



## **SAMSUNG C&T**

# **Proxy Material**

**2017 Annual General Meeting of Shareholders**

### **Note about forward-looking statements**

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Certain statements in this proxy statement, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements”. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our financial reports available on our website in Korean.

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# Notice of 2017 Annual General Meeting of Shareholders

**1. Date** : March 24, 2017 (9:00 AM)

**2. Place** : Main Meeting Room, aT Center

(Gangnam-Daero 27, Seocho-Gu, Seoul, Korea)

**3. Agenda:** Items of Business

1. Approval of FY 2016 Financial Statements

2. Election of Directors

2.1 Independent Director Dal Joong Chang

2.2 Independent Director Jae Chul Kwon

3. Election of Audit Committee Members

3.1: Audit Committee Member Dal Joong Chang

3.2: Audit Committee Member Jae Chul Kwon

4. Approval of Remuneration Limit for Directors in FY 2017

# Proxy Summary

This summary highlights information contained in the accompanying Proxy Material.

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## Agenda 1. Approval of Financial Statements (FY 2016)

### *Key Voting Items*

Consolidated Statements of Financial Position, Comprehensive Income, Changes in Equity, and Cash Flows, and Separate Statements of Appropriation of Retained Earnings (Parent)

### *Business Highlights*

Although we started the year by posting losses due to difficulties in our overseas projects in the first quarter, we were able to turn the company around in the second quarter and generate profit by improving cost efficiency; achieving tighter cost management and selling off underperforming assets.

- KRW 28,103 billion in revenue, KRW 140 billion in operating profit, KRW 21 billion in net profit

### *Shareholder returns:*

Increasing our dividend per common share by 10% YoY

- KRW 91 billion (KRW 550 per common share, KRW 600 per preferred share)
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## Agenda 2. Election of Directors

### *Key Voting Items*

The BOD seeks to reappoint directors, Dal Joong Chang and Jae Chul Kwon.

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## Agenda 3. Election of Audit Committee Members

### *Key Voting Items*

The BOD seeks to reappoint Dal Joong Chang and Jae Chul Kwon.

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## Agenda 4. Approval of the Remuneration Limit for Directors in FY 2017

### *Key Voting Items*

Total Remuneration Limit: KRW 26 billion

- \* Same as 2016

# 1 Agenda 1 Approval of Financial Statements (FY 2016)

## Overview

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The Board of Directors (the “BOD”) is seeking your approval on the following financial statements for FY 2016 beginning on January 1, 2016 and ending on December 31, 2016.

Consolidated Statements of Financial Position, Comprehensive Income, Changes in Equity and Cash Flows and Separate Statements of Appropriation of Retained Earnings (Parent)

In addition, we are reporting the total dividend per share in 2016 at KRW 550 for Common Shares and KRW 600 for Preferred Shares.

## Business Performance

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Despite the challenging business climate in 2016, Samsung C&T has been preparing for the future by focusing on strengthening fundamentals and establishing a platform for growth

Although we started the year by posting losses in the first quarter due to difficulties in our overseas projects, we were able to turn the company around in the second quarter and generate profit by improving cost efficiency; achieving tighter cost management and selling off underperforming assets. We earned 139.5 billion won in operating profit on a revenue of 28 trillion won.

The business environment in 2017 is likely to be full of even greater uncertainty due to factors such as rising trade protectionism, US leadership transition, China’s economic slowdown, as well as recent political and economic turmoil in Korea.

Samsung C&T will strive to overcome these challenges by practicing sound management and focusing on profit generation.

## □ Summary of Key Financials

(Unit: KRW billion)

Category	FY 2015 <sup>1)</sup>	FY 2016
Revenue	13,345	28,103
Operating Profit	37	140
Profit before Tax	2,776	90
Net Profit	2,686	21

## □ Summary of Key Financials by Business Group

(Unit: KRW billion)

Business	Indicator	FY 2015 <sup>1)</sup>	FY 2016
E&C	Revenue	4,244	12,953
	Operating Profit	(130)	34
	Margin (%)	(3%)	1%
T&I	Revenue	3,597	10,538
	Operating Profit	52	70
	Margin (%)	1%	0.7%
Fashion	Revenue	1,738	1,843
	Operating Profit	(9)	(45)
	Margin (%)	(1%)	(2%)
Resort <sup>2)</sup>	Revenue	3,712	2,474
	Operating Profit	144	157
	Margin (%)	4%	6%
Bio	Revenue	54	295
	Operating Profit	(20)	(76)
	Margin (%)	(37%)	(26%)
Total	Revenue	13,345	28,103
	Operating Profit	37	140
	Margin (%)	0.3%	0.5%

1) 2015 annual performance of Cheil Industries' business

combined with Sep. to Dec. performance of former Samsung C&T's business (E&C and T&I) ,  
net gains from the revaluation of fair value of assets and liabilities of former Samsung C&T and the bio business were reflected in other income

2) Including performance from Leisure and Food and Beverage (F&B)

**\* 2015 aggregated results of Cheil industries' business and former Samsung C&T's business (E&C and T&I)**

- Revenue KRW 30,030 billion, Operating profit (KRW 149 billion), Profit before tax KRW 3,018 billion,  
Net profit KRW 2,881 billion

## Return to Shareholders

Although our 2016 fiscal year performance failed to meet market expectations, we have increased our dividend payment by 10% to 550 won for common shares and 600 won for preferred shares.

In 2017, we will achieve better performance and do our utmost to further enhance shareholder return.

### □ Dividend, Stock Price, etc.

(Unit: KRW billion)

Category	FY 2015	FY 2016	Remarks
<b>Net Profit</b> (attributable to Equity holders of the Parent Company)	2,747	107	Includes net gains from the revaluation of fair value of assets and liabilities of former Samsung C&T and the bio business in FY 2015
<b>Dividends</b>	84	91	FY 2016 Common shares: 163,464,560 Preferred shares: 1,467,591
<b>(Per share, KRW)</b>	Common 500 Preferred 550	Common 550 Preferred 600	
<b>Year-end Stock Price (KRW)</b>	140,000	125,500	
<b>Share Buyback</b>	2.5 million shares KRW 409 billion	-	Jul. 24, 2015 – Oct. 8, 2015

# Agenda 2

## Election of Directors

### Overview

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The BOD seeks to reappoint the following candidates

Agenda 2.1 Independent Director Mr. Dal Joong Chang

Agenda 2.2 Independent Director Mr. Jae Chul Kwon

### BOD Structure

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As of the end of December 2016, the BOD is composed of ten directors, including four executive directors and six independent directors. The directors shall be appointed at the Annual General Meeting of Shareholders.

Each of the six independent directors have their own field of expertise. Director Dal Joong Chang is an authoritative voice in Policy and Strategy, Sung Bin Chun in Accounting, Jae Cheol Kwon in Finance and Labor Relations, Chong Ook Rhee in Economics, Hyun Soo Lee in Construction, and Chang Hyun Yun in Business Management.

The Board of Directors nominated Dal Joong Chang and Jae Cheol Kwon as nominees to be reappointed as members of our Board of Directors at the Annual Meeting. As an expert in Finance and Labor Relations, Jae Cheol Kwon has actively participated on the Audit Committee, the Compensation Committee, and the CSR Committee. His board meeting attendance rates for the last three years have been 100% in 2014, 91.7% in 2015, and 93.3% in 2016.

Dal Joong Chang has actively participated on the Audit Committee, the Independent Director Recommendation Committee, and the Internal Transaction Committee. His board meeting attendance rates for the last three years have been 75% in 2014, 91.7% in 2015, and 93.3% in 2016.

