

Supplier CSR

Samsung Electronics is abiding by the Electronic Industry Citizenship Coalition's (EICC) common code of conduct as a guideline for fulfilling our corporate social responsibility, and we are making an active effort to have our suppliers abide by this same code of conduct.

We have supported the establishment of a CSR management structure by supplier companies and incorporated CSR activities as a part of our supplier evaluation criteria to further incentivize their participation in CSR activities.

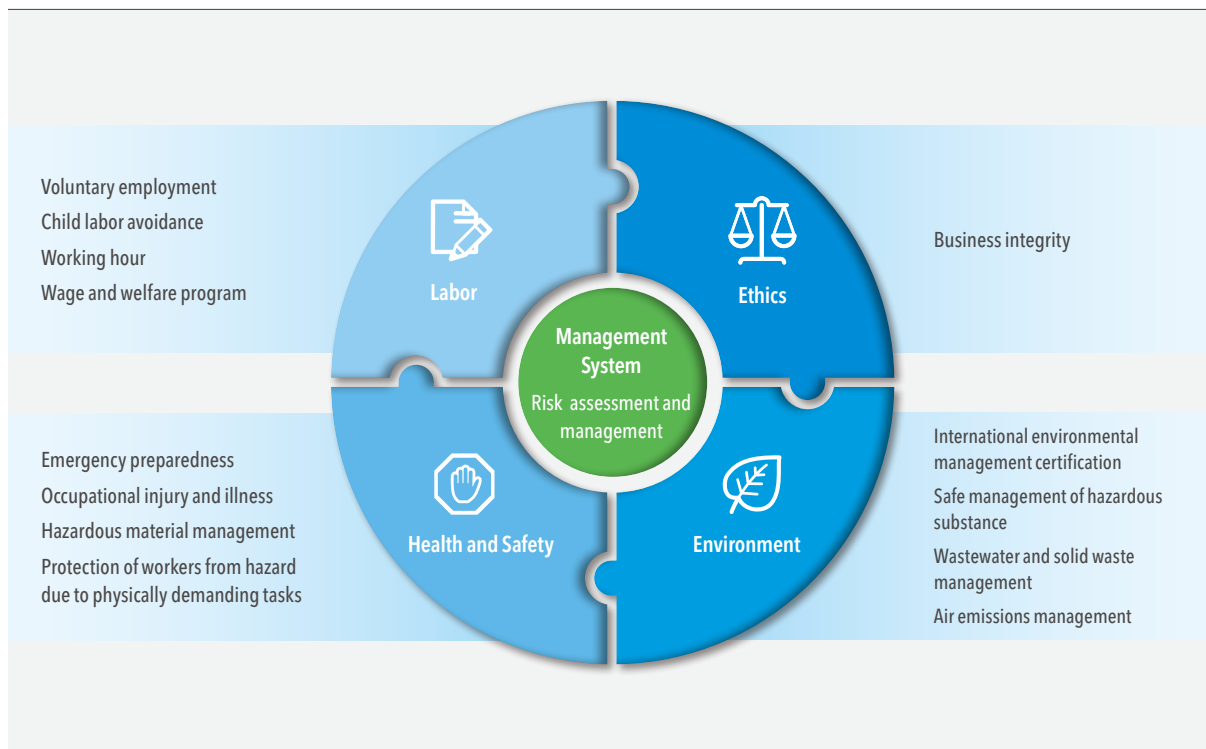
We also implemented a third party validation program of supplier CSR activities. We have made a statement of support for a ban on mineral products that come from conflict areas, and we are collaborating with government agencies and suppliers, in Korea and overseas, to support the ban.

Making CSR Activities a Part of Supplier Evaluation

Samsung Electronics has been conducting annual supplier evaluations using criteria including technological competitiveness and other internal criteria to identify leading suppliers. Additionally, the company has offered financial support and collaborative technology development opportunities. The evaluation results give suppliers a grade of A, B, C or D, and suppliers who receive a D evaluation two consecutive times or more are subjected to penalties including a ban on business with Samsung Electronics. Although CSR activities and achievements have been a part of the evaluation criteria in the past, we significantly increased its importance in the overall evaluation in 2011.

The CSR activity evaluation criteria consist of 20 different areas covering the EICC common code of conduct, including a ban on child labor, occupational health and safety, and environmental management.

Supplier CSR Evaluation Criteria



Improving Reliability of Supplier CSR Evaluation

Samsung Electronics has been evaluating supplier CSR activities since 2009 and inducing improvement on low-evaluated areas. In 2010, EICC decided to implement the Validated Audit Process (VAP), a third-party audit on operational sites, proactively responding to the growing demand of NGOs, and investment in rating agencies. The Valid Audit Process is a supplier CSR management program which consists of documentation review, employee/management interviews and operational site surveys by an EICC-certified third-party verification agency, results of which are evaluated by the EICC. In 2011, we selected six major suppliers for VAP. However, VAP was postponed due to natural disasters including the tsunami in Japan and major floods in Thailand, as well as the European economic crisis. The planned VAP is well under progress, and it will be completed before the end of 2012. The scope of VAP will be expanded to a larger number of suppliers in order to improve the credibility of supplier CSR management.

Supplier CSR Activity Promotion and Achievements

(no. of suppliers)

	Program	Accumulative
CSR training	Samsung Electronics CSR policy, EICC Code of Conduct, self-evaluation process	1,855
Supplier self-evaluation	EICC self-evaluation conducted through a supplier support system	2,545
Site survey	Site survey by Samsung Electronics and third party verifier appointed by EICC	1,795

- No. of companies conducted conflict mineral use survey & self assessment: 1,651

Propagation of EICC Code of Conduct Version 4.0

EICC recently revised its code of conduct through collaboration with stakeholders in order to strengthen member responsibility on CSR issues. The code of conduct includes a strict ban on indentured labor and trafficking in line with the California Transparency in Supply Chain Act legislated in March 2012. It also includes zero tolerance for unethical business conduct, increased disclosure of information for closer monitoring of business conduct, which reflects new legislation on improving business integrity by the US and UK governments.

