

Samsung Electronics Nordic AB

# Sustainability report 2019

## 1. Sustainability report

### Summary

At Samsung, we strive to transparently communicate our achievements and challenges related to sustainability in our global annual report. From 2017, we have also started to share sustainability information specific to the Nordic countries in a local sustainability report. The report for 2019 is based on the report from 2018 and contains updated information.

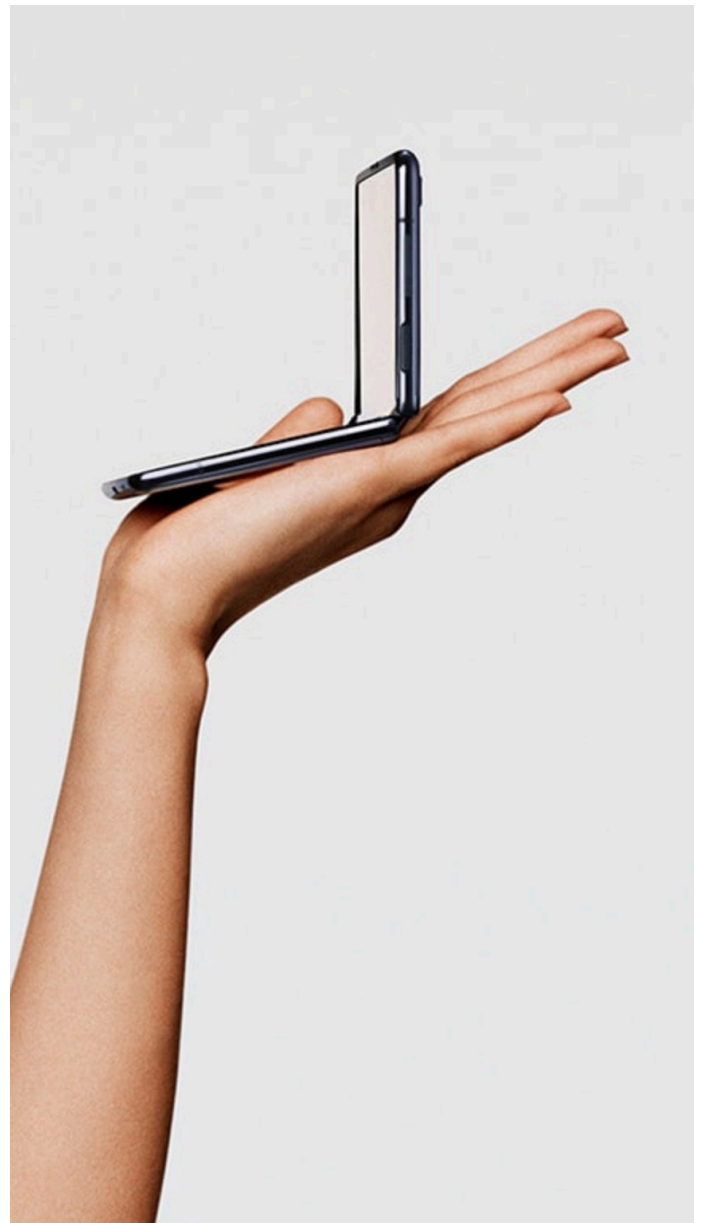
In this report you will find an overview of what sustainability issues are most important for our key stakeholders in the Nordics, including customers, consumers, policy makers, employees and civil society organizations; what our business impact is, and our actions and challenges in these areas.

### About the report

This sustainability report presents data for Samsung Electronics Nordics Aktiebolag ("Samsung Nordic") from 1 January until 31 December 2019 and includes the Nordic countries Sweden, Norway, Finland and Denmark, unless otherwise stated.

Samsung Electronics Co. Ltd, South Korea ("Samsung") as a global leading company takes social and environmental responsibility very seriously. Samsung Nordic's sustainability performance is closely related to Samsung's performance at corporate level. The economic, social and environmental activities and achievements of Samsung at global level are presented in the global sustainability report 2019<sup>1</sup>. The next global sustainability report is expected to be published in summer 2020.