Both directors have extensive experience and expertise in their fields and have diligently performed their duty as committee members. We look forward to the significant contributions they will make for the progress of the company.

## Independent Director Nominees

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### Dal Choong Chang

**Election** : Aug. 14, 2014

**Term** : 3 years

**Education**

-Ph.D. in Political Science,  
University of California at Berkeley,  
U.S.A.

-M.A. in Political Science, Seoul  
National University

-B.A. in Political Science, Seoul  
National University

**Career**

-1990~Present Professor Emeritus, Political Science, Seoul  
National University

-2014~Present Member, Presidential Committee for  
Unification Preparatory

-2014~Present Policy Advisory Member, Ministry of  
Foreign Affairs

-2003~2007 President, Policy Evaluation Committee,  
Ministry of Unification

-2000~2004 Policy Advisory Member, Ministry of National  
Defense

-1992~2008 Policy Advisory Member, Ministry of  
Unification

-1994~1998 Member, Press Arbitration Commission



### Jae Chul Kwon

**Election** : Aug. 14, 2014

**Term** : 3 years

**Education**

-M.A. in Business Administration,  
Korea University Graduate school  
of Labor Studies

-B.A. in Economics, Sungkyunkwan  
University

**Career**

-2010~Present President, Korea Employment Welfare Center

-2007~2009 Board of Directors, Korea Polytechnics

-2006~2008 President, Korea Employment Information Service

-2003~2005 Labor Secretary, Presidential Secretariat

-2000~2003 Labor and Civil Affairs Administrator, Presidential  
Secretariat

# Agenda 3

## Election of Audit Committee Members

### Overview

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The BOD seeks to reappoint the following candidates

Agenda 3.1 Audit Committee Member Mr. Dal Joong Chang

Agenda 3.2 Audit Committee Member Mr. Jae Chul Kwon

### Audit Committee Structure

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The Audit Committee provides oversight, support and checks and balances, to guide management in making sound decisions in compliance with legal processes to enhance value creation for the company. The Audit Committee is made up of independent directors, and committee members are appointed at the general shareholders meeting. The chairman of the committee is selected by a committee resolution.

As of the end of December 2016 the Audit Committee members were consisted of directors Dal Joong Chang, Sung Bin Chun, Jae Cheol Kwon, Chong Ook Rhee, and Chang Hyun Yun.

The Board of Directors nominated Dal Joong Chang and Jae Cheol Kwon as nominees to be reappointed as members of the Audit Committee.

For the last two years the two directors have had an attendance rate of 100% for Audit Committee meetings.

### Audit Committee Member Nominees

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Same as Independent Director Nominees

## 4

# Agenda 4

## Approval of the Remuneration Limit For the Directors (FY 2017)

### Overview

The BOD is seeking your approval of the total remuneration limit for the fiscal year 2017.

- Total Remuneration Limit: KRW 26 Billion

### Director Remuneration Structure

Our Director Remuneration practices are designed specifically to put a strong emphasis on the link between performance and pay. The Director Remuneration plan consists of salary, bonus, and other compensation. The bonus includes Target Achievement Incentives and Long Term Incentives (LTI). Target Achievement Incentives reflect performance over the fiscal year. LTI awards the three year performance results to be paid over a subsequent three year period. The evaluation criteria for LTI are ROE, stock performance and EBIT margin.

### Compensation Committee

We established the Compensation Committee in 2014, consisting of 3 Directors (1 Executive and 2 Independent Directors) to ensure objectivity and transparency in decision-making on director remuneration. The Committee is responsible for assessing the appropriateness of director compensation, and reviewing and approving the next fiscal year limit on director compensation, which will be approved by the shareholders at the Annual General Meeting of Shareholders.

### FY 2016 Remuneration (Actual)

#### □ Directors Remuneration Paid

(Unit: KRW billion)

	FY 2015 <sup>1)</sup>		FY 2016 <sup>2)</sup>	
	Approved	Actual	Approved	Actual
<b>Total</b>	26	15.4	<b>26</b>	<b>6.3</b>

1) At the end of FY 2015: The BOD consisted of 11 Directors. (5 Executive and 6 Independent)

2) At the end of FY 2016: The BOD consisted of 10 Directors. (4 Executive and 6 Independent)

#### Analysis

The remuneration paid in FY 2016 decreased due to the resignation of Mr. Ju Hwa Yoon in February 2016 and smaller bonus and incentives.

□ Remuneration for Individual Executive Directors (FY 2016 2Q Cumulative)

(Unit: KRW million)

	CH Choi	S Kim	BY Kim	YH Lee
Salary	598	330	375	355
Bonus/Others	102	374	263	161
<b>Total</b>	<b>700</b>	<b>704</b>	<b>638</b>	<b>516</b>

\* In accordance with the related laws, FY 2016 individual annual remuneration should be disclosed by the end of March in the business report.

\* Bonus/Others include Target Achievement Incentives and Long-term Incentives.

□ Independent Director Remunerations

(Unit: KRW million, Person)

	FY 2015	FY 2016
Number of Directors	8	6
Total Amount	546	468
Average (per person)	68	78

\* The average for FY 2015 was calculated by reflecting the remunerations paid to two independent directors from the pre-merger companies, Mr. Kyu Jae Chung from former Samsung C&T who resigned as of Sep.2, 2015 and Mr. Dae Ik Lee from former Cheil Industries who resigned as of Mar. 31, 2015.

**FY 2017 Remuneration (To Be Approved)**

	FY 2016	FY 2017
Number of Directors(Independent)	10(6)	9(5)
Total remuneration limit	KRW 26 billion	KRW 26 billion

**Analysis**

Same as 2016

**CONSOLIDATED FINANCIAL STATEMENTS OF  
SAMSUNG C&T CORPORATION AND SUBSIDIARIES**

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\* We provide these unaudited financial statements to assist shareholders in understanding the results of operations and financial conditions of the company. This document should be read in conjunction with audited financial statements that will be posted at least one week ahead of the 2017 Annual General Meeting of Shareholders. ([www.samsungcnt.com](http://www.samsungcnt.com))

# 1. Consolidated Statements of Financial Position

(Unit : KRW)

	2016	2015
<b>I. Current assets</b>	<b>13,338,032,506,951</b>	<b>12,469,315,864,941</b>
1. Cash and cash equivalents	2,698,530,047,186	2,066,404,434,255
2. Short-term financial instruments	1,058,872,464,092	65,704,789,868
3. Available-for-sale financial assets	2,032,555,147	1,089,494,861
4. Trade receivables	5,383,852,843,921	5,633,953,353,495
5. Other current assets	2,881,915,458,432	3,316,118,299,112
6. Inventories	1,312,829,138,173	1,386,045,493,350
<b>II. Assets held for sale</b>	<b>20,521,949,341</b>	<b>71,815,776,563</b>
<b>III. Non-current assets</b>	<b>31,099,960,933,371</b>	<b>29,820,299,323,633</b>
1. Available-for-sale financial assets	17,497,195,967,700	15,975,618,367,945
2. Investments in associates and joint ventures	5,699,709,108,051	5,642,058,394,513
3. Property, plant and equipment	5,281,208,823,038	5,134,281,873,664
4. Investment properties	116,280,966,914	133,046,246,566
5. Biological assets	2,504,971,000	2,415,119,435
6. Intangible assets	1,601,302,846,865	1,840,171,861,983
7. Deferred income tax assets	52,815,645,641	43,095,015,908
8. Other non-current assets	848,942,604,162	1,049,612,443,619
<b>Total assets</b>	<b>44,458,515,389,663</b>	<b>42,361,430,965,137</b>

