

SAMSUNG C&T CORPORATION

CSR REPORT 2017

About This Report

This is our second CSR report since the launch of Samsung C&T Corporation in 2015. Samsung C&T discloses its CSR management performance and activities to external stakeholders in a CSR report each year.

Reporting Scope and Period

This report contains the CSR performance from January 1 to December 31, 2016, and the reporting scope includes all of the company's four business areas at home and abroad. This report contains data of the latest 3 years which reflects yearly trends of quantitative performance, as well as the details of the first half of 2017 regarding some of the qualitative performance.

Reporting and Verification Standards

The report has been prepared in accordance with the GRI Standards with a partial application of integrated reporting framework of the International Integrated Reporting Council (IRC). The report has been verified by a third-party assurance body to increase its credibility, and the third-party assurance report is attached on page 51 of this report.

Additional Information

This report has been published in Korean and English and can be viewed or downloaded from our website (www.samsungcnt.com). For further information or inquiries on this report, please contact us at 82-2-3458-3012 or email us at csr.sr@samsung.com.

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Message from the CSR Chairman

First of all, I would like to express my gratitude for the unwavering support and encouragement that you have extended to Samsung C&T.

Guided by the vision of “achieving sustainable growth through the fulfillment of corporate social responsibilities”, we at Samsung C&T are doing our best to create greater value for our stakeholders through CSR management by stretching the boundaries of our CSR activities.

To this end, the company established the CSR Committee under the Board of Directors in September 2015; this represents a significant step forward in our endeavors for fulfilling our social responsibilities as a global corporate citizen and seeking sustainable growth. In 2016, the company created a unit exclusively responsible for effective company-wide CSR management and established the business process.

To improve our communication with stakeholders, the company published a CSR report that covers the four business areas: Engineering and Construction (E&C), Trading and Investment (T&I), Fashion, and Resort in 2016. Our website has been overhauled as well. An integrated social contribution system and brand have been developed, and employee education and campaigns have been actively conducted to enhance consistency in social contribution activities and improve efficiency in communication with the public.

In 2017, our efforts will focus on ensuring that CSR management takes root as an integral part of a broader corporate management. Specifically, we will launch flagship integrated social contribution programs, improve our CSR management system, and manage risks more rigorously. Furthermore, we will establish long-term CSR strategies and specific direction and goals of our CSR management to take our CSR management to a new level.

In particular, the 2017 CSR report shows our efforts to meet the Sustainable Development Goals (SDGs) adopted by the UN for the creation of a sustainable global community. Going forward, Samsung C&T will continue expanding its CSR efforts in tandem with SDGs.

Dear Stakeholders,

I would like to ask for your support and attention to our CSR management endeavors for fulfilling our social responsibilities. Once again, we at Samsung C&T promise you that we will carry out our responsibilities faithfully as a mature corporate citizen.

Finally, please send your warm support to our CSR activities that befit ongoing societal changes and sustainable growth for the future.

Thank you.

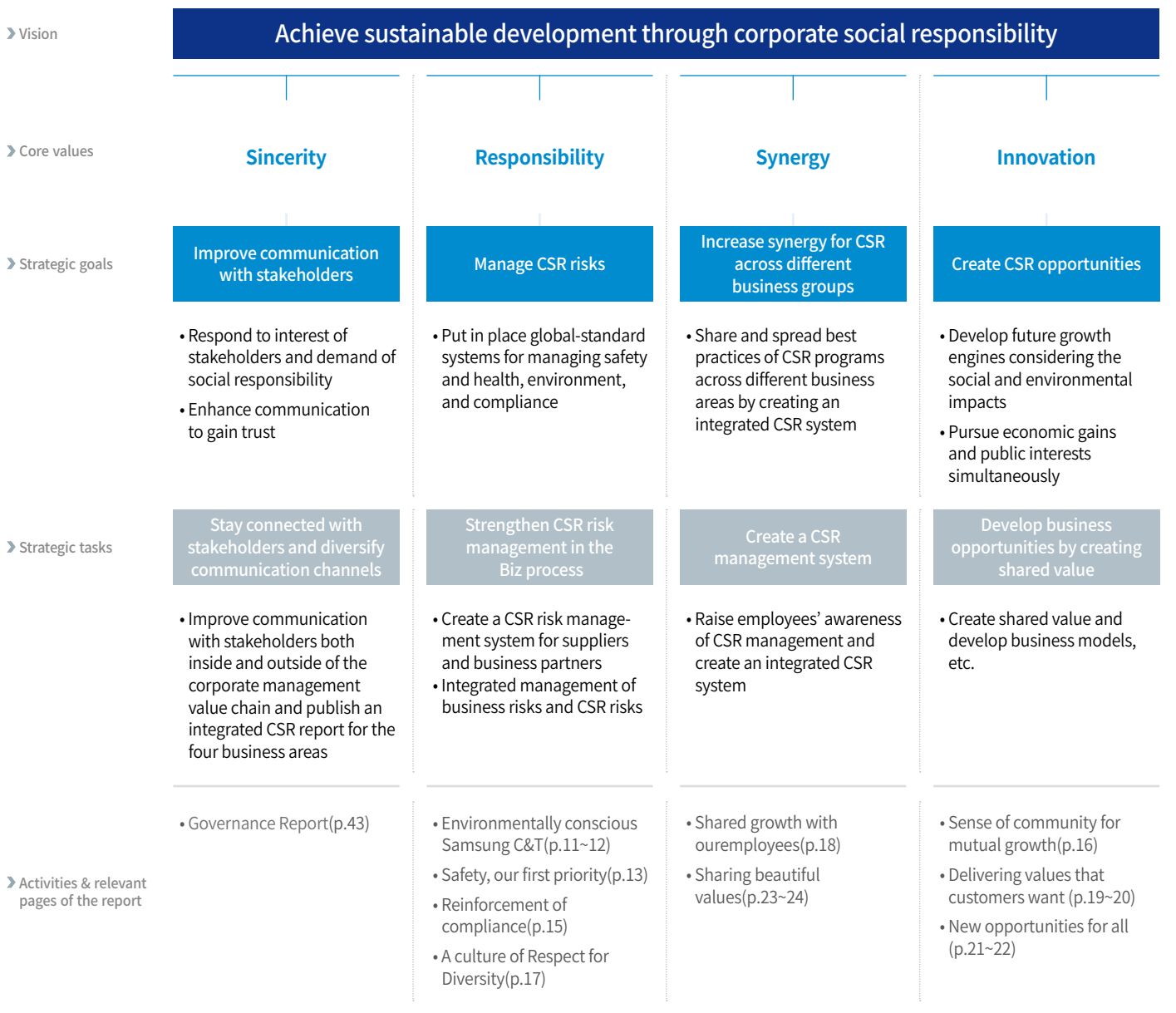
CSR Committee Chairman,
Hyun Soo Lee



CSR Vision & Strategic Tasks

CSR Vision & Strategic Tasks

Under the vision set by Samsung C&T in December 2015 -- “achieving sustainable growth through the fulfillment of corporate social responsibilities” -- four core values and strategic goals have been established, and specific strategic tasks have been identified, enabling the company to carry out CSR activities in a systematic way. Based on the principles of sincerity and integrity in our CSR management, we are striving to strengthen communication with stakeholders and manage CSR risks. Our CSR goals include increasing the synergistic effects of CSR activities in different business areas and creating CSR business opportunities on a continuous basis. Our CSR activities and performance are disclosed each year in our CSR report.



Improvement of CSR Management System

CSR Management Organization

CSR Committee

Samsung C&T has the CSR Committee under the Board of Directors. The committee is responsible for setting the strategic direction and tasks for the company's CSR activities with the aim of promoting sustainable growth and strengthening the company's competitiveness. Also, it holds meetings on a regular basis to monitor the implementation of tasks in the four business areas. The committee has held four meetings since its inception and contributed to better CSR management. In particular, the committee approved the publication of the first integrated CSR report that combines the CSR activities of the four business groups in June 2016 and the plans to develop the company's flagship social contribution programs and brand in December. In 2017, the committee plans to meet three times a year and develop long-term CSR strategies and performance indicators of each area.

Major Activities of the CSR Committee

2015	2016	2017
<ul style="list-style-type: none"> • The CSR Committee was launched. • The first meeting was held. <ul style="list-style-type: none"> - The CSR Committee Chairman was elected. - The plan for CSR activities was reported. - Research tasks were selected, and advisers were appointed. • The second meeting was held. <ul style="list-style-type: none"> - The results of the first research project were reported. (Status of the current CSR programs and strategies for the implementation of CSR tasks) - The plan for the publication of the 2016 CSR report was discussed. 	<ul style="list-style-type: none"> • The third meeting was held. <ul style="list-style-type: none"> - The publication of the integrated CSR report combining the four business units was discussed. - Major CSR activities scheduled for the second half of the year were discussed. • The fourth meeting was held. <ul style="list-style-type: none"> - The plan to develop leading integrated social contribution programs and brand was discussed. - The results of benchmarking leading corporations in the field of CSR management were reported, and the 2017 plan was discussed. 	<ul style="list-style-type: none"> • The 5th, 6th, and 7th meetings are scheduled to be held. • The 2017 CSR report will be published.

CSR Education & Campaign

CSR Education

Samsung C&T provides step-by-step education programs customized for employees in various positions -- from new employees to executives -- as part of effort to internalize their CSR capabilities. CSR education for new employees is intended to enhance their understanding of CSR management continually. The CSR education programs for executives and department heads -- which are scheduled to start in 2017 -- will focus on raising an awareness of the leaders' role in CSR management. On the other hand, the CSR education programs for employees eligible for promotion will be designed to form a consensus on the importance of CSR management by sharing the best practices in CSR management.

CSR education programs for new employees	CSR education programs for employees eligible for promotion (new)	CSR education programs for executives and department heads (new)	CSR education programs for CSR related teams
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CSR Campaigns

Samsung C&T is conducting a variety of campaigns to raise the CSR awareness of its employees. For example, the CSR Letter that includes the latest CSR trends, expert's column, and other CSR information was previously not available to all employees, but it has now been sent out to all employees on a quarterly basis. New contents that can help all employees relate better to CSR management are developed, produced, and shared through the in-house broadcasting system, thereby raising awareness of the importance of CSR activities and offering CSR-related knowledge and information.

Establishment of a Sound CSR Management System

CSR Management Based on Core Values

Samsung C&T implements its CSR strategies and tasks based on four core values, which are the embodiment of the goals of CSR management that Samsung C&T is trying to achieve. The first of the four values is “integrity”, which expresses our commitment to keeping our business activities transparent and efficient and to communication with our stakeholders. “Responsibility” includes responsibilities for corporate ethics, diversity, the environment and safety. “Synergy” indicates our commitment to maximizing corporate value by sharing CSR values with both internal and external stakeholders. Finally, “innovation” symbolizes our ambition to spread CSR management to our supply chain and to conduct CSR activities in conjunction with businesses. Samsung C&T will keep stakeholders at the center of its core values-based CSR management. In addition, the company will set long-term goals for different CSR areas, under which it will create a system for producing tangible results on an ongoing basis.



CSR Management Linked with SDGs

The SDGs adopted by the UN in September 2015 are a set of 17 global goals and 169 targets to promote sustainable growth for humanity and our ecosystem. The goals and targets signify that the global community has shared awareness on the issues threatening the very existence of human beings, and include global implementation plans to tackle these issues. The CSR goals of all organizations are aligned with SDGs. In fact, the CSR activities of many corporations are oriented toward SDGs, and the future direction for CSR is set in line with SDGs. Samsung C&T, too, is actively supporting SDGs in all its business areas, taking the characteristics of each sector into consideration. Samsung C&T will continue to share its CSR performances with stakeholders as part of efforts to duly contribute to sustainable development of the global community.

“SDGs adopted collectively by heads of states around the world are a set of common goals that the UN and the international community agreed to reach by 2030.”



- | | |
|--|---|
| <p>Goal 1 No Poverty - End poverty in all its forms everywhere</p> <p>Goal 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>Goal 3 Ensure healthy lives and promote well-being for all at all ages</p> <p>Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Goal 5 Achieve gender equality and empower all women and girls</p> <p>Goal 6 Ensure availability and sustainable management of water and sanitation for all</p> <p>Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>Goal 10 Reduce income inequality within and among countries</p> | <p>Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable</p> <p>Goal 12 Ensure sustainable consumption and production patterns</p> <p>Goal 13 Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy</p> <p>Goal 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p> <p>Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> <p>Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> <p>Goal 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development</p> |
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Major CSR Activities and Results

Act	Response
<p>Environmentally conscious company, Samsung C&T</p>	<ul style="list-style-type: none"> • Increase environmental value through the construction of environment-friendly buildings. • Build a system to respond to micro dust in Raemian apartment complexes. • Create a system to address climate change.
<p>Safety, our first priority</p>	<ul style="list-style-type: none"> • Design a safety management system tailored to the characteristics of individual business areas. • Tighten safety check and monitoring. • Spread a culture of safety.
<p>Reinforcement of compliance</p>	<ul style="list-style-type: none"> • Establish a set of companywide compliance standards. • Expand the scope of target trainees and develop specialized training programs.
<p>Sense of community for mutual growth</p>	<ul style="list-style-type: none"> • Promote a culture of shared growth. • Increase support programs for suppliers. • Expand sustainable supply chains.
<p>A culture of respect for diversity</p>	<ul style="list-style-type: none"> • Spread a culture of respect for diversity. • Offer equal opportunities for education.
<p>Shared growth with employees</p>	<ul style="list-style-type: none"> • Promote a learning atmosphere within the organization. • Strengthen expert training programs.
<p>Delivering values our customers want</p>	<ul style="list-style-type: none"> • Provide fast and accurate customer services. • Offer differentiated customer services. • Expand channels of communication with customers.
<p>New opportunities for all</p>	<ul style="list-style-type: none"> • Turn crises from climate change into business opportunities. • Develop new products and services by using the latest technologies.
<p>Sharing beautiful values</p>	<ul style="list-style-type: none"> • Implement companywide, integrated social contribution programs. • Encourage more employees to get involved in volunteer activities. • Realize a sharing economy by making good use of existing assets.

Major Achievements	SDGs	Relevant Pages
<ul style="list-style-type: none"> Acquired certifications for environmentally-friendly buildings. Developed and applied a fine-dust filtration system. Chosen as the “Best Carbon Disclosure Project (CDP) Corporation”. 		11~12p
<ul style="list-style-type: none"> Strengthened the safety management system for construction equipment. Established education infrastructure to help employees/customers have hands-on experience regarding the importance of safety. Ensured safety of attractions. Tightened safety checks at overseas operations. 		13~14p
<ul style="list-style-type: none"> Established compliance standards. Strengthened education to overseas operations. Improved customized education programs for individual job categories. 		15p
<ul style="list-style-type: none"> Provided financial assistance to suppliers and set up a mutual-growth fund. Expanded support to second-tier suppliers. Conducted education on fair trade. Tightened CSR management of suppliers. 		16p
<ul style="list-style-type: none"> Strengthened education system on diversity and tolerance. Enhanced professional competency of Global Employee (GE), and CAST. 		17p
<ul style="list-style-type: none"> Created an organizational culture of cultivating knowledge. Supported overseas experts' programs. Strengthened professional competency through academia-industry cooperation. 		18p
<ul style="list-style-type: none"> Improved system for repair point management. Retained No 1. Position in the Customer Satisfaction Survey. Launched the Raemian Hestia services. Introduced an advanced Voice of Customer (VOC)-processing system. 		19~20p
<ul style="list-style-type: none"> Secured an order to build a biomass-fired power plant. Signed a long-term supply contract with Palm Kernel Shell (PKS). Enriched animal and plant contents of parks and resorts. Developed new products using Virtual Reality (VR) and IT. 		21~22P
<ul style="list-style-type: none"> Created an integrated social contribution brand. Designed leading social contribution programs (Junior C&T Academy). Conducted water therapy & rehabilitation services at the water park Caribbean Bay. Promoted the value of sharing through Heartist House. 		23~24p



01

Act

Major Activities

This part of the report describes the major activities carried out by Samsung C&T in 2016 in response to the key issues and concerns of our stakeholders.
(The topics were selected based on the results of a materiality test.)

Environmentally Conscious Company, Samsung C&T

Link to SDGs



Why this is important

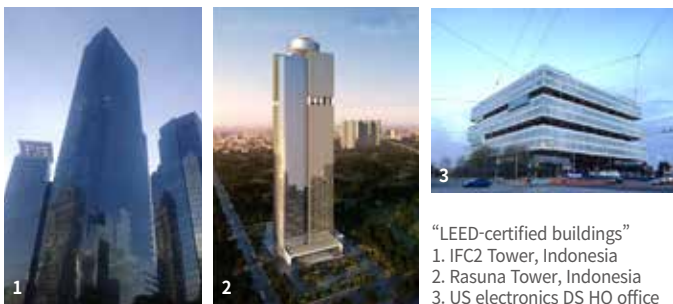
When corporations make efforts to minimize their environmental impact and preserve the ecosystem, it brightens the outlook for future generations. Since the Paris Agreement came into force in 2016, many countries around the world have been introducing environmentally-friendly energy policies and stricter regulations, while global financial institutions have started looking ever more closely into environmental issues, including GHG emissions and biodiversity, when assessing investment projects. Against this backdrop, it is becoming increasingly important for companies to possess environmentally-friendly technologies and the ability to minimize the environmental impacts of the production process. Samsung C&T will ensure that the environment remains a key concern in conducting its business activities in order to raise its competitiveness while fulfilling its corporate social responsibility.

How to manage this

Samsung C&T is strengthening the environmental management at its business sites to provide customer services that create environmental values and to reduce environmental impacts. In addition, the company is actively involved in the worldwide response to climate change as a pressing global concern, implementing carbon management on a global scale and reducing its energy use through the construction of environmentally-friendly buildings.

Energy Conservation through Environmentally-friendly Buildings

The energy efficiency of buildings has an impact on customers’ operational expenses. For this reason, Samsung C&T E&C Group uses environmentally-friendly construction technologies to improve the energy efficiency of the buildings that it constructs, and these technologies are an important part of having our buildings certified as environmentally friendly structures. In 2016, the US electronics DS HQ office received the LEED* “Silver” rating, as well as the “Gold Plus” and “Gold” ratings, respectively, for the IFC2 Tower and the Rasuna Tower in Indonesia. In addition, the Godeok Siyeong apartment complex project acquired the top G-SEED* rating. In total, Samsung C&T has acquired ten domestic and international environmentally friendly certifications, transforming itself into a leading environmentally-friendly corporation.



“LEED-certified buildings”
 1. IFC2 Tower, Indonesia
 2. Rasuna Tower, Indonesia
 3. US electronics DS HQ office

Fine Dust Filtration System for Healthy Homes

Fine dust is a first-class carcinogen listed by the International Agency for Research on Cancer of the World Health Organization (WHO), and it is known to cause asthma and other respiratory diseases by triggering inflammatory responses in the respiratory and cardiovascular systems. Raemian, the construction brand of Samsung C&T, is working to develop products that can protect apartment residents against fine dust. The IoT Home Cube system, developed by the Residential Performance Research Institute of Samsung C&T, turns blue when the indoor fine dust concentration is low and turns red when it is high. It monitors the outside fine dust concentration level in conjunction with the Home Automation System (HAS), a smart home management technology used by Raemian, and automatically turns on an indoor ventilation system when the air quality is poor. IoT Home Cube will be installed in two apartment complexes, Shinbanpo Riocent and Raemian Art rich -- currently under construction -- in 2017, and more apartment complexes will be equipped with it in the near future. Samsung C&T’s construction division has developed other fine dust-filtering devices such as a dust-sensing hood, an air shower room for apartments, and a fine dust alarm system for children’s playgrounds to create a healthy living environment, and each of these devices will be introduced in phases in the apartments that Samsung C&T will build. The dust-sensing hood detects fine dust that is generated during cooking and automatically runs the indoor ventilation system of an apartment unit depending on the fine dust concentration level to keep the optimal indoor air quality. The air shower room for apartments uses clean air that has been passed through a high-performance filter to quickly remove fine dust, germs, cigarette smoke and other harmful materials at the entrance to the apartment. The fine dust alarm system for children’s playgrounds allows apartment residents to monitor the fine dust concentration level in the playgrounds or from inside individual units, thus making playgrounds a healthy environment for children. The cool mist sprayers that our construction division is planning to introduce, spray fine water particles in the air and thus remove fine dust along the footpaths within apartment complexes. The division will continue developing and applying a variety of fine dust-reduction technologies to create a healthier living environment.

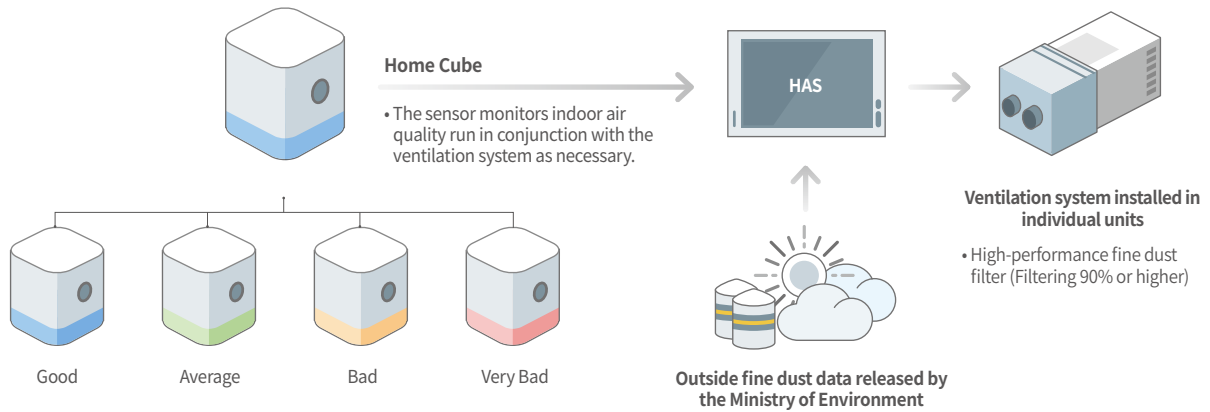
Environmentally-friendly Certifications Acquired in 2016

Type	Rating	Project Title
LEED	Gold Plus	• IFC2 Tower, Indonesia
	Gold	• Rasuna Tower, Indonesia
	Silver	• US electronics DS HQ office
G-SEED	Green First	• Godeok Siyeong Apartment
	Green Second	• Central Plaza, Suwon Digital City
		• Wirye 2 nd Apartment Complex
		• Seocho Useong 3 rd ApartmentComplex
		• Hyeonseok 2 redeveloped apartment complex
• Anyang Deokcheon redeveloped apartment complex		
• Jamwon Daerim redeveloped apartment complex		

* LEED (Leadership in Energy and Environmental Design) is a globally-recognized third-part certification program developed by the US Green Building Council (USGBC). The program examines 72 items and assigns three different ratings, platinum, gold and silver.

* G-SEED (Green Standard for Energy and Environmental Design) is a green building certification system used in Korea. The system assigns ratings in 7 specialized areas including water cycle management, materials and resources.

[Home Cube IoT system]



A leader in Global Carbon Management

Samsung C&T is responding to climate change by reducing GHG emissions. The integrated GHG management system used by Samsung C&T E&C Group allows the company to manage the GHG emissions of individual construction sites. In 2016, Samsung C&T E&C Group was ranked 1st in Korea in terms of direct emissions reduction by planting 450,000 trees in the “Carbon Neutral Program Evaluation” conducted by the Korea Energy Agency. The company runs this program voluntarily to reduce GHG emissions through direct reduction, donation and purchase. Samsung C&T Resort Group has been effectively responding to the GHG Emission Trading Scheme by steadily reducing GHG emissions over the last three years. In 2016 GHG emissions decreased by approximately 8.8% to 7.34 tCO₂e/100 million won compared to the previous year. Also, it plans to achieve 15% of its reduction target by 2020 from the 2016 level, by expanding the usage of waste heat generated from incinerators in Yongin and introducing energy-saving facilities such as hot water storage tanks and LED streetlamps.

