

May 9, 2018

Prof. Anita Ramasastry
Chair-Rapporteur of the Working Group
on the issue of human rights and transnational corporations
and other business enterprises

Prof. David Kaye
Special Rapporteur on the promotion and protection
of the right to freedom of opinion and expression

Mr. Baskut Tuncak
Special Rapporteur on the implications
for human rights of the environmentally sound management
and disposal of hazardous substances and wastes

CC: Ms. Beatriz Balbin
Chief, Special Procedures Branch
Office of the High Commissioner for Human Rights
United Nations

Dear Professor Anita Ramasastry, Professor David Kaye and Mr. Baskut Tuncak,

Thank you for your letters (dated March 16 and April 5, 2018) to Samsung Electronics Co., Ltd. (“Samsung”) and for reaching out to us. We respect and appreciate the crucial role the UN system and you play in protecting and promoting human rights. We would like to continue to communicate in an open and transparent manner and deepen the social dialogue with you and all other relevant UN bodies and experts in order to play our part in supporting your important endeavor.

First and foremost, I would like to emphasize that Samsung stands firm with the UN in supporting human rights with the understanding that violations of human rights should not be tolerated. As a global employer, we care deeply about ensuring that all of our employees have safe, fair and good working conditions and are committed to respecting the human rights of our employees - men and women alike - and of those who may be adversely affected by our business activities. We believe that by respecting international human rights norms, we can bring about better working conditions in any country in which we operate, including Vietnam.

We are also striving toward more transparency in our dealings with human rights issues. We have demonstrated this through our initial response to the concerns raised in the IPEN report, which was published by the Business and Human Rights Resource Center in December 2017 and our efforts to proactively engage in dialogues with key stakeholders including the UN.

Your letter and the civil society report it refers to, contain allegations of adverse human rights impacts related to our company. We take this very seriously and have taken action to investigate the allegations raised in your letter and to identify areas for improvement.

After learning about the allegations in the IPEN report, we immediately compared them with the most recent findings of third-party audits of our factories in Vietnam. We have noticed that many of the allegations raised in the report do not seem to correspond to the overall findings of the audit reports. In order to further verify the allegations and analyze the discrepancies between the allegations and the audit findings, we have established an internal task force to look more closely into and address the concerns expressed in the report.

We have also begun working with external human rights advisors to build internal capacity and to identify any human rights impacts of our operations with a view to addressing areas where we find improvements are needed.

Together with many of my colleagues on the task force and our recently engaged external human rights advisors, I visited two of our production sites in Vietnam in mid-April in order to obtain a common view of the working conditions and engage in constructive discussions with our local management.

On occupational safety issues, which require health and safety expertise, the Samsung Institute of Safety and Environment (“SISE”) conducted a special internal audit at the beginning of this year. Following an initial assessment, the SISE is running a more in-depth analysis involving third-party experts from a renowned medical institution in Korea. In this letter, I attach our responses to your questions and appendices that are based on the outcome of these efforts.

Like many other companies we are at the beginning of a human rights journey. In order to seek objective information about our human rights impacts, we are considering piloting a human rights impact assessment in Vietnam as part of a wider global effort to align our internal practices with the United Nations Guiding Principles on Business and Human Rights (“UNGPs”). We are also exploring how we can increase our openness without compromising our legitimate requirements of commercial confidentiality.

Through these efforts, we are striving not only to address the concerns you have raised, but also to take this opportunity to bring about further positive changes in the way we run our business.

Please do not hesitate to contact us should you have any questions.

Yours sincerely,



Won-kyong Kim
Executive Vice President
Global Public Affairs
Samsung Electronics Co., Ltd.

Appendices:

1. *Response to Joint Communication from Special Procedures (AL OTH 10/2018)*
2. *Additional Information on Grievance Mechanisms and Data on Implementation*

APPENDIX 1. Response to Joint Communication from Special Procedures (AL OTH 10/2018)

1. Please provide any additional info and/or comment(s) you may have on the above-mentioned allegations.

In your letter you invite us to provide comments on the information you have received concerning the alleged exposure of female employees to hazardous substances and inadequate working conditions in two Samsung factories based in Vietnam, namely SEV and SEVT¹ and the alleged intimidation of health and environmental advocates.