This Sustainability Report has been prepared in accordance with Chapter 6 of the Annual Accounts Act (Årsredovisningslagen).



# 1.1 Sustainability strategy

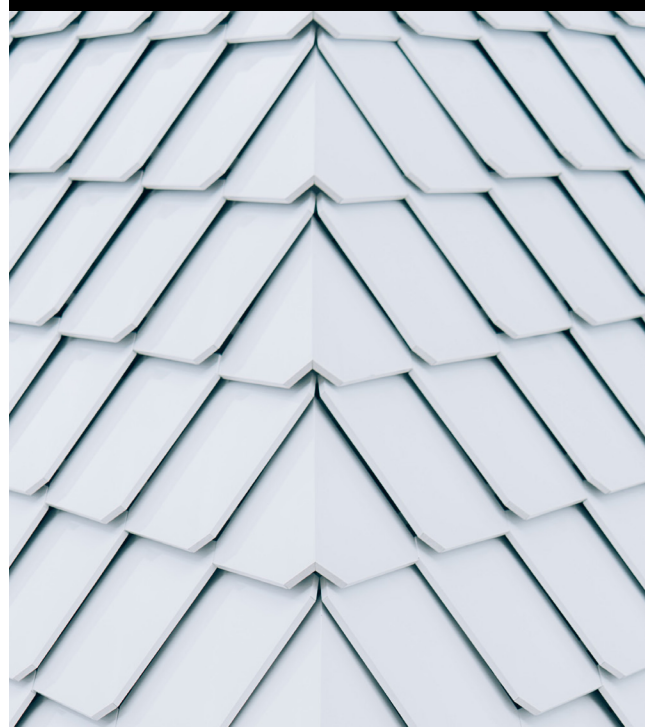
## 1.1.1 Materiality analysis

Samsung conducts an analysis of material non-financial topics on a yearly basis to reflect the economic, social and environmental impact of our company. The analysis reflects the topics we believe are of the greatest interest to our stakeholders and our businesses. We communicate the results of this analysis through our Sustainability reports. We have selected 25 issues to be of material value on a global level, which have been sorted into three categories: economic, social and environment. Some of these issues are responsible technology use, ethical management and compliance, supply chain sustainability support, community development and business citizenship activities, recycling and circular economy, as well as strategic climate management. For an exhaustive list of all of the 25 selected issues, please see the Global Sustainability Report 2019 . As a global citizen, Samsung monitors and incorporates international trends and goals, in particular the UN Sustainable Development Goals (SDGs). On a global level, the goals highlighted below are most relevant for Samsung. A comprehensive description of the UN SDGs can be found in the global sustainability report 2019<sup>3</sup>.

Material non-financial topics for Samsung Nordic were identified in a materiality analysis in 2017 and includes topics from the EU directive, internal discussions, expert opinions and our continuous dialogue with key stakeholders. Categories in the materiality analysis were updated according to the 2019 global sustainability report. For each material topic, key KPIs were identified. Together with the management approach they will be reported in the following chapters.

Category	Key sustainability matters
<b>Our environmental impact</b>	The environmental impact of our operations The environmental impact of our products
<b>Investing in our employees</b>	Employee development and well-being Diversity and equal opportunities
<b>Corporate Citizenship</b>	Enabling people Technology for good
<b>Compliance</b>	
<b>Protecting human rights</b>	Protection of employees and human rights Responsible supply chain

## UN Sustainable Development Goals



<sup>2</sup> Samsung Electronics Sustainability Report 2019, p. 102-104: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)  
<sup>3</sup> Samsung Electronics Sustainability Report 2019, p. 106-107: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

## 1.1.2 Risk management

Facing growing uncertainties in the global business landscape, Samsung takes a proactive and pre-emptive approach to managing risk at global level. To identify and proactively address current economic, social and environmental risks, Samsung established risk response policies and processes and reports identified factors to the top management. The business divisions review both financial and non-financial risks through various Committees and Councils. A detailed description of the global risk management can be found in the global sustainability report 2019<sup>4</sup>.