Stricter Environment Management at Business Sites

In order to protect the ecosystem and residents of local communities, it is important to proactively manage environmental risk factors at business sites. Samsung C&T E&C Group signed the voluntary agreement for fugitive dust reduction with the Ministry of Environment in November 2016, and is making serious efforts to reduce fugitive dust. Fugitive dust poses a serious health threat to the residents of our neighboring communities, but it is difficult to control, thus requiring efforts to curb their generation in the first place. As such, Samsung C&T E&C Group ensures that each construction site has an anemometer and stops its operation whenever the speed of wind reaches 8m per second. Our construction workers also regularly clean the roads around the construction site, and a variety of other dust-reduction efforts are carried out according to the circumstances of individual construction sites, such as paving temporary roads or spraying dust suppressants. Samsung C&T T&I Group conducts an annual environmental inspection of overseas business sites to identify areas for improvement and monitor progress. In 2016, the T&I Group inspected overseas units - including Otelinox in Romania and Samsung Precision Stainless Steel. Co. Ltd. in Pinghu, China - and their facilities to ascertain how well water quality, air quality and waste materials are being managed at these units. Based on the results of the inspection, the T&I Group helped the units to identify risk factors and come up with actions to take in order to make the necessary improvements. Samsung C&T Resort Group ensures that pollutants flowing in from sewage pipes during heavy rainfall are not discharged into local streams and rivers. If pollutants enter the sewage system in this way, the automatic valves that are installed in the pipes are remotely controlled to block the contaminated water and redirect it into the wastewater treatment facility. In addition, CCTVs and pH gauges are used to monitor closely and accurately whether, and to what extent local streams and rivers have been contaminated.

Chosen as the Best Company in 2016 Carbon Disclosure Project (CDP)

Samsung C&T was recognized as the best company in carbon management at the 2016 CDP Evaluation, for its responses to climate change and carbon emissions disclosure. Samsung C&T has been chosen as the best company in the category of carbon management for five consecutive years since 2012. As a leader in global carbon management, Samsung C&T will remain actively involved in reducing GHG emissions.

Safety, Our First Priority

Link to SDGs



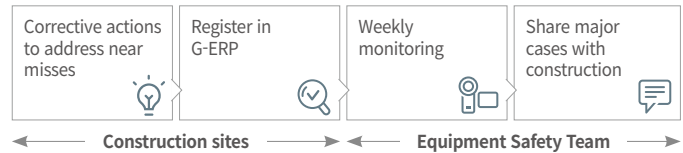
Why this is important

Safety is one of the most important values that every corporation must uphold. There is a saying that “to doubt is safer than to be secure”. Similarly, a keen sense of safety is essential among employees to prevent safety accidents. Only strict adherence to the basics and thorough prevention can keep our families, coworkers and customers safe from accidents. Samsung C&T, as an operator of large-scale construction projects that entail a relatively high risk of accident, and resorts that attract around 8 million visitors per year, is fully aware of its duty to keep people safe. This awareness keeps us working non-stop to establish a safety culture and to strengthen our safety management system, as well as to create a working environment that puts safety first.

How to manage this

Samsung C&T is improving its inspection system to prevent different types of accidents that may occur in different business areas, including construction equipment and attractions, in a better way, while expanding its education programs at the same time, to raise safety awareness. In addition, the company opened a safety experience center for the general public to enhance their safety awareness, and is tightening safety inspection especially in its overseas operations.

In case of major accident hazards and high-risk near misses, the seriousness and possibility of recurrence are assessed and responsive measures are promptly taken. Our internal rule requires that actions be taken within one day after recognizing an accident. In addition, a follow-up meeting is held to discuss how to prevent a similar accident from happening and to reflect its outcome in making future safety plans for construction sites. Other measures to prevent equipment-related accidents include tightening audits on equipment used at construction sites and imposing tighter safety checks on construction sites with a history of major accidents. Construction sites where major accidents have occurred are subject to bimonthly audits for six months after an accident has happened, and high-risk construction sites are thoroughly inspected by a team of professional auditors on the particular risks associated with the construction sites.



Ensure Safety of Equipment to Prevent Accidents

A “near miss” in safety management refers to a safety problem which could have caused major accident. Given that the risk of safety accidents remains high at construction sites, it is crucial to prevent major accidents by responding to near misses in a timely manner. Samsung C&T E&C Group learned that a series of near misses involving equipment have a great impact on construction projects by causing major accidents, delays in construction, etc. With this realization, we have examined equipment-related safety and response systems in general and identified tasks for improvement that are currently being implemented. As a first step, Samsung C&T E&C Group began to monitor equipment-related near misses and shared more information. Every week, the Equipment Safety Team collects data on equipment-related near misses through the intranet G-ERP and shares the data in a newsletter with construction sites.



Equipment Safety Enhancement of E&C Group

Equipment-related Major Accident Hazards / Near Miss Management System



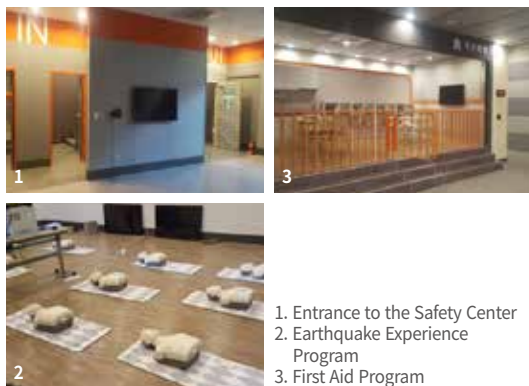
	Near Miss		
	General	High-risk group	Major accident hazards (including physical accidents)
Target		<ul style="list-style-type: none"> Falls, flying accidents, etc. caused by poor assembly Breakage and bending of major structures 	<ul style="list-style-type: none"> Risk of breakage of rigging during lifting work Risk of being hit by equipment or heavy objects, or getting caught them
Reporting	<ul style="list-style-type: none"> Register in the Near Miss System 	<ul style="list-style-type: none"> Register in the Near Miss System → Weekly monitoring by the Equipment Safety Team 	<ul style="list-style-type: none"> Treated as being the same as actual disasters : Accident information shared within 30 minutes via SMS : One-page summary report to be submitted within 3 hours
Sharing	<ul style="list-style-type: none"> Share information within the construction site 	<ul style="list-style-type: none"> Share information with all employees if necessary. 	<ul style="list-style-type: none"> Share information with all employees
Actions	<ul style="list-style-type: none"> Make improvements at the site 	<ul style="list-style-type: none"> Investigate administrative and technical issues when such issues arise, and make necessary improvements. Reflect findings in the safety plans for construction sites (discuss ways of preventing) 	

Experience-oriented Training to Raise Safety Awareness

Samsung C&T E&C Group offers a well-organized curriculum of experience-oriented education programs to raise safety awareness and prevent accidents. Launched in 2015 to provide safety education to employees of Samsung C&T and its suppliers, the “Safety Academy” is made up of four experience programs: emergency, construction sites, fire, and virtual reality. These programs focus on strengthening safety awareness among our safety managers and our suppliers’ employees. In 2016, the Academy expanded the programs and increased the number of trainees; as a result, the number of people who received safety training at the Academy almost tripled to 5,070 people compared to the previous year.

Samsung C&T Resort Group opened “Lenny’s Safety Center” in March 2017 with theme-based experience programs for daily safety, emergency responses, disasters, etc. Unlike the Safety Academy, which deals with industrial safety, Lenny’s Safety Center features safety contents that are closely related to everyday life, with a focus on enhancing safety awareness in daily life of among the public. Experience programs have four themes: Earthquake Experience, Simulation Game, Emergency Rescue, and Escape from Fire. The Earthquake Experience Program allows visitors to experience an earthquake in a household setting for 15 minutes through a simulator and to learn how to respond to an actual earthquake. The Simulation Game Program helps visitors learn how to respond to different scenarios of accidents as they play the games. Visitors can learn how to respond to and deal with disasters that can happen in their everyday life as they operate their avatars. The Emergency Rescue Program uses dummies to train visitors on how to perform CPR as well as a software program for testing it. Trainees learn how important golden time is in saving one’s life, how different emergencies should be dealt with, and how to perform CPR. Finally, the Escape from Fire Program offers game-type safety experiences to teach how to avoid heat or smoke and evacuate a building safely.

Samsung C&T will promote safety as its top priority by making the most out of its experience-centered education training facilities and continue its efforts toward spreading a culture of safety not only among employees but also among ordinary citizens.



1. Entrance to the Safety Center
 2. Earthquake Experience Program
 3. First Aid Program

Comprehensive Attraction Monitoring System

Samsung C&T Resort Group has created the world’s first comprehensive monitoring and accident prevention system to ensure attraction safety. The system monitors the operations of rides, manages trends, sets alarms, and performs troubleshooting to prevent malfunction and identify the causes of problems with the control system once they occur; thus minimizing the attraction’s loss of operation time. Currently, the monitoring system covers 11 attraction rides, and we are thoroughly prepared to cope with all types of possible accidents through strict monitoring and precautionary and follow-up management.

Stricter Safety Check on Overseas Operations

Samsung C&T T&I Group is tightening safety checks on overseas operations. In 2016, the management sent out a message encouraging overseas operations to improve safety management; operated the “Emergency Safety Check Program”; and revised the “Standards for Safety, Environment and Health” as part of its efforts to strengthen the overall safety management system. Also, the company conducted a safety inspection for each overseas site to identify the risk factors and correct workers’ unsafe behaviors, with the ultimate aim of preventing accidents and enhancing workers’ safety awareness. In addition, individual business sites identify potential risks, and experts are invited to conduct a joint detailed inspection with internal safety managers and raise safety standards for overseas operations. As a result of these efforts, Inecda, a farm in Indonesia as one of the project sites, received the Ministry of Labor Award in 2016 for disaster-free management.

Intensive Safety Management to Prevent Falls and Human Casualties

In 2016, Samsung C&T E&C Group experienced three fatal accidents at domestic and overseas construction sites. Two of the three accidents involved workers’ falls. As a follow-up action to prevent the recurrence of falls, which may lead to major disasters, three major causes of falls have been intensively managed since then. Specifically, the guidelines for setting up and removing scaffolds* must be strictly followed, and working platforms and safety guardrails should be installed when working at 2 meters or higher above ground; fall-proof devices should also be placed above openings. In addition, risky works are now subject to stricter requirements before obtaining approval. As such, the E&C Group is introducing and implementing various preventive measures which are applied across the board. Samsung C&T E&C Group will spare no efforts in creating a safe working environment.

* Scaffold : a temporary structure used to support a construction work crew working at a high place.

Reinforcement of Compliance

Link to SDGs



Why this is important

Corruption is a serious problem that can have a wide-ranging impact on the entire society. As corporate scandals increase, there is growing social demand for integrity and transparency in corporate management. Samsung C&T should abide by rules applicable to individual groups and fulfill its social responsibilities as a corporate citizen at the same time. In an effort to meet the challenges head-on, Samsung C&T has established a compliance system incorporating social norms and rules as well as laws and company rules, and has taken the lead in implementing the system.

How to manage this

Samsung C&T is improving its compliance system by establishing compliance standards and identifying new risk areas on a continuing basis. Our compliance management focuses on taking proactive actions based on education and inspection to prevent noncompliance in advance. In particular, overseas operations with high risks are subject to reinforced education and rigorous inspection.

Establish Compliance Standards and Create Synergistic Effects

Samsung C&T has established an integrated system to classify compliance risks and held meetings with compliance teams of individual groups to be proactive in preventing noncompliance and to raise the level of corporate compliance management.

In 2016, Samsung C&T classified compliance risks into 11 categories that are used selectively by the 4 groups according to their business characteristics. In addition, new risk areas are discovered and integrated into the compliance management system to promote integrity management. In 2016, Samsung C&T E&C Group added unfair trade in the capital market to the list of fair trade risks, in recognition of a growing risk of stock trading using nonpublic information.

Compliance managers from four groups hold monthly meetings, where they share major results on education, publicity, inspection, and future business plans in order to create synergy effects.

Stronger Compliance at Overseas Operations

The E&C, Fashion, and T&I Groups of Samsung C&T are reinforcing compliance at their overseas operations through education and inspection. Samsung C&T E&C Group regularly visits its overseas operations and provides online education in different languages including English, Chinese, and Arabic to raise compliance awareness.

Samsung C&T T&I Group expanded compliance inspection on its overseas operations to identify and cope with potential risks proactively. Samsung C&T Fashion Group established a new compliance system in 2016 and set compliance guidelines that incorporated major Chinese laws as part of its efforts to strengthen compliance.

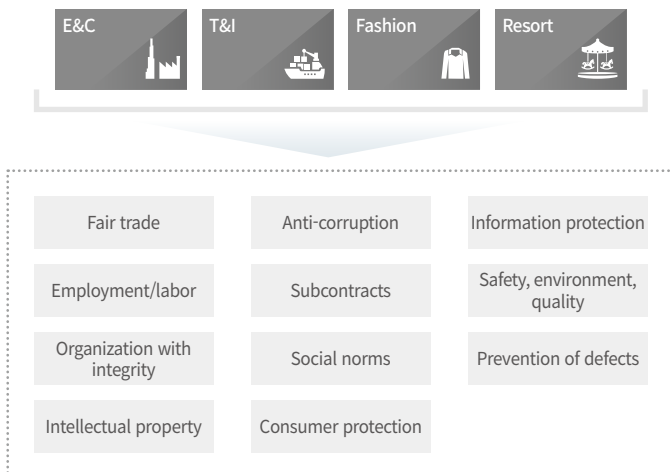
Reinforced Customized Education

Samsung C&T's compliance education has been customized to cater to the different needs of individual groups. Samsung C&T Resort Group offered education on major controversies surrounding copyrights and trademarks to new employees and personnel in charge of compliance, including intensive education on personal data protection laws to all business sites.

Samsung C&T Fashion Group offered education on dealership laws for sales personnel and education on subcontracts, anti-corruption and technology for employees working in the fields of purchase and production. Education on topics directly related to specific jobs is provided to small groups of employees, and discussions have been introduced as a part of the education for a greater effect.

Also, such education programs are run by dealing with specific cases, to provide practical help to compliance managers in identifying risks of non-compliance.

Compliance Risk Classification System



Sense of Community for Mutual Growth

Link to SDGs



Why this is important

Mutual growth and cooperation are emerging as a new management paradigm because corporations have realized that competing for a limited pie in a food chain may not lead to “win-win” relationships. In particular, the C&T and Fashion Groups have complicated supply networks, and the role of suppliers is critical. Negative issues arising from the suppliers, such as overdue wages and violations of laws and regulations, eventually have a negative impact on the company as well. For this reason, Samsung C&T recognizes all of its suppliers as important partners and strives to help them grow as competent business partners by strengthening the bond with suppliers and creating a healthy corporate ecosystem.

How to manage this

Samsung C&T remains committed to promoting a culture of fair and transparent transactions and to helping suppliers grow, by implementing a variety of programs for shared growth. Furthermore, the company recognizes promoting suppliers' sustainability as one of its important social responsibilities, and it is monitoring their environmental and labor practices to help them make improvements in these aspects.

A System for Fair Trade and Shared Growth

Samsung C&T is taking steps to prevent unfair trading behaviors that may occur in the process of negotiating and executing contracts. Samsung C&T E&C Group discloses the results of evaluation in real time when selecting contractors, to ensure transparency of evaluation and encourage voluntary competition among contractors. In addition, it set up and operates dispute-resolution procedures to resolve conflicts that may arise in subcontracting transactions.

In addition, Samsung C&T is implementing a variety of shared growth programs to provide suppliers with financial, technical, and educational support so that they become more competitive. In 2016, Samsung C&T E&C Group raised a 19.2 billion won fund for direct support, and it is used to offer interest-free loans to a few outstanding suppliers. The E&C Group also set up a 50.8 billion won mutual growth fund that is used to provide low-interest rate loans to suppliers. In addition, Samsung C&T E&C Group helped suppliers in nine joint technology development projects and 31 patent applications and registrations.

Fair trade and Culture of Shared Growth

Samsung C&T continuously improves its systems and processes to enhance the fairness of the contracting process. Samsung C&T E&C Group discloses the supplier registration process and supplier selection and management standards through Partners Portal, a supplier registration and management system. The bidding support provides suppliers with information they need to bid for a project before entering into a contract, and suppliers that are not selected as contractors are individually informed of the reasons via email. Samsung C&T E&C Group also sends out text messages containing information about on-site presentations and other issues to suppliers in order to prevent unfair transactions and unfair treatment in the process of negotiating and signing contracts. Samsung C&T Fashion Group is working on expanding -- to secondary suppliers -- the shared growth programs that previously focused on primary suppliers. In 2016, Samsung C&T E&C Group signed agreements for fair trade and shared growth with 48 primary suppliers and 67 secondary suppliers to create a fair, transparent transaction environment for all suppliers and spread a culture of shared growth across the broader fashion industry. Beneficiaries of mutual growth fund and professional training have been expanded to secondary suppliers, and price increases and financial support that were previously limited to primary suppliers are made available to secondary suppliers as well.

Education for Enhancing Fair Trade

Samsung C&T is offering practical education to minimize risks of violating laws and regulations. In 2016, Samsung C&T E&C Group provided suppliers with education on subcontracting laws and regulations, explaining the guidelines for different phases of contract negotiations and introducing cases of dispute to help suppliers' employees in charge of the matter manage risks better. The education program, which was initially led by Samsung C&T E&C Group, was later joined by the Fashion Group. This served as an opportunity for Samsung C&T to strengthen its competency for carrying out fair trade.

Stricter Compliance Management for Suppliers

Samsung C&T reinforced its system to ensure that law-abiding suppliers do not suffer unfair disadvantages. Samsung C&T E&C Group introduced a filtering system to ensure that it does not enter into contracts with suppliers that have violated laws. The system allows the company to monitor whether suppliers have violated a law and to share information on violations if a supplier is found to be in violation of laws. Going forward, the company plans to expand the filtering system to the Fashion and Resort Groups.

A Culture of Respect for Diversity

Link to SDGs



Why this is important

Just as diversity in colors can add to the beauty of a forest, a culture of respect for diversity can create significant synergistic effects for an organization. As a globally active business operator, Samsung C&T is a workplace where people from diverse ethnic backgrounds work together under varying employment contracts. Given this diversity, it is important to have in place a discrimination-free organizational culture and to have an understanding of, -- and respect for -- overseas markets as our global businesses continue to expand. Samsung C&T is doing its best to establish a corporate culture of respecting differences and diversity.

How to manage this

Samsung C&T encourages all employees to respect diversity by changing the way they view differences and tries to create a corporate culture wherein everybody gets equal treatment and has equal opportunities. In addition, our competency enhancement program CAST is intended to support the development of future talents for the service industry.

Promotion of Diversity and Tolerance

Samsung C&T is trying to create an atmosphere of understanding and respecting differences that result from a mix of employees from diverse backgrounds and of treating others with respect. Samsung C&T E&C Group has made it mandatory for its employees to take the two education programs, “Global Mindset” and “Diversity & Inclusion”, to help them better understand and respect diversity. In 2016, project managers (PM), regional experts, employees scheduled to work overseas, and entry-level and career employees who have newly joined the company received education and training; contents were customized to meet the varying needs of different groups of trainees to create better effects. In particular, “Diversity & Inclusion”, which can be easily applied by employees within the organization and at their workplaces, was chosen for PM education, substantially improving their job performance. Programs for employees scheduled to work overseas and newly recruited entry-level and career employees have been augmented with elements to improve execution ability, such as having trainees make their own action plan.

Equal Opportunities

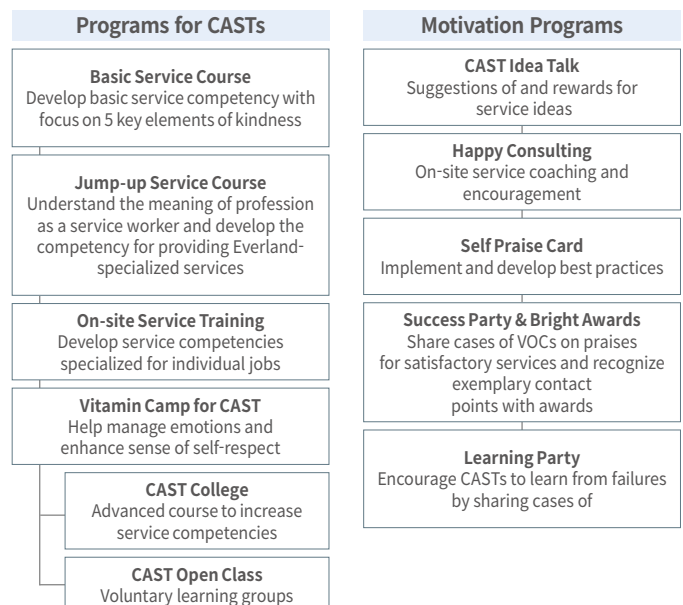
Samsung C&T T&I Group ensures that global employees (GE) working in different places worldwide have equal opportunities to education that HQ employees have, by providing them with education individually during their visits to HQ. GEs scheduled to visit HQ can choose a program that they want to take, submit a request for education, to the employee in charge of education at HQ, and take the program during their visit to HQ. The 2016 survey found that GEs were very satisfied with the education provided by HQ.

Leadership Development Based on Respect for Diversity

Samsung C&T E&C Group runs global leadership programs to train leaders who will play a key role in conducting and expanding global businesses. These programs are designed not only to strengthen professional competencies but also to keep future leaders motivated to achieve the company's vision and growth and develop qualities that leaders should possess. Also, a leadership camp for female employees in manager positions is intended to help them grow into leaders.

Competency Enhancement for CASTs

Samsung C&T Resort Group is working to introduce a range of programs with the goal of training human resources to work in the service area. The majority of CASTs who come into direct contact with customers at the information desks at Everland, in the course of providing services and selling products, are young employees in their early or mid-20s who are just starting their careers. The training system, which aims to grow CASTs into leaders of Korea's service industry, includes a basic program for service competency enhancement and an advanced program. The “Vitamin Camp” is a mental health management program designed to help CASTs relieve stress from serving customers so that they restore psychological stability and sense of self-respect and stay healthy-minded as they provide services. The management regularly listens to the voices of CASTs to understand the challenges that they encounter in the course of performing their services and to make the necessary adjustments. “Idea Talk” is a suggestion and reward program intended to motivate CASTs to grow professionally by showing how their opinions are valued and to contribute to the development of the park. All these efforts indicate how Samsung C&T Resort Group is doing its best to encourage CASTs to work hard for their own future, grow professionally, and build a successful career.



Shared Growth with Employees

Link to SDGs



Why this is important

A healthy tree is supported by healthy roots. If the roots are not strong, the tree can no longer grow. The root of a strong corporation is its people. Similarly, the future of a corporation is hinged on its people who do not stop learning and who are capable of making changes. In a healthy organization, Samsung C&T's members have opportunities to acquire extensive knowledge and grow professionally, and internal experts with several years of experience willingly share their know-how with others. At Samsung C&T, we create a people-oriented corporate culture wherein both the company and its people grow together.

How to manage this

Samsung C&T tries to motivate its employees to strengthen their competencies and supports employees' professional development by hiring outside experts, if necessary, to help enhance their professional knowledge and expertise.