We appreciate the opportunity to provide our views on these allegations and welcome the dialogue with you. We are making efforts to create a safe and healthy working environment for our employees, including of course female employees. They form a majority of our workforce in Vietnam and it is our priority to provide safe and healthy working conditions for them as it is for all of our employees.

We provide additional information and comments on the allegations arranged by topic in the answers to questions 2-5. Regarding the alleged intimidation of organizations reporting on the situation of workers, please find our response to question 2. Regarding occupational health and safety, please find our response to question 3. Regarding our due diligence efforts to align with the UNGPs, including employee contracts, please see our response to question 4. Regarding grievance mechanism and remediation, please see our response to question 5.

Since we began to establish internal follow-up measures to identify, manage and monitor potential human rights impacts of our factories in Vietnam, we have found that some of the allegations in the IPEN report appear to be based on erroneous assumptions about our business activities or incorrect or incomplete information. Going forward, we will work with external experts to ascertain facts and clarify impacts, and we are currently considering piloting a human rights impact assessment in Vietnam as part of a wider global effort to align our internal practices with the UNGPs.

¹ Samsung Electronics Vietnam (SEV) and Samsung Electronics Vietnam Thai Nguyen (SEVT).

2. Please provide information on the legal grounds and measures taken in response to the dissemination of the study developed by the International POPs Elimination Network and the Centre for Research on Gender, Family and Environment in Development on Samsung factories in Vietnam. Please indicate how these measures are compatible with international human rights standards, in particular those established by Article 19 of the ICCPR and Articles 7 and 12 of the ICESCR.

After we received media inquiries about the CGFED/IPEN report in early November 2017, we made numerous but unsuccessful attempts, including through written correspondence, to contact CGFED and IPEN. We invited them to visit our factories and to engage in dialogue with us, as we wanted to provide them with information about our business activities and internal processes. As the Vietnamese government has great interest in the working conditions of our factories, we also informed the government and explained our position.

The correspondence included a statement mentioning that we reserved the right to take legal action to protect our reputation, which is merely a customary legal language. But it was never our intention to bring a lawsuit or to prevent the publication of the report.

We elaborated our position in a subsequent in-person meeting with representatives of CGFED during which we clearly stated that we never intended to take any legal action. We reiterated this in subsequent communications with other external stakeholders such as Electronics Watch in December 2017.

Regarding the allegation that our employees were intimidated by the company, we would like to stress and assure you that we have never made any attempt to identify nor to threaten the employees who were interviewed by CGFED and we have no intention to do so in the future.

While the wording of our letter may be seen as formally reserving the right to protect our legal integrity, we regret that our mentioning of a possible legal action might have been interpreted as a threat.

We now better understand the expectations related to the business responsibility to respect human rights as set out in international human rights treaties (including in particular the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights). As we highly appreciate and respect the role of civil society organizations, we will continuously work to improve our engagement with stakeholders, including those directly affected.

3. Please provide information on the existing measures and initiatives ensuring occupational health and safety and informing employees on the potential health hazards related to their functions in Samsung Electronics' factories.

We aspire to accomplish the best working conditions in any country we operate, including Vietnam. In terms of occupational health and safety, we are determined to not only meet legal standards, but to continuously work to go well beyond what is required by the applicable laws and regulations.

Initially, we would like to share some information about our global efforts in the area of occupational health and safety. Thereafter we will share some more specific information related to our factories in Vietnam.

Global Efforts in the Area of Occupational Health and Safety

Samsung's global framework on occupational health and safety is governed by the Global Environment, Health and Safety management system ("G-EHS system"). The G-EHS system, which is periodically certified by ISO 14001 and OHSAS 18001, includes policies, processes, organizations and training. The G-EHS system covers many non-financial risks and accounts for topics such as chemical management, ergonomics, Personal Protective Equipment ("PPE"), education and training on emergency drills, etc.

Based on the G-EHS system, each manufacturing site must establish a local EHS management system customized for the relevant local environment.

The global EHS team continuously monitors and verifies local performance. It also distributes checklists and inspection guidelines related to EHS areas that each manufacturing site is required to focus on in a given year and obtains inspection results on a weekly basis.

If an accident occurs during the work process, we conduct safety inspections at the department in question in order to prevent the recurrence of the same or a similar accident while also identifying the root cause of the accident and then making the necessary improvements.