Samsung Nordic is embedded in the global risk management and its corporate guidelines through Global Policy & Procedure Manual (GPPM). In Samsung Nordic, risk is managed by the Internal Audit & Risk team. On a global level, non-financial risks for example in the supply chain such as corruption, management of conflict minerals, abnormal global weather or natural disasters, are identified to affect the business operations.

A sustainability risk analysis for the Nordic market was conducted in collaboration with a third-party in order to better understand our current and possible future business climate. A number of employees from various positions such as product group managers and various departments such as HR, Logistics, Corporate Citizenship, Legal and Internal Audit and Risk, were invited to attend the workshop on risk screening. In advance of the workshop, a list of potential risks was distributed digitally to the attendees for evaluation. This also included a possibility to add additional risks, if needed. During the workshop, the results were presented and reviewed and the risks' prioritization was further discussed.



The possible risks which were identified as most material for Samsung Nordic's operations, have been compiled in a summarizing list. A selection of these are presented below.

The risks which have been identified are processed at various levels within Samsung and Samsung Nordics. For example are all of our suppliers of tantalum, tin, tungsten and gold (so-called conflict minerals) RMAP-certified (Responsible Minerals Assurance Process). Another example is Samsung Well Connected, which works with encouraging a healthy and sustainable use of technology. To read more about these initiatives and Samsung's risk management, please see further down in this report, as well as the global sustainability report 2019<sup>5</sup>.

Risk	Area
Resource scarcity in supply chain and related increases in costs for raw material	<b>Environmental</b>
New environmental regulations or labeling requirements related to products	<b>Environmental</b>
Discrimination or harassment incidents in the workplace	<b>Social</b>
Ability to attract or retain talents and key competencies	<b>Social</b>

Risk	Area
Violations of human rights in the supply chain	<b>Human rights</b>
Increase in customer expectations and requirements on sustainability	<b>Other</b>
Negative impacts related to customer use of product	<b>Corporate Citizenship</b>
Risks connected to corruption, unethical behavior, cyber security and privacy (in procurement, marketing and sales)	<b>Compliance</b>

## 1.2 Key sustainability matters

### 1.2.1 Our environmental impact

Our environmental work is defined through our environmental policy, where we commit to measure the main environmental impacts of our organization, identify improvement areas and regularly review the progress. We are in constant exchange with our key stakeholders and member of various trade associations in each of the Nordic countries. Samsung Nordic's main environmental impacts are determined through an analysis of both our workplace and our products. A comprehensive description of our environmental impact, our internal Environment Health and Safety (EHS) management system and our efforts and outcomes regarding environmental product innovation and impact on corporate level can be found in the latest global sustainability report<sup>6</sup>.

#### The environmental impact of our operations

Samsung Nordic has four offices, one in each Nordic country (Sweden, Denmark, Finland and Norway). We have identified energy consumption, emissions and waste as the main environmental areas. We use a web-based tool to collect, analyze and report our environmental data in line with global reporting standards like Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP) and the criteria of the EU Directive

2014/95/EU regarding the disclosure of non-financial and diversity information. The data provided by Samsung Nordic is analyzed and reviewed by a third party. Based on the results, we carry out activities to improve our environmental performance. The environmental KPIs are shown in the table below.

Greenhouse gas emissions are calculated based on the Greenhouse Gas Protocol, an international standard which divides the emissions into direct (Scope 1) and indirect (Scope 2 and 3) emissions. Direct emissions represent emissions from sources that are owned or controlled by Samsung Nordic, whereas Scope 2 and 3 emissions are a consequence of Samsung Nordic's activities but which the company does not control or own. The GHG<sup>7</sup> emissions are calculated based on automatically updated emission factors in the web-based tool. If available, local emission factors are used. Scope 1 emissions include business travel with leased cars, Scope 2 emissions include district heating and electricity consumption at the office facilities. Scope 3 emissions include business travel by plane, train, taxi and hotel stays, third-party deliveries (sea-, road- and air freight), office supplies (fruit and paper) and waste.