An Organizational Culture for Knowledge Cultivation

Samsung C&T Resort Group requires each individual department to have a collection of must-read books under the book exchange program and awards points to outstanding readers as part of its efforts to promote reading and encourage employees to increase their knowledge. The CEO Book Concert is a book club-type program wherein the CEO and employees read books and share their thoughts on the books that they read. The concert also includes special lectures by authors and recommendation of books to read. In 2016, the CEO listened to newly recruited young employees talk about the problems that they face at the workplace and offered advice in a talk show-style book concert. The CEO also shared his personal experiences and gave advice to new employees on how they can earn affection and recognition from their superiors, maintain balance between work and personal life, and effectively manage their salary.

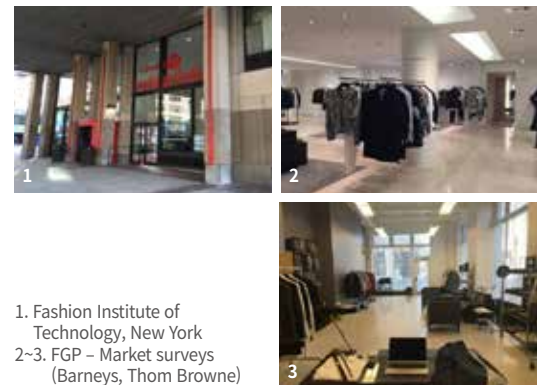
Increasing Professional Competencies through Learning and Experience

Samsung C&T E&C and Fashion Group hire outside experts to help employees enhance their professional competencies.

Samsung C&T E&C Group runs the "Intensive MBA" and "Global Commerce Specialists Program" in collaboration with the academy. In particular, the Intensive MBA, which is offered jointly with the Business School of Seoul National University, is a weekly program that runs for a total of 12 weeks. The program is intended for heads of departments, covering topics such as HR, finance, marketing, and strategy. The global commercial expert course is a 12-week, full-time program offered in collaboration with the Law School of Sungkyunkwan University to help employees improve their competencies in areas such as contracts, processes, finance, procurement, and business skills.

Samsung C&T Fashion Group runs the Fashion Global Program (FGP), an 8-week overseas training program for global talents who specialize in the fashion business. Qualified and selected employees are free to choose classes that they want to take at fashion schools in other countries, and they develop their professional competencies by conducting surveys on local fashion markets and performing other tasks. In 2016, selected employees completed an 8-week training program at the Fashion Institute of Technology (FIT) in New York, US and shared their knowledge as internal lecturers with other employees after returning to work.

Samsung C&T T&I Group provides education and training customized for different businesses to strengthen employees' professional expertise. In 2016, the Steel Academy ran a basic course for junior employees with two years or less of service and employees who have been assigned to work in Samsung C&T T&I Group for the first time, including an advanced course for employees with 3 years or more of service. The basic course was taught by internal lecturers who are employees working in the respective subject areas, with external experts invited to teach the advanced course. Lectures on claims by product, as well as on how to place product orders were based on inputs from manufacturers to impart knowledge that employees can immediately use at their workplace. The Samsung C&T T&I Group offered an education program on industrial material biologics in collaboration with Incheon National University to help employees newly in charge of bio and medicine business to increase their professional competency. The five-day program features a curriculum ranging widely from the introduction of the bio market to in-depth knowledge on pharmaceutical and medical products.



1. Fashion Institute of Technology, New York
2~3. FGP - Market surveys (Barneys, Thom Browne)

Delivering Values that Customers Want

Link to SDGs



Why this is important

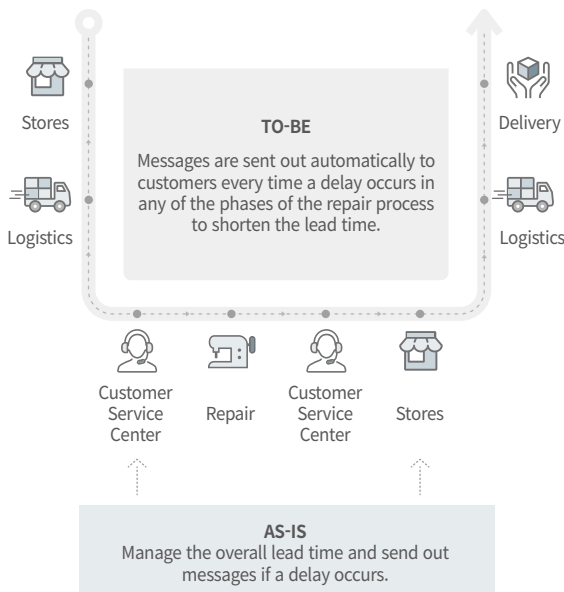
Customer satisfaction comes from quality and services that meet expectations. Customer satisfaction turns into customer surprise when corporations touch the hearts of customers with an attitude of treating every complaint with utmost sincerity and genuine care, no matter how trivial it is. Customer expectations keep rising, and customer demands are becoming increasingly diverse. Samsung C&T closely listens to the voices of all its customers, and thinks and acts from the perspective of customers. We pay close attention to every single little voice of our customers and reflect customers' voices when designing our products and services so that the values that customers want, become the values that Samsung C&T pursues.

How to manage this

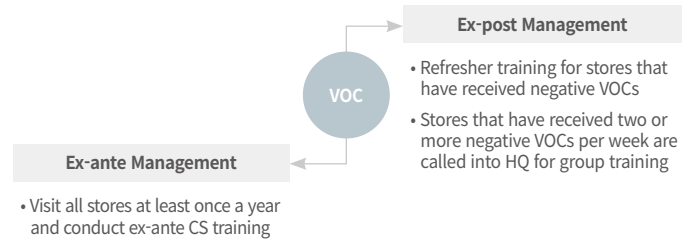
Samsung C&T constantly strives to offer products and services that create customer surprises while raising brand value. In realizing greater customer satisfaction in particular, our focus is on handling complaints fast and accurately and on being proactive in preventing customer complaints from arising.

Fast & Accurate, Double Surprises

The quality of after-sales (AS) services is an important factor that influences customers' choices of products to buy and has a direct and indirect impact on customer satisfaction. Samsung C&T Fashion Group has introduced a repair point management system wherein the entire repair process from receipt of an item at a store to delivery of the repaired item to the customer is fully monitored. If the repair is delayed, a message is sent to the customer automatically, thereby shortening the lead time.



In 2017, Samsung C&T Fashion Group plans to launch a real-time chat service within SSF Shop* to improve the speed and accuracy of communication on VOC. The real-time chat service will make it easy and convenient for customers to submit requests for AS services and repairs fast and allow customers to attach photos of a repair item and see if the item can be repaired and how much the cost will be. The push alarm enables customers to communicate with the company fast and accurately. Going forward, Samsung C&T Fashion Group will strictly manage VOCs both before and after the sale, and this will bring all stores and employees closer to customers.



A Brand that Puts Customer Satisfaction First

Samsung C&T hires a reliable outside organization to measure customer satisfaction with its products and services in order to provide better services to its customers.

In 2016, Samsung C&T E&C Group ranked 1st in the apartment category in the National Customer Satisfaction Index (NCSI) published by the Korea Productivity Center for 19 consecutive years; Samsung C&T Fashion Group was no. 1 in the men's business suit category for 12 years in a row. Such ranks verify the brand value of, and customers' confidence in Samsung C&T.

Samsung C&T Resort Group topped the 2016 Korea Customer Satisfaction Index (KCSI) in the leisure facilities complex and water park categories. The Resort Group has dominated the rankings in the leisure facilities complex category for 22 consecutive years, attesting to its unshakable status as the No. 1 theme park in Korea.

With its proven record of excellence in customer satisfaction, Samsung C&T will continue to create value for customers by offering high-quality products and services.

레미안	GALAXY	EVERLAND RESORT	Caribbean Bay
Apartment	Men's Business Suit	Leisure Facilities Complex	Water Park
Ranked 1st in 2016 (19 consecutive years)	Ranked 1st in 2016 (12 consecutive years)	Ranked 1st in 2016 (22 consecutive years)	Ranked 1st in 2016 (5 consecutive years)

*SSF (Samsung Fashion) Shop : The official online shopping mall operated by the fashion group.



1. Complete inspection on all units by homemaker inspectors
 2. Pre-move-in tour for residents

Differentiated Services that Customers Want

As the apartment brand of Samsung C&T E&C Group, Raemian ensures customer satisfaction by implementing ex-ante quality control before residents move in. Prior to move-in, all individual units and spaces for common use are thoroughly inspected to meet the quality expectations of residents. The pre-move-in tour is held to invite future residents to personally visit the apartment unit where they will live prior to actual move-in to inspect the unit and to make a list of repairs that they want done. Repair requests filed through the event are handled prior to move-in; even after residents move in, however, repairs and other maintenance services are provided as needed, through the residence management infrastructure system.

Samsung C&T E&C Group also offers a variety of services and programs that cater to customer demands through the service brand Raemian Hestia. In 2016, services that previously centered on house cleaning were broadened to include culture classes, special lectures on education, and social contribution activities under the themes of “helping”, “learning”, and “sharing”; thus introducing an innovative concept in our customer services. Set up in the newly built Raemian complexes, Hestia Lounge serves as a customer service center that resolves all sorts of complaints that new residents may initially have after moving in. Hestia Lounge is intended to function as a space for customer services that gives residents peace of mind through face-to-face meetings instead of simply receiving and responding to complaints.



Hestia services
 1. Learning (Culture Academy)
 2. Sharing (Beautiful Stores)
 3. Helping (Space Care)

Greater Customer Satisfaction through Advanced Systems

Samsung C&T Resort Group considers customer satisfaction a top priority and listens closely to the voices of customers at all times. VOCs generated in real time are received through multiple channels including the website, applications on smart phones, email, and call center, to be processed by the Customer Satisfaction (CS) management system. In order to get this process done more efficiently, the integrated CS management system was further enhanced in 2016; as a result, VOCs that used to be processed manually are now processed automatically. VOC information is automatically generated by the system and subsequently sent to the persons in charge. As a result, the VOC processing time has been reduced radically, and more time can be used for responding to customers. VOCs are collected and managed by a set of standards, and data is analyzed with multiple methods to allow individual teams to make better use of the analysis results. Such advancement in the integrated CS management system not only raises the job efficiency of employees but also enables them to respond promptly to customers’ needs and take the necessary actions, resulting in higher customer satisfaction.

Smart Phone-based Mobile Repair & Maintenance System

Samsung C&T E&C Group has developed a smart phone-based mobile repair and maintenance system to provide fast, accurate after-sales services as soon as residents move in.



New Opportunities for All

Link to SDGs



Why this is important

“The pessimist sees difficulty in every opportunity, but the optimist sees opportunity in every difficulty”. This is a quote from Winston Churchill, UK’s most respected Prime Minister. Corporations, too, should be able to see opportunities in difficulties and turn a crisis into an opportunity in order to take themselves to a new level. Since the Paris Agreement took effect, the global community has been concentrating on reducing GHG emissions and developing new renewable energies. The new waves of the 4th industrial revolution can be both a crisis and an opportunity for corporations. Samsung C&T considers the rapidly changing global environment as an opportunity rather than a crisis. With such a perspective, we are working diligently to strengthen the competitiveness of individual business groups including E&C, T&I, Fashion, and Resort and to create synergy effects across these four groups so as to inject fresh momentum for future growth.

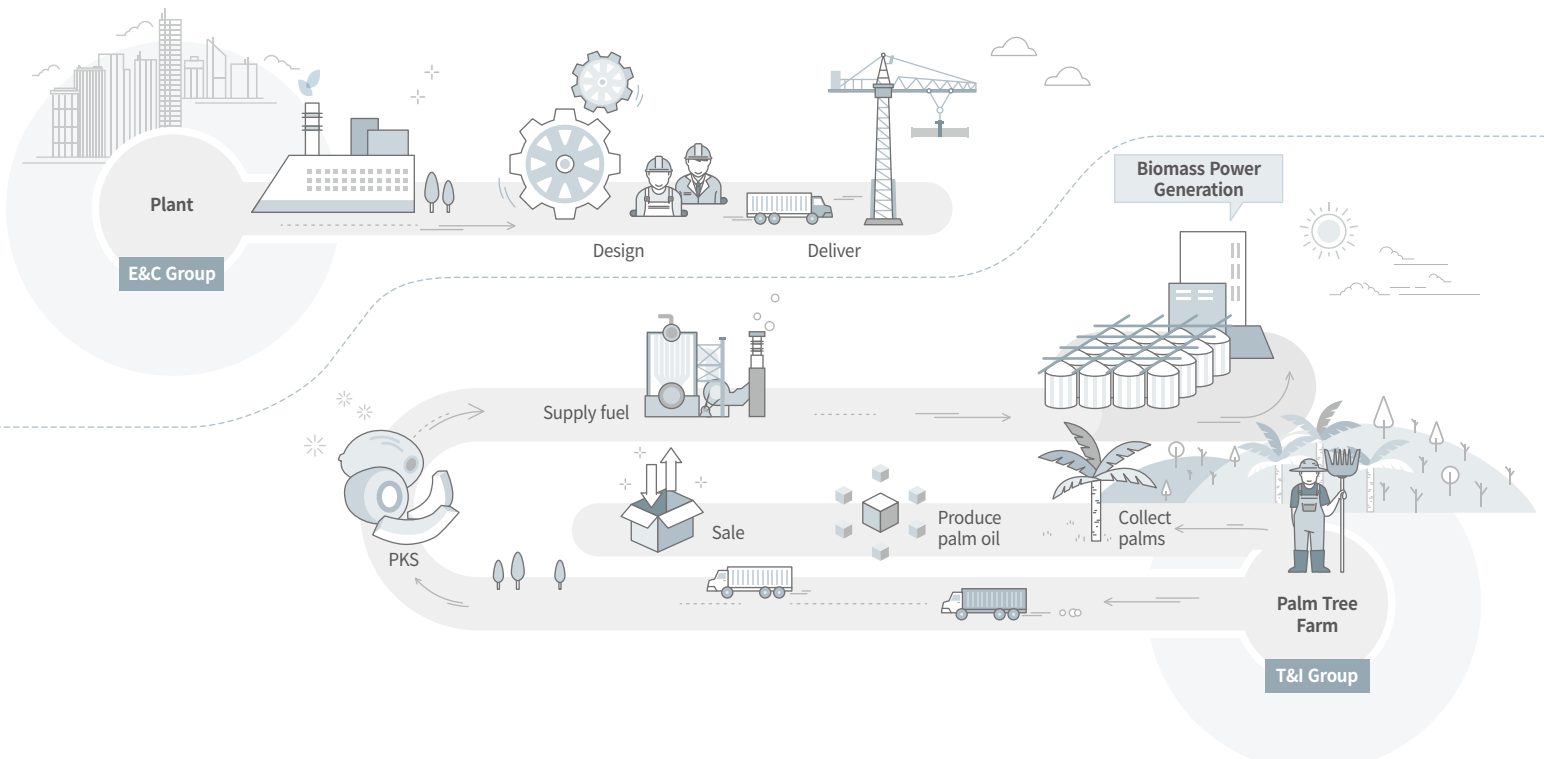
How to manage this

Samsung C&T does not perceive climate change merely as a crisis; instead, it is looking for ties between climate change and new potential business opportunities by taking advantage of its E&C and T&I Groups. The Fashion and Resort Groups are linking evolving IT trends, growth of the services industry, and changing customer demands brought about by the 4th industrial revolution to the development of new products.

Turning the Crisis of Climate Change into Business Opportunities

Samsung C&T is looking for business opportunities in climate change. Aware of the growing demand for new renewable energies particularly in advanced countries, E&C and T&I Group of Samsung C&T explored new opportunities based on the competitiveness of their existing businesses. Samsung C&T T&I Group formed a consortium with a Spanish company in August 2016 and won a contract to build the world’s largest Tees Renewable Energy Bio Mass CHP Plant in the UK; this served as an opportunity for the T&I Group to acquire renewable energy technology. Building upon the experience from this project, Samsung C&T T&I Group will continue to bid for biomass power plant projects that have high potential for growth.

Samsung C&T T&I Group signed a long-term PKS* supply contract with a biomass power plant in Japan, taking advantage of its market dominance based on owning a palm tree farm in Indonesia. This is a result of recognizing the market value of PKS ahead of others, based on the know-how and network built by the T&I Group through the operation of the palm tree farm and palm oil trade. In addition, Samsung C&T T&I Group created a new system for direct PKS transactions with palm tree farms, the first of such attempts in the industry; thus ensuring a stable supply and giving Samsung C&T T&I Group a market-dominant status. The contract marks the first step into Japan’s biomass market and a meaningful achievement since it can lead to more supply contracts with other biomass power plants in Japan.



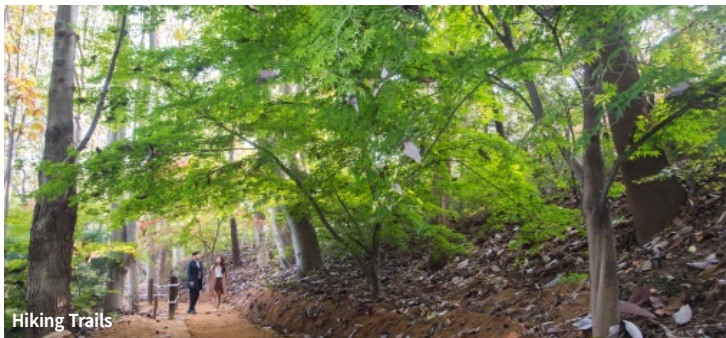
* PKS (Palm Kernel Shell) refers to the shell fractions left after the nut has been removed. It is used as fuel instead of fossil fuels at biomass power plants.



Music Garden



ROBOT VR



Hiking Trails



AOD View Pouch

AOD Wallets

Reinforced Animal and Plant Contents

Theme parks with simple rides and fun no longer appeal to customers. With this realization, Samsung C&T Resort Group has been working to develop new content to add to its parks. Everland offers contents using animals and plants to create values of healing, communion, and experience all at the same time. During the winter season, the park opens Snow Safari, which shows how animals survive in winter; the Butterfly Park features storytelling wherein the ecology and characteristics of butterflies are explained to visitors so that they can feel a sense of spring in advance. In spring, Panda World displays flower pandas in connection with flowers, and Lost Valley opens a flower exhibition hall to delight the visitors' senses. A Music Garden and hiking trails, which have been newly created within Everland, are designed to allow visitors to experience the healing effects of plants. In order to provide unique experiences that will set Everland apart from other parks, the beauty of music and plants is blended together in the Music Garden, and existing trails and plant habitats have been connected to create 570-meter "trails in the forest". The trails that remain intact in their natural conditions -- since they have been rarely visited by people -- provide a special space for fun to visitors to the park and serve as a natural learning place where people can appreciate the beauty of Mother Nature; thus adding refreshing design to the park.

Product Development for the Era of Industry 4.0

Fully aware of the fourth Industrial Revolution as a new trend of the times, Samsung C&T has been developing IT-integrated new products. Following the release of "The Humanfit", a wearable platform brand that combines IT and fashion, Samsung C&T Fashion Group has rolled out innovative products including Sol Bag, which uses sunlight to charge mobile phones, and Welt that uses IoT technology to allow the wearer to collect data on his or her daily routine and personal activities. In 2017, the Fashion Group launched View Pouch and Wallet based on the concept of AOD* to compete in the wearable market. The AOD View Pouch, which uses the design of a Bean Pole accessory, has an embedded NFC chip to link the pouch to a smart phone and to allow users to use functions such as text message notification, automated call rejection, and music play in addition to basic information such as time and weather. AOD Wallet uses Eight Mon, a character created by 8Seconds. Samsung C&T Fashion Group plans to keep a close watch on the growth potential of the wearable market and continue developing new wearable products.

Samsung C&T Resort Group has newly introduced Korea's first IT Panda World and "4D Virtual Reality (VR) Adventure", which allows visitors to experience popular attractions in virtual reality. In addition, VR contents are combined with the existing attractions to create new experiences and fun for customers. The Resort Group is leading efforts to build an "IT Park". Innovative contents such as Robot VR -- which was introduced by Samsung C&T Resort Group in a theme park for the first time in Korea -- allow customers to gain hands-on experiences of the latest information technologies.

* AOD (Always on display) uses minimum energy in standby mode to display select information.

Sharing Beautiful Values

Link to SDGs



Why this is important

Sharing begins from a caring heart. Sharing is complete when we care about the needs of others and if we are willing to share what is best. Nowadays, corporations' social contribution activities are moving in this direction. In other words, instead of simply giving one-sided support, a growing number of corporations are trying to integrate their unique corporate assets and businesses into their social contribution activities in a way that can generate economic value for the company and social value for the community that it serves. Samsung C&T's social contribution programs are designed and implemented with a truly caring heart, as opposed to being an act of merely delivering or donating whatever extra we have, to share with others. Samsung C&T remains keenly interested in what society needs and intends to make its sharing genuine and authentic by taking full advantage of a huge pool of resources and strengths that its four groups can bring together.

How to manage this

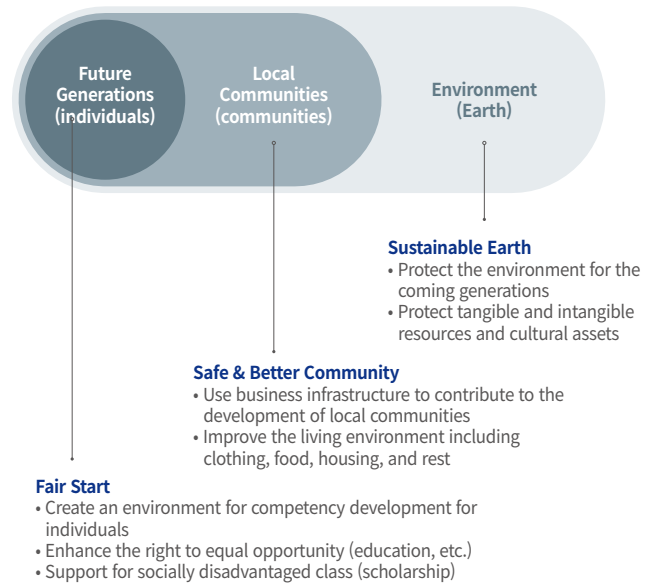
Samsung C&T is developing its symbolic social contribution programs that bring together its four groups and represent Samsung C&T. Individual groups are encouraged to get actively involved in volunteer activities to serve local communities and to use their assets in sharing with the communities.

Integrated Social Contribution System

Samsung C&T's integrated social contribution system is designed in a way that allows the four individual business groups to reflect their businesses on their social contribution activities and it also brings the groups together to provide values that society needs. The integrated system includes strategies for fulfilling corporate social responsibilities in three key areas: future generations, local communities, and the environment. First, Samsung C&T is helping the youth, especially from the socially disadvantaged class, to reach their potential and is playing a part in ensuring equal opportunities for all, as part of its efforts to support future generations. Samsung C&T plans to use its business infrastructure and improve the living environment for local communities in all aspects of living including food, clothing, shelter, and rest. Finally, Samsung C&T is committed to preserving the global environment by protecting tangible and intangible resources and cultural assets in order to keep the environment clean for future generations to come.

All our groups understand that corporate social responsibilities include a wide range of aspects from personal growth to the protection of the global environment, and they will continue to make concerted efforts toward achieving sustainable social development.

Strategic Direction for Samsung C&T's Integrated Social Contribution Programs



Our integrated social contribution programs will not only promote awareness that Samsung C&T is a unified organization for both its customers and employees but also solidify the corporate image of being genuine and authentic in its efforts to contribute to society. Taking into consideration these internal needs and external circumstances, including the recently introduced "free semester program" during the middle school years and lack of job experience infrastructure in our society, we are developing the "Junior C&T Academy". This is a social contribution program that will allow young students to get a glimpse of what it is like to do their dream job and to explore their future career options. The Academy will work together with the E&C, T&I, Fashion, and Resort Groups to introduce various jobs in these areas and give youngsters opportunities to experience these jobs.



