

Partner Collaboration



Samsung Electronics carries out diverse activities to help partner companies become stronger and more competitive. In 2011, we will pursue mutual growth and progress to bring about a paradigm shift in our partner collaboration initiatives. We will also continue to support our partners in their pursuit of CSR activities.

Mutual Growth

Mutual development with partner companies is essential to gain a sustainable edge in the global markets. Integration and convergence of industries coupled with increasingly sophisticated technologies are making it difficult for a company to survive on its own. This has sparked competition between corporate networks instead of just competition between individual companies. In other words, the capabilities of partner firms, including SME partners, have a vital role in determining a company's competitive advantage. In particular, superior components are critical to producing superior products in the electronics industry. We believe that boosting the capabilities of partner SMEs and enhancing mutual trust is important to building a strong supplier network. Accordingly, we adopted seven key programs for mutual growth in August 2010.

Mutual Growth - Programs

In 2010, we introduced seven key programs for mutual growth to foster strong partner companies and enhance mutual competitiveness. Whereas earlier programs focused on direct suppliers, the new programs also encompass firms further down the supply chain. A wide range of activities are planned for 2011 under the seven key programs. In December 2010, the Partner Collaboration Center was placed directly under the CEO for effective implementation of collaboration programs and a vice president was appointed to head the center to reinforce the status and role. Information on progress in the seven key programs for mutual growth will be disclosed in next year's edition of the Sustainability Report.

Mutual Growth - Performance

Samsung Electronics extended various forms of support to partner companies, mainly in the areas of HR development, innovation capabilities and communication in 2010.

Seven Key Programs for Mutual Growth

- Win-win fund for partner companies
- Timely reflection of raw material price changes in parts purchasing prices
- Temporary registration scheme to promote e-transactions
- Support for indirect suppliers
- Joint technology development center
- Fostering "global best companies"
- Support for recruiting activities of SMEs

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2. CSR Support for Business Partners

HR Development

Job Training

We offer a broad range of training courses to enhance the job skills of workers at partner companies. The courses cover job skills and technology as well as innovation and management training to boost overall business capabilities. Based on partner company VOCs, we provide 46 customized training programs catering to workers in different job functions and ranks. All of the programs are offered free of charge.

Training Programs & Participants

(Unit: Persons)

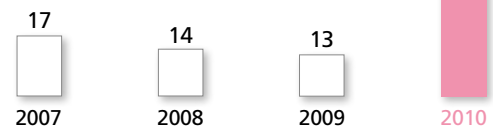
	Category	Programs	No. of training participants		
			2008	2009	2010
Korea training	Basic management	CEO Seminar, finance/HR/sales/purchasing, promotion to manager, etc.	319	1,542	2,922
	Technology	Molding master, injection molding/injection molding specialist, tools, circuitry	175	230	285
	Onsite management	Production specialist, quality specialist, production innovation, etc.	154	306	368
	Innovation techniques	GVE expert, Six Sigma, ERP, TRIZ, etc.	3,285	1,466	847
Overseas training	Partner collaboration innovation schools in China (Tianjin, Suzhou, Haizhou), SAMEX, TSE	249	1,853	935	

Future Leaders

Introduced in 2004, the future leader program is intended for the children of representatives of major partner companies. The program includes onsite learning in the purchasing, production and marketing and visits to global subsidiaries. It provides exposure to Samsung Electronics' corporate culture, management system and innovation activities to help nurture next-generation business leaders. A total of 31 children participated in this program in 2010.

Recipients of Future Leader Training

(Unit: Persons)



Support for IT Infrastructure

In 2010, Samsung Electronics provided support for innovation in the areas of technology, cost and production to improve the capabilities of partner companies. We also provided assistance related to system infrastructure such as Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) to help partners create a stable operating environment.

Technology Innovation

Innovative Technology Company Council

SMEs that hold core technologies and ideas are given the opportunity to pursue joint development projects, regardless of whether or not they have business transactions with Samsung Electronics. Twenty-four firms were chosen as first round members of the Innovative Technology Company Council in 2010. Six of the 14 members that did not have earlier dealings with us saw their new technologies being applied to Samsung Electronics products. They were registered as our suppliers and their 2010 revenues grew by more than 60% over the previous year. An exhibition was held in August to look back on the council's activities over the past 12 months, during which 65 newly proposed technologies were presented to our development and purchasing personnel. The second group of council members (totally 31 companies) was selected in February 2011. They include venture firms with core technologies such as smartphone application software and nano silver coating.

Technology Exchange Meeting

Samsung Electronics organizes technology exchange meetings to help partner companies boost their technological competitiveness through exchange with prominent overseas firms. Since 2004, partner firms have been introduced to 219 advanced technologies through 33 exchange meetings, and 26 of those technologies were adopted by partner companies.