KPIs	2017	2018	2019	Comments
<b>Energy</b>				
Energy consumption in the workplace in MWh	1 271	952	932	Differences in results compared to previous figures are partly due to decreased office space in Sweden, as well as due to increase in quality of collected data.
<b>Emissions</b>				
Total GHG emissions in t CO2e	35 000	31 893	35 073	
Scope 1 GHG emissions in t CO2e	1 166	494	576	
Scope 2 GHG emissions in t CO2e	187	114	109	
Scope 3 GHG emissions in t CO2e	33 647	31 285	34 387	Increase of emissions partly due to expansion of types of reported emissions (road freight).
<b>Waste</b>				
Waste generation in metric ton	22	14	29	Increase due to moving of office in Sweden.
% recycled waste	100 %	86 %	86 %	

<sup>6</sup> Samsung Electronics Sustainability Report 2019, p. 20: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

<sup>7</sup> Greenhouse Gas (GHG)

## The environmental impact of our products

The majority of our products are manufactured in-house. All Samsung factories have management systems certified under the environment, energy, health and safety standards ISO 14001, ISO 50001 and ISO 45001 (previously OHSAS 18001). Samsung has an internal eco-design process in place to include environmental criteria in our product development.

A number of Samsung's products are certified according to eco-friendly criteria by third parties around the globe. At Samsung Nordic, our desktop monitors are TCO certified, our hotel TVs are Nordic Swan certified and a number of monitors and tablets have received the U.S. sustainable electronics label EPEAT. TCO Certified is the leading sustainability certification for IT products based in Sweden and includes a wide range of criteria for social and environmental responsibility. The Nordic Swan Ecolabel - the official Nordic eco-label - is a voluntary eco-labelling system which evaluates the environmental impact of products throughout the entire life cycle. More information and a list of our certified hotel TVs can be found on the Nordic Swan website<sup>8</sup>.

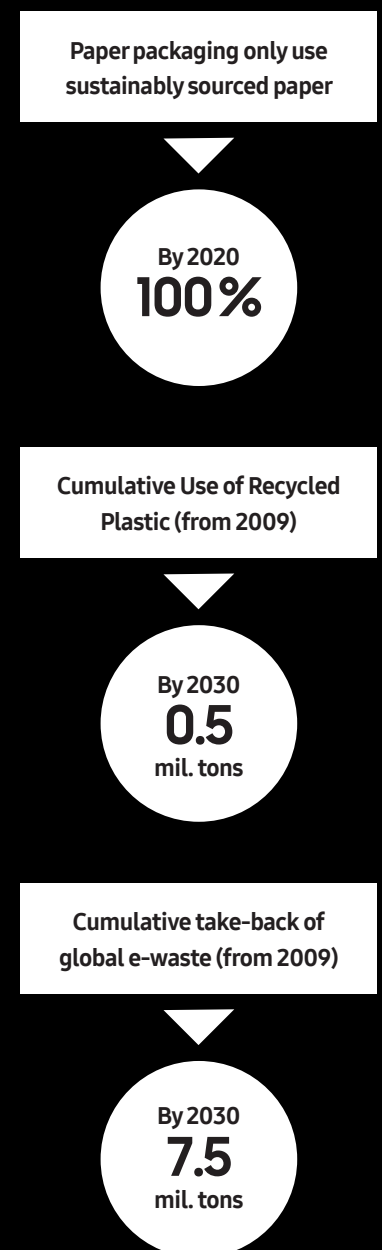
Sustainability criteria are also important for Samsung Nordic when it comes to our customers' requirements. Also for public tenders, the environmental requirements have increased. In 2019, the areas how we work with sustainability in general, eco-labels and declarations, chemicals, circular economy and social responsibility were most important for our (potential) customers.

On global corporate level, a focus is to develop highly resource-efficient products and reduce their environmental impact, including GHG emissions in the product use phase. This includes also waste recycling in the production phase, firmware upgrade services to extend product life and recycling programs across the globe. We inform consumers about energy efficiency of products according to legal requirements under the EU Energy Label, or the voluntary scheme Energy Star. Furthermore, Samsung has continued to carry out a life cycle impact analysis (LCA), in order to develop products with a decreased environmental impact. For example, our flagship mobile phones have been certified by Carbon Trust. For more information about our corporate sustainable product innovation efforts, please refer to the latest global sustainability report<sup>9</sup>.