Samsung C&T's integrated brand mark that expresses its commitment to bringing together the resources of the four groups and giving back the synergy to society

Shared Growth with Local Communities

Samsung C&T E&C Group has been involved in improving the living environment for local communities both at home and abroad. The E&C Group has been improving living conditions in individual villages in a social contribution project dubbed “Samsung Village” since 2013. Village No. 2 was built in Char-gaon, India in January 2017, followed by Village No. 3 in Nga My and Ban Dat, Vietnam in May 2017. Samsung C&T employees did the groundwork, stacked the bricks, and did the painting work, remaining involved in the entire construction process to create a safe and clean living environment for local residents. In addition, Samsung C&T built classrooms, bathrooms, and water supply facilities at local kindergartens and schools. On the domestic front, Samsung C&T employees repaired and improved 15 houses of low-income families in Gangdong-myeon, Gangneung-si, Gangwon-do, significantly improving the quality of life of the local residents.

Samsung C&T E&C Group launched Safe Communities and Safe House as a first step in serving the local community after its head office was moved to Songpa-gu, Seoul in June 2016. In 2016, the E&C Group carried out the urban beautification project dubbed “Transformation of Container Boxes” in order to improve the environment of high-crime areas in the local community and make the community safer. Old container boxes left around in Songpa-gu were painted in colors to improve the urban landscape. Encouraged by positive responses of the local residents, Samsung C&T will continue with the project. Safe House is a program that provides actually needed support to improve the residential environment for senior citizens living alone. Since its launch in 2016, 15 households have benefited from the program. Employees of Samsung C&T E&C Group visited the homes of elderly citizens, installed screen windows, replaced water faucets, and did a few touch-ups on the house that elderly people find hard to do by themselves. Likewise, the project serves as a channel through which our employees communicate and share with local residents in need of help.

“I was always worried because my house could collapse anytime, but now I am so happy to have a safe house and a bathroom.”

- Ngten Thi Mong, a resident of Nga My Village, Vietnam (Samsung Village No. 3)

Messenger of Value

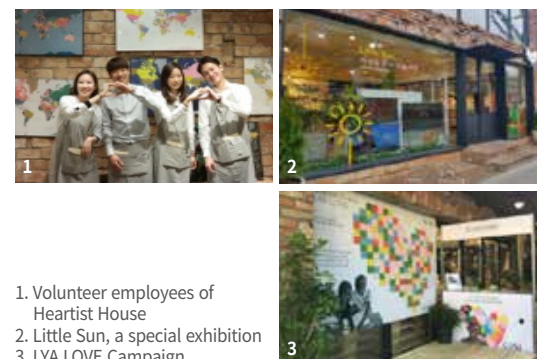
Samsung C&T Resort Group incorporates elements of its business into its volunteer programs. “Hope Keepers”, a volunteer group of the Resort & Park Services Group, takes advantage of lifeguards who work at the water park Caribbean Bay to provide underwater rehabilitation therapy for disabled children in the local community. Disabled children from kindergartens attached to neighboring schools are invited to Caribbean Bay within our resort to receive underwater therapy from lifeguards who are members of the volunteer group.

During the free therapy program that has been ongoing since 2008, employees and disabled children are paired to perform safe rehabilitation therapies that fit the needs of individual children, such as swimming and underwater exercise. Underwater rehab therapy uses water, a commonly available resource, to promote the physical and emotional development of children. Disabled children come to have an opportunity to mingle with people without disabilities, and become socially engaged as they use other facilities within Caribbean Bay in addition to receiving the therapy.

Space for Sharing

In “Heartist”, a social contribution brand of Samsung C&T Fashion Group, artists who care about others share their activities with a warm heart, as the brand name indicates. The program had benefited 1,516 customers and 8,113 people in need of help by the end of 2016. In particular, “Heartist House,” whose concept is “shopping can be a donation,” attracted many people from diverse backgrounds, conveying a sense of warmth even more. The accumulated total number of visitors has reached 373,000 since its opening in 2014, emerging as a local landmark place in the Samcheong-dong area with average visitors numbering 200 to 250 on weekdays and 400 to 500 during weekends in 2016.

Heartist House collaborates with Good Cycling and rising designers who care about the environment, and it promotes the spread of sharing spirit in connection with CSR. 2016 activities include: “Dream Designers” and “Touch Me, Wear Me,” the exhibitions by children with impaired vision from low-income families who participated in our fashion arts education program; partner NGO’s customer events; “LYA Love campaign” with UNESCO, actress Yeong-ae Lee and all fashion brands; relay pop-up with partner brands in celebration of the second anniversary of opening; a little market in Samcheong-dong for sharing; Little Sun, the special exhibition by Ulfur Eliasson. Likewise, Heartist House is actively involved in planning and implementing sharing activities engaging the Heartist, employees, customers, and recipients for sharing.



1. Volunteer employees of Heartist House
2. Little Sun, a special exhibition
3. LYA LOVE Campaign



02

Performance

This section of the report provides an overview of the major economic, social, and environmental performance in 2016.

Creating Economic Value

Link to SDGs



Samsung C&T effectively uses the resources and competitiveness of individual business areas to maximize the economic value that it creates and distributes the economic value fairly and transparently to its stakeholders. The company is also working on creating a sophisticated risk management system to identify major risks that affect each individual business sector and to respond to such risks proactively.

Financial Performance

Merged with Cheil Industries in 2015, Samsung C&T Corporation is creating economic value through its four business groups – E&C, T&I, Fashion and Resort. According to the 2016 consolidated financial statement, Samsung C&T recorded 28.1027 trillion won in economic value.

		Unit	2014	2015(a)	2015(b)	2016
Consolidated Financial Statement	Sales		51,296	133,447	300,296	281,027
	Operating profit		2,134	371	-1,490	1,395
	Net profit during the term		4,550	26,857	28,809	208
Sales by Region	Korea		48,471	101,684	210,907	223,534
	Asia		2,821	23,699	65,578	57,822
	Europe		4	3,314	9,141	12,304
	Americas		-	4,750	14,670	13,669
Sales by Group	E&C		12,793	58,428	146,462	129,528
	T&I		-	35,970	114,789	105,384
	Fashion	100 million won	18,510	17,383	17,383	18,430
	Resort		4,296	4,260	4,260	6,769
Income Statement	Gross profit		16,327	21,460	30,246	33,317
	Operating profit		2,134	371	-1,490	1,395
	Income before tax		1,469	27,757	30,176	898
	Corporate tax		553	901	1,367	689
	Profit from discontinued operations		3,634	-	-	-
	Net profit during the term		4,550	26,857	28,809	208
	Total assets		95,114	423,614	423,614	444,585
	Total liabilities		17,599	77,462	77,462	71,305

* 2014 : Data is based on the consolidated financial statement of Cheil Industries prior to the merger.

* 2015(a) : January~August data of Cheil Industries and September~December data of Cheil Industries and Samsung C&T prior to the merger.

* 2015(b) : Data prior to the September merger is simply the sum of figures of Samsung C&T; thus, the figures may be different from those in the annual report.

* Sales figures have been compiled by individual groups and may therefore be different from the figures in the consolidated financial statement.

Distribution of Economic Value

Samsung C&T shares the economic value generated from its business activities with its internal and external stakeholders, thereby contributing to the creation of social value. In 2016, the value distributed by Samsung C&T to stakeholders including suppliers, employees, government, and local communities amounted to approximately 9.394 trillion won.

	Unit	2014	2015(a)	2015(b)	2016
Wages, employee benefits		3,422	5,792	9,942	9,128
Corporate tax, taxes and dues		633	1,403	2,089	1,222
Donations to local communities, social contribution cost		176	261	261	306
Dividends	100 million won	-	839	2,229	908
Interest expenses		623	1,105	1,797	2,092
R&D cost		34	417	1,157	1,206
Procurements from suppliers and outsourcing		107,937	91,644	91,644	77,800

* 2014 : Based on the consolidated financial statement of Cheil Industries prior to the merger.

* 2015(a) : January-August data of Cheil Industries, September-December data of Cheil Industries and Samsung C&T prior to the merger.

* 2015(b) : Combined data of Cheil Industries and Samsung C&T prior to the merger.

* The amount of procurements from suppliers and outsourcing for 2014 and 2015 represents the combined sum of Cheil Industries and Samsung C&T prior to the merger.

Securing Business Competitiveness

Samsung C&T is taking various actions to make each individual business group more competitive and to create synergy among different groups, with the ultimate goal of achieving sustainable growth. Despite the shrinking Middle East market, which is affected by the global trend of low oil prices, Samsung C&T E&C Group is overcoming the crisis by focusing strategically on high-profit projects while concentrating on expanding its presence in the Southeast Asian market including Singapore and Malaysia. Samsung C&T T&I Group is increasing the efficiency of the trade business through selection and concentration and is constantly developing/organizing projects by building on its previous successes. The new renewable power generation project in Ontario, Canada that was launched in 2016 is generating steady income, thanks to the efficient operation of wind and photovoltaic power plants. The T&I Group generated additional income by selling a stake in the wind power plant.

Samsung C&T T&I Group has laid a solid foundation for global market expansion by successfully launching the first 8 Seconds store in China and Kuho in New York. It is continually enhancing the competitiveness of its major brands including Bean Pole and Galaxy to solidify its market dominance further while actively supporting the growth of retail-type businesses and online channels to cope with the rapidly changing market.

Samsung C&T Resort Group opened Panda World, Music Garden, and Hiking Trails to strengthen contents featuring animals and plants while expanding VR-based attractions. In addition, new seasonal cultural projects and food festivals were added to transform Everland into a park for healing, communion, and experiences combining IT and culture and to establish a unique identity that sets Everland apart from other amusement parks.

Risk Management System

Samsung C&T E&C Group is incorporating the characteristics of the construction business and business strategies into its risk management system to strengthen it further. The construction industry features a long-term project cycle as it is based on orders secured from clients, and a huge gap in execution capability depending on the circumstances of the country and the individual construction site. Also, with construction projects growing large in scale and more complicated, stricter risk management has become all the more important. To this end, the E&C Group categorized core risks into 5 groups, 37 types, and 99 units. Core risks are managed proactively through Project Lifecycle Management based on the 5-step project lifecycle concept -- marketing, sales, proposal, mobilization (MOB), and execution. Furthermore, the E&C Group has in place an integrated platform system wherein work methods and procedures are standardized according to PLCM. For this, Samsung C&T E&C Group standardized risk data in systems that were previously divided by different projects, and the coding system was also consolidated. The E&C Group is implementing a project monitoring system to cope with risks that arise in the process of executing projects. The system is designed to systemize the processes of risk sensing, identification, response, and monitoring, thereby raising the effectiveness of risk management for different projects. The tightened risk management standards will further enable Samsung C&T E&C Group to identify and focus on safer and more profitable projects in terms of markets and products.

PLCM Process Used by the E&C Group

Marketing	Select countries ▶ Process to enter new market ▶ Develop project pipeline
Sales	Potential projects ▶ High-interest projects ▶ Submit Pre-Qualification (PQ) ▶ Key projects ▶ Prioritize projects ▶ Analyze execution capability ▶ Research on project execution environment
Proposal	Review Invitation to Bid (ITB) ▶ Bid/No-bid review ▶ Verification of estimation ▶ Proposal review
MOB	Form the MOB team ▶ Design review ▶ Meeting to review the design ▶ Kick-off Meeting (KOM) ▶ Technical review ▶ Construction KOM
Execution	Pre-Construction Meeting(PCM) ▶ Progress Review Meeting (PRM) ▶ Close out

Samsung C&T T&I Group is working on creating a double risk management system including primary risk management by individual groups and secondary company-wide risk management. For this, the head of the management support team is concurrently serving as Chief Risk Officer (CRO), and risk management is performed at the level of department, business unit and overseas operations. The team that manages risks for all departments combined is responsible for establishing risk management strategies and making risk management plans, while the team in charge of risk management for business units ensures that rules are complied with during the implementation.

Since the T&I Group does business in many different countries around the world, the Global Risk Management Platform (GRMP) has been introduced, and information on process implementation is shared through the platform to help the members of the Risk Management (RM) team. In addition, the Enterprise Risk Management System (ERMS) has been launched to facilitate communication and information sharing for more effective risk management. Meanwhile, the T&I group designates risks to be intensively dealt with in relation to safety, initial transactions, country and claims as priorities in its risk management.

Areas Subject to Intensive Risk Management by the T&I Group

Safety Management Risk

Items and infrastructure that may negatively impact the environment are subject to stricter management, abiding by laws and internal compliance standards. RM Week is held semiannually to boost safety awareness.

Risks from Initial Transactions

Given the growing uncertainties in the global business environment, the T&I Group is strictly managing risks from initial transactions involving new business partners, countries, and items. Individual sales departments are required to review all initial transactions and monitor each phase of transactions more thoroughly.

Country Risk

The T&I Group is managing transactions with high-risk countries and countries with rising risks in terms of transparency. Changes in indicators of individual countries are treated as major trigger points; if issues arise, responses are made according to the scenario including limit adjustment, suspension of risky transactions, reduction in limits, and on-site inspection.

Claims

With the T&I Group incurring losses including cancellation of contracts and confiscation of collaterals due to claims, high-risk transactions are now subject to thorough review by individual business units; the business portfolio is also being restructured to include more suppliers and sales channels with solid track records so as to enhance the ability to respond to risks.

Emerging Risk

Samsung C&T considers climate change and Korea's low birth rate as emerging risks. Countries are tightening regulations in response to climate change, which is expected to have a growing impact on our businesses. Against this backdrop, we are making long-term plans to reduce GHG emissions, taking preparatory steps to increase use of new renewable energy, and seeking opportunities to participate in eco-friendly businesses. Korea's low birth rate does not only mean a declining number of future customers but also brings about changes to the family structure, thus requiring new business models. As such, Samsung C&T is working on developing programs with focus on collective experiences as a whole family and overnight stays, and planning marketing campaigns to attract families in various shapes and sizes to better cope with future risks.

Fostering Employees

Link to SDGs



Samsung C&T is striving to foster a corporate culture that encourages employees to stay motivated, make changes, and pursue innovative thinking. The company has in place a variety of programs to help employees lead a fun, healthy life.

Better Work Environment

Samsung C&T is trying to improve the work environment in a way that can enhance productivity.

Samsung C&T E&C Group is implementing the “1st Campaign” to get rid of habits that cause inefficiency in business activities, reporting, and meetings, thereby maximizing job performance. Leaders and staff employees of each department hold a monthly meeting to discuss what changes need to be made urgently, and implement those plans and tasks in the order of priority.

Samsung C&T T&I Group is also carrying out a campaign to foster a culture of reporting and meeting -- wherein employees focus on the key aspects of business -- and taking other measures to raise job efficiency, including a reduction in overtime work.

Collaboration Great Work Place (GWP), operated by Samsung C&T Fashion Group on a quarterly basis, is intended to encourage its employees to share work information and engage actively in communication with other teams’ employees, thereby building a channel of closer cooperation. For the year 2017, the Fashion group plans to establish internal infrastructure for paperless and more effective meetings.

Samsung C&T Resort Group is also conducting a campaign to reduce employees’ workload by prohibiting leaders from ordering work via SNS messengers outside of regular working hours and preventing employees from sharing unnecessary work information and posting replies just to be friendly and polite on those messengers. The “Hidden Star” is a campaign for praising employees who diligently perform their duties regardless of where they work and what their job is, so as to keep them motivated and boost their morale.

Healthy Life and Organizational Culture

Samsung C&T is providing generous support to promote the health of its employees and is working to foster a healthy corporate culture wherein employees can maximize their job performance.

Samsung C&T E&C Group has been implementing the “Smoking Cessation Clinic” and “Healthy Drinking 112”, to improve the health of the employees. The regular on-site medical consulting program is designed to help workers at construction sites at home and abroad stay healthy both mentally and physically. Weekend well-being farms are run to encourage employees to spend their weekend in nature and to help them take better care of their health by engaging in outdoor activities.

Samsung C&T T&I Group runs an open counseling center to help its employees deal with stress and stay emotionally stable. Resident professional counselors listen to employees who are stressed out from their work or daily routine and provide psychological therapy.

Samsung C&T Fashion Group helps its employees stay healthy, in collaboration with fitness centers near its offices in Dogok, Cheongdam, and Hannam. The Fashion Group encourages its employees to use “Walk up the Stairs to Share”, a mobile application developed by Kangbuk Samsung Hospital to help its employees exercise by using the stairs instead of taking an elevator. The application helps employees stay motivated to take care of their health and promotes a healthy corporate culture.

Samsung C&T Resort Group is running the Mind Care Center and Health Care Center to promote employees’ health. The Mind Care Center offers various programs including the following: “Yeolliji Project”, which helps employees better understand and improve conjugal relations; “Marriage School for Newlyweds to Be”; and “Vision for Your Children”, which teaches employees how they can help their children develop healthy mind and body as they grow. These programs are designed to help employees and their families maintain mental health by providing various counseling services. The Health Care Center supports the prevention and treatment of musculoskeletal disorders for employees who have to endure long hours of standing while working.



Work Management
 Employees share information on what they are working on and make a check list

- Ten-Minutes-Talk (TMT), a daily morning meeting: Members of a team meet every morning to share information on what they are working on to create an efficient working environment
- Everyday 水(S)martday : Previously, employees were encouraged to leave work at 6 o'clock every Wednesday, but now the program applies on every weekday in a bid to raise job efficiency
- Employees make a check list for self-evaluation of the jobs that they have done in the year

Reporting Culture
 Substantial reporting on key matters

- All reports should be made before 5 pm
- Encourage employees to give brief reports using short sentences via SMS or the intranet messenger
- Work with other teams to analyze problems and come up with feasible solutions

Meetings
 Decision-making with two-way communication

- Meetings are banned on weekend or after working hours
- All meeting participants should speak at least once
- Relevant information should be shared prior to meetings and summary minutes should be made

Support for Professional Development

Samsung C&T E&C Group is offering training programs customized to individual employees' different job experiences and number of years of service. As one of the leading training programs, the Project Manager (PM) Training Program is designed to raise awareness and understanding of the role of PMs and to help PMs focus on developing or improving specific competencies that have been found to be lacking in a professional competency diagnosis.

Samsung C&T T&I Group's training programs are designed to develop basic and professional competencies with the goal of training employees to become Business to Business (B2B) experts equipped with insight and execution ability. In 2016, trade training as a basic competency development program was expanded and improved with an introduction of buyers' management program. In addition, special lectures targeting individual strategic business departments such as steel and fertilizer were offered to support employees' development of professional competencies.

Samsung C&T Fashion Group offers a digital design course that covers basic theory and hands-on training on photo shop and illustrators in order to help employees working in the fashion industry enhance their design competency. The Fashion Group holds regular seminars on a wide range of subjects for the management and executives to improve their ability to respond to the rapidly changing market paradigm.

The professional development program for merchandisers (MD) and business planning staff is designed to help trainees learn the technique of applying ideas which are collected through trend-sensing to their actual work.

Employee Training Statistics

Category	Unit	2014	2015	2016
Total Trainee	Total	108,541	106,891	79,975
	Men	84,819	81,813	61,711
	Women	23,722	25,078	18,264
Total Training Hours	Total	1,514,828	975,136	680,657
	Men	1,140,200	688,400	512,498
	Women	374,628	286,736	168,159
Total Training Cost	Total	18,462	12,745	10,808
	Men	14,581	9,647	7,936
	Women	3,881	3,098	2,872
Training Hours per Person	Total	72	46	36
	Men	70	42	34
	Women	78	60	44
Training Cost per Person	Total	879	598	574
	Men	901	583	530
	Women	803	651	744

* As for the total number of trainees, employees who took part in multiple programs were counted multiple times.

Employee Statistics

Category	Unit	2014	2015	2016	
Total Employees	Total	21,009	21,308	18,842	
	Korea	11,365	10,521	8,295	
	Overseas	9,644	10,787	10,547	
	By region	Middle East/Africa	1,678	1,719	1,997
		China	1,303	1,098	623
		Southeast Asia/ Southwest Asia/ Japan	5,197	6,471	6,451
		Europe/CIS	1,012	1,120	1,119
	North America/South & Central America	454	379	357	
By Employment Type	Permanent	11,567	10,679	8,953	
	Temporary	9,442	10,629	9,889	
By Gender	Male	9,106	8,324	7,049	
	Female	2,461	2,355	1,904	
	Ratio of female employees	21.3	22.1	21.3	
By Age Group	20s	2,337	1,970	1,481	
	30s	4,712	4,512	3,752	
	40s	3,613	3,342	2,862	
	50s & older	905	855	858	
By Position	Executives (male)	178	148	142	
	Executives (female)	7	7	6	
	Managers (male)	5,127	4,799	4,255	
	Managers (female)	693	774	662	
	Staff (male)	3,801	3,377	2,652	
	Staff (female)	1,761	1,574	1,236	
Disabled Employees	No. of disabled employees	268	240	172	
	Ratio of disabled employees	1.3	1.1	0.9	
New Hires	Total	849	464	302	
	Men	594	288	174	
	Women	255	176	128	
Retirees	Total	620	1,315	1,830	
	Men	432	986	1,321	
	Women	188	329	509	
Retirement Rate	Total	5.3	11.7	18.6	
	Men	4.8	11.3	18.2	
	Women	7.3	13.3	20.0	

* Figures by gender, age, and position, number of disabled employees, new hires, and number of employees who left the company are based on regular employees.

* The number of employees who left the company in 2015 differs from the previous-year data due to changes in the calculation standard.

Responsible Partnership

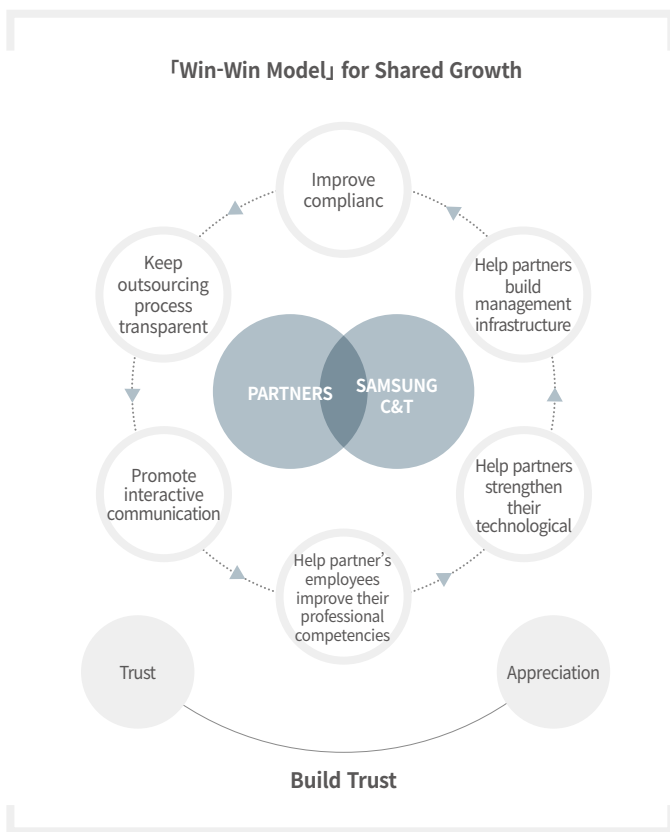
Link to SDGs



Samsung C&T is establishing a system for cooperation and mutual prosperity by building a trust-based relationship with its partners. We are implementing a variety of shared growth programs in areas such as finance, technology, and education to help our partners become more competitive. In addition, we keep our channels of communication with partners open at all times, and we get our partners involved in our CSR activities as well.