(Unit : KRW)

	2016	2015
<b>I. Current liabilities</b>	<b>14,704,948,364,331</b>	<b>15,074,383,088,757</b>
1. Trade payables	1,823,809,668,627	1,738,438,472,545
2. Short-term borrowings	1,865,815,270,275	2,286,527,547,843
3. Current portion of long-term borrowings	1,607,366,876,850	1,516,718,657,849
4. Income taxes payable	51,527,848,972	150,110,379,697
5. Other current liabilities	9,356,428,699,607	9,382,588,030,823
<b>II. Non-current liabilities</b>	<b>8,647,856,338,361</b>	<b>8,973,112,258,044</b>
1. Debentures and long-term borrowings	3,657,277,698,204	3,943,011,404,511
2. Net defined benefit liability	100,687,333,311	121,425,319,331
3. Deferred income tax liabilities	4,253,106,577,684	3,942,461,720,724
4. Provision	278,292,233,656	240,658,946,590
5. Other non-current liabilities	358,492,495,506	725,554,866,888
<b>Total liabilities</b>	<b>23,352,804,702,692</b>	<b>24,047,495,346,801</b>
Equity attributable to owners of the parent company	18,301,586,552,940	16,501,678,477,652
I. Share capital	19,131,748,300	19,131,748,300
II. Additional paid-in capital	10,468,266,027,901	10,039,685,039,551
III. Other components of equity	2,584,211,217,939	1,231,965,571,627
IV. Retained earnings	5,229,977,558,800	5,210,896,118,174
Non-controlling interests	2,804,124,134,031	1,812,257,140,684
<b>Total equity</b>	<b>21,105,710,686,971</b>	<b>18,313,935,618,336</b>
<b>Total liabilities and equity</b>	<b>44,458,515,389,663</b>	<b>42,361,430,965,137</b>

## 2. Consolidated Statements of Comprehensive Income

(Unit: KRW)

	2016	2015
<b>I. Net sales</b>	<b>28,102,683,822,618</b>	<b>13,344,675,370,414</b>
II. Cost of sales	24,770,951,380,327	11,198,722,162,369
<b>III. Gross Profit</b>	<b>3,331,732,442,291</b>	<b>2,145,953,208,045</b>
Selling and administrative expenses	3,192,207,851,020	2,108,814,858,629
<b>IV. Operating Profit</b>	<b>139,524,591,271</b>	<b>37,138,349,416</b>
Other income	1,499,307,687,367	3,510,300,848,081
Other expenses	1,364,011,885,720	558,136,305,742
Finance income	320,438,336,076	103,012,998,017
Finance expenses	354,470,612,485	155,780,919,998
Gain on valuation of equity method investments	16,733,316,520	2,842,049,951
Loss on valuation of equity method investments	167,741,701,380	163,647,528,498
<b>V. Profit before income tax</b>	<b>89,779,731,649</b>	<b>2,775,729,491,227</b>
<b>VI. Income tax expense</b>	<b>68,937,804,736</b>	<b>90,078,375,081</b>
<b>VII. Profit for the year</b>	<b>20,841,926,913</b>	<b>2,685,651,116,146</b>
<b>VIII. Other comprehensive income for the year, net of tax</b>	<b>1,377,811,083,899</b>	<b>457,879,376,620</b>
Items that will be reclassified subsequently to profit or loss	1,383,281,303,890	475,236,795,053
Items that will not be reclassified subsequently to profit or loss	(5,470,219,991)	(17,357,418,433)
<b>XI. Total comprehensive income for the year</b>	<b>1,398,653,010,812</b>	<b>3,143,530,492,766</b>
<b>Profit for the year attributable to:</b>		
Equity holders of the Parent Company	107,356,946,862	2,746,812,304,947
Non-controlling interest	(86,515,019,949)	(61,161,188,801)
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the Parent Company	1,475,731,980,489	3,193,152,433,507
Non-controlling interest	(77,078,969,677)	(49,621,940,741)
<b>X. Earnings per share to the equity holders of the Company:</b>		
Basic earnings per share	642	20,636

### 3. Consolidated Statements of Changes in Equity

(Unit: KRW million)

	Equity attributable to owners of the parent company					Non-controlling interests	Total
	Share Capital	Consolidated share premium	Consolidated retained earnings	Other components of equity	sub-total		
<b>Balance at January 1, 2015</b>	<b>13,500</b>	<b>575,285</b>	<b>2,482,276</b>	<b>2,212,000</b>	<b>5,283,061</b>	<b>2,229</b>	<b>5,285,290</b>
<b>Total comprehensive income:</b>							
Profit for the year	-	-	2,746,812	-	2,746,812	(61,161)	2,685,651
Income on valuation of available-for-sale financial assets	-	-	-	583,142	583,142	-	583,142
Loss on valuation of available-for-sale financial assets	-	-	-	(107,032)	(107,032)	-	(107,032)
Cumulative effect of foreign currency translation from overseas operations	-	-	-	(1,958)	(1,958)	-	(1,958)
Loss on valuation of derivative instruments	-	-	-	(10,454)	(10,454)	-	(10,454)
Remeasurements of the net defined benefit liability	-	-	(17,357)	-	(17,357)	-	(17,357)
<b>Transactions with owners:</b>							
Issuance of common shares relating to merger	5,469	9,291,838	-	(696,962)	8,600,345	-	8,600,345
Issuance of preferred shares relating to merger	163	172,531	-	(16,716)	155,978	-	155,978
Non-controlling interests relating to merger	-	-	-	-	-	1,858,036	1,858,036
Acquisition of treasury stock relating to merger	-	-	-	(314,475)	(314,475)	-	(314,475)
Acquisition of odd-lot stocks relating to merger	-	-	-	(6,611)	(6,611)	-	(6,611)
Claims for stock purchase	-	-	-	-	-	-	-
Acquisition of treasury stock	-	-	-	(408,968)	(408,968)	-	(408,968)
Cash dividends	-	-	-	-	-	(3,650)	(3,650)
<b>Others</b>	-	31	(835)	-	(804)	16,803	15,999
<b>Balance at December 31, 2015</b>	<b>19,132</b>	<b>10,039,685</b>	<b>5,210,896</b>	<b>1,231,966</b>	<b>16,501,679</b>	<b>1,812,257</b>	<b>18,313,936</b>
<b>Balance at January 1, 2016</b>	<b>19,132</b>	<b>10,039,685</b>	<b>5,210,896</b>	<b>1,231,966</b>	<b>16,501,679</b>	<b>1,812,257</b>	<b>18,313,936</b>
<b>Total comprehensive income:</b>							
Profit for the year	-	-	107,357	-	107,357	(86,515)	20,842
Income on valuation of available-for-sale financial assets	-	-	-	1,360,913	1,360,913	-	1,360,913
Loss on valuation of available-for-sale financial assets	-	-	-	49,776	49,776	2,640	52,416
Cumulative effect of foreign currency translation from overseas operations	-	-	-	(48,244)	(48,244)	7,904	(40,340)
)Loss on valuation of derivative instruments	-	-	-	10,779	10,779	(487)	10,292
Remeasurements of the net defined benefit liability	-	-	(4,849)	-	(4,849)	(621)	(5,470)
<b>Transactions with owners:</b>							
Cash dividends	-	-	(83,893)	-	(83,893)	(2,809)	(86,702)