## Circular economy

The concept of circular economy aims at reducing the amount of natural resources used in products through efficiency in the manufacturing process, repair, reuse and recycling. Apart from following our five circular economy principles<sup>10</sup>, we have also three mid to long-term goals for circular economy:

### Mid to long-term goals for circular economy



<sup>8</sup> <http://www.nordic-ecolabel.org/>

<sup>9</sup> Samsung Electronics Sustainability Report 2019, p. 22: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

<sup>10</sup> Samsung Electronics Sustainability Report 2019, p. 31: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

## Circular economy

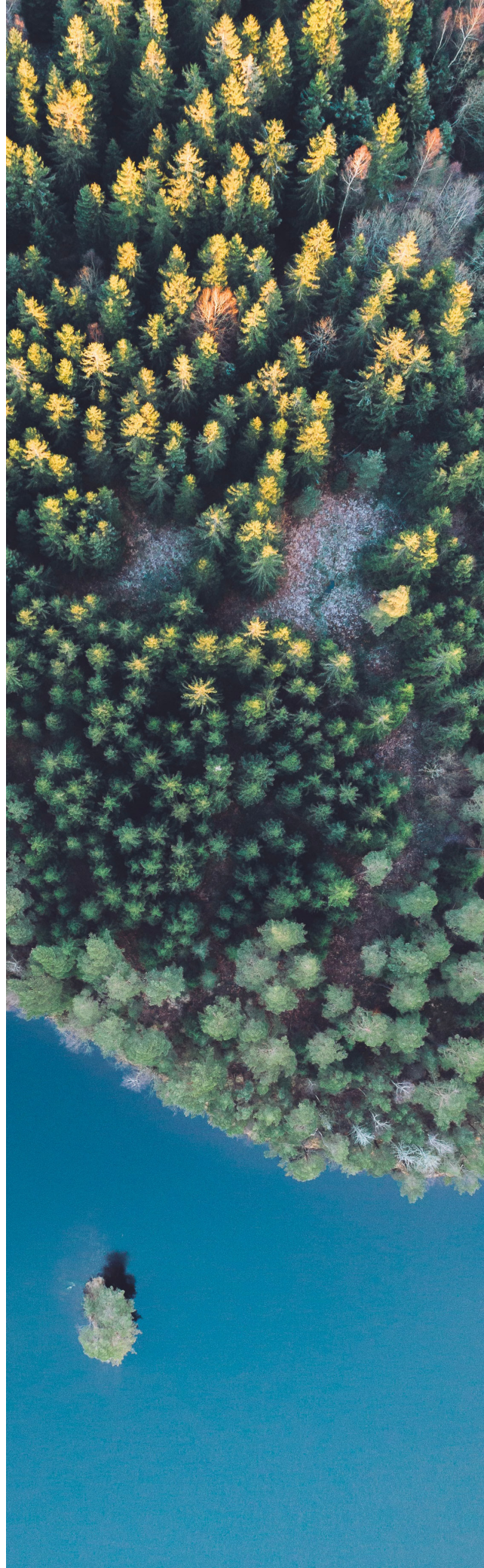
These goals for circular economy strive towards a closed-loop system for materials, to reduce the environmental impact throughout the whole product life cycle and increase resource efficiency. To learn more about our efforts towards more sustainable packaging, as well as our goals, please see the global sustainability report from 2019<sup>11</sup>.

Some further ways in which we aim at integrating circular economy aspects into our products are the following activities, both globally and at Samsung Nordic:

- We are working towards increasing the use of post-consumer material (PCM); renewed material from water bottles and consumer plastic. In 2018, we used 40,000 tons PCM for our products.
- We aim to use recycled materials in different products. As an example, we currently use 20 % recycled plastic in our travel adapters. Another example is Galaxy S10, where we use biobased/recycled plastic for 29 % of the front deco part.
- We have several projects to recover key resources in 54 countries around the world. For example, we recycle rare metals from batteries. A detailed description of our various projects can be found in the latest global sustainability report<sup>12</sup>.