System for Mutual Growth

Samsung C&T E&C Group is implementing win-win strategies to realize mutual and sustainable growth with its partners. To this end, the E&C Group has introduced a win-win model for shared growth to keep its outsourcing process transparent, improve partners' compliance management, and help partners build infrastructure for better management and enhance professional competencies.



Support for Business Partners

Samsung C&T E&C and Fashion groups are providing financial, technological and educational supports to help their partners grow. We are providing financial support benefits in the form of incentives and win-win funds.

Particularly, the Win-Win Fund uses deposits held by corporations to provide loans to their partners at interest rates lower than market rates for the purpose of helping partners going through temporary financial difficulty to improve their financial conditions. In 2016, Samsung C&T's direct financial support to its partner increased by 0.4 billion won from the previous year, and the total amount was 21.4 billion won, 19.1 billion won of which was from the E&C and 2.3 billion won if which was from the Fashion group. The Win-Win Fund stood at 65.8 billion won, the same amount as in 2015, including 50.8 billion won contributed by the E&C Group and 15.0 billion won by the Fashion Group.

Apart from such a financial support, Samsung C&T is contributing to the growth of its partners by supporting joint technology development and process improvements in addition to financial aid.

Samsung C&T E&C Group is expanding its support to joint development of technologies that range from its core technologies used in the construction of ultra-high buildings, high-tech buildings, roads and bridges to everyday technologies for water-proof, sound-proof, and anti-condensation, as well as eco-friendly and anti-condensation technology, and environmental and energy-efficiency technologies. The E&C Group hosts an annual contest for joint technology development projects and uses the outcome to provide funds that partners need for technology development. Samsung C&T E&C Group also holds a technology forum wherein it presents its technological support programs and shares model cases of partners that have significantly improved their technologies. At the 2016 forum, a total of 185 employees from partners gave presentations on joint technology development projects, discussed how to get involved in overseas projects, and shared information on how to use equipment safely, including other topics that partners find useful.

Samsung C&T Fashion Group supported 21 projects for technology development and process improvement for 17 partners. The Fashion Group also helped partners acquire advanced sewing techniques and make an advanced quality control manual for women's wear.

Samsung C&T provides training support to its partners in various fields including leadership, quality, and safety.

A total of 1,205 employees of partners completed the collective training programs offered by Samsung C&T E&C Group, and 2,915 people finished its online training programs in 2016. Samsung C&T Fashion Group paid for the occupational training that its partners' employees received from the Korea University of Technology & Education in 2016. The training covered topics such as cost and quality management, productivity enhancement, and innovation and provided employees from 9 partners with opportunities to improve their professional competencies.

Communication with Partners

Samsung C&T is working on creating multiple channels of communication in an effort to grow together with its partners. Samsung C&T E&C and Fashion Group hold regular meetings with partners to understand their needs and come up with ways to meet them. Other channels of communication include the “Win-Win Calls” and regular surveys on partner’s satisfaction and consulting.

The E&C Group is operating a Partners Portal that is dedicated to fostering an environment for effective interactive communication with its partners. The portal allows partners to share information on electronic bidding and contracts, with “Shinmungo” in the portal serving as a channel through which the E&C Group can listen to difficulties voiced by partners as well as VOCs; thus further facilitating communication with partners.

Partner Statistics

	Unit	2014	2015	2016
No. of Major Partners	Company	9,147	8,537	7,632
Local Procurements (Including Outsourcing)	100 million won	2,145	1,874	2,342

Overseas Business Partners by Region (E&C)

Category	Unit	2014	2015	2016
Southeast Asia		2,889	3,751	4,401
Middle East		2,435	3,074	3,616
Region Greater China		846	1,074	1,170
Southwest Asia		652	958	1,240
Americas	Company	453	553	589
Europe		354	504	545
Africa		166	322	386
Oceania		238	322	340
Others		318	593	705

Amount of orders placed to major overseas partners (E&C)

Category	Unit	2014	2015	2016
Southeast Asia		6,130	5,873	21,186
Middle East		1,918	5,831	2,397
Region Greater China	100 million won	5,394	2,135	2,588
Southwest Asia		173	2,068	2
Others		14,939	4,512	1,815

Purchases by item (E&C)

Category	Unit	2014	2015	2016
Basic materials		5,645	4,195	4,209
Steel	100 million won	3,908	2,838	3,229
External and internal materials		1,788	2,555	2,586
Electric generation materials		6,645	5,913	5,240

Joint CSR Activities with Partners

Samsung C&T gets its partners involved in CSR activities as part of efforts to fulfill its social responsibilities.

Samsung C&T E&C Group works with its partners on projects to improve the living environments in Vietnam, India, and other countries, scholarship programs for children of industrial disaster victims, and volunteer programs to help elderly people living alone. In addition, the E&C Group implements an ethics management system and provides business guidelines to its partners in order to prevent unfair transactions between its employees and partners; thus promoting a culture of corruption-free and fair trade.

CSR Evaluation on Suppliers

Samsung C&T E&C Group conducts risk evaluation and audits on the CSR performance of major business partners and all suppliers, including compliance, quality, safety, and environment. Any problems found in the quality, safety, and environmental audits should be reported, and corrective actions should be taken immediately. As part of the minimum subcontracting requirements, suppliers that have violated any of the subcontracting rules including cartel and dumping and suppliers with a record of quality, safety, environmental, and ethical problems are banned from bidding for projects.

Financial Support for Partners

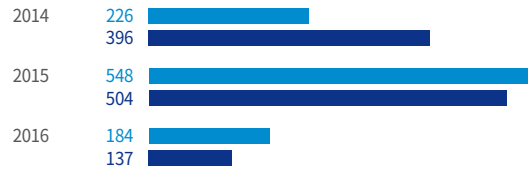
Unit : 100 million won

■ Management Fund Provided ■ Win-Win Fund Provided



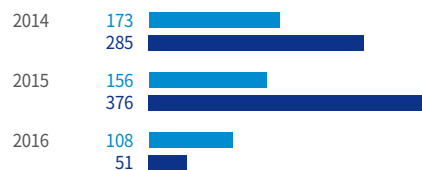
Number of New Partners that Underwent Environmental Auditing (E&C)

Unit : Company ■ Korea ■ Overseas



Number of New Partners that Underwent Audit on Labor Practices (E&C)

Unit : Company ■ Korea ■ Overseas



Mutual Growth with Local Communities

Link to SDGs



Samsung C&T is conducting a wide array of social contribution activities spanning various areas including local communities, future generations, socially disadvantaged classes, environment, and culture. Samsung C&T are continuously and evermore committed to considering and reflecting the opinions of local communities in sharing the economic value earned from our business activities to further develop communities.

Sharing Value with the Local Communities

Samsung C&T E&C Group is helping and sharing with the underprivileged of local communities around its construction sites at home and abroad. Around 200 volunteer groups consisting of employees from the headquarters and construction sites have been actively involved in helping local communities, including rehabilitation therapy for disabled local residents, financial support for low-income families, care for elderly people, and learning programs for children and youth.

Samsung C&T T&I Group dispatched groups of volunteers consisting of employees, their families and local business partners to Myanmar, India, and other countries where the T&I Group is doing business, to tidy up and decorate their classrooms and install play structures in an effort to improve the local educational environment. The Chinese corporation in Shanghai provided occupational training to the disabled youth living in the local community.

In October 2016, Samsung C&T Fashion Group held an event titled "Heartist Market" in celebration of the 2nd anniversary of Heartist. A message that this event tried to impart to the customers and local community was to rediscover the value of things that were abandoned. Also, as this event was held in connection with Samcheong Culture Festival programs, it helped to invigorate the local culture as well.

Samsung C&T Resort Group is giving back to society through gimjang (kimchi making) and sharing events, donation of briquettes, provision of winter items to institutions sponsored by the Resort Group, blood donation by employees, and visits to destitute people living in a slum area.

Support for Future Generations

Since 2015, Samsung C&T E&C Group has run the Junior Construction Academy, through which it provides hands-on job experience related with construction for elementary and middle school students. In these programs, trainers visit underprivileged students to provide construction-related occupational training, and its employees are also involved in the programs to share their knowledge and know-how. In 2016, Samsung C&T E&C Group selected supporters from among construction-related majors in college to take part in educational programs and launched "Open Lectures" for middle school students, constantly making the educational programs available to a growing number of recipients.

The E&C Group also provides scholarships to youth with talent in arts, sports, and music and who are working hard in spite of the difficult circumstances, to help them reach their goals and make their dreams come true.

Go Together, a history education program offered by the T&I Group, is intended to help children from multicultural families establish their identity as Koreans and grow as global leaders. The program is open to the employees and their families including their children ranging from 4th graders in elementary school to 1st graders in middle school. Program participants visit historical sites around Korea and learn about historical events and figures.

Support for the Socially Disadvantaged Class

There are many marginalized people who find it hard to make ends meet in their daily life struggles. Samsung C&T is conducting various volunteer activities to help these people lead a better life.

Samsung C&T E&C Group purchases specialty products and ingredients for gimjang (making large quantities of kimchi to be consumed during the winter) from sister farming villages to help needy local residents. In 2016, the E&C Group donated to local social welfare centers rice and dried sea food that it purchased from its sister villages and delivered kimchi made by its employees to 830 low-income households in Sungnam City. Employees who are members of hobby clubs within the company made flower bouquets, scented candles, potteries, and other handcrafts and sold the items to raise funds. The proceeds generated from the sale, together with a matching fund from the company, were used to buy electric fans that were donated to 314 low-income families in Sungnam City. In addition, our employees planted around 1,200 sat-suki azaleas in Hwarang Park in Bundang and cleaned the areas in and around the park as part of the ongoing social contribution activities. The 1,000 won for Hope Sharing Campaign was launched to raise a disaster relief fund that will be provided as emergency financial aid to victims of natural and industrial disasters.

Samsung C&T Fashion Group has been offering medical support to visually impaired children for the past 13 years. In 2016, the Fashion Group donated 40 million won to Samsung Medical Center, and it was used to perform vision recovery surgeries on 29 children. The Fashion Group, through the Heart to Heart Foundation, is providing assistive technology devices and financial support to patients suffering from eye diseases. Now in its third year, Heart for Art offers visually impaired children and youth art education courtesy of employees and professional art instructors, exhibitions, and mentoring programs. The project has contributed to promoting a positive image for people with impaired vision and to enhancing a sense of pride of employees in the company.

Samsung C&T Resort Group has been helping children suffering from rare and intractable diseases* since 2004. It is hard to pin down the causes of their diseases and the number of patients is too low to facilitate the development of alternative medicine, which makes the situation of the patients even more difficult. The Resort Group is offering support including financial aid for surgeries and rehabilitation therapy and scholarships customized to the needs of individual children; these children and their families are also invited to Everland to have fun and strengthen their family bond. Going forward, Samsung C&T Resort Group will continue its efforts to raise public awareness of rare and intractable diseases. Samsung C&T Resort Group has been helping children suffering from rare and intractable diseases since 2004. These children are small in number, and the causes of the diseases have not been known. As a result, there is neither cure nor alternative medicine to treat the diseases. The Resort Group is offering support including financial aid for surgeries and rehabilitation therapy and scholarships customized to the needs of individual children; these children and their families are also invited to Everland to have fun and strengthen their family bond. Going forward, Samsung C&T Resort Group will continue its efforts to raise public awareness of rare and intractable diseases.

“Some say what good is art to you when you cannot see,
 No matter what they say, I love the art class.
 Actually, I can hardly wait, so one week feels like forever.
 I can express my feelings, thoughts, and dreams with art.
 I can create things and take pictures.
 I can do anything I want, and anything is allowed here.”

- From an essay submitted by a student for the “Touch Me, Wear Me” contest held by Heart for Art.

Mutual Growth with Local Communities through Support for Environment and Culture

Employees of Samsung C&T Resort Group are donating their talents to protect endangered species and promote a culture of respecting biodiversity. In 2016, panda was added to the list of animals to protect, and they organized programs such as the Korea-Russia Tigers Drawing Contest and wildlife habitat-cleaning activities to raise public awareness of biodiversity.

They also provided education sessions on biodiversity for the regional children’s center, members of Everland SNS, and children of employees to help them better understand why and how endangered wildlife and plants should be protected and gain biological knowledge. Samsung C&T Resort Group is utilizing its unique business resources for the Cultural Assets Guardian program as part of its social contribution activities. In 2016, professional landscape architects working at our resorts took measures to prevent oak wilt disease – also known as the AIDS of oak trees -- in trees in Deoksugung Palace, Jongmyo Royal Ancestral Shrine, Hyeonchungsa Shrine, and Shimgokseowon Confucian Academy, removed foreign-originating species, and planted flowers indigenous to Korea; thus contributing to plant management in and around important national cultural properties.

Samsung C&T Fashion Group has been implementing “Heart for Tree”, a Heartist environmental art project, since 2015. As a project launched to promote coexistence with nature and beautify the landscape of local communities, Heart for Tree includes up-cycling waste fabric into clothes for trees and putting the clothes on trees planted along the streets so as to help the trees get through winter and promote the recycling of resources. In addition, the trees planted along the streets in the target areas are beautified during the winter to create a better landscape; thus drawing attention from tourists and citizens as well as getting the project’s message across to more people and spreading the social value that the project intends to create. In 2016, 30 trees around Heartist House in Samcheong-ro, Jongno-gu, Seoul were beautified; the project will continue as the changes have been received well by local residents and tourists. Samsung C&T will remain actively involved in planning and implementing programs to protect the environment and support cultural development, with the aim of building a better future wherein corporations and society coexist in peace and harmony.

Social Contribution Activities

	Unit	2014	2015	2016
Participants	Person	81,810	35,498	29,510
Hours Participated	Hour	163,878	133,507	99,075

* A rare and intractable disease is a medical condition affecting less than 20,000 people, and children constitute approximately 50% of all patients with rare and intractable diseases.

Safe Work Environment

Link to SDGs



With the reinforced safety management system in place, Samsung C&T is working on creating a safe working environment. With regular inspections and training being conducted to raise employees' safety awareness, the company is also carrying out various educational programs and campaigns to internalize safety as an integral part of its corporate culture.

Upgraded Safety Management System

Samsung C&T E&C Group conducts safety training wherein all employees including the CEO participate, and performs safety inspections and safety improvement activities according to Occupational Health and Safety Management System (OHSMS). Audits are performed on all construction sites, and risks are identified and classified into three categories based on the audit results for conducting customized monitoring and taking accident-prevention measures.

Samsung C&T T&I Group revised its Standards on Safety, Environment, and Health to operate the safety and health management system more effectively; the English version of the standards was also distributed to ensure that the same safety management standards are followed at overseas business sites. In 2016, the company appointed a chief safety management officer and introduced an emergency safety inspection system. Furthermore, safety experts joined the safety inspection team to visit overseas business sites and conduct customized safety inspection. Samsung C&T Fashion Group is also strengthening its safety inspection system for stores and logistics centers. Inspections are conducted randomly to gain accurate assessment on safety management, and safety equipment and facilities are upgraded. Safety management guidelines have been revised to fit the different features of individual facilities and enhance the safety management capability. Efforts in 2016 concentrated on improving and inspecting safety management infrastructure including safety organizations, systems, education, and KPI management. Samsung C&T Resort Group has built an emergency response system to cope with different types of safety events, including natural disasters, in a more systematic way. In particular, since the Korean Peninsula is subject to an increasing risk of large and medium-scale earthquakes, an earthquake emergency response unit has been set up, and the Resort Group has established scenario-based safety measures according to the scale and magnitude of earthquakes to ensure that immediate and prompt actions are taken in case of a safety emergency.

Promotion of Safety Culture

Samsung C&T E&C Group strengthened the requirements for safety managers at overseas construction sites and established guidelines for the assignment of safety managers according to the scale of a construction site in order to create a safety organization capable of meeting global standards. Previously, existing safety managers working at overseas construction sites often lacked understanding of local laws and regulations and leadership; thus resulting in problems. To address these problems, minimum requirements including professional qualifications for new safety managers to be hired have been tightened and revised to ensure that qualified safety managers fit for construction sites are recruited.

The Accident-free Workplace Campaign run by Samsung C&T T&I Group set the target of accident-free hours for individual workplaces and increased rewards for workplaces that achieved the target, to raise employees' awareness of safety management at workplaces further and to identify risk factors more effectively. In addition, the Samsung Safety Culture Assessment (SSCA) has been introduced to examine overseas employees' awareness of safety culture. Accident-reporting rules have been tightened, and accident information is shared in real time for prompt response to and prevention of accidents.

Samsung C&T Fashion Group is concentrating its efforts to spread a culture of safety and increase awareness on safety, by establishing the top 10 accident-prevention guidelines to be followed by all employees.

Under the vision of "World's Best Safety & Quality Company", Samsung C&T Resort Group has established strategies for zero accidents; it is striving to establish a safety culture with focus on preemptive responses to safety risks. Cases of past accidents are shared, and accident-prone places are subject to intensive inspection in order to prevent accidents and their recurrence. The Resort Group is increasing its capability to respond to new types of accidents that have never occurred, by performing stricter risk assessments and real-time monitoring of accidents in other companies. The Resort Group has established a code of conduct to correct persistent misbehaviors found in daily operations to encourage employees to acquire safety habits and make safety management a part of their daily routine. For this, the 365 Daily Safety Campaign was launched to conduct seasonal intensive safety inspections on major safety aspects and to encourage employees to monitor their own behaviors and habits that may undermine safety and to correct such behaviors and habits. Other efforts include tightened monitoring of compliance with safety rules and installation of safety screensavers to keep employees remain vigilant as they perform their daily routine.

Enhancing the Safety Competency of Employees

Samsung C&T E&C Group has its safe environment manager personally visit overseas construction sites and offer safety leadership education to construction workers to help them better understand the importance of safety. The Safety Academy is expanding its safety leadership programs to construction sites by offering training and workshops for field safety managers. The E&C Group also helps its partners train their safety managers by providing a safety experts training program and make voluntary activities for safety to take root in their workplaces.

Safety Academy

Category	Unit	2015	2016
Total Trainees	Person	1,654	5,070

Samsung C&T T&I Group is conducting safety education separately for the headquarters and other worksites according to its Safety and Health Management System and relevant laws. Each education program should be planned, implemented, evaluated, and reported according to a set of standards, and this effectively raises employees' safety awareness.

Safety Education of the T&I Group

Category	Type of Education
HQ	• In-house education : education for sojourning employees prior to transfer, safety education for new hires, safety education during worksite inspection, safe environment forum, etc.
Individual Worksites	• Safety & health education: regular safety & health education, education for new employees, fire drill, special safety & health education, etc. • Others : safety & health education mandated by local laws and regulations

Joint Labor-Management Health & Safety Committee

Category	Unit	2014	2015	2016
The representation ratio of the official Labor-Management Health & Safety Committee for employees under the control of the company	%	48.1	46.4	43.4

* The ratio of labor-management council members of Samsung C&T based on the number of employees as of the end of each year.

Samsung C&T Fashion Group offered safety education in multiple formats including lectures, hands-on training, and online learning to increase the effectiveness of safety education and raise employees' safety awareness. In 2016, the Fashion Group conducted a total of 64 sessions of safety education including daytime and nighttime fire drills, and an accumulated total of 5,741 persons received safety training. Samsung C&T Resort Group is focusing on safety education for CASTs who come into direct contact with customers to enable them to improve their ability in customer safety management. In particular, employees who are members of the safe environment group within the Resort Group conduct safety education, fire drills, and emergency response training for new CASTs to help them develop the ability to respond to safety accidents that may occur at the resorts.

Key Safety Indicators

Category	Unit	2014	2015	2016
Number of accidents	Total	172	128	70
	Korea Case	141	66	53
	Overseas	31	62	17
Converted Accident Rate (E&C)*	%	0.32	0.21	0.17
Loss Time Injury Rate (E&C)*	%	0.03	0.05	0.02
No. of Casualties (Permanent Employees)	Person	3	21	3
Injuries & Disease Rate	Total	0.27	0.29	0.17
	Men	0.34	0.37	0.22
	Women	0	0	0
No. of Days Taken Off Due to Work-related Injuries or Diseases / No. of Days Worked During the Reporting Period	Total	0.00015	0.00007	0.00002
	Men	0.00018	0.00009	0.00002
	Women	0	0	0
Absenteeism Rate	Total	0.01	0.01	0.02
	Men	0.01	0.01	0.02
	Women	0.03	0.03	0.03

* Safety indicators are based on permanent employees, and the number of accidents, the converted ratio of accidents (Korea) and the loss time injury rate (Korea and overseas) include employees of partners and temporary workers according to the Industrial Safety & Health Act.

* Converted ratio of accidents = [(No. of casualties x 5 + No. of injured employees) / No. of employees working regularly] x 100

* Lost Time Injury Rate (LTIR) = (Number of LTI) x 200,000 / Number of hours worked
= (Number of LTIs) x 200,000 / Number of hours worked

Reducing Environmental Impact

Link to SDGs



Samsung C&T runs its Environmental Management System (EMS) in order to respond proactively to environmental risks while minimizing impact on the environment in each business area. It also strives to enhance the level of environment consciousness among its officers and employees while strengthening their expertise in environment-related areas.

Operation of the EMS

Samsung C&T sets environmental performance indicators based on the environment management system, and establishes mid and long-term plans to improve the current status, thereby minimizing environmental risks that can arise in operations.

Samsung C&T E&C Group checks its compliance with ISO 14001 Environmental Management Standards through internal review processes. In this process, regular checks and surveys are conducted by the relevant departments and sites to examine the operational status of the EMS in all phases of design, materials, procurement, construction, research and development; and key problems that are discovered along the way are addressed within a given period.

Samsung C&T T&I and Fashion Groups have enacted environmental management policies inclusive of matters that need to be managed and be in line with the global environment standards in order to control preemptively environmental risks that may arise in operations and to use them as standards for their EMSs. Samsung C&T Resort Group manages a system that integrates safety, health, environment and energy management. It develops objectives and detailed action plans with the integrated system based on the requirements under related statutes and other requirements. It steadily improves its system based on the outcome of its monitoring and assessment of items controlled under the integrated system.

Samsung C&T has set the reduction targets for GHG emissions, water use, and waste management -- which are linked to KPIs -- in the minimum currency unit of won, and it is strategically managing the indicators.

Key Performance Indicators in Environment Management

Category	Unit	2016 Results	Sales		Reduction Rate (%)
			Cost	2017 Targets	
GHG Emissions	tCO ₂ e	362,534	1.29	314,405	11
Water Use	Ton	9,092,205	32.35	8,087,184	9
Waste	Ton	1,045,522	3.72	809,504	21
Sales*	100 million won	281,027		273,830	

* The goal for greenhouse gas emission is based on direct emission (Scope 1) + indirect emission (Scope 2).

Stewardship of Hazardous Chemical Materials

Samsung C&T T&I Group has operated emergency collection tanks, de-oilers, automatic sluice gates, and transportation and measuring equipment for blocking or recollecting leaked substances in order to prevent the leakage of hazardous chemical materials from leaking from its facilities. It also controls hazardous chemical materials to be able to respond to any accidental leaks at all times by establishing response procedures and scenarios and by providing sufficient preventive equipment.

In 2016, it improved the management of dust collection and wastewater treatment facilities of its overseas business units while enhancing its control of chemical tank terminals leased in Korea pursuant to the Chemicals Control Act and Act on Registration, Evaluation, etc. of Chemicals.

Fashion Group tightened its control of hazardous chemicals, including installation of level gauges on storage tanks of hazardous chemicals, safety fences around facilities, and sensors for leak detection for diagnosis and assessment.

Resort Group preemptively prevents hazardous chemicals' leaks from its facilities by installing walls around tanks while installing storage tanks for hazardous chemicals indoors. In 2016, trenches were dug around five spots for parking of tank lorries to direct the flow of any leaked chemicals into a collecting well; thus preventing leaks of hazardous chemicals due to the breakage of hoses during transfer of hazardous chemicals into tanks.

