

Samsung Electronics (UK) Ltd Modern Slavery Act Statement 2019

Introduction

At Samsung Electronics, we follow a simple business philosophy — We will devote our human resources and technology to create superior products and services, thereby contributing to a better global society. Leveraging our technology and business knowledge, we will proactively address social and environmental issues. Furthermore, our business ethics drive us to create a fair, clean and transparent corporate culture.

In 2005, Samsung Electronics introduced its Global Code of Conduct, a framework on our approach to accountable and responsible business practices. In 2008, we published our first corporate sustainability strategy. Our annual sustainability report reaffirms the high priority we place on respecting and protecting the human rights of all people, and that these values are at the core of our labour practices. Furthermore, we continue to drive action to create social value that aligns with the UN Sustainable Development Goals through Samsung’s spirit of challenge and culture of innovation.

This modern slavery statement is the fourth public statement Samsung Electronics (UK) Ltd (SEUK) has produced. It continues to provide transparency and demonstrate progress on our policies and due diligence strategy, to prevent the occurrence of modern slavery in our operations and wider supply chain for the financial year ending 31 December 2019. SEUK is a subsidiary of the global electronics manufacturer, Samsung Electronics Co., Ltd. which is headquartered in South Korea. Unless specified, references in this Statement to “Samsung”, “our”, “us”, “we” refer to Samsung Electronics Co., Ltd. and its subsidiaries.

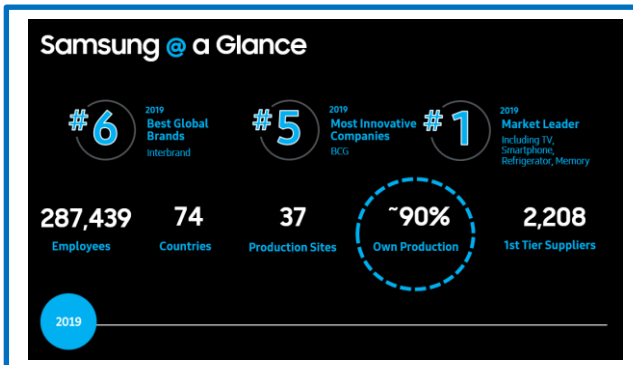
Key activities - 2019

- Partnered with the International Organization for Migration to deliver Modern Slavery and Ethical Recruitment workshops, including attendees from Hungary, Slovakia and Malaysia.
- Conducted special audits on forced labour at 202 suppliers in China, Mexico and Malaysia.
- Completed Human Rights Impact Assessment at Vietnam factory and taken steps to address findings.
- Participated in techUK peer review of modern slavery statements with major technology companies.
- Worked with partners to launch Cobalt for Development, a pilot project at an artisanal cobalt mine in the Democratic Republic of Congo.

Organisational structure - business and supply chain

Samsung Electronics is a global information technology leader which prides itself on delivering world leading products through operational excellence and innovation. It specialises in the production of a range of consumer and industry electronics, including domestic appliances, digital media devices, semiconductors, memory, and integrated systems.

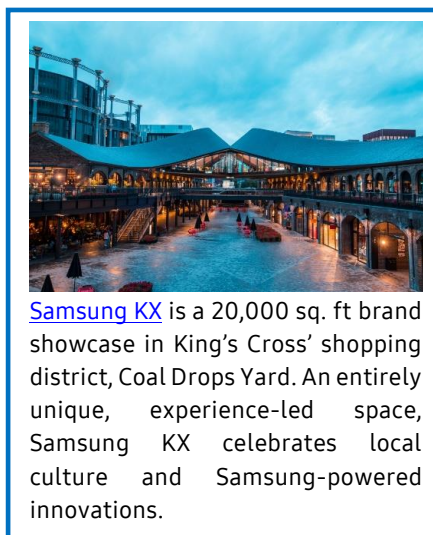
The business is organised across three independent business divisions: Consumer Electronics (CE), IT & Mobile Communications (IM), and Device Solutions (DS), in accordance with product characteristics to boost their respective competitive edge. Samsung has 287,439 employees operating at over 200 subsidiaries around the world, and it is responsible for manufacturing



approximately 90% of its products in-house, at one of its 37 global production facilities. In 2019, we reported a turnover of KRW 230.4 trillion and invested KRW 20.2 Trillion in research and development – Equivalent to 45 million USD per day.

