Highlight in 2008

- Adopting “Flexible Time” program to maximize employee creativity
- Monitoring “Over-time Work” to help improve life quality of employees

Material issues regarding “Building a Creative Corporate Culture”

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* C - Customers, E - Employees, I - Investors/Shareholders, L - Local Communities, G - Government, P - Partners, N - NGO, NPO
At Samsung Electronics, we believe that a creative corporate culture grows out of the technological search for innovation and its application. When I first developed the “Bubble washing machine,” we were able to successfully launch the prototype through effective communications that were based on the fine-tuning of different views and perspectives on development, marketing, product planning and sales through thousands of discussions. However, researchers inherently looked for “innovative” ideas and technologies. A number of failures and prejudices from the trials and errors of the development process were the largest obstacles in putting “innovative” ideas into practice. This barrier can be broken down to build stronger assurances through a number of verifications and databases. Nevertheless, these procedures can sometimes result in a waste of time. I think we need to reduce the waste with more open-minded thoughts and perspectives.

Promoting a Creative Organizational Culture

- **Encouraging Suggestions for Work Process Improvement**
  Samsung Electronics implements various programs to support employees’ suggestions so that ideas can bear fruit. We offer incentives for the filing of patents, provide a knowledge management system to share expertise and knowledge amongst employees, and support community activities. We also offer incentives for idea suggestions to encourage our employees to proactively participate in knowledge sharing within Samsung Electronics. As a result, a total of 3,515 patents were filed in the U.S. in 2008.

- **Adopting a Flexible Time program**
  Samsung Electronics adopted a “Flexible Time” test program in 2008 in selected business divisions to maximize the creativity of its employees. This test was the expression of our determination to shift from a time management-based corporate culture to a creativity-oriented corporate culture. Under the program, employees are empowered to flexibly manage their office hours as long as they work a total of eight hours each day. If this test proves successful, we will expand the program to a company-wide level.

- **Work-Life Balance**
  Because social norms have changed, an increasing number of female workers are participating in economic activities and retaining high potential employees has become the key to successful business operations. Happiness has become the overarching value of employees’ quality life, giving rise to greater social interest in balancing work and life. Therefore, Samsung Electronics also supports and encourages the employees to balance their work and life. In case anyone works overtime, their supervisor and the employee are notified to insure they comply with the legal overtime work requirements. For the creativity of the employees, Samsung Electronics also provides vacations for self-management and other vacation programs including family theme tour packages.

- **Welfare Programs**
  Samsung Electronics shares and cares about its employees’ concerns over their health, children’s education and post-retirement life and helps them prepare for their future in order to enhance employee satisfaction and provide better working environments. In addition to the basic legal welfare programs such as premium subsidies for National Pension, Industrial Accident Compensation Insurance and Employment Insurance, we also provide medical subsidies, a corporate pension program, work-out facilities and condominium rental services.

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**Interview with Stakeholders**

**We believe that a creative corporate culture grows from the quest for new technologies and application**

Hyun-Sook Kim, senior engineer, the developer of Bubble Washing Machine
Building a Great Work Place (GWP)

With an aim to realize a “Great Work Place (GWP),” Samsung Electronics has analyzed its corporate culture by utilizing the confidence index of “The 100 Best Companies to Work For” by Fortune Magazine since 1998. In 2007, we concluded a global contract with the “Great Place To Work (GPTW)” of the U.S. for a confidence index survey of our domestic and overseas workforces, which contribute to building a corporate culture that fits our global stature. Based on the GWP analysis results, each division and department prepare and implement improvement plans to build a GWP by filling the gaps in the five survey categories which are of trust, respect, fairness, pride and solidarity. Also, 400 GWP officers supervise and implement corporate culture improvement activities at each workplace.

Based on the belief that sharing best practices is one of the most effective ways to build the GWP, Samsung Electronics operates a separate GWP portal within its intranet and publishes the GWP magazine to share best practices of improving corporate culture and GWP-related information. In particular, the semiconductor and LCD business divisions hold GWP Awards to encourage pertinent departments and employees to share their GWP activities and performances, every year-end.

Talent Management

Samsung Electronics believes the tradition of valuing “People” is the key to building a creative corporate culture. “People” are the most valuable asset as we carry out our business activities based on the principles of human respect. To ensure sustainable growth in this rapidly changing business environment, we strongly believe that it is critical to recruit and retain talented people with creative, enterprising spirits and competent employees who can flexibly respond to fierce international competition and globalization.

Samsung Electronics abides by the international labor standards and local labor regulations to enhance employee value, while eliminating discrimination based on gender, race, religion, social position or payment or illegal labor practices such as child or forced labor at the source. At the same time, we implement a variety of GWP activities to build the greatest work place based on a creative and enterprising corporate culture, thereby attracting and retaining the most talented people.