Enhancing Eco-consciousness and Expertise

Samsung C&T E&C Group has established plans for systematic environment education in order to enhance the environment-related capabilities of its employees and partners. In 2016, it provided a total of 14 courses for education on the duties of environment controllers and personnel of its partner companies. 10 courses that required expertise were conducted in cooperation with outside specialist agencies. In particular, the education on the removal of asbestos, which was conducted in October 2016, was participated in by all of its 21 relevant partner companies to provide working-level training on responding to field requirements. In addition, Samsung C&T E&C Group has cultivated master and doctoral personnel in zero-energy architectural technologies under an MOU signed with Gongju University for advanced track courses on the relevant technologies also plans to perform its mission as an environmental enterprise for future generations by deploying a close cooperation system with the academe.

Expenditure for Environmental Management

Item	Unit	2014	2015	2016
Total expenditure for environmental management	Million won	26,121	28,285	40,434

Biodiversity

Item	Unit	2014	2015	2016
Number of sites in areas with a high biodiversity value	Number	18	19	16
Protected or restored habitats	Number	41	42	32
Number of species of protected wild animals and plants	Species	34	34	31

Achievements on Environment-conscious Management

In 2016, Samsung C&T E&C Group reaped good results in various contests for its outstanding field environmental management. Environmental damage prevention activities at three sites of E&C Group were selected as best practices at the Open Competition of Outstanding Cases of Prevention of Environmental Disputes hosted by the National Environmental Dispute Resolution Commission of the Ministry of Environment. Also, E&C Group was awarded the Environment Minister Prize at the 12th Competition of Outstanding Cases for Construction & Environment Management jointly hosted by the Ministry of Environment and Ministry of Land, Infrastructure, and Transportation for the exemplary management of its three domestic sites.

In September 2016, Resort Group was designated by the Ministry of Environment as a Green Enterprise once again for its superior EMS and proactive environmental management and improvement activities in all its business operations. Since its designation as a Green Enterprise for the first time in the service industry in 1997, it has been re-designated four times for its steady improvements in environment management.

Item	Unit	2014	2015	2016
No. of breaches of environmental laws & regulations	Cases	10	14	10

* The figures above include violations involving a fine or more serious penalties, and they have been compiled according to the company's internal environmental regulations. None of the violations resulted in a fine of USD 10,000 or more.

Responses to Climate Change and Resource Management

Samsung C&T has promoted mid- and long-term objectives and detailed plans to achieve Key Performance Indicators (KPIs) in environment management, including management of greenhouse gases, energy, and wastes. It has also strived to minimize environmental impacts of resource use by controlling the quantities of resources it uses, with a department dedicated to this purpose set up within each group.

Status of Resource Use

Item	Unit	2014	2015	2016
Steel rebar	Ton	240,444	204,304	140,694
Ready mix concrete	m ³	2,294,923	2,704,580	2,092,781
Cement	Ton	340,250	271,974	364,007
Sand	m ³	70,824	57,639	36,852
Aggregates	m ³	1,180,885	946,124	178,010
Ascon	Ton	3,006,579	2,963,017	514,627
Wool	LB	2,562,182	2,671,847	2,665,389

Status of Air Pollutants Discharged

Item	Unit	2014	2015	2016
NOx*	ppm	152.0	211.4	237.6
SOx	ppm	1.9	2.6	3.4
VOCs	ppm	-	-	1.2
POPs	kg	-	-	0
HAPs	kg	-	-	1.0
Dust	mg/m ³	1.1	1.1	3.6

* The NOx discharge volume is different from the figure reported the previous year, with the addition of discharge volume by the overseas units of Samsung C&T T&I Group (SC OTELINOX S.A., Romania).

Status of Greenhouse Gases Discharged

Category	Unit	2014	2015	2016
Scope 1	tCO ₂ e	215,435	221,970	198,956
Scope 2	tCO ₂ e	133,194	152,000	163,579
Scope 3	tCO ₂ e	148,099	111,762	123,005
Status of domestic discharge	tCO ₂ e	291,722	246,886	255,796
Status of discharge overseas	tCO ₂ e	205,006	238,847	229,744
Total volume discharged	tCO ₂ e	496,728	485,732	485,540
Unit discharge volume per sale (KRW)	tCO ₂ e/100 million won	1.62	1.72	1.85
Unit discharge volume* of building greenhouse gases	tCO ₂ e/m ²	-	0.08	0.06
Unit discharge volume* of greenhouse gases from construction projects	tCO ₂ e/m ²	-	1.45	0.96

* The 2016 figure for the construction business is the aggregate total of data concerning the sale of the main office building in Taepyeong-ro and office buildings in Seocho and Pangyo due to the relocation to Pangyo.

Status of Waste Discharge and Treatment

Item	Unit	2014	2015	2016
Construction wastes	Ton	862,664	1,507,738	1,011,988
Rate of reuse of construction wastes	%	53	82	95
Specified wastes	Ton	10,502	1,067	2,538
Wastes from business facilities	Ton	20,991	50,292	23,016

Status of Energy Use

Item	Unit	2014	2015	2016
LPG	GJ	16,174	31,702	10,401
Diesel	GJ	3,000,412	2,828,397	3,068,486
City gas	GJ	2,076,540	1,684,452	1,211,019
Kerosene	GJ	131,522	99,457	91,162
Electricity	GJ	2,729,692	2,798,071	2,988,667
Jet fuel	GJ	265,127	253,465	209,618
Gasoline	GJ	61,925	84,922	97,264
Heavy oil	GJ	80,848	2,575	813
Total	GJ	8,529,837	7,981,440	8,484,335
Unit consumption per sale (KRW)*	GJ/100 million won	27.76	28.21	32.33
Unit building energy consumption*	kWh/m ²	-	132.4	92.1

* The 2016 figure for the construction business is the aggregate total of data concerning the sale of the main office building in Taepyeong-ro and office buildings in Seocho and Pangyo due to the relocation to Pangyo.

Status of Water Resource Use

Item	Unit	2014	2015	2016
Potable water service	Ton	3,244,703	4,562,066	3,976,098
River water	Ton	2,071,036	1,383,824	1,579,738
Ground water	Ton	2,247,268	2,408,979	1,899,485
Recycled water	Ton	959,253	1,227,215	1,636,884
Total volume used	Ton	8,522,260	9,582,085	9,092,205
Basic unit, volume used (against sales)	Ton/100 million won	27.74	33.87	34.60
Number of water sources considerably affected by water intake	number	16	16	17
Basic unit, volume* of water consumed by buildings*	Ton/m ²	-	1.26	0.74

* The number of water sources affected by water intake is different from the previous-year data since the data for the Fashion and Resort Group have been newly added.

* The 2016 figure for the construction business is the aggregate total of data concerning the sale of the main office building in Taepyeong-ro and office buildings in Seocho and Pangyo due to the relocation to Pangyo.

Compliance Management

Link to SDGs



Samsung C&T has established governance and operational system to carry out its compliance management. It has also enhanced its compliance system by setting up compliance standards that are stricter than legal regulations and by strengthening its education and inspection programs.

Compliance Organizational Structure and Programs

Samsung C&T operates Compliance Committee in each business units, under which a dedicated unit and an autonomous unit run. The Compliance Committee reviews and makes decisions on key issues related to compliance control. The dedicated unit supports the compliance programs of the field departments and assumes responsibility for education and inspection. Meanwhile, the autonomous unit, which is formed in teams or departments, executes various activities to promote a compliance culture in the field, thereby spreading the mindset of compliance management of Samsung C&T.

Samsung C&T E&C Group strengthened its counseling and reporting program for compliance management by carrying out the ombudsman policy and hosting the ombudsman session four times a year.

Samsung C&T T&I Group augmented its risk detection capability by adding a new compliance agreement process in its legal system. Moreover, the compliance guideline was revised and uploaded on the compliance portal site in order to help employees understand further.

Samsung C&T Fashion Group deals with compliance-related issues by appointing a compliance officer and a manager supporting the officer within its autonomous unit. It also supports compliance by appointing compliance activities by appointing compliance watchers and practitioners.

Samsung C&T Resort Group has an organization dedicated to compliance activities to discover and hedge risks, and to initiate compliance-related activities and training programs. The acting compliance units consist of officers, managers, staff, and agents of each team. The officers supervise overall compliance activities of the field departments, and managers follow the order of officers to manage compliance activities in each department. The staff members are responsible for the working-level compliance functions of their teams or departments under the control of the managers. The agents are working-level employees responsible for the compliance activities of the relevant field department as directed by the managers and staff members.



Compliance Education

To enhance the compliance mindset of its officers and employees and its partner companies, Samsung C&T operates basic, layered, and duty-based education programs.

Samsung C&T E&C Group provides online education on compliance and evaluates the compliance of its officers and employees. It enhances employees' compliance mindset by publishing video clips of outstanding presentations by officers who participated in its Compliance Academy. It also provides education to the representatives of its partner companies concerned with procurement and CS. In addition, it enhances the compliance mindset through face-to-face education program in overseas sites. Moreover, access to the online education improved by providing courses in English, Chinese and Arabic.

Samsung C&T T&I Group has encouraged members of its compliance dedicated unit to complete professional courses conducted by external experts so that they can enhance their capabilities. Also, the group is running customized education program for small groups at overseas sites.

Samsung C&T Fashion Group provides education courses for all of its officers and employees based on their job grades and duties as required. Education is provided directly to those who work at overseas business facilities with instructors visiting them.

Samsung C&T Resort Group provides hierarchical education program to its officers and employees semiannually, including those who are newly hired. Additional compliance education related to duties is provided to members of the departments with relatively high compliance risks. In addition, education on the Acts of unfair transactions and subcontracting is provided by outside expert agencies. The compliance mindset of its officers and employees has been strengthened based on changes in internal and external conditions related to compliance.

All groups of Samsung C&T conducted diverse education, quiz, and promotional programs to comply with The Improper Solicitation and Graft Act, which was enforced in 2016.

Total Number of Employees who Participated in Compliance and Ethical Management Education in 2016

Unit: persons







* Cumulative sum of employees who participated in the compliance and ethical management education conducted by the compliance-dedicated teams of each group.

Inspection of Compliance

Samsung C&T checks and improves compliance risks through periodic and occasional inspection by dedicated teams along with autonomous compliance inspection by field departments. It also conducts improvement activities while establishing countermeasures by surveying areas of key compliance violations based on the outcome of the inspection.

Details of Inspection of Compliance by Group

Group	Autonomous Inspection	Compliance Inspection
 E&C	<ul style="list-style-type: none"> Targets: All departments and field sites (all officers and employees) Method: Checklist-based inspection under initiation by officers/CMs Details: Sexual harassment, verbal violence, social norms, contract processes, bribery, Improper Solicitation and Graft Act, protection of personal information, prevention of unfair competition, etc. 	<ul style="list-style-type: none"> Construction sites: 113 times Main office departments: 192 times Special inspection: 40 times
 T&I	<ul style="list-style-type: none"> Targets: All departments and overseas offices Method: Autonomous inspection using checklists Details: (domestic) contract management, bid rigging, protection of confidential information, subcontracting (overseas), copyright, ethical management, collusion 	<ul style="list-style-type: none"> Periodic inspection: 39 times Special inspection: 30 times
 Fashion	<ul style="list-style-type: none"> Targets: Field divisions (93 departments) Method: Autonomous inspection using checklists Details: Subcontracting, fair transaction, labeling and advertising, protection of information, etc. 	<ul style="list-style-type: none"> Worksites: 22 times Special inspection: 65 times
 Resort	<ul style="list-style-type: none"> Targets: All departments and overseas sites Method: Risk exploration and improvement initiated by working-level CP personnel Details: Violation of law, legal risks, litigation/disputes, etc. 	<ul style="list-style-type: none"> Periodic inspection: 54 times Special inspection: 4 times

Assessment on Corruption Risks of Worksites

Category	Unit	2014	2015	2016
Number of target business sites	Number	304	342	312
Number of business sites whose corruption risks were assessed	Number	186	252	217
Rate of business sites whose corruption risks were assessed	%	61.2	73.7	69.6

Reward and Punishment Based on Assessment

Samsung C&T imposes sanctions against violators or violating departments based on the outcome of compliance inspection while developing countermeasures against key points found in the inspection. On the other hand, outstanding compliance workers are chosen and rewarded as a means to motivate employees to promote the compliance mindset.

Increasing Customer Value

Link to SDGs



Samsung C&T reaches its customers through various communication channels. We always listen to customers' feedback carefully at the moment of truth. We also endeavor to provide quality works to satisfy our customers in multi-dimensional aspects.

Improving Service Quality at MOT

Samsung C&T strives to enhance the service capabilities of its employees at MOT so that the best customer service can be provided.

Samsung C&T E&C Group has enhanced the value and customer satisfaction of the Raemian brand by carrying out training courses for CS engineers in order to train specialist service personnel -- in addition to hospitality course -- to enhance the service capabilities of personnel serving at MOT. Samsung C&T Resort Group operates "5! Happy Service" in order to improve the customer response capability of staff who directly meet with customers at their work place. The staff learn the five service elements required to provide services with detailed examples so that they can easily understand, including basic aptitude, mindset, and attitude. We share eight rules of behavior to reduce claim from VOC and give support so that those staff can provide the best quality for customers.

CS Training

Category	Unit	2014	2015	2016
Trainees-completed education	Persons	11,350	8,692	9,845

Survey of Customer Satisfaction

Samsung C&T makes effort to provide quality service by listening to customers by periodically conducting internal survey and third-party survey on customer satisfaction.

Samsung C&T E&C Group conducts an internal survey of customer satisfaction among the residents of the newly built Raemian apartment complex to reflect the survey results on its improvement effort.

Samsung C&T Fashion Group checks the service level of CS centers by monitoring CS calls. We examine the entire service stages by monitoring A/S experience. In addition, the Group runs regional CS centers in order to better satisfy customers visiting stores. The Group provides guidelines on repair to support customers.

Samsung C&T Resort Group has measured how satisfied visiting customers are. In doing so, the Group carries out a survey on whether the customers intend to visit again and recommend to others. The survey results have been reflected to increase the quality of customer service.

Enhancement of Quality Assurance System

Samsung C&T Fashion Group makes more of an effort to quickly provide better quality products at reasonable price through constant quality management. The Group examines the quality and safety of its products at all stages. Particularly, all the products go through inspection to prevent any defective items -- which may occur in outsourced production -- from being sold to customers. The results of the quality inspection are systematically complied every day and shared as feedback to all its executives and employees to achieve better quality. The system is designed to prevent items with non-conformity record from being warehoused through stage-wise inspection. Warehoused items are under quality control through regular monitoring.

In addition, Samsung C&T Fashion Group has set up its own criteria of quality management based on the guidelines drafted by the Korea Consumer Agency. The Group uses the criteria for quality check process. The quality level is shared with the Supply Team in real time so as to reflect diversely changing customer requirements on its products. It also makes effort to enhance understanding of staged quality inspection by those involved in quality inspection through training. In particular, guidance is provided so that products satisfying the given quality standards can be produced. It is based on training of the partner company's personnel on quality inspection criteria and methods in the process of acceptance into the warehouse. In 2016, employees in charge of the process took a training course regarding product safety education as the importance of product safety was particularly emphasized that year. Acceptance of products whose safety is not warranted is prevented on the system.

On the other hand, the Group works on developing new materials in order to realize customer satisfaction by enhancing product quality. In 2016, a new material was developed, which can maximize comfortable feeling of wearing wool down clothes. Also, a new sewing technique was developed to minimize feather loss and maintain fluff. Those new material and technique were shared with all partner companies.

Strengthened Protection of Customers' Personal Information

Samsung C&T thoroughly protects the personal information of its customers pursuant to the Personal Information Protection Act. Samsung C&T E&C Group regularly conducts its compliance session and inspection activities regarding the protection of personal information. Participants of such programs are Raemian CS employees and system administrators engaged in defect management.

Samsung C&T Fashion Group periodically conducts inspection activities on the team dedicated to the protection of personal information. Important personal information such as resident registration number has been encrypted. The Group has also enhanced security awareness among employees by carrying out training sessions regarding personal information protection.

Human Right Report

Link to SDGs

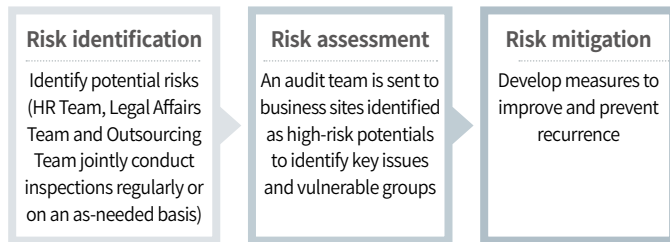


With the publication of the UN Human Rights Reporting Framework, Samsung C&T has designated key areas for enhancing human rights and disclosed related performances in support of the UN Guiding Principles on Business and Human Rights (UNGPs).

Human Rights Consciousness Management by Samsung C&T

Samsung C&T strives to prevent human rights violations in its business relations as well as direct business operations. It plans to disclose key achievements in human rights consciousness management as follows, in keeping with the Universal Declaration of Human Rights. The human rights policy of Samsung C&T is applicable to all of its partner companies as well as all its officers and employees.

Identification of human rights risks and risk mitigation process



Respect for Diversity and Prohibition of Discrimination

Samsung C&T strives to spread a culture that respects diversity, in view of its employees having diverse social or ethnic backgrounds. It promotes changes in perception and improvement of systems so that diversity can be recognized and embraced while trying to eliminate discrimination based on gender, education, race, and religion. In particular, Samsung C&T E&C Group induces changes in perception by requiring all its employees to receive Global Mindset and Diversity & Inclusion education.

Efforts for the Protection of Maternity

Samsung C&T has in place a variety of policies and supports beyond what is legally required, to help female employees achieve work-family balance. All business groups of Samsung C&T comply with the legal standards on working hours for pregnant workers, adjust the working hours for field-working pregnant employees, establish a system to ensure that the working-hour schedule for pregnant employees is strictly followed, set aside parking space for pregnant workers and implement maternity protection programs. Additionally, a group consulting program is run to help employees who return to work from childbirth or childcare leave adjust back to work, manage their mental health and form a network among themselves. In 2016, childcare leave rules were revised to allow female employees to take a childcare leave as long as their child is 12 years or younger and all employees can take a childcare leave of up to 2 years, regardless of gender under the new rules. As of 2016, women represent 21.4% of all permanent employees of Samsung C&T and female workers in manager positions make up 7.5% of all manager-level employees.

Those who Used or Returned from Nursing Leave

Item	Unit	2014	2015	2016(male/female)
Those who used nursing leave		204	184	215 (13/202)
Those who returned from nursing leave	Persons	166	177	215 (21/194)
Those who have served 12 months or longer after a nursing leave		144	165	184 (16/168)

* The figures are based on the number of regular employees. The data of those who took a nursing leave, who returned from nursing leave, and who served 12 months or longer after returning from a nursing leave began to be collected separately by gender from 2016.

Prohibition of Forced Labor

Samsung C&T prohibits forced labor – which has emerged as a global human rights issue -- including non-voluntary contract and slave labor. Employment contracts are provided in the local language of the countries where project sites are located so that the employees can fully understand the contract provisions. It also maintains systematic control to ensure the basic human rights of its partner companies’ employees who are vulnerable to forced labor as well as its own employees.

Prohibition of Child Labor

Samsung C&T prohibits child labor of any type. In 2016, an employee of Innifarm belonging to Samsung C&T T&I Group arbitrarily forced his children to work. In response, Samsung C&T developed improvement plans by surveying the business site on two occasions. Follow-up actions were taken to improve regional infrastructure, safety and health, wages and work conditions, and living conditions. Furthermore, to improve the anti-child labor mindset, educational sessions were conducted on the prohibition of child labor led by the Labor Ministry of the Indonesian Government, and employees were required to sign a pledge on prohibition of child labor. To address the fundamental cause of child labor, Samsung C&T developed improved safety conditions wherein farm employees can entrust their children to the nursing facilities near the farm.

Enhancement of Labor-Management Communication

Samsung C&T strives to build a relationship of mutual trust between labor and management through communication among its officers and employees. In particular, E&C Group works to handle employee complaints systematically by operating diverse on- and off-line communication channels among its officers and employees. T&I Group provides its employees with opportunities to listen to candid thoughts of the CEO on pending issues they are curious about, through the special communication channels between its officers and employees, and the CEO and management team, “Empathy Talk with the CEO” and “Empathy Chat with the CEO and Management”.

Governance Report

Link to SDGs



Samsung C&T has established a governance structure that satisfies the global standards so that its Board of Directors (BOD) can exercise its decision-making authority independently and transparently and business management can be performed efficiently based on checks and balances.

Members of the BOD

The BOD consists of four executive directors and five independent directors, who are elected transparently by the General Meeting of Shareholders. Independent directors are appointed from among individuals who have extensive knowledge and experiences in business, economy, finance, and technology, and who are widely respected, regardless of gender, race, and nationality, through the Independent Director Recommendation Committee, in order to ensure fair decision-making, professionalism and diversity within the board of directors. Eligibility of independent directors is restricted to those who are not in special relations with the major shareholders in order to prevent any conflict of interests. In 2016, Samsung C&T further enhanced the transparency of our general governance by amending the Articles of Incorporation to allow not just the chief executives, but all executives to become the chairman of BOD.

Category	Name	Organization and position
Executive Directors	Chi Hun Choi	CEO and President
	Shin Kim	CEO and President
	Bong Yung Kim	CEO and President
	Young Ho Lee	Vice President
Independent Directors	Dal Joong Chang	Professor Emeritus, Political Science and International Relations, Seoul National University
	Jong Uk Lee	Professor, Economics, Seoul Women's University
	Hyun Soo Lee	Professor, Architecture & Architectural Engineering, Seoul National University
	Chang Hyun Yun	Professor, Business Administration, University of Seoul
	Jae Choul Kwon	Chairman, Korea Employment Welfare Center

Evaluation and Payment of Reward for Board Members

Rewards, including pensions and severance, are commensurate with evaluation results that are linked with business goals. The total amount of benefits is determined in the general meeting of shareholders every year within the limit of the sum that was approved by the meeting. Reliability of the reward system to BOD is enhanced by transparently disclosing information concerning rewards to the board members in the business report.

Protection of Shareholders' Rights

Shareholders of Samsung C&T have rights provided under the law, including attendance to and participation in decision making by the General Meeting of Shareholders and profit dividend. Samsung C&T makes decisions through its General Meeting of Shareholders as set forth under related provisions, based on the principle of ensuring the shareholders' rights when a material change occurs in its management.

It also upholds their rights to know by disclosing other information concerning its business management on its website and or other means.

Operation of the BOD

In 2016, Samsung C&T held a total of 15 board meetings. The average attendance rate of the independent directors was 92%.

Date	Agenda	Approved or Not	Attendance Rate of Independent Directors
Jan. 28	Approve the 52nd period business report and financial statements and 3 other agenda items	Approved	100%
Feb 5	Participate in rights issuance to increase the capital of Samsung Engineering	Approved	83%
Feb. 17	Convene the 52nd regular General Meeting of Shareholders and made decisions on corporate missions and 2 other agenda items	Approved	83%
Mar. 11	Amend the regulations on the operation of the BOD and management committee and three other agenda items	Approved	100%
Mar. 23	Extend performance bond for the Roy Hill Project and new performance bond	Approved	100%
Apr. 27	Approve the 2016 first-quarter financial statements and another agenda item	Approved	100%
May 25	Refinance for borrowings of the land oil field in the USA and another agenda item	Approved	100%
Jun. 27	Credit ceiling for guaranteeing the Qurayyah project and extension of corporate payment guarantee and two other agenda items	Approved	67%
Jul. 27	Approve the 2016 second-quarter financial statements and another agenda item	Approved	100%
Aug. 8	Home office performance bond for the UK corporation	Approved	100%
Sept. 9	Lease of Seocho office building	Approved	67%
Sept. 28	Issuance of corporate bonds and agreement on subscription for corporate bonds by specially related parties	Approved	100%
Oct. 26	Approve the 2016 third-quarter financial statements and another agenda item	Approved	100%
Nov. 22	Credit ceiling for guaranteeing the Saudi Qurayyah project and extension of corporate performance bond	Approved	83%
Dec. 14	Approve credit line for specially related parties and two other agenda items	Approved	100%

Tighter Guidelines on Donation

In March 2017, Samsung C&T strengthened transparency requirements regarding donations* made to outside entities by improving its governance procedure. The Board should decide on donations of one billion won or more, and such donations are announced via digital disclosure system. In 2016, Samsung C&T donated a total of 10.39 billion won. The usage of donations for outside entities is reported to the CSR Committee biannually.