The new code of conduct also includes a ban on the use of conflict minerals, compliance with privacy and information security laws. Samsung Electronics has produced a Korean language translation of the new code of conduct and has communicated it to suppliers along with a plan to conduct training to help the suppliers understand the changes to the code.

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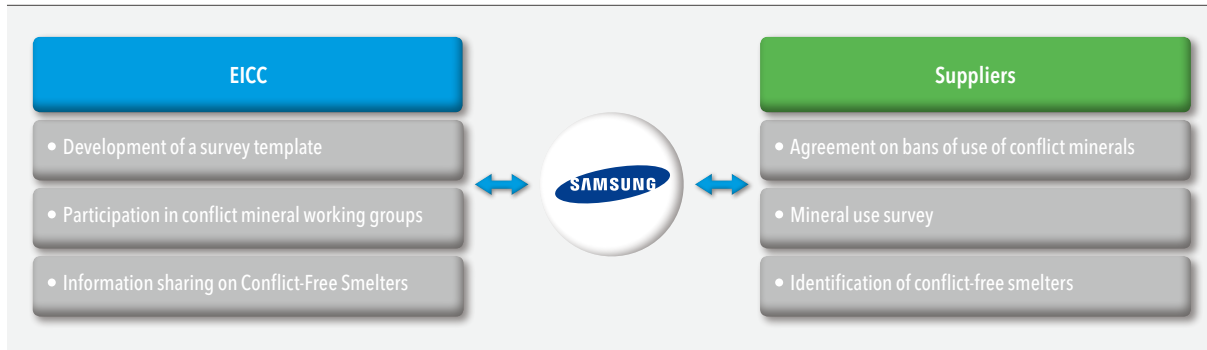
Ban on Use of Conflict Minerals

Child labor, sexual harassment and various human rights violations occur in the mineral extraction process in the Democratic Republic of Congo and neighboring African countries. The profits from illegally extracted minerals are then used to support armed groups. In 2010, the US government passed a law which banned the use of four 'conflict minerals' including tantalum, tin, tungsten and gold produced in the region.

The four conflict minerals are crucial raw materials for the manufacture of core components of electronics products, and therefore, all members of the electronics industry are making efforts to resolve the issue. The EICC has been leading the implementation of a ban on conflict minerals use by taking measures including development of common guidelines and assessment tools for the status of conflict mineral use, certification of conflict free smelters, and supporting public and private associations which operate in the countries of origin certification programs.

Samsung Electronics is also making active contributions in relevant EICC initiatives including the development of an assessment tool and conflict-free smelter certification. We are also making a significant effort on communicating the importance of avoiding use of conflict minerals to our suppliers as well as other members of Korean industries.

Collaboration Programs on a Ban on Conflict Mineral Use



Raising Awareness on Conflict Minerals

A close collaboration among smelters, suppliers and electronics product manufacturers is vital in realizing an effective ban of conflict minerals use. Responding to growing demands by NGOs, client companies and other stakeholders, Samsung Electronics has built a consensus for the necessity of the ban among our business partners, and we are now working toward establishing a foundation for collaboration on an effective ban of conflict materials.

In 2011, we held a seminar with the CEOs from 700 supplier companies on the importance of banning conflict minerals in our supply chain. The seminar served as an effective stepping stone in collecting their agreement for participation in the ban of conflict mineral use shortly after the seminar. The participating suppliers then conducted a conflict mineral use survey to check their status on compliance. The suppliers created lists of smelters they do business with and their status on use of conflict minerals. The suppliers then shared the list with international CSR institutes including the EICC and BSR to make the information available for other companies in the electronics business.

The supplier survey results indicated that a majority of suppliers were not using conflict minerals. However, many also did not have information on the origin of minerals used. We plan to conduct a more detailed survey on conflict minerals which complies with the U.S. Securities and Exchange Commission's enforcement ordinance on conflict minerals to be announced later in 2012. We also plan to establish a conflict mineral use monitoring system by conducting regular assessments of conflict mineral use in collaboration with suppliers. More detailed information on Samsung Electronics policies and survey results on conflict mineral can be found on our corporate website.

Number of smelters in 2011

Tantalum	Tin	Tungsten	Gold
2	24	2	8

And, according to the recently revised EICC code of conduct, version 4.0, Samsung will audit our suppliers about the usage of conflict minerals and smelters in addition to Human rights, Labor, Environment and safety.

Additional information (<http://www.samsung.com/us/aboutsamsung/sustainability/conflictminerals/conflictminerals.html>)

Collaboration with Governments

A government level response is essential in order to implement an effective ban on use of conflict minerals. Samsung Electronics has been conducting seminars and conferences on the importance of the ban on conflict minerals in partnership with key stakeholders including the Ministry of Knowledge Economy and the Korea Electronics Association. For example, we held a seminar on conflict mineral regulation compliance for key members of the Korean electronics industry in February. Samsung Electronics also co-hosted an industry-government meeting with the Ministry of Knowledge Economy for key representatives of different industry sectors and relevant institutes to communicate the importance of the ban on conflict minerals. Samsung Electronics will continue to collaborate with all relevant stakeholders, including government ministries, to effectively respond to policies on use of conflict minerals.