Acquisition of treasury stock	-	-	-	(20,940)	(20,940)	-	(20,940)
Capital transaction under common control	-	428,707	-	(38)	428,669	1,037,758	1,466,427
Changes in consolidated entities	-	-	-	-	-	33,415	33,415
<b>Others</b>	-	(126)	466	-	340	582	922
<b>Balance at December 31, 2016</b>	<b>19,132</b>	<b>10,468,266</b>	<b>5,229,977</b>	<b>2,584,212</b>	<b>18,301,587</b>	<b>2,804,124</b>	<b>21,105,711</b>

## 4. Consolidated Statements of Cash Flows

(Unit: KRW)

	2016	2015
<b>I. Cash flows from operating activities</b>	<b>1,355,395,243,267</b>	<b>(62,347,860,144)</b>
1. Cash generated from operations	1,411,248,650,029	223,285,842,677
2. Interest received	164,945,903,138	39,056,418,558
3. Interest paid	(244,899,856,936)	(110,469,075,744)
4. Dividends received	278,412,095,265	76,539,927,838
5. Income tax paid	(254,311,548,229)	(290,760,973,473)
<b>II. Cash flows from investing activities</b>	<b>(812,089,431,935)</b>	<b>2,368,631,864,974</b>
1. Cash provided by investing activities	1,206,353,523,528	2,919,670,329,679
Disposal of assets held for sale	86,084,479,073	56,052,907,486
Decrease in short-term financial instruments	-	44,308,273,537
Decrease in short-term loans	44,830,834,089	5,607,340,337
Decrease in the current portion of long-term receivables	56,769,162,459	386,157,193
Disposal of available-for-sale securities	425,755,347,907	1,794,689,771
Disposal of subsidiaries	4,263,005,751	11,998,659,608
Disposal of associates and joint ventures	324,983,200,190	21,504,548,525
Decrease in long-term receivables	42,256,007,541	-
Decrease in deposits for overseas resources development	103,222,584,631	45,358,942,115
Disposal of property, plant and equipment	107,622,342,249	26,397,091,765
Disposal of intangible assets	1,385,213,087	3,376,820,064
Disposal of Investment properties	6,463,205,309	-
Cash inflows due to business combination	-	2,702,881,373,348
Disposal of other non-current assets	2,718,141,242	3,525,930
2. Cash used in investing activities	(2,018,442,955,463)	(551,038,464,705)
Increase in short-term financial instruments	(992,902,675,084)	-
Acquisition of available-for-sale securities	(108,117,362,400)	(9,158,034,500)
Investments in associates and joint ventures	(273,196,966,501)	(155,017,988,480)
Increase in overseas resources development	(82,729,389)	(77,428,573)
Increase in long-term receivables	(45,717,953,318)	(25,332,403,143)
Increase in deposits for overseas resources development	(63,179,931,463)	(48,253,381,153)
Acquisition of property, plant and equipment	(484,652,084,528)	(259,491,792,474)
Acquisition of intangible assets	(48,192,575,741)	(41,123,765,852)
Cash used in business combination	-	(11,109,599,564)
Increase in other non-current assets	(2,400,677,039)	(1,474,070,966)

<b>III. Cash flows from financing activities</b>	<b>122,427,795,444</b>	<b>(527,369,324,170)</b>
1. Cash provided by financing activities	2,846,515,462,841	256,184,012,626
Increase in short-term borrowings	-	140,061,510,708
Proceeds from bonds issuance	867,203,800,000	-
Increase in long-term borrowings	511,388,781,324	116,122,501,918
Net capital increase to non-controlling interests	1,467,922,881,517	-
2. Cash used in financing activities	(2,724,087,667,397)	(783,553,336,796)
Decrease in short-term borrowings	(482,351,088,022)	-
Repayment of current portion of long-term debts	(1,129,547,142,113)	(320,785,238,071)
Decrease in long-term borrowings	(348,586,598,944)	(21,642,851,513)
Payment of finance guarantee contract	-	(20,000,000,000)
Decrease in security deposit	-	(15,159,443)
Dividend paid	(83,893,023,550)	-
Acquisition of treasury stock	(675,525,660,200)	(415,596,177,929)
Dividends paid to non-controlling interests	(2,808,968,079)	(3,649,566,165)
Net capital increase to non-controlling interests	-	(179,472,948)
Increase in other reserves	(1,375,186,489)	(1,684,870,727)
<b>IV. Net increase in cash and cash equivalents( I + II + III)</b>	<b>665,733,606,776</b>	<b>1,778,914,680,660</b>
<b>V. Cash and cash equivalents at the beginning of the year</b>	<b>2,066,404,434,255</b>	<b>304,729,405,384</b>
<b>VI. Exchange gain(loss) on cash and cash equivalents</b>	<b>(33,607,993,845)</b>	<b>(17,239,651,789)</b>
<b>VII. Cash and cash equivalents at the end of the year</b>	<b>2,698,530,047,186</b>	<b>2,066,404,434,255</b>

## 5. Separate Statements of Appropriation of Retained Earnings (Parent)

Year ended December 31, 2016

(Expected appropriation date: March 24, 2017)

Year ended December 31, 2015

(Expected appropriation date: March 11, 2016)

(Unit: KRW)

	2016	2015
<b>I. Retained earnings before appropriation</b>	<b>404,785,426,475</b>	<b>4,865,780,447,325</b>
1. Unappropriated retained earnings carried over from prior year		2,514,547,030,576
2. Reclassification of remeasurement of net defined benefit liability	(4,779,487,874)	(10,207,219,922)
3. Profit for the year	409,564,914,349	2,361,440,636,671
<b>II. Appropriation of retained earnings</b>	<b>404,785,426,475</b>	<b>4,865,780,447,325</b>
1. Legal reserve		8,315,874,150
2. Reserve for overseas market development	313,999,374,875	4,773,571,549,625
3. Cash dividend	90,786,051,600	83,893,023,550
Common stock per share:		
KRW 550 (Dividend rate: 550%)		
Preferred stock per share:		
KRW 600 (Dividend rate: 600%)		
<b>III. Unappropriated retained earnings carried forward to subsequent year</b>	<b>-</b>	<b>-</b>

## Business Overview

At Samsung C&T, we strive to create stable profit margins and new growth drivers from our diverse business portfolio, ranging from trading and construction to fashion and resorts.

Our construction and trading businesses provide a stable platform for the company and focus on products where we have competitive advantage. While our fashion and F&B businesses seek to add further growth momentum by continuing to expand abroad.

We are also looking to create new opportunities and drive synergies between different business sectors to create growth drivers in the mid-to-long term.

### □ Financial Statement (K-IFRS Consolidated)

(Unit: KRW billion, %)

	FY 2015 <sup>1)</sup>	FY 2016
Revenue	13,345	28,103
Operating Profit	37	140
Net Profit	2,686	21
Total Asset	42,361	44,459
Total Equity	18,314	21,106
Debt-to-equity Ratio	131%	111%
Dividend Per Share (KRW)	500/550	550/600
Year-end Stock Price (KRW)	140,000	125,500

1) 2015 annual performance of Cheil Industries' business combined with Sep. to Dec. performance of former Samsung C&T's business (E&C and T&I),

net gains from the revaluation of fair value of assets and liabilities of former Samsung C&T and the bio business were reflected in other income

\* 2015 aggregated results of Cheil industries' business and former Samsung C&T's business (E&C and T&I)

- Revenue KRW 30,030 billion, Operating profit (KRW 149 billion), Net profit KRW 2,881 billion

## **Trading & Investment (T&I)**

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### **Business Overview**

The T&I Group is continuously improving management efficiency by concentrating on key businesses and maximizing asset efficiency in its two main businesses, trading and organizing.