Existing Measures and Initiatives Ensuring Occupational Health and Safety (Vietnam)

Ensuring healthy and safe working conditions for our employees is a priority for us and we work on this daily. Based on the G-EHS system, the Vietnamese factories have established their own occupational health and safety management systems that are also subject to continuous improvement.

We abide by Vietnamese legislation and in various areas set more stringent internal targets to perform better than the law requires, as stated above. For example, with regard to noise levels, the amount of dust particles in the air and odor in working premises, we monitor performance regularly and post the results in Vietnamese at the entrances to workplaces so that any employee can see them. In addition, we explain the meaning of these results to employees.

We monitor the working hours of employees on a weekly basis in order to ensure strict compliance with Vietnamese law. Employees are always fully paid for all overtime worked.

We were recognized for our professional and healthy work environment and ranked as 'One of the Best' workplaces for employees in Vietnam and awarded the Certificate of Merit by the Vietnam General Confederation of Labor in 2017.

Noise, Temperature, Dust and Odor Controls

Without proper controls, noise, temperature, dust particles in the air and odors can be a nuisance to our employees' health. We take diligent steps to continuously measure noise levels, temperature, dust particles in the air and odors in order to ensure good working environments in our premises. Based on the measurements we can and do ensure that ambient conditions are maintained at appropriate levels.

More specifically, we monitor noise levels to ensure that the level is below 85dB (as required by the applicable Vietnamese labor laws) at the majority of production lines at the factories. Some locations may be noisier than others due to the nature of their functions, for example engine rooms, air handling unit rooms or compressor rooms. In those places, the operation is carried out remotely and unattended by human beings except in the case of maintenance when our employees are properly equipped with protective gear such as earmuffs and earplugs. We make every effort to reduce employees' exposure to noise by providing PPE and also by expanding the automation of production lines and installing robots. We are currently planning to advance this work by collaborating with experts specialized in industrial health and safety.

Emergency Routines and PPE

We have suitable emergency exits and fire drills and we test our evacuation routines frequently. For each production line, an emergency button is within reach for our employees if an incident requires immediate attention. We also have an in-house fire department inside of each factory facility. We provide our employees with PPE wherever required.

Medical Facilities and Check-ups

We take a proactive and preventive approach to our employees' health situation and offer yearly or semiannual medical check-up programs by in-house doctors to all employees at our own medical facilities. We have plans to expand the check-ups and to increase the capacity of dedicated health management staff at the manufacturing sites.

In addition, we have medical centers at each of our facilities in Vietnam, where all of our employees can freely request and receive health consultations or take rest whenever they wish without pay deduction.

Breaks and Resting Spaces

Employees are free to access clean toilets, potable water and medical centers whenever they wish. For instance, if an employee is working on a production line that cannot suddenly be stopped, the employee can simply notify the supervisor, who then has one of the relief staff members standing by to take over the work during the break. We also provide numerous resting spaces for employees on our premises.

Ergonomics

Various types of workstations are available for all employees on the production line, including both seated and standing positions and there is no graded payment policy that discriminates against employees according to their working positions. Appropriate break times for employees are provided in strict compliance with Vietnamese law.

Special Care for Pregnant Employees

Once an employee notifies her pregnancy to the company, she can benefit instantly from our Maternity Care Program. Managers are required to devote special attention to employees who are pregnant or who have new-born babies, to ensure that they get rest or medical care as needed.

In order to effectively address concerns about female employee health and safety and as improvement measures from the aforementioned special internal audit, we have recently enhanced our Maternity Care Program. We offer our pregnant employees in-house gynecologist health care, nutritional supplements such as iron in accordance with a doctor's prescription, special meals twice a week and three meals a day, all free of charge. While the Vietnamese law grants six months of maternity leave, as a new policy we offer a longer maternity leave of up to 14 months upon request (as of April 2018).

In addition, we have created a separate production line for pregnant employees. Depending on their individual preference, they are able to sit down or stand up.

One hour's paid break per day is guaranteed for employees with children under 12 months of age under the local law. At the factories, pregnant employees can take as many intermittent breaks as they need without wage deduction.

Separate entrance gates have been set up for pregnant employees, so they do not have to stand in long queues. We have dedicated resting rooms for pregnant employees and those who have given birth within the past 12 months.