As a global leader in the manufacture of electronic products, Samsung relies on a network of 2,208 first-tier suppliers. We actively engage to support the competitiveness and sustainability of our supply chain, and provide guidance so that suppliers can operate in adherence to global laws and regulations to fulfil their social responsibilities. Our website includes our [Supplier List](#) which provides details of suppliers responsible for 80% of Samsung Electronics' transaction volume.

SEUK's principal function is to import, sell and distribute electronic goods in the UK and Ireland. SEUK also provides procurement, quality assurance, research and development and European headquarter services to Samsung Electronics Co., Ltd. During 2019, SEUK opened new offices in Cambridge and London to support its research, marketing, and brand experience operations. SEUK employs approximately 1000 members of staff, the majority based at our UK and European headquarters in Chertsey, Surrey. Our reported turnover for 2019 was £3.1bn



Policies and partnerships

We have established a robust set of labour and human rights policies based on: Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights (UNGPs); Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises; UN Convention on the Rights of the Child (UNCRC); International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work; the ILO Core Conventions. We abide by the Code of Conduct of the Responsible Business Alliance

(RBA) and comply with the laws and regulations of the countries where we conduct our business.

The cornerstone of Samsung’s human rights and labour policies is its Global Code of Conduct and Supplier Code of Conduct, which describe standards of integrity that Samsung worksites and supply chain partners should meet respectively. Additional global policies which demonstrate our commitment to responsible work practices, and which encompass issues relating slavery and forced labour, include our Business Conduct Guidelines, Responsible Sourcing of Minerals Policy, and our Migrant Worker Guidelines.

These policies are supported by a range of local policies where the risk of human rights and labour issue violations have been identified and which require specific mitigation measures. These policies are listed on [Samsung.com](https://www.samsung.com) and further information on the standards of performance and integrity we require can be found in our 2020 Sustainability Report.

Samsung human rights and labour policies

Global Policies	Local policies
<ul style="list-style-type: none"> • Global Code of Conduct • Business Conduct Guidelines • Supplier Code of Conduct • Responsible Sourcing of Minerals Policy • Migrant Worker Guidelines 	<ul style="list-style-type: none"> • Child Labour Prohibition Policy in China • Juvenile Worker Policy in China • Student Worker Policy in China • Guidelines for Apprenticeship Training in India

Successfully developing and delivering these policies often requires support and input from civil society groups and industry peers. Key industry partners supporting Samsung have been the RBA, who’s [Code of Conduct](#) underpins our own Business Conduct Guidelines and Supplier Code of Conduct, and the Global e-Sustainability Initiative ([GeSI](#)), which supports efforts to integrate social and environmental sustainability solutions through digital technologies.

Responsible Business Alliance

The RBA was created by global electronics companies to improve working and environmental conditions. Samsung has been a member of the RBA since 2007 and takes an active role in the organisation’s major programmes, including the RBA’s [Responsible Labor Initiative](#), which is focused on ensuring that the rights of workers vulnerable to forced labour in global supply chains are consistently respected and promoted, and [Responsible Minerals Initiative](#), which develops tools and resources to investigate the use of conflict minerals and the certification of compliant smelters. In addition to its activities as a full member, Samsung is supporting its partner firms to understand their obligations, identify potential risks and set up responsible management systems based on RBA guidelines. We use the RBA on-site audit protocols to identify the working environment risks in labour, health and safety, environment, business ethics, and management systems so we can implement corrective action plans.

Samsung also has a successful and long-standing record of working with a number of civil society partners. In 2014, we worked with the CCR CSR (Center for Child Rights and Corporate Social Responsibility), to develop and implement our child labour prohibition policy in China. This work was followed by a collaboration with BSR (Business for Social Responsibility) and PIC (Partners in Change) to develop our guidelines to protect the rights of apprentices in India, and in 2016 we developed guidelines for migrant workers in cooperation with BSR.

BSR's expertise was also used to support Samsung with its first human rights impact assessment (HRIA). Undertaken in 2018 and completed in 2019, the HRIA was conducted in order to seek objective information about our business impacts, and as part of a wider global effort to align our internal practices with the United Nations Guiding Principles on Business and Human Rights: Protect, Respect, and Remedy. The insights from the HRIA are of great value to Samsung, and action to turn learning into improvements has already begun.