* Donations : donations, sponsorships and other types of supports requested by outside organizations, social contribution events, academia-industry cooperation projects, etc.

Board Committees

Board Committees assist the BOD by enhancing expertise in the respective area they are responsible for. Samsung C&T has six committees under the board. Since 2015, it has also been operating a separate governance committee.

Executive Committee

The Executive Committee deliberates on and adopts resolutions for matters entrusted by the board based on the articles of incorporation and board regulations in order to enhance expertise and efficiency in executing business decisions. The committee holds its meetings as required. The Executive Committee is organized from the internal directors based on a board resolution. Currently, it consists of four executive directors.

Audit Committee

The Audit Committee is organized to check, supervise, and assist the management team so that it can maximize business value with legitimate procedures and reasonable decision making. The regular meeting of Audit Committee is held semiannually, but ad hoc meetings may be held as required. The Audit Committee consists of three or more directors based on a resolution by the General Meeting of Shareholders. Currently, it consists of four independent directors. With the key audit system introduced for order-made businesses in 2016, the transparency and expertise of the audit committee were enhanced by holding separate meetings between the audit committee members and outside auditors.

Independent Director Recommendation Committee

The Independent Director Recommendation Committee is organized to secure fairness and independence in recommending independent director candidates. In particular, it recommends independent director candidates to the General Meeting of Shareholders by inclusively examining their neutrality, qualifications, and competencies suitable for global business. The committee may hold meetings as required, and it currently consists of three independent directors and one executive director based on a board resolution.

Remuneration Committee

The Remuneration Committee is organized to secure objectivity and transparency in the assessment and remuneration of directors and management team members. It examines the suitability of the reward to registered directors, including limits of directors' remunerations which is to be referred to the General Meeting of Shareholders, systems for assessing or rewarding the management team members, and their implementation. The committee may hold meetings as required, and it currently consists of two independent directors and one executive director based on a board resolution.

CSR Committee

The CSR committee is operated to increase contribution to public good through enhanced CSR activities and to strengthen communication with shareholders, markets, and local communities. It currently consists of two outside directors and one internal director. Non-executive advisers are appointed for efficient support to the operations. Non-executive advisers are appointed among outside experts to perform CSR management-related research tasks and advise the committee on CSR-based management activities as to the global trends and deliver the requirements of stakeholders. The CSR committee may hold its meetings as required, and it reports the key details of its meetings to the board of directors.

Internal Transaction Committee

Member of Internal Transaction Committee reviews internal transactions in order to enhance the transparency of corporate management by deploying a system for autonomous compliance with the fair transaction law. It holds meetings as required, whenever there are needs to review matters subject to its review or resolution. The Member of Internal Transaction Committee is organized based on a board resolution, and it currently consists of three outside directors.

Other Committees

Governance Committee

Samsung C&T has operated its governance committee since 2015 in order to implement policies more aggressively for enhancing the governance structure so that it can help fulfill its social responsibility and increase shareholder's values through enhanced communication. It currently consists of three independent directors and three independent experts. One of the appointed independent directors supports communication between the board of directors and the shareholders and is responsible for protecting shareholders' rights and interests, holding a total of 11 meetings with outside investment institutions and governance advisory bodies.

Samsung C&T implements its shareholder-friendly policies based on three points of view:

- Enhance direct communication with the shareholders.
- Enhance real shareholder value by returning the benefits to shareholders: aiming at 30% of dividend payout ratio
- Protect the rights and interests of the shareholders and fulfill corporate responsibilities through the operation of the governance and CSR Committee



Appendix

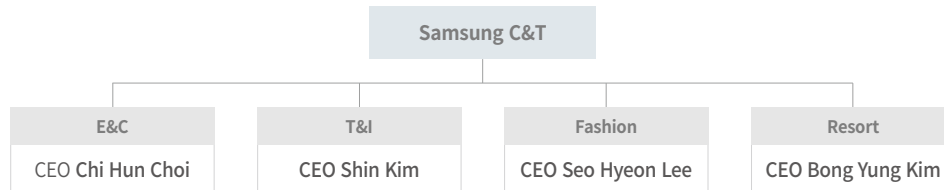
Company Profile

Company Overview

Samsung C&T was founded in 1938 as the mother company of the Samsung Group. Merged with Samsung E&C in 1995, it has actively implemented global projects having overseas branch offices in over 50 countries worldwide. Samsung Everland, which led the service industry of Korea, acquired the Fashion Group of Cheil Industries in 2013, and it was renamed Cheil Industries. In Sep. 2015, Samsung C&T and Cheil Industries were merged into a conglomerate that started new operations by embracing the E&C, T&I, Fashion, and Resort Groups.

Company Name	Samsung Construction & Trading Corporation	Headquarters	123 Olympic-ro 35-gil Songpa-gu, Seoul, Korea
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Organization Chart



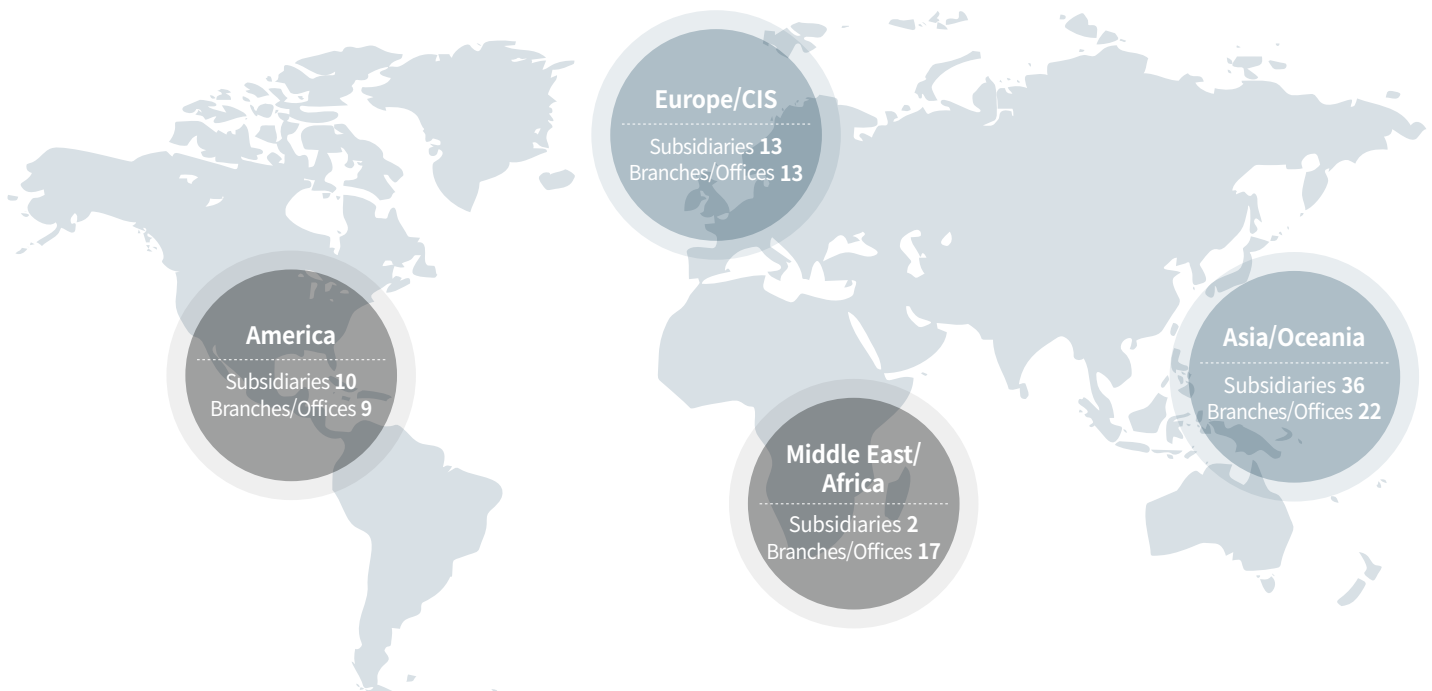
Vision

GLOBAL BUSINESS PARTNER & LIFESTYLE INNOVATOR



Samsung C&T intends to realize its vision of “enterprise creating global values of providing total life service” by fulfilling its environmental and social responsibilities as well as creating economic values through business management.

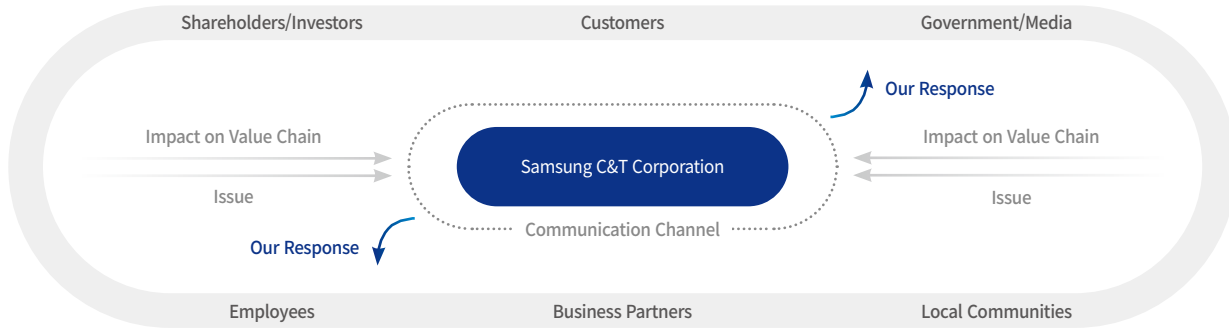
Key Overseas Networks



Participation of Stakeholders

Samsung C&T categorizes into six groups its stakeholders who have important and influential relations with its management and business into six groups : shareholders and investors, customers, executives and employees, partner companies, local communities, and government and press. Samsung C&T strives to realize sustainable communication with its stakeholders by actively responding to diverse issues of interest through the deployed channels.

CSR Communicating with Stakeholders

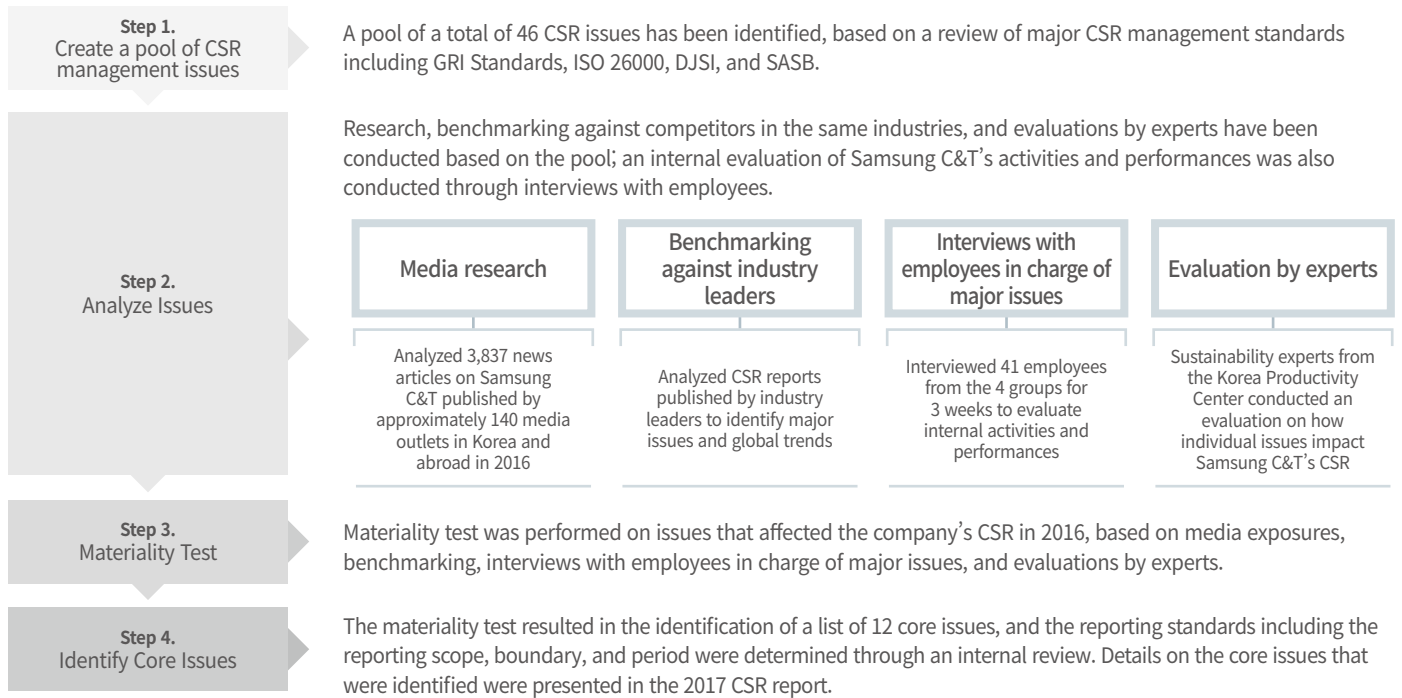


Stakeholder	Issue	Communication Channel	Impact on Value Chain	Our Response
Shareholders/ Investors	<ul style="list-style-type: none"> Economic performance Risk management 	<ul style="list-style-type: none"> Information disclosure Credit rating Conference at home and abroad 	<ul style="list-style-type: none"> Checks and balances 	<ul style="list-style-type: none"> Stable revenue generation Integrated risk management Strengthening of project execution capacity
Customers	<ul style="list-style-type: none"> Products and services Customer health and safety Marketing Communication 	<ul style="list-style-type: none"> Homepage Customer center Customer satisfaction survey 	<ul style="list-style-type: none"> Project contract Product purchase 	<ul style="list-style-type: none"> B2B & B2C CRM Enhancement of customer satisfaction and trust
Employees	<ul style="list-style-type: none"> Health and safety Diversity Education and training Employment and benefit Labor/Management relations 	<ul style="list-style-type: none"> Intranet Webzine and blog Labor-Management Committee CEO message 	<ul style="list-style-type: none"> Finance, design, marketing Technology R&D Intellectual Property 	<ul style="list-style-type: none"> Talent-oriented organizational culture Competency development Occupational health and safety Benefits and other employee incentives
Business Partners	<ul style="list-style-type: none"> Supplier assessment for impacts on society Ethics management Human rights investment Anti-corruption 	<ul style="list-style-type: none"> Partners' portals Business partners council Information sessions and forums 	<ul style="list-style-type: none"> Logistics, procurement, construction 	<ul style="list-style-type: none"> Fair trade Competency building of partners Pursuit of shared growth
Local Communities	<ul style="list-style-type: none"> Indirect economic impacts Local communities Environment 	<ul style="list-style-type: none"> Social contribution activities Partnership (NGO, etc.) 	<ul style="list-style-type: none"> Establishment of infrastructure Indirect economic effects 	<ul style="list-style-type: none"> CSR activities linked to capabilities of worksites at home and abroad
Government/ Media	<ul style="list-style-type: none"> Anti-corruption Health and safety Compliance 	<ul style="list-style-type: none"> Homepage Public hearing Press release 	<ul style="list-style-type: none"> Project development Line of transaction Project identification and securement 	<ul style="list-style-type: none"> Participation in government policies Legal & regulatory compliance Information disclosure

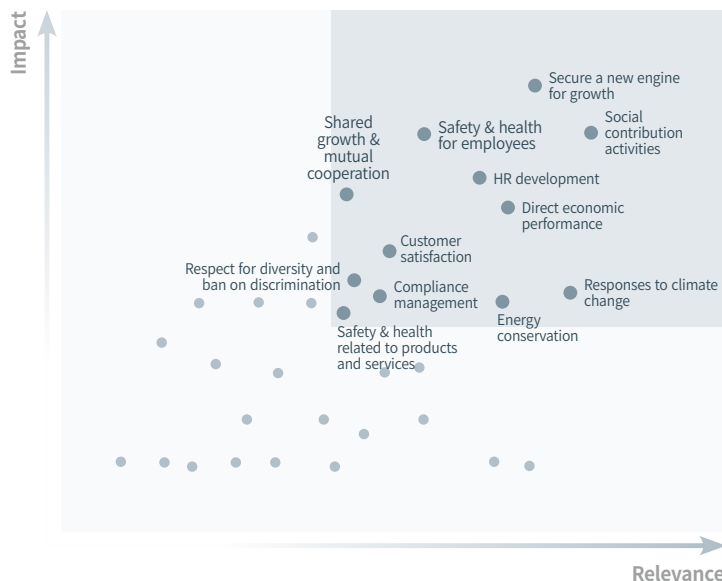
Materiality Assessment

Samsung C&T has effectively carried out materiality assessment processes in order to reflect the business conditions at home and abroad as well as stakeholders' diverse expectations and issues of interest. Based on CSR management standard indicators, it sorted out various issues to the pools of economy, society and environment; and has assessed the materiality of those issues by reflecting media research, benchmarking other companies in the same industry, and having interviews with persons in charge. The details of core issues selected based on the materiality assessment are disclosed through this report in connection with the business activities of Samsung C&T.

Materiality Assessment Processes



Materiality Assessment Map



Core issues are reflected on the company's business activities according to the 4 key strategic goals, and details of the core issues are available in the report. From the 46-issue pool, 12 core issues have been selected through the materiality test.

- Core subjects
- Potential subjects (monitoring)

- Impact : financial, operational, and strategic impacts
- Relevance: impact on corporate image and reputation

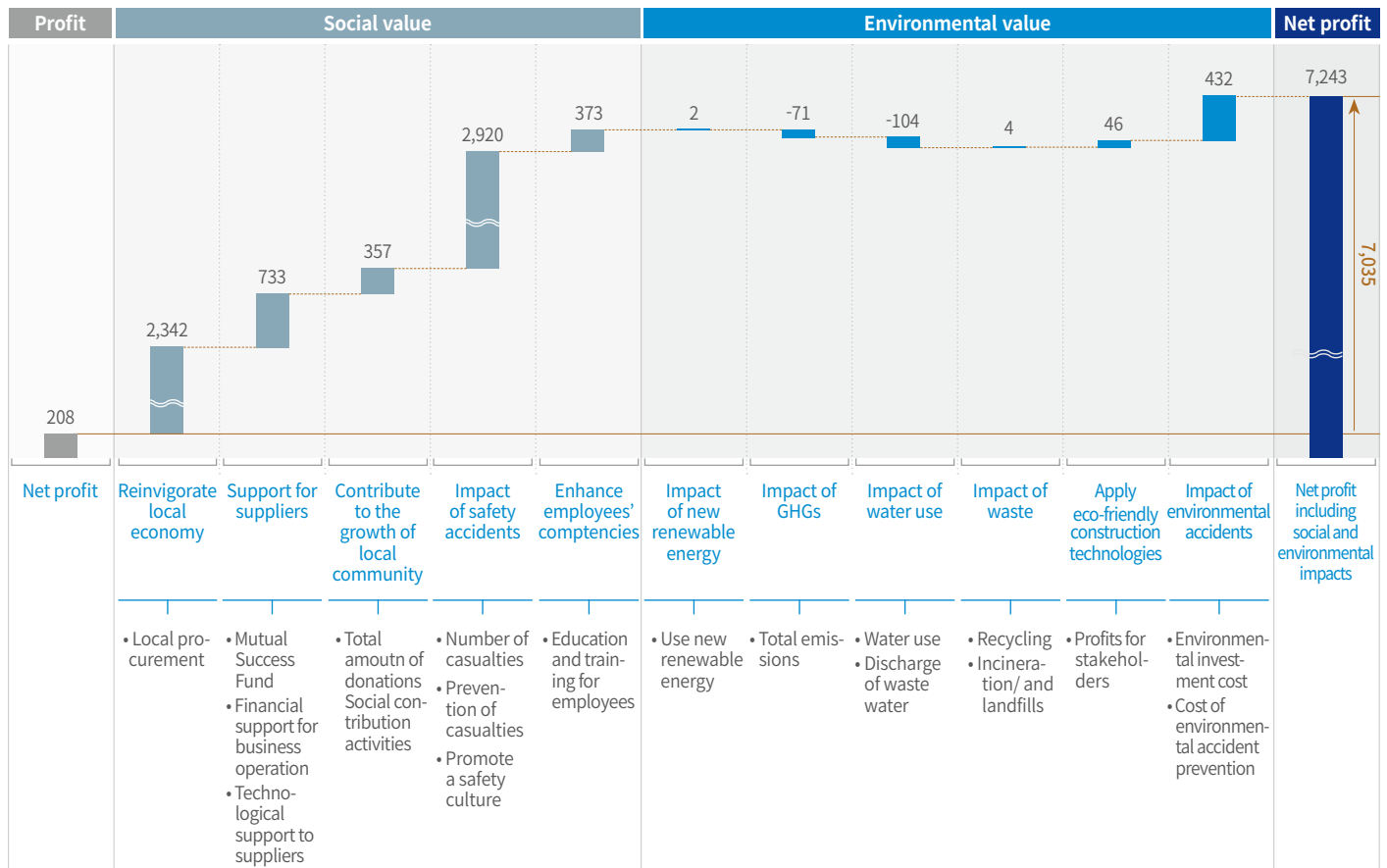
Material Issue

Material Issue	Disclosure	Report category	page
Direct economic performance	Economic Performance	• Creating Economic Value	27
Secure a new engine for growth (Business diversification, entry into new markets, etc.)	Other business issues	• New Opportunities for All • Creating Economic Value	21 27
Compliance management	Anti-Corruption	• Reinforcement of Compliance • Compliance Management	15 39
Response to climate change	Emissions	• Environmentally Conscious Company, Samsung C&T	11
Energy conservation	Energy	• Reducing Environmental Impact	37
Safety and health for employees	Occupational Health and Safety	• Importance of Safety	13
Safety and health related to products and services	Customer health and safety	• Safe Work Environment	35
HR development	Training and education	• Shared Growth with Employees • Fostering Employees	18 29
Respect for diversity and ban on discrimination	Diversity and equal opportunity	• A Culture of Respect for Diversity • Human Rights Report	17 42
Shared growth and mutual cooperation	Other business issues	• Sense of Community for Mutual Growth • Responsible Partnership	16 31
Customer satisfaction	Stakeholders engagement Customer Health and Safety	• Values that Customers Want • Increasing Customer Value	19 41
Social contribution activities	Local communities	• Sharing Beautiful Values • Supporting the Local Community	2 33

2016 Net Profit Including Samsung C&T's Social and Environmental Impacts

The net profit is approximately 20.8 billion won, and the overall profit including the company's social and environmental value increased by 703.5 billion won to 724.3 billion won.

(Unit: 100 million won)



2016 Samsung C&T Priority Control Issues

1. Safety Management

As an essential element in corporate management, safety hinges on effective accident prevention and safety management system as well as strong safety awareness among employees. Safety is a top-priority issue for Samsung C&T as an operator of E&C business with relatively high risk of accident and resorts with 8 million visitors annually. With this business portfolio, Samsung C&T views safety management as the highest value, identifies and responds proactively to safety risks by establishing safety & health management systems that fit the different needs of individual business groups, and conducts regular safety inspections and training to improve its safety management further.