### We strive to extend the life span of our products, for example by:

- Since 2017, we at Samsung Nordic operate a trade-in program which is integrated into our web shop, where consumers can send in their old phones to us and receive a refund. If it is in good condition, it is reused. If it cannot be repaired and reused, it is recycled<sup>13</sup>.
- Offer smartphones which can be used with an external memory card, so that consumers can use their phones for a longer time.
- Extend product lifespan by providing remote diagnosis and expert diagnosis services.
- A Samsung-app called Smart Tutor which connects your smartphone or TV to a technician. This way, our customers using this service receive help from Samsung Nordic remotely without having to visit one of our service centers.
- Offer 1 hour repairs at our service centers, as we believe that our customers expect quality during the entire lifetime of our products.
- Manufacture smartphones which are water and dust resistant, since one common reason for repairing smartphones is that they are damaged by water and dust.
- We collect large amounts of defective spare parts, mainly from TVs and mobile phones, to ensure as much as possible can be reused or recycled.



<sup>11</sup> Samsung Electronics Sustainability Report 2019, p. 31: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

<sup>12</sup> Samsung Electronics Sustainability Report 2019, p. 32-33: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

<sup>13</sup> For more information, please visit <http://www.samsung.com/se/services/trade-in/>.

## 1.2.2 Investing in our employees

Samsung Nordic's success depends on the quality and skills of our people. We are therefore committed to seeking out and retaining the finest human talent to ensure top business growth and performance.

### Employee development and well-being

Samsung Nordic is committed to ensuring a healthy, safe and stimulating work environment. A good physical, physiological and psychosocial work environment is important in order for all employees to enjoy and take pride in their work, and as a result of this be effective in their work. We offer for instance sport subsidies, regular medical check-ups, massages and access to gyms to our employees. Flexible working hours enable employees to set their own work schedules according to personal circumstances and work from home options help employees to work more flexibly.

To measure job satisfaction, the Samsung Culture Index (SCI) was implemented in 2013. In 2019, the result was 70 of max 100, with a response rate of 89 %. The result remained unchanged compared to the 2018 survey. In total we have improved the result by 19 points since the first year of measuring.

We are committed to employing the best people to do the best job possible. Within Samsung Nordic we therefore ensure through our various internal and external development activities to continue developing our employees' competencies, in order to create a competent and competitive organization with continuous learning opportunities. We ensure effective learning consisting of on-the-job-learning, learning through others and educational learning (classroom trainings, online courses, and global learning platforms). This emphasizes the importance of workplace learning and the fact that learning is a continuous process which occurs daily at work through challenging experiences, support, advice and reflection. Furthermore, we recognize that leadership is crucial for driving the corporate culture towards our company vision for 2020. Samsung Nordic aims to provide all managers training to help them reach their full potential. Our local leadership program serves as a complement to the corporate headquarter leadership training programs and has been developed to meet individual needs. The training budget for the various training activities is set each year based on global guidelines and is managed by the HR department.

To measure our employees' performance we use a global performance management system, which is a systematic and structured process to reach certain objectives (company, department and individual) and to further develop our employees. The aim is to link business targets with each individual's personal performance. The process results in a score, based on performance and competencies. The result is then used as a basis for salary reviews, promotions and training nominations.



## Diversity and equal opportunities

Samsung believes in treating all people with respect and dignity. We strive to create and foster a supportive and understanding environment in which all individuals can realize their maximum potential within the company, regardless of their differences. Managing diversity makes us more creative, flexible, productive and competitive.