Samsung continues to invest in multi-stakeholder initiatives. In 2018 we announced our membership of the European Partnership for Responsible Minerals ([EPRM](#)), which is funding projects to increase the proportion of responsibly produced minerals from conflict-affected and high-risk areas (CAHRAs). In 2019, working with the German development agency, GIZ, and partners BMW Group, Samsung SDI and BASF, we launched [Cobalt for Development](#), a pilot project at an artisanal cobalt mine in the Democratic Republic of Congo, which aims to promote responsible mining practices and improve conditions for the community. 2019 also saw us collaborate with the International Organization of Migration (IOM), with whom we delivered workshops on [Modern Slavery and Ethical Recruitment](#) to our employees, suppliers and business partners at worksites from Hungary, Slovakia and Malaysia.

Since 2018, we have hosted multi-stakeholder forums in Vietnam as part of our efforts to actively communicate and engage with our stakeholders. In 2019, we discussed women's rights and women's empowerment with the Vietnam General Federation of Labour (VGCL) and the Center for Studies and Applied Sciences in Gender - Family - Women and Adolescents (CSAGA). Various stakeholders, including the Vietnamese government, over 200 guests from various NGOs, media, academia and experts, participated to share research findings and opinions. The forum opened up a discussion on corporate policies, practices and implications on preventing sexual harassment, women's leadership, and women's empowerment.

Efforts to support work on human rights and modern slavery extends to Samsung's activities in the UK. SEUK is a Board member of the digital technology trade association, techUK, and participates in its [Sustainable Supply Chain Group](#), which seeks to inform effective human rights and labour policy through its engagement with Government and key stakeholders. In 2019, Samsung participated with other techUK members to peer review each other's modern slavery statements, as a mechanism to further improve industry reporting standards and share best practices. The findings from this positive and constructive experience have helped to inform this year's statement. techUK aims to repeat this exercise again in 2020.

Due diligence processes

The UN Guiding Principles on Business and Human Rights places a responsibility on companies to undertake human rights due diligence. Samsung strongly supports this requirement and ensures that we have a framework established and embedded across the business to identify, prevent, mitigate and account for any adverse human rights impacts. Samsung applies the same level of scrutiny in assessing labour and human rights risks at its own operations to those of its first-tier suppliers. Also, suppliers who are doing business with us are obliged to apply our working environment policies at the same level to their sub-suppliers.



Risk management systems

At SEUK we have conducted a review of our suppliers deemed to be at greater risk of having modern slavery in their own operations and supply chain. This includes companies which provide goods and services to SEUK where the prevalence of low-skilled, low paid labour may exist. We continue to monitor supplier compliance and are working with internal teams to strengthen our vendor evaluation system, to ensure that suppliers understand the labour and human rights of workers and that they adhere to our corporate Supplier Code of Conduct.

Samsung adopts a three-stage risk management system (self-assessment, on-site audit and third-party audit) to monitor and manage the work environment of our global manufacturing operations and those of our suppliers. The annual assessments required at our factories and at our suppliers are based on RBA standards which are reflected in our Business Conduct Guidelines and our Supplier Code of Conduct.

Samsung worksite monitoring system

For our own operations, we operate a system that identifies and monitors factors that can affect employee labour and human rights through a range of internal and external channels. Our worksite monitoring system supports the enforcement of labour and human rights and compliance management in areas such as working environment, workplace culture, operation of representative bodies, and management of suppliers. The system, provided in 12 languages, evaluates 55 items in seven areas, and is instrumental in identifying worksites that need in-house expert consultation to strengthen capacity and improvements.

Based on assessment results of the worksites monitoring system, we select two to three worksites every six months that require improvements. The audits, led by employees trained in the RBA methodology, evaluate performance based on 139 criteria using RBA and Samsung standards. Audit results are shared with worksite management teams and corrective actions and improvement plans are established. We work closely with the sites to require monthly progress of improvements to be reported via the worksite monitoring system.

In 2019, we worked with RBA approved auditing firms to assess compliance with local labour laws and RBA assessment standards at ten production sites in four countries. Two of the worksites in Brazil were the first Samsung facilities to have achieved the RBA's 'One Star'

award which requires a minimum RBA performance score of 160 and all priority findings closed, a functioning worker's forum, and having one or more trained RBA Certified Factory Lead.