Our trading volumes in major items such as chemicals and steel have grown to rival top tier traders on the global market, and our organizing business has been generating stable profits by participating in projects like the Ontario renewable energy project in Canada.

In 2017, the trading business will strengthen its global market presence by expanding its footprint and value chain position for major trading items, while the organizing business will actively participate in projects that we can successfully deliver, such as power and industrial plants.

## **Engineering and Construction (E&C)**

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### **Business Overview**

The E&C Group is pursuing a strategy of 'right market, right product' with the goal of achieving sound growth which prioritizes profit.

The Building Business Unit is focusing on Asia and the Middle East, leveraging its vast experience in high-rise, while the Civil and Plant Business Units are strengthening their technical capabilities in power and infrastructure to win quality new orders.

We are also enhancing risk management and execution capabilities throughout all phases of the project lifecycle to improve predictability and create stable profit.

In 2017, the E&C group will continue its current strategy of focusing on the 'right market, right product', while actively identifying and developing new target markets to expand future platform for growth.

## **Fashion**

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### **Business Overview**

The Fashion Group is leveraging the strength of their position in their home market to actively pursue opportunities overseas.

We will create stable profit in our home market by constantly adjusting our product mix and offering more competitive items that reflect the latest market trends.

Following the SPA brand 8seconds' entry into the Chinese market, Juun.J is looking to expand into the US, European and Asian markets after its well-received Paris collection, while the women's wear brand KUHO launched overseas at the beginning of 2017.

In 2017, the Fashion Group will solidify its lead in the Korean market by differentiating premium brand products such as Galaxy and Beanpole, and will also strive to develop future business by collaborating with the T&I Group on overseas expansion for brands like 8seconds and KUHO, as well as improving product competitiveness.

## **Resort**

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### **Business Overview**

The Resort Group is focused on diversifying its product content and improving operational efficiencies.

The theme park business is providing a differentiated and unique experience by continuously strengthening its offerings, and the golf resort business is raising customer satisfaction through facility renewals.

The F&B business is actively pursuing overseas expansion based on its competitive strengths in the domestic market.

The Resort Group will integrate IT technology and cultural items into the existing theme park content to provide differentiated services. F&B will continue to improve profitability in the domestic business, while expanding its catering and food distribution business in China and Vietnam.

## Corporate Overview

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The company was founded in 1963 as the Donghwa real estate company. The company was renamed in July 2014 to Cheil Industries. The company name was once again changed on September 2, 2015 (date of merger registration) to Samsung C&T, when Cheil Industries merged with the namesake company Samsung C&T, which was founded in January 1951 through the merger with Samsung Sanghoe, the mother company of the Samsung Group which was founded on March 1, 1938.

### □ Main Business Areas

- T&I: Trading (steel, chemicals, industrial materials, textiles) and Investment (project organizing business)
- E&C: Building, Civil, Plant
- Fashion: Manufacturing and sales of fashion items and textiles
- Resort: Everland (theme park), Caribbean Bay (water park), country clubs, landscaping business, F&B including catering and food material distribution

## Affiliates and Subsidiaries

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### *Affiliate company*

Samsung C&T is an affiliate company under the Samsung Group according to Monopoly Regulation and Fair Trade Act of Korea. As of September 2016, there are 58 Group affiliates, 15 of which are publicly traded companies and 43 are unlisted.

### *Subsidiary company*

As of December 2016, Samsung C&T has 117 subsidiaries (7 domestic, 110 overseas).

## Overview – The Board of Directors

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Samsung C&T will strive to achieve sustainable growth by fulfilling its corporate social responsibility towards all stakeholders such as clients, employees and partners, while protecting the rights of shareholders and practicing transparent and responsible management, such as maintaining an independent board of directors.

In accordance with the company ethos, the BOD makes decisions on the agenda regulated under relevant laws and regulations or the Articles of Incorporation, matters entrusted by the Annual General Meeting of Shareholders, and issues relating to management. The BOD also manages and supervises the execution of director tasks.

In addition, several committees have been established under the BOD in accordance with related laws and regulations to facilitate prompt and efficient decision-making. These committees are comprised of professional experts with experience in related fields, and the board partially delegates its authority to them to carry out thorough review and analysis.

The BOD held fifteen meetings in 2016.

### *BOD Members: 10 Directors (as of the end of December 2016)*

- 4 Executive Directors: Mr. Chi Hun Choi (Chair of the BOD)  
Mr. Shin Kim, Mr. Bong Yung Kim, Mr. Young Ho Lee
- 6 Independent Directors: Mr. Dal Joong Chang, Ms. Sung Bin Chun, Mr. Jae Cheol Kwon  
Mr. Chong Ook Rhee, Mr. Hyun Soo Lee, Mr. Chang Hyun Yun

### *- Duties of Directors*

Pursuant to Article 25 of the Articles of Incorporation, the Representative Director shall represent the Company in accordance with the law and shall execute the matters decided by the BOD and shall control all the affairs of the Company. Directors shall assist the Representative Director and their responsibilities will be determined according to the BOD. If the Representative Director is unable to perform his duty, a director shall perform his duties as determined by the BOD. If a director finds anything that is likely to cause material damages to the Company, he/she shall immediately report the same to the Audit Committee.

#### ***- Director Independence***

Director independence shall be determined by the independence requirements set forth by the Korean Stock Exchange listing standards, the Commercial Code and other related regulations. If a Director meets at least one of the criteria under applicable standards, he or she may not be deemed "independent." The BOD or Independent Director Recommendation Committee Candidates shall select the director candidate, whose appointment shall be determined by the approval of the Annual General Meeting of Shareholders.

#### ***- Election of Directors***

Pursuant to Article 23 of the Articles of Incorporation, a resolution for electing directors shall be passed by the affirmative votes of a majority of the shares represented by the shareholders present at the General Shareholders' Meeting, which shall not be less than a quarter of the total number of issued and outstanding shares. In case two (2) directors or more are elected at the General Shareholders' Meeting, the cumulative vote stipulated in Article 382-2 of the Korean Commercial Code shall not apply. An independent director shall have a professional background in management, economics, accounting, law or engineering with substantial experience in his/her field and be fully qualified according to the relevant regulation. Persons who are or were within recent two (2) years officers or employees of the Company or its affiliate (as defined under the regulations under the Monopoly Regulation and Fair Trade Act (the "MRFTA"), or the major shareholders of the Company and their blood relatives, shall be excluded.

#### ***- Election of Directors in Case of Vacancy***

Pursuant to Article 22 of the Articles of Incorporation, if there is a vacancy in the number of directors, election to fill a vacancy may be postponed until the next Ordinary General Shareholders' Meeting, as long as the number of the existing directors in office is not less than the number of directors prescribed by law and no hindrance is caused by carrying on the Company's business thereby.

#### ***- Convening of the BOD Meeting***

Pursuant to Article 29 of the Articles of Incorporation, the chairman shall convene the BOD meeting by giving notice thereof to each director in writing, through electronic documents, or in person, at least twenty four (24) hours prior to the date set for each of such meetings; provided, however, that, if all directors unanimously consent to holding the BOD meeting, the procedure for convening a meeting may be omitted. Each director may convene the BOD meeting with the consent of the chairman when deemed necessary for the performance of the business. In such case, the preceding Subsection shall apply mutatis mutandis.

## **Board Committee**

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The BOD currently has seven committees: Executive Committee, Audit Committee, Independent Director Recommendation Committee, Internal Transaction Committee, Compensation Committee, Governance Committee and CSR Committee. The Governance Committee and CSR Committee have been newly established since the merger in 2015.