Introduction of Outstanding Technologies

In conjunction with KIITECH, Samsung Electronics runs a program that introduces partner companies to advanced technologies held by government research centers and universities and promotes their commercialization. The program was launched in 2009 and its seven participants include KAIST, Sungkyunkwan University and research institutes related to materials, machinery, electronic components, photonics, and electronics and telecommunications. In 2010, the program presented advanced technologies for electric/electronics, materials and machinery. Joint efforts by the development and purchasing personnel of Samsung Electronics and engineers of partner companies led to the introduction of 21 technologies (e.g., tactile display) related to electric/electronics and 10 related to materials (e.g., high strength aluminum).

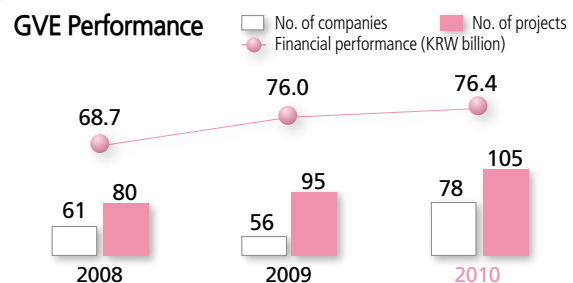
Cost Innovation

Partner Company GVE

Samsung Electronics supports cost reduction efforts of key partner firms and collaboration meeting participants. Pertinent departments of Samsung Electronics and partner companies can make suggestions on cost saving projects. Based on evaluations by experts, viable suggestions are chosen for implementation and review by professional consultants. In 2010, a total of 105 projects were implemented and their collective financial impact amounted to KRW76.4 billion.

Projects (Unit: Companies)

		2009	2010
Boosting ERP capability	Manage ERP operating standards	199	190
	MPS/MRP upgrade	13	14
IT infrastructure enhancement	Build SCM between partner firms	4	6
	System infrastructure improvement	7	11
Building SCM foundation for overseas partner firms	Process innovation guidance	24	25
	Build simple ERP	24	22

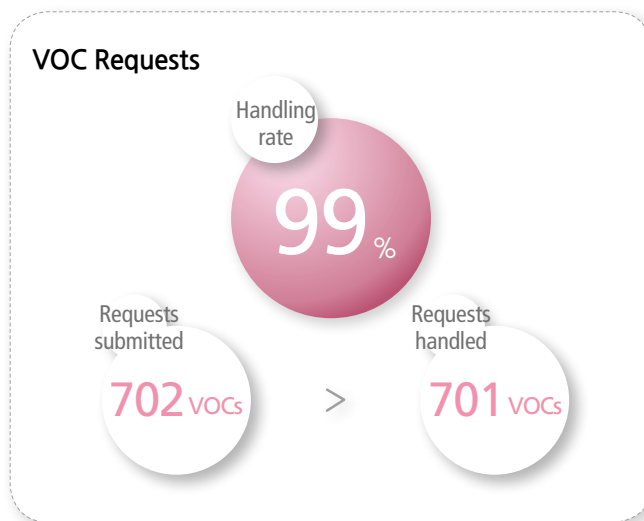




Two-Way Communication

VOC

Samsung Electronics maintains a VOC (Voice of Customer) system to collect partner companies' views and opinions. Diverse channels are used for VOC including e-mail, telephone and anonymous reports. In 2010, we received 702 VOC submissions (1,019 in 2009) and handled 701 of the requests. Topics covered in VOC included operation and system, support for partner companies, pricing, supply and compensation.



Requests Submitted & Handled

	No. of requests submitted	No. of requests handled
Language and attitude	3	3
Operation and system	84	84
Price, volume, compensation	46	46
Support for partner companies	53	53
Information disclosure	7	7
Indirect suppliers	29	28
IT-VOC & simple inquiries	480	480
Total	702	701

Family Satisfaction Index

The Family Satisfaction Index (FSI) survey is conducted every year by an outside agency as part of efforts to address the feedback from partner companies. In 2010, the survey was conducted on 364 companies and the survey results showed a decline of 4.9 points compared to 2009. The survey indicated high satisfaction levels for payment settlement and transaction culture, but lower satisfaction related to supplier selection, orders and delivery, and partner company support. We will step up activities related to the seven key programs for mutual growth with business partners in 2011 to increase satisfaction levels.

FSI Key Issues

1. Pricing that takes business environment into account
2. Support for partners' financing
3. Information on the industry and technology trends
4. Technology guidance and consulting tailored to partners
5. Information for technology development
6. Delivery

Cyber Ombudsman Service

We launched the cyber ombudsman service in November 2010 to receive and handle VOC requests submitted by business partners as well as indirect suppliers. Companies that have direct and indirect transactions with Samsung Electronics may submit VOC requests via the cyber ombudsman service. We promptly deal with submitted requests (Telephone: 080-200-3300, email: ssvoc@samsung.com)