Vietnam: Human Rights Impact Assessment

From 2018 to 2019 in Vietnam, we conducted a Human Rights Impact Assessment (HRIA) based on the three principles of UNGPs: Protection, Respect, and Remedy. For an objective review, we identified potential labour and human rights risks with expert support of BSR through employee interviews, document reviews and stakeholder engagement. Whilst we did not detect any human rights violations in need of immediate action, we established remediation and mitigation measures for areas where further progress could be made, using recommendations from BSR. As part of our continuous improvement efforts, we share our findings, recommendations, and multiyear action plan with the stakeholders involved and interested in our HRIA.

Whilst efforts to manage the impacts and risks of labour and human rights are generally managed by local teams with the appropriate skills and competencies, oversight of Samsung's risk management systems on human rights and labour issues rests with our Global Labour Issues (GLI) Committee. The GLI Committee, which convenes bi-weekly to discuss labour and human rights issues, consists of executives and working-level employees from five functions (Human Resources Team, Legal Office, Partner Collaboration Centre, Global Public Affairs Team, Global EHS Team). Any important matters that require measures and actions to take are escalated to the Sustainability Council, which consists of key executives, and then reported to top management.

Managing the working environment of our suppliers

The self-assessments conducted at first-tier suppliers evaluates performance against 85 criteria. Information on the location, transaction volumes and historic compliance performance of suppliers also influences the requirement for an on-site audit.

In 2019, 365 suppliers were selected for on-site audits. The average compliance rate of audited suppliers was 95%. All audit improvement plans were registered on our Global Supplier Relationship Management (G-SRM) System to enable performance of outstanding tasks to be monitored. During this period, we also conducted special audits on forced labour at suppliers in China, Mexico and Malaysia.

The audits conducted in China and Mexico focussed on use of child/underage labour. In total 185 suppliers were audited and there were no policy violations related to the use of child/underage labour. However, where improvements were identified, corrective steps were required and subsequently monitored by designated independent assessment managers within Samsung Electronics as a separate task without the involvement of the procurement team. In Malaysia, audits focussed on the employment of migrant workers. The investigation of 17 suppliers established whether recruitment fees and the collection of IDs were being demanded from workers, and also examined worker accommodation. Improvement measures

and corrective action plans were developed for suppliers that were deemed to be failing Samsung's strict standards of compliance.

Samsung's third-party audits are conducted by RBA approved auditing firms. In 2019, we increased the number of suppliers subject to these unannounced third-party audits in which specific schedules were not provided in advance to prevent any kind of preliminary preparation prior to the inspection, particularly in the Southeast Asia region, where migrant worker concerns were raised in 2018. Closure audits ensure that corrective actions are achieved.

Measurement and performance standards

We recognise that a grievance, understood as a perceived injustice evoking an individual's or a group's sense of entitlement according to UNGPs, can be any kind of proposal or claim raised by our employees, including complaints about their working environment. Our grievance resolution procedure is based on the 'Effectiveness criteria of non-judicial grievance mechanisms' as stipulated by the 31st clause of the UNGPs. Our employees and suppliers have access to such procedure.

We operate four types of grievance resolution channels: hotline, online, offline channels, and employee committees, and encourage anyone to raise their concerns free of discrimination. All channels are provided in the native language of the respective country, and worksites employing migrant workers are provided with information on grievance resolution channels in their native languages.

Our four stage grievance resolution procedure provides the framework to enable the fair, timely and transparent treatment of grievances that emerge in the workplace. Each stage of the process has defined criteria and a performance timeframe. Where it has not been possible to meet the intended resolution timeframe, the reporter of a grievance will be notified of the reason for the delay. Workers can contest the results of a grievance resolution at any time.

In 2019, a total of 11,828 grievances were reported through our grievance resolution channels. The number of grievances has declined over the past three years. In particular, the number of grievances regarding working environment decreased by 1,462 (33%) from 4,403 in 2017 to 2,941 in 2019. As part of our efforts to provide a better working environment in 2019, we established a healthcare centre in Vietnam, installed reflectors for worksite safety in Brazil, expanded resting spaces and remodelled restrooms in Slovakia, and upgraded the company's cafeteria in Russia.