Samsung Nordic has a diversity and equality policy, which is mandatory for all employees working in Samsung Nordic. This policy links directly to Samsung Electronics Global Vision 2020 and supports the development of a high-performance culture and the ambition of becoming a top employer in the market. The policy is reviewed on an annual basis in order to reflect any significant changes in legislation, regulation, rules or industry guidance. Samsung Nordic has developed a grievance policy to support employees on how to handle breaches. Furthermore, we ensure trust between employer and employees, and management participation in order to solve grievances. We enhance job satisfaction by clearing any individual grievances and taking preventive actions. In 2019, three grievances were reported to Samsung Nordic.



KPIs	2017	2018	2019	Comment
Total employees	373	374	370	
Permanent employees	305	301	299	
Consultants	68	73	71	
Staff	308	310	305	
Managers	64	63	64	
Directors	1	1	1	
Share of female employees	33 %	34 %	33 %	
Staff	37 %	37 %	35 %	
Managers	17 %	19 %	22 %	
Directors	0 %	0 %	0 %	
Change in %	11.9 %	12.1 %	11.7 %	Definition of fluctuation: voluntary work changes / average number of employees
Sick leave	0.65 %	1.75 %	1.7 %	Only for Sweden; increased number due to some employees with long-term sick leave
Comparison of basic salary and compensation between women and men	-	-	-	We do not discriminate on any basis in all processes, including promotion, compensation and disciplinary measures.
Number of training hours per person	8	6	14	Regular employees
Training cost per person	8 627 SEK	12 007 SEK	10 708 SEK	Regular employees

Previously reported figures from 2017 have been adjusted in order to adapt to reporting formats in the annual report.



### 1.2.3 Corporate Citizenship

As one of the world's leading global technology companies, we find it very important to be a responsible player in society, both globally but also locally in the Nordic region. Within the framework of Samsung's global vision for Corporate Citizenship **Enabling People – education and skills for future generations**, we focus on providing individuals and society with good conditions to reach their full potential. Together with other important players, and in line with UN's global goals for sustainable development, we identify local societal problems for the Nordics which affect both individuals and society. Through strategic partnerships with civil society, academia, the business sector and the public sector, we challenge current ideas and methods and facilitate creation of new digital solutions to drive society forwards.

We support initiatives in order for the coming generation to be well-equipped for the labor market and society of the future. We want to empower people with knowledge and digital skills so that they are effectively equipped for the future. We want to bridge the digital gap and our initiatives aim to support integration, diversity in all its forms, create an impact on individual level but with an ambition to support positive and sustainable system change. We focus on initiatives where Samsung's leadership within innovation and technology play a distinct and unique role. Furthermore, we continue to improve our programs and encourage knowledge transfer and volunteering among our employees (volunteering programs for employees, mentorships programs etc.).

#### **Samsung Well Connected – healthy use of technology**

During 2019, Samsung Nordic launched the initiative Samsung Well Connected, with the aim to encourage a healthy and sustainable use of technology. Entering the fourth industrial revolution, we as individuals and as a society need to acquire skills, knowledge, solutions and methods in order for us and the coming generations to be able to live a healthy life in a hyper-connected society and reach our full potential. In Sweden we collaborate with the youth organization Fryshuset to increase young people's understanding and awareness, as well as to provide recommendations for tools and solutions. To learn more about our work within Well Connected, please see our website<sup>14</sup>.

#### **Samsung Nordic Sustainability Challenge – co-workers for the climate**

As a part of Samsung's global sustainability efforts to engage staff to support the local community and to increase knowledge and awareness of sustainability issues, Samsung Nordic carried out a Sustainability Challenge. During the period of a month, half of all employees in the Nordics completed activities to map and reduce their climate impact within areas such as energy use, transport, food and consumption.



<sup>14</sup> Citizenship – Well Connected. Samsung.com/se. <https://www.samsung.com/se/citizenship/well-connected/>

## 1.2.4 Compliance

Samsung Nordic is committed to acting fairly, professionally and with high integrity in all business interactions. We work with global compliance teams worldwide. Samsung uses a compliance management system to manage compliance-related risks, provides area-specific policies, allows regional issue monitoring and manages compliance training. In Samsung Nordic, compliance topics are managed both by the Legal and the Internal Audit and Risk department.