All of these efforts that we undertake for our pregnant employees are intended to help them during the working days, to prevent any potential harm and to support them with any difficulties they may face.

Use of Chemicals

With regard to chemical management, we operate state-of-the-art systems which strictly regulate the use of chemical substances at all of our factories worldwide.

Samsung has its own standard called 'Standards for Control of Substances Used in Products' (revised on August 16, 2016) in order to manage the use of chemicals in our products. We review and enforce its provisions on a regular basis throughout the company in order to ensure the highest possible level of compliance by not only Samsung but also suppliers. This document is publicly available.²

We ensure that hazardous substances are not present in our final products through the external certification schemes of the Republic of Korea (KOLAS - Korea Laboratory Accreditation Scheme) and Germany (BAM - Bundesanstalt für Materialforschung und-prüfung).

For the chemicals crucial for manufacturing we would like to highlight the fact that Samsung controls and manages chemical exposure levels to ensure that they remain significantly below levels that could cause harm to human beings and the environment. We ensure that our working environment is in accordance with the applicable occupational health and safety regulations.

² [http://www.samsung.com/common/aboutsamsung/download/companyreports/SEC%20Standard\(0QA-2049\)%20Rev18_EN.pdf](http://www.samsung.com/common/aboutsamsung/download/companyreports/SEC%20Standard(0QA-2049)%20Rev18_EN.pdf)

Furthermore, we have strict internal standards that are much more stringent than those under local regulations. We work continuously to maintain chemical levels substantially below such internal standards and legally permitted levels.

We use a wide range of methods to protect the health and safety of our employees and communities. Some specific examples of hazardous substance control include:

- 24/7 real-time chemical level monitoring
- Dedicated EHS teams
- Certifications (ISO 14001, OHSAS 18001)
- Chemical leakage detection system
- Chemical evaluation process
- Centralized chemical supply system
- Early detection system for gas leaks
- Training and making Material Safety Data Sheets (“MSDS”) available to employees at our manufacturing facilities

We have strict protocols in place to prevent any incidence of chemical exposure to employees such as the operation of a local ventilation system.

Prior to the use of a new substance in our production, our internal experts evaluate the MSDS of the substance through our internal system and we manage chemicals covering all stages from use to waste.

Chemicals for which there is currently no substitutable substance are used in some specific steps of the manufacturing process. However, these steps are separated from the rest of our processes. Basically, no human beings are in contact with these chemicals and the facilities processing the chemicals are sealed off with multiple controls.

For example, when chemicals are received, moved or inserted into an anodizing process, this is carried out by a robot controlled from a Programmable Logic Control room. There are multiple layers of physical protection around the chemical processing tanks. In the exceptional case that an employee has to enter into the rooms where the tanks are located, they must have written permission and wear PPE.

A real-time monitoring system analyzes the chemical gases to ensure that there is no leak and since the factory was built, no deviations have occurred. In addition to the day-to-day management process, a special emergency procedure is established in case of an accident, pursuant to a crisis response scenario certified by the Vietnamese Ministry of Industry and Trade.

The safety of the workplace with processes using chemicals is analyzed and examined twice a year with auditors approved by the Vietnamese government (while the law requires that such an examination must take place once a year). Currently, the results of this examination are posted in Vietnamese in some 500 places within the premises of Samsung factories in Vietnam. We identify potential risks and perform risk assessments based on the G-EHS system and local EHS system at all our production sites.

Finally, we remain committed to making continuous improvements. Fair, safe and healthy working conditions are so important to Samsung and we welcome any ideas or viewpoints about how we can improve further.

Existing Measures and Initiatives Informing Employees of Potential Health Hazards

The global EHS team continuously informs and educates global and local EHS managers for their capacity building on health and safety management. This is done via various means such as an internal monitoring system, periodic video conferences and annual conferences at our headquarters.

In addition, the best examples and accident cases in other companies are shared on a weekly basis among the global and local team members and used as training materials.

Training and Education on Chemical Management

We educate employees as required by Vietnamese law on the manufacturing processes that take place in the factory, health and safety and other precautionary measures during their introduction to employment. Further training occurs on a rolling schedule and includes what kind of materials are used in the manufacturing processes, the level of exposure to chemicals, protection measures to avoid harm and how to use PPE. We customize each employee's training for their specific role, ranging from handling chemicals to emergency response and potential health hazards relevant to their roles in the factory.