2. Compliance Management

Corporations have the obligation to act on social voices calling for corruption-free corporate management through proper compliance management and to perform their roles faithfully as corporate citizens. Samsung C&T is well aware that failure to fulfill such obligation may result in fines, negative media exposures, and other negative impacts on its business performance and reputation. Based on this awareness, Samsung C&T as a global corporation manages compliance as a core issue to ensure that all of its business operations are conducted in compliance with laws and regulations governing various aspects of its individual business groups. To this end, the company has established standards for compliance control, conducting inspections, evaluation, and training on a regular basis to raise employees' awareness of compliance.

3. Shared Growth

A future-oriented cooperative relationship must be established by improving the capability of partner companies for the sustainable growth of a company. Samsung C&T acknowledges that negative issues such as overdue wages, violation of laws, etc. which arise in partner companies owing to the nature of the construction and fashion business with complex supply chain structure could have negative influence in Samsung C&T's reputation; thus, it places great importance on the improvement of capabilities of partner companies for mutual growth. Samsung C&T assists partner companies in improving their competitiveness through various forms of support, not only financially but for technology and education to realize the values of coprosperity.

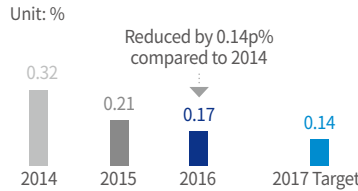
Activities in 2016

Strengthening the management of equipment safety, tightening safety inspection on workplaces and construction sites, Safety Academy, safety education and campaigns, zero-accident campaign, stricter safety inspection system for stores and distribution centers, creation of an integrated monitoring system for attractions

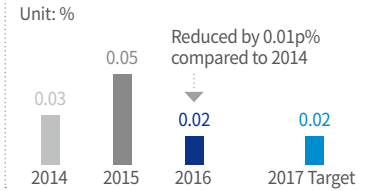
* Reference : 13- 14, 35-36

Performances

Converted Incident Rate (E&C Group)



Lost Time Injury Rate (E&C Group)



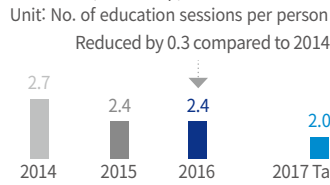
Activities in 2016

Establishing compliance standards and creating synergy from integration, tightening compliance at overseas operations, implementing compliance systems and policies, rewards and disciplinary actions based on compliance evaluation, ombudsman program, customized compliance education

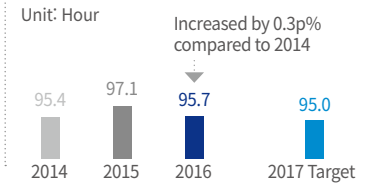
* Reference : 15, 39-40

Performances

Number of Compliance Education Sessions (E&C Group)



Rate of Participation in Self-diagnosis (E&C Group)



* Number of education sessions per person provided by the legal affairs team of the E&C Group

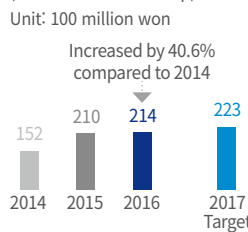
Activities in 2016

Promoting a culture of fair trade and shared growth, establishing a dispute settlement mechanism for contractors, support for suppliers (financial, technological, educational, etc.), strengthening compliance management at suppliers, communication and CSR activities with suppliers, operating the Partners' Portal, establishing a pre-bidding suppliers screening system

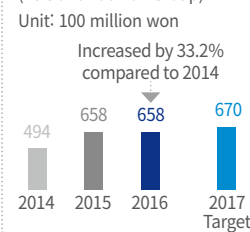
* Reference : 15, 39-40

Performances

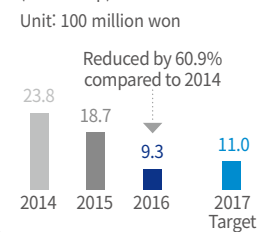
Financial Support for Management (E&C and Fashion Group)



Operation Cost for Win-Win Fund (E&C and Fashion Group)



Amount of Technological Support (E&C Group)



Core Management Issues and Rewards

Performances regarding the 2016 core management issues of Samsung C&T are reflected on the MOB for directors in charge of individual issues and their performance points, which are subsequently linked to rewards.

Independent Assurance Statement

Introduction

Samsung C&T Corporation commissioned DNV GL Business Assurance Korea Ltd. (hereinafter referred to as “DNV GL”), part of DNV GL Group, to undertake independent assurance of the ‘Samsung C&T Corporation CSR Report 2017’ (the “Report”). The assurance engagement is based on the assumption that the data and information provided to DNV GL are complete, sufficient and authentic.

Scope of assurance

The assurance engagement of DNV GL is limited to data in 2016, with qualitative description up to May in 2017. The assurance engagement includes:

- Evaluation of the Report for the adherence to the principles for defining report contents and the principles for defining report quality set forth in GRI standards
- Evaluation of the process for determining material aspects and management approach to material issues, and process of generating, gathering, and managing qualitative and quantitative data
- Review of process for specific sustainability data gathering

Verification Method

We performed our work based on DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, and international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000). We provide a limited level of assurance over non-financial disclosure presented in the Report. The audit was carried out in May and June 2017. The site visits were made to Pangyo building of Samsung C&T Corporation, Korea. The assurance engagement was conducted in the following method based on sampling.

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls
- interviewed representative of CSR team
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data
- reviewed the outcomes of the materiality assessment
- assessment of compliance with reporting principles (for some specific indicators, including verification of performance)

Limitations

The engagement excludes the sustainability management, performance and reporting practices of Samsung C&T Corporation's other subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report except Samsung C&T Corporation and its four business sectors (Engineering & Construction, Trading & Investment, Fashion, and Resort). DNV GL did not interview external stakeholders as part of this Assurance Engagement. Financial statements of Samsung C&T Corporation, data announced on DART system of the Financial Supervisory Service(<http://dart.fss.or.kr>), and data on the websites of Samsung C&T Corporation subject to assurance are not included in the scope of assurance. Data assurance was conducted by checking the basis in a limited scope, including inquiry, analysis, and limited sampling method, on the data collected by Samsung C&T Corporation. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. Also, environmental and social data were verified using the aggregated data. The responsibility of DNV GL in performing the assurance work is to the management of Samsung C&T Corporation in accordance with the terms of reference. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Principles for defining report content in GRI standards nor is prepared ‘in accordance’ with GRI standards comprehensive option. In terms of reliability of performance data, there was no evidence to conclude that the data that have been sampled and verified were collected and processed inappropriately, and that the assumptions made were inappropriate. Further opinions with regards to the adherence to the following Principles are made below;

Stakeholder Inclusiveness

Samsung C&T Corporation has identified internal and external stakeholder groups including Shareholders/Investors, customers, employees, business partners, local communities, and state authorities. Samsung C&T Corporation engages with selected stakeholders. The major expectations and concerns from stakeholder groups and Samsung C&T Corporation's corresponding responses are described in the Report.

* The VeriSustain protocol is available upon request at DNV GL's website (www.dnvgl.com/assurance/reporting/verification.html)

Sustainability Context

The agenda derived from materiality assessment is reflected in the four business strategies of Samsung C&T Corporation (Reinforcing communication with stakeholders, CSR risk management, CSR synergy among business sectors, Creation of SR opportunities). Samsung C&T Corporation has set CSR goals in line with 'Sustainable Development Goals' adopted by UN. It is recommended that the CSR strategy be implemented in a way that provides optimal results for economic, environmental and social sustainable development.

Materiality

Samsung C&T Corporation conducted materiality assessment while preparing the Report. Various issues have been derived by analyzing the topics presented by various global initiatives and standards, key stakeholder expectations, industry issues based on macro trend, sustainability reports of competitors, and media reports on Samsung C&T Corporation in 2016. Afterwards, evaluation for prioritizing the selected issues was conducted to select significant issues. The audit team well noted that the agenda derived from the materiality assessment was used for the business strategy and implementation tasks and targets. The audit team confirmed that the material aspects determined by the materiality assessment, the boundary of material aspects, and the response to those aspects are also reflected in the report.

Completeness

The report provides stakeholders with information on the results and decisions of the organization within the scope of reporting on key sustainability issues during the reporting period. The audit team has not noted that the material information is intentionally omitted that may influence the decision-making process of stakeholders during the engagement.

Accuracy and Reliability

The audit team verified the accuracy and reliability of the data and information in the report through sampling. The data provided in the report was gathered from each business function of Samsung C&T Corporation and processed by CSR team to meet the purpose. The audit team conducted interviews with the personnel, reviewed the process of gathering and processing data and information, and confirmed the supporting documents and records. The depth of verification of data is limited to the input data of each subsidiaries. The audit team did not identify any intentional errors or misleading descriptions.

Disclosure of Management Approach

Samsung C&T Corporation provides management approaches to the reported material issues derived from materiality assessment and describes the importance of the issues and the activities to manage issues.

Findings in relation to specific sustainability performance information

In addition to evaluating the reporting principles for the Samsung C&T Corporation report as described above, DNV GL evaluated the reliability of data and information about specific performance indicators (Greenhouse gases of other indirect emissions in domestic facilities, and of direct, indirect and other indirect emissions in overseas facilities). The data provided in the report was gathered from business functions of Samsung C&T Corporation and processed by CSR team to meet the purpose. DNV GL reviewed the process of gathering and processing data and information, and confirmed the supporting documents and records. The depth of data assurance is limited to data input by each business functions. The personnel responsible for the data is able to demonstrate the tracing of the origin and interpretation of the data in a reliable manner. Therefore, as a result of analyzing and evaluating the generation process of specific information and data of Samsung C&T Corporation, the audit team confirmed that the above information and data that have been announced are results of stable and repetitive activities. It is recommended to get baseline data generated by respective business functions be verified in order to improve accuracy and reliability of the original data.

Competence and Independence

DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. Our environmental and social assurance specialists are present in over 100 countries. The assurance work was performed by independent team which meets DNV GL's competence requirements. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. The audit team has complied with DNV GL Code of Ethics during the assurance engagement.

Verification Statement Greenhouse Gas (GHG) Emissions

Introduction

DNV GL Business Assurance Korea Ltd. (“DNV GL”) was commissioned by Samsung C&T Corporation (“Samsung C&T”) to verify the Samsung C&T’s Greenhouse Gas (“GHG”) Emissions for the calendar year 2016 based upon a limited level of assurance. Samsung C&T is responsible for the preparation of the GHG emissions data as per the principles set out in ISO 14064-1:2006. Our responsibility in performing this work is to the management of Samsung C&T only and in accordance with terms of reference agreed with them. DNV GL expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The GHG emissions in our verification scope comprises Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from 9 overseas facilities/offices of Trading & Investment Group and 49 overseas construction projects¹⁾ of Engineering & Construction Group in the calendar year 2016. In addition, Other indirect emissions (Scope 3 emissions)²⁾ for Samsung C&T were included. By the request of Samsung C&T, this statement includes Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from facilities/offices and construction projects in Korea, of which are verified by another verification body (KMAR) under the Korean Emission Trading System. Therefore, DNV GL is not responsible for the emissions verified by another verification body.

Category	Direct emissions (Scope 1) & Energy indirect emissions (Scope 2)	Other indirect emissions (Scope 3)
Domestic emissions	Emissions from Facilities/offices and construction projects in Korea (verified by KMAR)	• Emissions from construction equipment operated by subcontractors • Emissions from electricity from subcontractors in construction sites
Overseas emissions	Emissions from Overseas facilities/offices and construction projects	• Emissions from employees’ Business trip

Verification Approach

The verification has been conducted by DNV GL from May through June 2016 and performed in accordance with the verification principles outlined in ISO 14064-3:2006. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion. As part of the verification process, the audit team:

- reviewed activity data (cost and fuel consumption), formula and emission factors applied in Greenhouse Gas accounting tool: Samsung C&T’ overseas facilities/offices and construction projects;
- reviewed activity data (mileage), formula and emission factors applied in Greenhouse Gas accounting tool: Samsung C&T employees’ business trip;
- reviewed activity data (use time and energy consumption by equipment), formula and emissions factors applied in Greenhouse Gas accounting tool: Samsung C&T’ construction equipment operated by subcontractors;
- interviewed data owner of Samsung C&T’ for the emission information and data collection process.

Conclusions

Based on the above verification core elements, nothing comes to our attention to believe us that the GHG assertion has intentional errors, omissions or material misrepresentations. It was noted that other indirect emissions may be overestimated because the emissions quantification methodology applied is based on the fuel consumption per operation hour of construction equipment as addressed in Standard estimation of manpower and material for unit construction work due to the difficulty in measuring the accurate fuel consumption by the construction equipment at project. The GHG Emissions of Samsung C&T for the year 2016 were estimated as below;

Greenhouse Gas Emissions of Samsung C&T from Yr. 2016

Samsung C&T	Unit	Direct emissions (Scope 1)	Energy indirect emissions (Scope 2)	Other indirect emissions (Scope 3)	Total emissions
2016	ton CO ₂ e	198,956	163,578	123,005	485,539

* Please note that Direct emissions (38,923 tonCO₂e) and Energy indirect emissions (93,868 tonCO₂e) from facilities/offices and construction projects in Korea are verified by KMAR in accordance with the Korean Emission Trading System.

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ± 1 tCO₂.

※ Total emissions = Scope 1 + Scope 2 + Scope 3

June 2017
Seoul, Korea


In Kyoon Ahn
Country Manager
DNV GL Business Assurance Korea Ltd.

1) Construction projects carried out in the calendar year of 2016.

2) The emission quantification methodology for construction equipment operated by subcontractors is developed by Samsung C&T, based on ‘Standard estimation of manpower and material for unit construction work’.

※ This Assurance Statement is valid as of the date of the issuance (26th June 2017). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of Samsung C&T is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

GRI Standards Index

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	102-22	Composition of the highest governance body and its committees	43-44
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	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	37
	304-2	Significant impacts of activities, products, and services on biodiversity	37
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	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	35-36
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GRI 405: Diversity and Equal Opportunity			
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GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	42
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	42
GRI 412: Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	42
	412-2	Employee training on human rights policies or procedures	17, 42
GRI 413: Local Communities			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	23
	103-2	The management approach and its components	23
	103-3	Evaluation of the management approach	23
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs * Samsung C&T has made external contributions, worth 9.15 billion won in 2013, 10.59 billion won in 2014, 14.7 billion won in 2015, and 10.39 billion won in 2016. The Top 5 contributions to the Industry Association and Policy Proposal Group were the Federation of Korean Industries (840 million won), Korea Employers Federation (310 million won), Korea Accounting Institute (100 million won), Council of Fashion Designers of America (80 million won), and Korea Green Foundation (30 million won).	23-24, 33-34
	413-2	Operations with significant actual and potential negative impacts on local communities	14
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ISO 26000

As an international standard for social responsibility published by International Organization for Standardization(ISO), ISO 26000 includes seven agenda items that need to be performed by all organizations making up society, including governance structure, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development. Thus, Samsung C&T has explored and improved the CSR risk factors of its management by following the guidelines and recommendations of ISO 26000. It also performs its social responsibility and roles steadily as an enterprise creating global values since the unification of its four groups.

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	Discrimination and vulnerable groups	A Culture of Respect for Diversity, Human Rights Report	17, 42
	Civil and political rights	Fostering Employees, Compliance Management	29~30, 39~40
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	Basic principles and rights at workplaces	Fostering Employees, Compliance Management	29~30, 39~40
Labor Practices	Employment and employee-employer relations	Fostering Employees	29~30
	Labor conditions and social protection	Fostering Employees	29~30
	Social dialog	Fostering Employees	29~30
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	Sustainable use of resources	Samsung C&T Cares about the Environment, Reducing Environmental Impact	11~12, 37~38
	Alleviation of and adaptation to climate change	Samsung C&T Cares about the Environment, Reducing Environmental Impact	11~12, 37~38
	Protection of the natural environment and restoration	Samsung C&T Cares about the Environment, Reducing Environmental Impact	11~12, 37~38
Fair Operating Practices	Prevention of corruption	Reinforcement of Compliance, Compliance Management	15, 39~40
	Responsible participation in politics	Awards and Association Memberships	58
	Fair competition	Reinforcement of Compliance, Compliance Management	15, 39~40
	Promotion of social responsibility in the value chain	Sense of Community for Mutual Growth, Responsible Partnership	16, 31~32
Consumer Issues	Respect for property rights	Reinforcement of Compliance, Compliance Management	15, 39~40
	Fair marketing	Reinforcement of Compliance, Compliance Management	15, 39~40
	Guarantee of consumers' health and safety	Importance of Safety, Safe Work Environment	13~14, 35~36
	Sustainable consumption	New Opportunities for All	21~22
	Consumer services, support, complaint and dispute settlement	Values that Customers Want, Increasing Customer Value	19~20, 41
	Protection of consumer information and privacy	Increasing Customer Value	41
	Access to essential services	Values that Customers Want, Increasing Customer Value	19~20, 41
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	Social investment	Creating Economic Value, Sharing Beautiful Values, Supporting the Local Community	27~28, 23~24, 33~34

Awards and Association Memberships

Awards and Recognition

Segment	Award name	Hosted by
Common	2016 ESG Assessment Integrated Grade A+ (Governance A+, Social A+, Environment A+)	Korea Corporate Governance Service
	2016 CDP Korea - selected as the best company for five consecutive years	Carbon Disclosure Project (CDP)
E&C	National Consumer Satisfaction Index (NCSI) - No. 1 in the Apartment category (19 consecutive years)	Korea Productivity Center
	Carbon Neutral Program - No. 1 in the direct reduction category	Korea Energy Management Corp.
	Competition of outstanding examples in the prevention of environmental disputes, Environment Minister's Prize, Prize by the Chair of the Environmental Disputes Mediation Committee	Ministry of Environment
	12 th competition of outstanding examples in construction environment management, Environment Minister's Prize, Prize by the Chair of Korea Environment Corporation	Ministry of Environment, Ministry of Land, Infrastructure, and Transport
	2016 CDP Korea - selected as the best company in the industrial materials category for six consecutive years	Carbon Disclosure Project
	2016 Singapore Annual Safety Award Convention, Grand Prize (Subway Tel. T213 site)	Department of Land Transportation, Singapore
	2016 Considerate Contractors Site Award (CCSA), Best exemplary site award (Subway SCL C1109 site)	Hong Kong Government
T&I	BCA Awards 2016 Grand prize in civil engineering (Marina Coastal Expressway 483 site)	Department of Construction, Singapore
	New and Renewable Energy in Korea 2016, Industrial citation (11/10, Lee Seung Geol, Executive Director)	Korea Energy Management Corp.
	2016 Korea Trade Day - Iron tower industrial medal (12/05, Gu Ja Gyeong, Manager)	Ministry of Industry and Resources, Korea Foreign Trade Association
	2016 Korea Trade Day - No. 1 among most respected enterprises in Korea (02/24)	Korea Management Association (KMA)
Fashion	Designated specialized trading company on 2017.03.28	Ministry of Industry and Resources, Korea Foreign Trade Association
	National Consumer Satisfaction Index (NCSI) - No. 1 in the Men's apparel category (12 consecutive years)	Korea Productivity Center
Resort	2016 Korea Fashion Quality Grand Prize in the Gent suit category	Kukje Textile Newspaper
	KCSI No. 1 in the general leisure facility category (22 consecutive years)	KMA Consulting
	KCSI No. 1 in the water park category (5 consecutive years)	KMA Consulting
	Korea National Park Service Customer Recommendation Index - No. 1 in the general leisure facility category (10 consecutive years)	KMA Consulting
	Korea National Park Service Customer Recommendation Index - No. 1 in the water park category (5 consecutive years)	KMA Consulting
	Korean Standard-Service Quality Index (KS-SQI) No. 1 in the theme park category (17 consecutive years)	Korea Standards Association
	Korean Standard-Service Quality Index (KS-SQI) No. 1 in the water park category (4 consecutive years)	Korea Standards Association
	Designated as Green Business	Ministry of Environment
25 th Good Ad Selected by People - Grand prize in the online category	Korea Advertisers Association	

Association Members

Korea Chamber of Commerce & Industry	Korea Road Association	Korea Strategic Trade Institute	Korea Fashion Association	Green Company Council
Korea Employers Federation	Korea Atomic Industrial Forum	Korea Gas Union	Korea International Trade Association	Korea Japan Economic Association
Korea Chemicals Management Association	Korea Housing Association	International Contractors Association of Korea	Korea Plant Industries Association	Korea Golf Course Business Association
Korea Japan Cooperation Foundation for Industry and Technology	Federation of Economic Organizations	Korea Paper Association	Korea Environmental Preservation Association	Construction Association of Korea
International Labour and Employment Relations Association	Energy & Mineral Resources Development Association of Korea	Foundations for Overseas Resources Development	Korea Golf Association	Korea Electric Association
Korea Association of Amusement Park & Attractions	Korea Management Association	KMA Consulting	Korea Standards Association	Korean Society for Quality Management
International Association of Amusement Parks and Attractions	International Cyanide Management Institute	Conservation Breeding Specialist Group	Themed Entertainment Association	World Association of Zoos and Aquariums

CSR Glossary

Terms	Explanation	Page
Sustainability	Efforts to prevent environmental pollution, resource depletion, and social alienation, etc. through the balance of economic, social and environmental issues.	16
CSR	Management policy considering the diverse requirements of stakeholders, referring to the extensive social responsibility of a business in addition to its economic and legal responsibilities	1-3
(Corporate Social Responsibility)	Management policy considering the diverse requirements of stakeholders, referring to the extensive social responsibility of a business in addition to its economic and legal responsibilities	1-3
GRI Standards	Concept of creating common values by combining the economic values of a business with its social values (public benefit)	4
Shared value	Organizations or persons that provide a product or service used in the supply chain and have direct or indirect relationships with the company. Examples are brokers, independent contractors, manufacturers, and sub-contractors.	4, 16, 31~32
Partner companies	Process or governing body of the company that coordinates stakeholders' interests and makes corporate decisions. Specifically, it refers to a system governing a range of activities such as competitiveness, strategy, performance, budget, and operation.	4, 43~44
Governance	Routine preemptive control and supervision to ensure that all officers and employees of a business comply with all statutes	4, 15, 39~40
Compliance	Difference in personal characteristics such as age, religion, gender, race and ethnic background. As it is increasingly being regarded as an important factor for protection of human rights and productivity improvements, a human resource management needs to take into account the diversity of employees at domestic and overseas worksites.	2, 6~8
GHG emissions	(Scope 1)	Emissions from operations that are owned or controlled by the organization.
	(Scope 2)	Emissions from the purchased electricity, heating, cooling, and steam, consumed by the organization.
	(Scope 3)	Indirect GHG emissions, except those included in Scope 2, that occur outside of the organization, including emissions from the transportation of materials, product use, and airplanes from employees' business trips.
Initiative	New plans to resolve specific problems and to achieve purposes. Representative CSR initiatives include CDP and SDGs.	3
CDP (Carbon Disclosure Project)	CDP is a global project that analyzes and assesses the climate change management system and volume of emissions by all businesses worldwide. Outstanding businesses in responding to climate change are selected by national CDP committees, and their list is disclosed.	2, 6~8
UN SDGs (Sustainable Development Goals)	Common goals of the international community adopted by the UN General Assembly for the sustainable development of the human race, consisting of 17 goals and 169 specific tasks including elimination of poverty and hunger	8, 12
UNGP (UN Guiding Principles on Business and Human Rights)	A global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, unanimously endorsed by the 17th UNHRC session in 2011	42

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