### **Executive Committee**

The committee deliberates and makes decisions on issues commissioned by the BOD to enhance expertise and efficiency in execution of business.

- The Executive Committee shall deliberate, and make decisions on the following issues:
  - Important managerial issues of the Company commissioned by the BOD according to the regulations for the operation of the Executive Committee
  - Issues that are occasionally commissioned by the BOD
  - Other important managerial issues of the Company the Executive Committee decides to bring up for discussion
- Current members: Mr. Chi Hun Choi (Chair), Mr. Shin Kim, Mr. Bong Yung Kim, Mr. Young Ho Lee

### **Audit Committee**

The committee supervises and supports the management in a way that may enhance corporate value through checks and balances. The Audit Committee consists of five independent directors.

- The Audit Committee shall exercise the following authority:
  - Authority to audit the business of the Company
  - Authority to request reports on the business status of the Company and investigate assets of the Company
  - Authority to receive reports from Directors
  - Authority to investigate subsidiaries of the Company
  - Authority to request Directors to stop any acts in violation of laws and regulations or the Articles of Incorporation
  - Authority to institute various actions
  - Authority to request the convocation of an Extraordinary General Meeting of Shareholders
  - Authority to request support and assistance from experts
  - Authority to approve appointment, replacement and dismissal of external auditors
  - Any other authority granted to the committee by relevant laws and regulations
  - Any other authority occasionally granted to the committee by the BOD on important managerial issues of the Company
- Current members: Ms. Sung Bin Chun (Chair), Mr. Dal Joong Chang, Mr. Jae Cheol Kwon, Mr. Chong Ook Rhee, Mr. Chang Hyun Yun

### **Independent Director Recommendation Committee**

The committee recommends candidates for Independent Director to be appointed at the Annual General Meeting of Shareholders by verifying his or her capability.

- The Independent Director Recommendation Committee shall have the authority to review and make resolution on independent directors
- Current members: Mr. Chang Hyun Yun (Chair), Mr. Shin Kim, Mr. Dal Joong Chang, Mr. Hyun Soo Lee

### **Internal Transaction Committee**

The committee reviews and supervises internal transactions within Samsung affiliates to enhance transparent management by building an independent system that ensures fair trade.

- The Internal Transaction Committee shall exercise the following authority:
  - Authority to receive reports on internal transactions
  - Authority to order ex officio investigations on internal transactions
  - Authority to recommend corrective measures to internal transactions
- Current members: Mr. Chong Ook Rhee (Chair), Mr. Dal Joong Chang, Ms. Sung Bin Chun

### **Compensation Committee**

The committee assesses the appropriateness of compensation ceilings for Directors and ensures its objectivity.

- The Compensation Committee shall exercise the following authority:
  - Authority to review in advance the compensation ceiling for Directors to be submitted to the Annual General Meeting of Shareholders
  - Authority to make decisions on other matters concerning compensation for directors as commissioned by the BOD
- Current members: Mr. Chong Ook Rhee (Chair), Mr. Jae Cheol Kwon, Mr. Young Ho Lee

### **Governance Committee**

The committee was established to actively implement policies to increase shareholder value. The committee consists of six members including three independent directors and three external experts. One of the independent directors has been appointed as a shareholder rights advocate to enhance communication with various shareholders.

- Responsibilities
  - Conduct a preliminary review of “major business issues that may directly affect shareholder value” and present results to the BOD
    - \* Merger/spin-off, entire or significant transfer of business, and purchase/disposal of treasury shares
  - Share key company issues and suggest mid-to-long term plans to enhance competitiveness
  - Develop plans to enhance communication with the shareholders and improve shareholder rights
- Current members: Mr. Dal Joong Chang (Chair), Mr. Chong Ook Rhee, Mr. Chang Hyun Yun, Mr. Byung Suk Chung, Mr. Ji Sang Chang, Mr. Sang Seung Yi \* Shareholder rights advocate : Chong Ook Rhee

### CSR Committee

The committee was established to enhance CSR and to improve communication with shareholders, the market and society as a whole. External experts have been appointed as non-executive advisors to support the committee. Non-executive Advisors are responsible for conducting CSR related studies and making consequent proposals regarding CSR activities, taking into account global trends and stakeholder demands.

- Responsibilities
  - Establish CSR strategies and monitor their execution
  - Develop risk management strategies and conduct integrated management
  - Conduct CSR related studies and consider their adoption in the company's CSR policy
- The current members: Mr. Hyun Soo Lee (Chair), Mr. Bong Yung Kim, Ms. Sung Bin Chun, Mr. Jae Cheol Kwon

The following table presents the current composition of seven BOD Committees, including committee Chairs:

□ Composition of the BOD Committees

Committee	Committee Members		
	Chair	Executive Directors	Independent Directors
<b>Executive</b>	Mr. Chi Hun Choi (Executive)	Mr. Shin Kim Mr. Bong Yung Kim Mr. Young Ho Lee	
<b>Audit</b>	Ms. Sung Bin Chun (Independent)		Mr. Dal Joong Chang Mr. Jae Cheol Kwon Mr. Chong Ook Rhee Mr. Chang Hyun Yun
<b>Independent Director Recommendation</b>	Mr. Chang Hyun Yun (Independent)	Mr. Shin Kim	Mr. Dal Joong Chang Mr. Hyun Soo Lee
<b>Internal Transaction</b>	Mr. Chong Ook Rhee (Independent)		Mr. Dal Joong Chang Ms. Sung Bin Chun
<b>Compensation</b>	Mr. Chong Ook Rhee (Independent)	Mr. Young Ho Lee	Mr. Jae Cheol Kwon
<b>Governance</b>	Mr. Dal Joong Chang (Independent)		Mr. Chong Ook Rhee Mr. Chang Hyun Yun Mr. Byung Suk Chung (External Expert) Mr. Ji Sang Chang (External Expert) Mr. Sang Seung Yi (External Expert)
<b>CSR</b>	Mr. Hyun Soo Lee (Independent)	Mr. Bong Yung Kim	Ms. Sung Bin Chun Mr. Jae Cheol Kwon

## Profile of BOD Members

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### □ Executive Directors



**Chi Hun Choi**  
President & CEO  
Engineering & Construction Group  
Samsung C&T Corporation

- President & CEO, Samsung Card
- President & CEO, Samsung SDI
- President, Samsung Electronics-Printing Division
- GE Corporate Officer



**Shin Kim**  
President & CEO  
Trading & Investment Group  
Samsung C&T Corporation

- Executive Vice President, Energy & Mineral Biz. Unit, Trading & Investment Group, Samsung C&T Corp.
- Senior Vice President & CFO, Trading & Investment Group, Samsung C&T Corp.
- Vice President & Treasurer, Finance Team, Samsung C&T Corp.