Material Safety Data Sheet

We post safety working guidelines on each machine of the production lines. We also inform employees about the potential health and safety hazards and related risk ratings by posting the MSDS and warning signs on the side of machines in the local language. The MSDS is updated whenever there is a change to the chemical substances used in the relevant production line. The database of all MSDS is updated and reviewed on a monthly basis.

Postings

Supervisors regularly post updated information about levels for noise, dust particles in the air and odor. Our performance monitoring indicates that both the average and the highest record measured over a week for noise, dust particles in the air and odor are below legally permitted levels. We also post information about performance over time in Vietnamese for employees to review.

We will continue to improve occupational health and safety performance in our factories, whilst taking pride in how far we have already come in various areas.

4. Provide info as to what human rights due diligence has been undertaken by Samsung Electronics in Vietnam to identify, prevent, mitigate and address adverse human rights impacts related to this case, in accordance with the UN Guiding Principles on Business and Human rights.

Samsung has adopted global policies and established processes to respect international human rights and Samsung is strengthening its policies and processes in order to further align them with the UNGPs, in particular human rights due diligence. We also expect our business partners to respect human rights. We have developed internal policies that also apply to our operations in Vietnam.

We want to emphasize that we are on a journey and we do not have all the answers. We are seeking to learn from our stakeholders and their expectations on us, and we welcome constructive dialogue. Here we provide some examples of our efforts to align our processes with the UNGPs and human rights due diligence measures in particular.

Policies and Management Systems (UNGP 15, 16, 17)

Samsung has various human resources, labor rights and health and safety policies that all factories in Vietnam must adhere to. Policies are supplemented by management processes to ensure their implementation. They are frequently followed up and evaluated in terms of effectiveness. Notable in this context are the following policies and management processes:

- Protection of labor rights: We have official guidelines which set out for example the prohibition of forced labor and child labor, prohibition of all corporal punishment and harassment, non-discrimination, fair working hours, salary and welfare policies.
- Non-discrimination: We have official guidelines that set out the management process prohibiting discrimination. The guidelines place emphasis on a variety of non-discrimination grounds, including a focus on pregnant employees, to ensure that they are not discriminated against and that they do not receive lower salaries.
- Prevention of forced labor: We have official guidelines that set out the process controls to ensure upholding just and favorable working conditions.
- Specific policies and management processes: We have specific policies for internship protection, juvenile protection, privacy protection, prevention of retaliation towards an employee, an anti-corruption policy and a policy on human rights in mineral sourcing.
- Workplace health and safety: We have a number of policies and processes to ensure a safe work environment for our employees, including accident prevention and response processes, no noise/dust/odor initiatives, ergonomic certifications, annual rating assessments to identify and improve on processes with potential musculoskeletal risks.
- Grievance reporting: We provide a number of channels for employee feedback (email, phone via a hotline, employee representative organization). Improvement results and the accountable person are reported for each grievance.

- Provision of employment contract: Employee handbook chapter 2 section 1 outlines that all employees are to sign an employment contract in their local language and receive a copy of the contract. Given that this was a particular item in the IPEN report, we wish to provide some further comment on this here. All employees who join Samsung sign an employment contract and receive one original signed copy of the contract in accordance with Vietnamese law. We have kept a ledger with a record of employee signatures since July 2016 to better manage contracts. The ledger includes the acknowledgment of thousands of employees for the receipt of their contracts. If an employee wishes to request an additional copy of the contract, he/she can visit the employee service center to have the copy issued.

Risk (includes impact) Analysis System (UNGP 17, 18, 19)

- Risk analysis system: We have a risk analysis system and a monitoring system that we have developed in 2013 and 2014. These systems allow us to understand a broad range of factors that could possibly affect the management of human rights at our worksites and identify related adverse effects.
- Follow up on risk: Based on the registered data, sites with a low score on labor and human rights management, or with a high risk, are subject to audits by internal experts in accordance with Responsible Business Alliance (“RBA”) Code of Conduct, to find items that need to be corrected. A corrective action plan is then executed on those items.
- Special assessment: To complement the expert assessment, the relevant business units conduct a special assessment. The special assessment is conducted to identify potential risks related to domains such as working hour management, vulnerable group protection, the use of monitoring systems, organization culture, etc. and to provide consulting for corrective actions plans.
- Audits: We also have external auditing processes. External third-party audits are conducted by industry standards and involve interviews with hundreds of workers.