Samsung values the opinion of external stakeholders and promotes a number of reporting channels to enable constructive dialogue on work environment standards or the infringement of human rights at our worksites, and our suppliers' worksites. We operate the Samsung Electronics' Global Business Ethics & Compliance system (www.sec-audit.com), corporate hotline (+82-2255-0114), and global communication address (civilsociety@Samsung.com), to listen to the opinions of various external stakeholders. We continually evaluate the

effectiveness of our internal and external grievance procedures, and seek to improve accessibility and system design where necessary.

Samsung welcomes the opportunity to benchmark itself against its industry peers and actively engages with respected organisations using benchmarking as a tool to raise standards and practices that protect workers’ rights. In 2019, we were included in the [Corporate Human Rights Benchmark](#) for ICT manufacturing – 40 of the largest ICT companies in the world were assessed against the CHRB’s ICT manufacturing methodology. Samsung was pleased to rank 4th amongst our competitors but recognises, that whilst this result serves as a good starting point, more work is needed to achieve greater success. As a result, we are reviewing opportunities to further improve our human rights governance, policies and practices, including efforts to monitor forced labour.

As reported in previous statements, Samsung conducts third-party supplier audits and monitors and reports performance against five established indicators: labour and human rights, health & safety, environment, ethics, and management systems.

Responding to migrant worker issues identified in the region in 2018, the 2019 third-party supplier audits were predominantly conducted at worksites in South East Asia. Overall compliance for 2019 remained consistently high with performance matching results for 2017 and 2018 at 96%. However, a small reduction in performance was recorded on labour and human rights compliance in 2019 (93%) compared to 2018 (95%). The launch of new high specification models and the relocation of global production sites did influence compliance. Several new suppliers were also found to have work environment policies which failed to adequately reflect updates to local laws and regulations. Working in partnership with these suppliers we have provided support to resolve these issues.

Training and capacity building

To comply with our labour and human rights policies and raise employees’ awareness, we have developed training programmes tailored to the characteristics of workplaces and are strengthening our regular training for our employees every year. In 2019, 96% of employees at overseas production subsidiaries and 100% of employees in South Korea completed training programmes. We especially strengthened our training program in South Korea with modules on anti-discrimination, bullying, and sexual harassment in the workplace.



As mentioned earlier in this statement, in 2019, working in cooperation with the International Organization for Migration (IOM), we provided specialised training on protecting migrant workers at worksites from Hungary, Slovakia and Malaysia. Delivered in five educational modules: Understanding modern slavery and migrant workers; National laws and regulations related to migrant workers; Management

policies for migrant workers in subsidiaries; Corporate efforts to eradicate forced labour; and, Measures to end forced labour and remedies for victims, the training was provided to our human resource personnel, as well as those from our suppliers and recruitment agencies.


According to statistics from the IOM and the Walk Free Foundation, Eastern Europe and Central Asia have the highest rates of modern slavery, with an estimated 3.6 million victims (91% of these individuals are believed to be victims of forced labour). Recognising that forced labour remains a critically important global issue, Samsung will continue to seek support from IOM to protect vulnerable workers throughout its supply chain.

Going forward into 2020, Samsung intends to further enhance training and capacity building on labour and human rights, and we are currently working with BSR to deliver this provision to all employees, including those in manufacturing, supervisors, and management. The training is intended to be designed and tailored to include content which is targeted to specific job functions and capacity. However, each training programme should contain key modules on labour and human rights issues, including: the labour and human rights entitlements of employees; the importance of labour and human rights; Samsung's corporate responsibilities and employees' responsibilities; and delivering labour and human rights in practice. Further information on this exercise will be provided in next year's modern slavery statement.

Management approval

Samsung is committed to complying with local laws and regulations and applies its global code of conduct to all employees. We understand that acting responsibly builds trusting and valued relationships with our stakeholders, which provides a strong and stable platform for sustainable growth. This modern slavery statement has sought to demonstrate our continued commitment and development to labour and human rights, and our efforts to mitigate the risk of modern slavery and human trafficking in our operations and global supply chain. It reaffirms Samsung's ambition to become one of the most ethical companies in the world, and to continue to train its employees and operate monitoring systems to deliver a fair and transparent system of corporate management.

This Statement was approved by the Board of SEUK in June 2020. It complies with the requirements set out in section 54 of the UK Modern Slavery Act 2015.



Mr. Cheol Woo Ryu
Director / Company Secretary
Samsung Electronics (UK) Ltd