**Bong Yung Kim**  
President & CEO  
Resort Group  
Samsung C&T Corporation

- President & CEO, Resort & Construction Group, Cheil Industries Inc.
- President & CEO, Samsung Everland Inc.
- Vice President, Management Support Division, Samsung SDS
- Vice President, Inspection Team, Samsung Electronics



**Young Ho Lee**  
Senior Executive Vice President & CFO, Head of Corporate Management Division Engineering & Construction Group, Samsung C&T Corporation

- Executive Vice President Corporate consulting team, Samsung Corporate Strategy Office
- Vice President Samsung Corporate Strategy Office

## □ Independent Directors



### Dal Joong Chang

#### Education

- Ph.D. in Political Science, University of California at Berkeley, U.S.A.
- M.A. in Political Science, Seoul National University
- B.A. in Political Science, Seoul National University

#### Career

- 1990~Present Professor Emeritus, Political Science, Seoul National University
- 2014~Present Member, Presidential Committee for Unification Preparatory
- 2014~Present Policy Advisory Member, Ministry of Foreign Affairs
- 2003~2007 President, Policy Evaluation Committee, Ministry of Unification
- 2000~2004 Policy Advisory Member, Ministry of National Defense
- 1992~2008 Policy Advisory Member, Ministry of Unification
- 1994~1998 Member, Press Arbitration Commission



### Sung Bin Chun

#### Education

- Ph.D. in Business Administration, University of California at Berkeley, U.S.A.
- B.A. in English Language and Literature, Sogang University

#### Career

- 1985~Present Professor, Accounting, Sogang University
- 2010~2011 Chairwoman, Board of Directors, Shinhan Financial Group
- 2009~2010 Vice President, Korean Academic Society of Business Administration
- 2004~2007 Non-executive Member, Financial Services Commission
- 2001~2004 Member, Accounting System Advisory Committee, Financial Supervisory Service
- 1999~2000 Vice President, Korean Accounting Association



### Jae Cheol Kwon

#### Education

- M.A. in Business Administration, Korea University Graduate school of Labor Studies
- B.A. in Economics, Sungkyunkwan University

#### Career

- 2010~Present President, Korea Employment Welfare Center
- 2007~2009 Board of Directors, Korea Polytechnics
- 2006~2008 President, Korea Employment Information Service
- 2003~2005 Labor Secretary, Presidential Secretariat
- 2000~2003 Labor and Civil Affairs Administrator, Presidential Secretariat



**Chong Ook Rhee**

**Education**

- Ph.D. in Economics, University of Illinois at Urbana Champaign, U.S.A.
- M.A. in Economics, Yonsei University
- B.A. in Economics, Yonsei University

**Career**

- 1988~Present Professor, Economics, Seoul Women's University
- 2014~Present Member, Advisory Committee, Korea Investment Corporation
- 2007~Present President, Inter-firm Cooperation Studies, Center for Large and Small Business Cooperation
- 2013~2016 President, National Happiness Funds
- 2013~2014 President, Korea International Finance Association
- 2008~2009 President, Korean Association of Small Business Studies



**Hyun Soo Lee**

**Education**

- M.S., Ph.D. in Construction Engineering & Management, University of Michigan, U.S.A.
- B.S., M.S. in Architecture, Seoul National University

**Career**

- 1997~Present Professor, Architectural Engineering, Seoul National University
- 2012~Present Member, National Academy of Engineering of Korea
- 2010~2012 Vice President, Architectural Institute of Korea
- 2011 President, Korea Association of Procurement and Supply Management
- 2009~2010 President, Korea Facility Management Association
- 2007~2009 President, Korea Institute of Construction Engineering & Management



**Chang Hyun Yun**

**Education**

- Ph.D in Economics, University of Chicago, U.S.A.
- M.A. in Economics, Seoul National University
- B.A. in Economics, Seoul National University
- B.S. in Physics, Seoul National University

**Career**

- 2005~Present Professor, Finance, University of Seoul
- 2016~Present President, Association of Korean Economic Studies
- 2015~Present President, Public Fund Management Committee
- 2014~2016 Member, Presidential Regulatory Reform Committee
- 2012~2015 President, Korea Institute of finance
- 2009~2010 President, Korea Derivatives Associate
- 2008~2010 Secretary General, Citizens United for Better Society

## BOD Activities

### BOD Meetings

#### □ The Board Meetings and Voting Results of Independent Directors in FY 2016

Date	Agenda	Voting Result	DJ Chang (Attendance rate: 93.3 %)	SB Chun (86.7%)	CO Rhee (93.3%)	HS Lee (100%)	CH Yun (86.7%)	JC Kwon (93.3%)
Jan.28, 2016	1. Measure to approve the 52nd business report and financial statements	Approved	For	For	For	For	For	For
	2. Measure to approve president's assumption of additional titles	Approved	For	For	For	For	For	For
	3. Measure to approve comprehensive transactions between board members and the company	Approved	For	For	For	For	For	For
	4. Measure to revise compliance guidelines	Approved	For	For	For	For	For	For
Feb.5, 2016	1. Measure to approve participation in capital increase by Samsung Engineering	Approved	For	For	For	For	Absent	For
Feb.17, 2016	1. Measure to decide holding of the 52nd regularly scheduled general shareholders meeting and establish goals	Approved	For	For	Absent	For	For	For
	2. Measure to sign construction business management service contracts	Approved	For	For	Absent	For	For	For
	3. Measure to sign real estate rental contracts	Approved	For	For	Absent	For	For	For
Mar.11, 2016	1. Measure to revise operational rules of the board of directors and the Executive Committee	Approved	For	For	For	For	For	For
	2. Measure to appoint a chairman of the board of directors	Approved	For	For	For	For	For	For
	3. Measure to execute board members' compensation limit	Approved	For	For	For	For	For	For
	4. Measure to issue corporate bonds and approve large-scale transactions with	Approved	For	For	For	For	For	For

	pecially interested persons								
Mar.23, 2016	1. Measure to approve the extension of the payment guarantee for Roy Hill and other projects	Approved	For	For	For	For	For	For	For
Apr.27, 2016	1. Measure to approve the 1Q 2016 financial statements	Approved	For	For	For	For	For	For	For
	2. Measure to purchase a stake in Samsung Biologics	Approved	For	For	For	For	For	For	For
May 25, 2016	1. Measure to refinance debt in US onshore oil field	Approved	For	For	For	For	For	For	For
	2. Measure to issue corporate bonds	Approved	For	For	For	For	For	For	For
Jun.27, 2016	1. Measure to approve extension of credit line guarantees and HQ guarantees on Qurayyah project	Approved	For	Absent	For	For	Absent	For	For
	2. Measure to approve a transaction with specially interested persons	Approved	For	Absent	For	For	Absent	For	For
	3. Measure for comprehensive approval on initiation of IPO of Samsung Biologics	Approved	For	Absent	For	For	Absent	For	For
Jul.27, 2016	1. Measure to approve the 2Q 2016 financial statements	Approved	For	For	For	For	For	For	For
Aug.8, 2016	1. Measure to provide HQ guarantees on UK subsidiary's construction contract	Approved	For	For	For	For	For	For	For
Sep.9, 2016	1. Measure to sign rental contracts for Seocho office building	Approved	For	Absent	For	For	For	For	Absent
Sep.28, 2016	1. Measure to issue corporate bonds and approve underwriting bonds with related party	Approved	For	For	For	For	For	For	For
	2. Measure to revise operational rules of the BOD and the Executive Committee	Approved	For	For	For	For	For	For	For
Oct.26, 2016	1. Measure to approve the 3Q financial statements	Approved	For	For	For	For	For	For	For
	2. Measure to approve the sale of Cheil Worldwide shares	Approved	For	For	For	For	For	For	For
Nov.22, 2016	1. Measure to approve the extension of payment guarantee for Saudi local office	Approved	Absent	For	For	For	For	For	For

	and Qurayyah IPP Project							
Dec.14, 2016	1. Measure to approve transaction limit with related parties	Approved	For	For	For	For	For	For
	2. Measure to approve transaction with Welstory	Approved	For	For	For	For	For	For
	3. Approval of real estate lease contract	Approved	For	For	For	For	For	For