Internal Controls and Audits (UNGP 20)

Vietnamese labor authorities audit the facilities every year.

As mentioned earlier in this letter, SISE conducted a special internal audit at the beginning of this year. Following an initial assessment, SISE is running a more in-depth analysis involving third-party experts from a renowned medical institution in Korea.

Additionally, third-party auditing firms, approved by reputable organizations widely used by industry players, conducted on-site audits at the facilities in December 2016 and June 2017 respectively. Notably, in June 2017, SEVT was subject to an audit by a third-party auditing firm approved by the RBA pursuant to the RBA VAP Operations. The RBA is a reputable organization widely used by industry players. This third-party audit included interviews with no less than 266 employees who were interviewed without management being present. 212 of these employees interviewed were women. Some were interviewed individually and some in groups with other employees to encourage participation. The employees for interview were chosen based on random sampling. The third-party auditors commented that “workers were open during the interviews and they spoke freely in response to the various questions. Workers were not trained or coached for the

interview”. The audit gave the factory a “conformance” rating on various aspects that actually directly contradicts the findings of the IPEN report. We have already disclosed various findings in our letter to the Business and Human Rights Resource Center on December 5, 2017.³

Stakeholder Communication and Engagement (UNGPs 17-20, 21)

Samsung places great importance on listening to stakeholders and we have various platforms where we engage and communicate with stakeholders in a frequent and systematic manner. We have both formal and informal channels.

With regards to engaging and communicating with employees, we are always open to listening to our employees. They can raise concerns not only with their managers but also anonymously through our various grievance mechanisms described further in question 5 and Appendix 2. In compliance with country-specific regulations, work councils or unions operate at our worksites. They consult on wages, labor conditions, welfare and other issues related to employee rights.

Furthermore, at the global level we engage bilaterally and at events with external stakeholders including representatives from civil society and NGOs that have an interest in our industry. We frequently attend conferences where the human rights aspects of our industry are discussed, such as the annual UN Forum on Business and Human Rights and the OECD Forum on Responsible Mineral Supply Chains. As a member of various industry associations (for example the RBA, the Responsible Minerals Initiative and the Global e-Sustainability Initiative), we participate in their stakeholder engagements. Through the events of these and other industry associations, we also frequently interact with peers and discuss the human rights aspects raised by external stakeholders that concern industry-wide challenges, as well as typical or salient human rights risks.

In Vietnam specifically, we have participated in a government workshop discussing the working environment in the electronics sector. We are also planning to play a key role in developing a multi-stakeholder platform on the topic of gender equality where external stakeholders will be joining, in addition to government representatives.

Finally, we wish to reiterate that we have begun the process of following up on the items raised in the UN letter. Our aim is to do this from a human rights due diligence process perspective as appropriate: how we have identified any potential impacts (UNGP 18), how we have addressed them (UNGP 19), how we are following up on them (UNGP 20) and how we engage and communicate proactively with our employees about them (UNGP 21).

During this process, we are seeking to find responses and areas that can be further improved and equally considering this to be an opportunity to see how we can strengthen our internal processes to align more with the UNGPs and human rights due diligence in particular. In order to ensure that this is done from a human rights perspective, we have retained external human rights advisors. They are explicitly mandated to provide us with advice and views based on the UNGPs and human rights due diligence. We have together visited Vietnam and had extensive discussions with local management about the human rights expectations of Samsung and the factories and the questions provided by the UN.

³ https://www.business-humanrights.org/sites/default/files/documents/171205_BHRRRC_Samsung%20Electronics.pdf

We realize that the policies, processes and systems are only as good as their implementation and in line with our constant pursuit of perfection, we will also evaluate how well these processes actually manage the human rights impacts and risks that they are intended to address. In this spirit we are considering piloting a human rights impact assessment in Vietnam as part of a wider global effort to align our internal practices with the UNGPs. We will work hard to better meet international expectations and our human rights commitment.

