enhancing the sustainability awareness and competency of the staff receiving and acting on information through this system will ensure more effective communication between functional divisions and the SM office.

Material issues are those which are necessary for stakeholders to make informed judgments concerning Samsung SDI and its impacts.

- It is encouraging to see that Samsung SDI's materiality process continues to evolve, which enhances our ability to provide an assurance opinion in this area. Further improvements could be made by assessing the relative prioritisation of each issue. This would provide further focus and clarity for reporting and the company's responsiveness.
- We recommend integrating input from functional stakeholder engagement channels to further enhance the robustness of the materiality process.

Responsiveness concerns the extent to which an organisation responds to stakeholder issues

- The reported improvement of the S-partner programme by reflecting EICC criteria in the S-partner check list is highly commendable. There has been a specific request from a global customer to improve the way Samsung SDI manages suppliers in the social and environmental high risk regions of developing countries. It is intended that focussing the S-partner programme in these regions will enhance effectiveness of the program.

- We also recommend that Samsung SDI should consider how to address labour issues raised by local media.
- Samsung SDI puts the recent 'eco-friendly energy company' strategy in context by making the recognition that climate change is both a risk and strategic opportunity for the company and the Korean nation. We recommend Samsung SDI should provide further explanation of wider risks and opportunities (such as changing regulation and markets) , to assist stakeholders in understanding the value of the new business strategy.
- Sustainability issues are linked to the work of all functional divisions including planning, R&D and marketing. During the assurance process we found all the divisions were working on their key issues but with limited awareness of the potential overall impact on the company's sustainability performance. We recommend work to further raise awareness amongst the divisions and to establish a systematic management process to improve cross divisional performance, data management and reporting efficiency.
- In each business area, there is good coverage of relatively positive environmental aspects and commitment to further development. Coverage of relatively negative aspects and specific plans to address them will improve the balance of reporting.

Performance Information

- We recommend that Samsung SDI should consider how to improve the clarity of year on year progress reporting, for example by setting targets and reporting performance against them. We also recommend that the balance of reporting would be improved by inclusion and discussion of areas of less positive performance, alongside reporting of performance improvements.

Two Tomorrows (Asia) Limited
Seoul, Korea
15th May 2009



Jason Perks
CEO/Group Director

MinGu Jun
Project Leader

InMog Yang
Lead Associate

* Two Tomorrows (Asia) Limited trading as Two Tomorrows was formed from the merger of Csrnetwork and Sd3 in January 2009, Two Tomorrows is an international consultancy that helps companies to perform better and create value by doing business in a sustainable way. www.twotomorrow.com

Verification Opinion

Samsung SDI Co., Ltd.

Busan Plant, Suwon HQ, Chunan Plant and Corporate R&D Center located in Korea. Shenzhen Plant, Dongguan Plant, Shanghai Plant and Tianjin Plant located in China. Brazil Plant, Mexico Plant, Hungary Plant and Malaysia Plant located in Overseas Area.

Scope:

The annual GHG emissions are for 2008 calendar year and adjusted GHG emissions are for 2002~2007 calendar year. The physical scope is within the boundary of the 12 sites mentioned above. GHG emissions for SCOPE 1 (Direct-emissions from the plant), SCOPE 2 (Indirect-energy related) and partially SCOPE 3 (Indirectemissions from outsourced activities) as defined in WBCSD/WRI GHG protocol Chapter 4 "Setting Operational Boundaries"

Data Verified:

The Green House Gas Emissions for the period of 2002~2008 calendar years are as follows:

Year	2002	2003	2004	2005	2006	2007	2008
tCO ₂ e	914,275	950,273	1,101,159	1,091,277	924,336	846,956	773,862

GHG Criteria & Protocols used for Verification:

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

- The Kyoto Protocol to the United Nations Framework Convention on Climate Change - 11 December 1997.
- 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 Global Best Practice - Issued September 2003

as the principal reference documents.

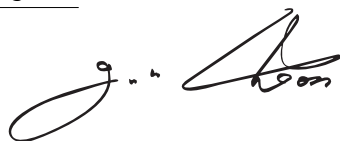
BSI Management Systems standard confidentiality arrangements were in force for all of the activities that were part of the verification.

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 Guides 65, EA-6/01 and Guide 66, 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.

Signed :



JK Cheon / BSI Korea President

Issued Date: 8 May 2009

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* (H): If relevant data are disclosed only at the corporate website.

For details, see the Sustainability tab at Samsung SDI's website.
http://www.samsungsd.com/en/front/sustain/s1_1.jsp



		GRI Application Level					
		C	C+	B	B+	A	A+
Mandatory	Self Declared		Report Externally Assured				Report Externally Assured
	Third Party Checked						
Optional	GRI Checked						

Listening to You

Fax: 031-8006-3879

We capture your valuable opinions through our Samsung SDI Sustainability Report.

We will gather your opinions through this questionnaire and incorporate them into Samsung SDI's business management activities and our next sustainability report, where you can find out the overall survey result.

Which of the following best describes you or your affiliation?

- Samsung SDI Customer Institutional investor (SR investor) Individual investor Supplier Government NGO
 Industry association/Research institution Company Community resident Academic Media Others ()

What motivated you to read Samsung SDI's sustainability report?

- To obtain investment information To create a sustainability report (or CSR report) To evaluate Samsung SDI
 To serve research and education purposes To get specific information (information type:) Others ()

Which did you find the most interesting? (In detail)

- _____

Please tick the box which best describes your impressions on the report

- | | | | | | |
|--|-------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|------------------------------------|
| Contents are easy and clear to understand | <input type="checkbox"/> Not at all | <input type="checkbox"/> Not really | <input type="checkbox"/> Moderate | <input type="checkbox"/> Agree | <input type="checkbox"/> Very much |
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Which of the following could be improved?(Multiple choice allowed)

- | | | | | |
|---|---|---|--|--|
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| <input type="checkbox"/> Solar cell | <input type="checkbox"/> PDP | <input type="checkbox"/> Suppliers support | | |

Please let us know your question and opinions on Samsung SDI's sustainable management and the sustainability report.

We're here to meet you

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Homepage	● Samsung SDI	http://www.samsungsdi.com
	● Sustainability	http://www.samsungsdi.com/en/front/sustain/s1_1.jsp
	● Ethical management	http://www.samsungsdi.com/eng/ethics/audit/main.jsp

Listening to You (Questionnaire for the Sustainability Report)

Your comments are valued and will be included in the Sustainability Report. Participate in the survey through the questionnaire enclosed in this report or at the Sustainability section of the company homepage.
http://www.samsungsdi.com/en/front/sustain/s4_4.jsp

Voice of Customers (VOC System)

You can make suggestions and comments on Samsung SDI at the company homepage.
http://www.samsungsdi.com/en/front/cs/cs_2_2.jsp



First Korean Company to be Listed on DJSI for 5 Consecutive Years

DJSI (Dow Jones Sustainability Indexes) produced by Dow Jones, the world's biggest financial information company and SAM, the global asset management company based in Swiss, comprehensively evaluate the sustainability of companies with their economic, social and environmental values. DJSI is recognized globally as a trusted parameter for corporate investments.

In the 2008 sustainability evaluation on some 2,500 companies worldwide, Samsung SDI was again listed on DJSI in the area of electronic equipment industry, for five consecutive years since 2004, when it was listed on the index for the first time among Korean companies.



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