## Committee Activities

### □ Activities of Audit Committee

Date	Agenda
Jan.28, 2016	Progress report on accounting audits for 2015
Feb.17, 2016	Report and evaluation on internal accounting management system operation status Confirmation of audit report by the Audit Committee Review on the 52nd regularly scheduled general shareholders meeting agendas
Apr.27, 2016	Progress report on accounting audits for 1Q 2016
Jul.27, 2016	Report on audit results for the first half of 2016 Progress report on accounting audits for the first half of 2016
Oct.26, 2016	Progress report on accounting audits for 3Q 2016

### □ Activities of Internal Transaction Committee

Date	Agenda
Feb.17, 2016	Measure to approve a large internal transaction Measure to transfer business of Colombo Korea Measure to contract the selling of the Hannamdong building
Apr.27, 2016	Measure to sign rental contracts on Jamsil Hyankun Tower
Oct.26, 2016	Measure to contract the selling of the Seochodong dormitory
Dec.14, 2016	Measure to approve large scale related party transaction Measure to make payment for retirement pension

□ **Activities of Compensation Committee**

Date	Agenda
Feb.17, 2016	Measure to make prior deliberation on compensation limit for board members in 2016

□ **Activities of Governance Committee**

Date	Agenda
Jan.22, 2016	Deliberation on participation in capital increase by issuing new stocks Report on activity of shareholder rights advocate Report on model cases of Governance Committees in other firms
Apr.15, 2016	Report on activity of shareholder rights advocate Report on improving governance operations Report on establishing Samsung C&T corporate governance charter
Jun.20, 2016	Deliberation on initiation of IPO of Samsung Biologics Report on activity of shareholder rights advocate
Oct.26, 2016	Deliberation on Sale of Cheil Worldwide shares
Nov.25, 2016	Report on activity of shareholder rights advocate Review on 2016 Governance activities and results

□ **Activities of CSR Committee**

Date	Agenda
Jun.10, 2016	Report on publication of Corporate-wide (4 business groups) 2016 CSR report Report on CSR action plan for second half of 2016
Dec.14, 2016	Report on development of company CSR program/brand Report on best practices in CSR management and 2017 CSR action plan

## Shareholder Structure

### Overview

As of the end of 2016, the total number of Samsung C&T shares outstanding is 164,932,131. The number of common shares outstanding and preferred shares outstanding are 163,464,540 (99%) and 1,467,591 (1%), respectively.

The number of total treasury stocks of Samsung C&T is 26,385,352 with 26,225,503 common shares (13.8% of common shares issued) and 159,849 preferred shares (9.8% of preferred shares issued).

### Ownership Structure as of the End of FY 2015

	Foreign Investor	Local Institution	Local Individuals and others	Controlling Shareholders	Treasury Shares
Common	9%	12%	26%	39%	14%
Preferred	2%	40%	48%	0%	10%

\* Others refer to retail investors and special entities

### Major Shareholders

#### Major Shareholders at the End of FY 2016

Rank	Ownership – Common Stock	Number of Common Shares	Percentage
1	Jae Yong Lee	32,674,500	17.2%
2	KCC Corporation	17,009,518	9.0%
3	National Pension Service	10,566,178	5.6%
4	Boo Jin Lee	10,456,450	5.5%
	Seo Hyun Lee	10,456,450	5.5%
<b>Total Number of Common Stock</b>		<b>189,690,043</b>	<b>100.0%</b>

### Voting Shares

Samsung C&T issued 189,690,043 common shares and 1,627,440 preferred shares. Out of the issued shares, 26,225,503 common treasury shares and preferred shares held by the Company do not have voting rights. The number of shares with limited voting rights under the relevant law is 2,617,297. Thus, the number of shares with voting rights is 160,847,243.

□ Total Shares with Voting Rights at the End of FY 2016

Category	Type	Number of Shares	Note
Total number of issued shares (A)	Common	189,690,043	-
	Preferred	1,627,440	-
Shares without voting rights (B)	Common	26,225,503	-
	Preferred	1,627,440	-
Shares with voting rights eliminated by Articles of Incorporation (C)	Common	-	-
	Preferred	-	-
Shares with limited voting rights under relevant law (D)	Common	2,617,297	Restricted by the Monopoly Regulation and Fair Trade Act
	Preferred	-	-
Shares with revived voting rights(E)	Common	-	-
	Preferred	-	-
<b>Total Shares with Voting Rights</b> (F = A - B - C - D + E)	Common	160,847,243	-
	Preferred	-	-

*Shares of BOD Members*

The following table presents shares held by BOD members as of Dec. 31, 2016.

(Unit: Share)

Name	Status	Common Shares
Chi Hun Choi	Executive Director	-
Shin Kim	Executive Director	9,193
Bong Yung Kim	Executive Director	-
Young Ho Lee	Executive Director	-
Dal Joong Chang	Independent Director	-
Sung Bin Chun	Independent Director	-
Jae Cheol Kwon	Independent Director	-
Chong Ook Rhee	Independent Director	-
Hyun Soo Lee	Independent Director	-
Chang Hyun Yun	Independent Director	-

## Independent Auditor Fees

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The following table presents fees for professional audit services rendered by Samil PricewaterhouseCoopers and Deloitte Anjin for the audit of Samsung C&T's annual financial statements for the past three years (FY 2014-FY 2016), and fees billed for other services rendered by Samil PricewaterhouseCoopers during those periods.

### □ Independent Auditor Fees between FY 2014 and FY 2016

(Unit: KRW Million)

FY	Auditor	Audit Services	* Non-Audit Services	Audit Opinion
53 <sup>rd</sup>	Samil PricewaterhouseCoopers	1,870	-	-
52 <sup>nd</sup>	Samil PricewaterhouseCoopers	1,870	220	Fair
51 <sup>st</sup>	Deloitte Anjin	1,000	-	Fair

\* Non-Audit Services by Independent Auditor includes business model development on Dongducheon Dream Power Project and management consulting

## Global Code of Conduct

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### Fundamental Principles

Samsung C&T aims to foster an organizational culture where all employees share our corporate values and practice integrity. Therefore, we enacted the Samsung C&T Code of Ethics based on 'Samsung Management Philosophy' and 'Samsung Spirit' as a code of conduct and standards for value judgments that all employees shall follow and uphold.

#### *Pursuit of Co-prosperity (WIN-WIN)*

We seek co-prosperity where employees, clients, partners, shareholders, communities, countries, and humanity all prosper together.

#### *Fair Competition (FAIR)*

We comply with applicable laws and ethical standards of the countries and communities in which we do business, and pursue free and fair competition based on our own competencies.

### ***Humanity, Ethics, Manners, and Etiquette (BASIC)***

We are building our future on the global stage by upholding our fundamental principles of serving humanity and promoting strong ethics, manners and etiquette.

### **Self-Judgment and Voluntary Practicing**

We are critical of our own behaviors and willingly practice our Code of Ethics in order to uphold both the honor of individual employees and that of the Company. We base our judgments upon the following standards:

- A) Do our actions violate the law?
- B) Do our actions comply with the Samsung Code of Ethics?
- C) Do our actions conflict with our own conscience?
- D) Do our actions bring benefit or harm to any person unfairly?

\* We hold each other accountable to our Code of Ethics and promptly handle any wrongdoings. When an employee is unable to make a judgment call on his/her own, the employee must report this situation to his/her seniors, Ethics Committee, HR Team, Auditing Team, or Legal Team to receive the appropriate guidance and support.

### **Corporate Website**

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For additional corporate information, you may refer to our corporate website at: <http://www.samsungcnt.com>