5. Any measures that have been adopted by the company to respond to any adverse impacts on health for their workers in line with the UNGPs, including providing for or cooperating in affected women workers' effective remediation.

Kindly refer to questions 3 and 4 for specific information on proactive and preventive efforts. Below we provide information on the Samsung Global Grievance Mechanism, the Samsung Vietnam Grievance Mechanisms and three examples of how we have managed remediation in Vietnam.

Global Grievance Mechanism & Resolution

Samsung developed its 'Global Grievance Resolution Guideline' in 2015. We operate four types of grievance channels in consideration of worksite-specific characteristics - the hotline, online channels, offline channels and employee committees at Samsung global worksites.

Since 2016, we have used our worksite monitoring system to better understand the type of grievances reported, their progress status and handling outcomes, while managing such performance indicators as meeting handling deadlines, handling ratios, employee satisfaction and awareness by grievance type and channel. Notably, our worksites that hire migrant employees are obliged to introduce their grievance-handling channels in the native language of these employees to improve their accessibility. In 2017, we received a total of 13,255 grievance reports, out of which 13,253 or 99.9% were completely resolved.

In consideration of the 'effectiveness criteria of non-judicial grievance mechanisms' as stipulated in UNGP 31, we are constantly working to ensure that accurate information is provided on grievance handling processes and outcomes. In particular, we work to ensure that individuals who raise grievances are protected. Discrimination is prohibited in handling grievances and we work to protect the substantive and procedural rights of our employees.

More information on the operation mechanism and data on grievance submissions is provided in Appendix 2.

Vietnamese Grievance Mechanism & Resolution

Samsung in Vietnam offers various hotlines, complaints and grievance mechanisms where employees can report concerns. We place emphasis on making them accessible to and ultimately effective for each employee who raises a concern so that the grievances are resolved, responses are communicated back to such employee and the concern is addressed where necessary.

In Appendix 2, on grievance and complaints reporting mechanisms in Vietnam, you can find more information about the various channels for reporting complaints or grievances offered to our employees in Vietnam. Whilst they each serve slightly different purposes, the extent of the mechanisms will indicate the level of effort Samsung makes to provide employees with ways to report anonymously and safely to management about their concerns. We also maintain a number of initiatives and programs to encourage open and efficient communication about grievance resolution with employees.

Each input regarding grievance, complaint or question is followed up within predetermined deadlines and with explicit reference to the manager who is responsible for follow-up. Various grievances are posted anonymously in public spaces such as manufacturing sites, cafeterias, dormitories and

outdoors where information is provided about the question, a response, a responsible manager and the date for the concern to be resolved.

Examples of Resolved Grievances (and Remediation) in Vietnam

Because Samsung in Vietnam has an extensive range of reporting mechanisms, it also requires that we have a systematic manner of following up and resolving grievances. In some instances, the resolution is to provide feedback or clarity on a question, such as information about regulations for maternity leave. In other instances, the resolution of the grievance or complaint requires action from the company to address and investigate the concern and grievance and to follow up with information to the complaining employee(s).

Below we provide two examples of how grievances have been resolved in recent years (A and B) and one example of how grievances are currently being managed (C) in our Vietnamese factories.

- A. Grievance: An employee representative reported that the in-house medical center was located too far away from the factory premises and it was inconvenient for employees to visit the center if the need arose.

Solution: A number of improvements to the *quality* of medical health care as well as *access* to the facilities were implemented during the following year and the employee representative was informed subsequently. The improvements include:

ACCESS: At SEVT, Factory 1 had a medical center whereas Factory 2 had a medical office with nurses only. Employees in Factory 2 therefore had to use the medical center in Factory 1. We also established a medical center at Factory 2 following employee complaints.

QUALITY: We upgraded medical facilities at both Factory 1 and Factory 2. In Factory 1, the medical center was enlarged in 2016 with more medical staff and, at Factory 2 the medical office became a fully-fledged medical center in 2017. This meant that more employees could receive care and that capacity was increased in terms medicines, medical devices, medical staff and available beds.

- B. Grievance: An employee reported that the dust protection masks provided by the company (foreign brand) were uncomfortable and in particular the mask shape did not match the facial shape of local employees in Vietnam.

Solution: We developed a mask more suitable for the worker's facial shape. We tested them and conducted a successful satisfaction survey of employees. The new mask is now used in the factories.

- C. Grievance: Some employees have reported that the floor mat intended to provide comfort while working in a standing position caused inconvenience as employees had to relocate the mat when they changed positions and they also had to clean the mat frequently.

Solution: Cushion sandals were developed to replace the floor mat. The sandals have been tested and evaluated and employee satisfaction is high. We have a plan to distribute these sandals more widely in the factories where needed.

According to the IPEN report, 45 individuals expressed dissatisfaction with working conditions. We take this input very seriously and, whilst we certainly do not agree with all views as expressed in the IPEN report, we will continue our efforts to ensure that our employees are satisfied with us as their employer. We suggest to dissatisfied employees that they use any of our extensive grievance mechanisms in order to raise concerns with us directly and we are committed to resolving them as soon as possible.

Going forward, we remain committed to responding to any adverse health impacts on our employees, including addressing challenges as they arise and, in this regard, we will continue to strive to align ourselves with the UNGPs. A key contributing factor for our success is the focus on continuous improvement and remaining attentive to the views and needs of our employees.

APPENDIX 2. Additional Information on Grievance Mechanisms and Data on Implementation

Samsung Global Grievance Resolution & Data on Grievance Submissions¹

The following is a short summary of the procedure outlined in the Guideline.

Global Grievance Handling Standard Procedures



Samsung takes great care to provide a workplace environment that assures the highest standards of health, safety and welfare. We respect our employees and are committed to complying with the applicable laws and regulations in every region we operate in.

Data on Grievance Submission (2016)

(Unit: No. of Grievances)

| Grievance Channel | No. of Grievances |
|------------------------------|-------------------|
| Hot Line | 2,214 |
| Online | 1,378 |
| Offline | 3,496 |
| Employee Representative Body | 2,190 |
| Total | 9,278 |

(Unit: No. of Grievances)

| Type of Grievance | No. of Grievances |
|-----------------------------|-------------------|
| Work environment | 3,213 |
| Labor conditions | 1,951 |
| Personal relationships | 1,309 |
| Health & safety | 1,199 |
| Change in business practice | 271 |
| Organizational change | 161 |
| Discrimination | 77 |
| Harassment | 48 |
| Others | 1,049 |
| Total | 9,278 |

¹ Source: 2017 Sustainability Report, page 90. 2018 Sustainability Report data will be available in June 2018.

Grievance and Complaints Reporting Mechanisms in Vietnam

[Examples of Grievance Channels]

| | |
|------------------|---|
| Hotline by Phone | We operate 14 hotlines by topics through which we provide immediate response after receipt of the grievance. Grievance that requires a review from relevant teams is to receive a response within 3 hours. |
| Hotline by Email | We have 3 email addresses dedicated to psychological counseling, Human Resources (HR) policy related inquiry and recruitment related inquiry. |
| Complaint Boxes | Multiple complaint boxes are available for employees to submit their grievances. The grievances handling results are updated weekly on the bulletin board. |
| Meetings | We have Open Day weekly meetings with President of the factory, team leaders, HR, Trade Union representatives. GWP (Great Work Place) Communication meetings are held with designated agents from each team. Meeting Room is a meeting with part leaders, GWP agents. Employee concerns reported from the meetings need to be addressed immediately. Grievances that require further review need to be addressed within 3 days. |

[Examples of Employee Communication Channels]

| | |
|----------------------------------|--|
| Employee Relations Managers | Team HR managers, dormitory supervisor, GWP agents interview our employees to listen to their grievances and to provide feedback. |
| Psychological Counseling Centers | Professional psychologists provide counseling at centers located within the company and at the exterior dormitories. Counseling is provided in person, by phone or email. |
| Employee Service Center | Employees can visit the center to inquire about company policies and receive support with welfare related administration. |
| Newsletters | Monthly newsletters are distributed to inform employees about key activities. |
| Bulletin Board | We post information on feedback to grievances received, company policies, welfare, campaigns on numerous posters and have standing banners throughout different locations within the company premises such as cafeteria, main entrance, manufacturing line, etc. |
| Television Screen | We provide information about company news/grievances at main locations within the company such as cafeteria and main entrances. |
| SMS (Short Message Service) | We send SMS to all employees who have mobile numbers, to provide information about payroll, company policies, campaigns, etc. |