The global compliance management system CPMS is used to manage and report all compliance trainings in the Nordic countries. The compliance team is responsible for updating and monitoring the various global and local policies and routines, managing contracts, global policies and procedures and driving key compliance topics such as marketing, privacy, intellectual property rights and anti-corruption.

We regularly carry out trainings on regulatory compliance. In 2019, we offered introductory courses to legal and regulatory compliance for new employees (including anti-corruption and GDPR), insights on compliance including extra material for competition law and sustainability, as well as GDPR trainings for everyone employed after 2017-01-01, competition law as well as more advanced GDPR-trainings for current employees in specifically chosen areas. All trainings were classroom trainings.

Samsung Nordic has zero tolerance against any kind of corruption or bribery. All business decisions must be based on legitimate business purposes only and each employee must ensure to comply with all applicable anti-corruption and anti-bribery laws. Samsung Nordic has policies for anti-corruption, gifts, hospitality, samples and donations.

In terms of data protection, Samsung Nordic has a privacy notice for employees, as well as a Privacy Protection Manager who leads the local work on data protection and coordinates with Samsung when necessary. The purpose of the privacy notice is to protect individuals from violations of their privacy which can occur through processing of personal data. A comprehensive General Data Protection Regulation (GDPR) compliance project regarding data processing operations in the framework of the Samsung European GDPR has been carried out. This compliance effort involved implementation of additional policies and procedures within the field of data protection. The work regarding data protection within Samsung Nordic is ongoing.

Any compliance violations are usually reported upon request by management or through system monitoring or internal audits, and are managed by the Internal Audit and Risk and Legal teams. Follow-up and disciplinary actions may be taken according to the severity of the concerned issues. In 2019, no compliance violations regarding corruption and bribery, customer privacy or environmental laws and regulations were reported.

KPIs	2017	2018	2019	Comment
Number of employees who received compliance training (including anti-corruption and bribery)	338	287	85	For 2019, employees = hired after 2017-01-01
Number of new employees who received compliance training (including anti-corruption and bribery)	70	53	34	
% of employees who received personal data protection/ GDPR training	100 %	69 %	100 %	
Number of employees who received competition law training	-	-	170	
Number of substantiated complaints regarding breaches of customer privacy and losses of customer data received from regulatory agencies	-	-	-	No incidents during reporting period
Number of incidents of corruption and bribery	-	-	-	No incidents during reporting period
Number of incidents for non-compliance with environmental laws and regulations	-	-	-	No incidents during reporting period

## 1.2.5 Protecting human rights

As a global corporate citizen, Samsung is aware of its fundamental responsibility to protect and respect the human rights of all its internal employees as well as in the supply chain. Samsung is committed to abide by the agreements and recommendations made by international organizations regarding human rights and we are continuously improving our policies to respect and protect human rights.

Samsung is a member of the RBA (Responsible Business Alliance) and has adopted the RBA common Code of Conduct<sup>15</sup>. The RBA Code of Conduct is a set of standards on social, environmental and ethical issues in the electronics industry supply chain. In alignment with the UN Guiding Principles for Business and Human Rights, the provisions of this Code are derived from key international human rights standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights. We seek to conform to the Code and its implementation methods across the company and our suppliers.

Samsung constantly strives to fully implement the updated Business Conduct Guidelines which apply to all Samsung employees and includes amongst other topics guidelines for human rights management. At supplier's facilities, we are committed to implementing our Supplier Code of Conduct through a number of activities, such as compliance trainings for suppliers, as well as evaluations and audits of supplier's facilities by external experts as part of our due diligence in the supply chain, through third-party audits.

Furthermore, Samsung has various policies in place to promote the rights of vulnerable workers such as the Child Labor Prohibition Policy, the Guidelines for Migrant Workers and the Guidelines for Apprenticeship Training. These policies are implemented by awareness raising and training, by developing risk assessment tools and by conducting regular on-site inspections and monitoring. These policies are managed on a global level and described comprehensively in our latest sustainability report. For disclosure of key performance indicators and more information on our human rights efforts, please refer to the global sustainability report 2019<sup>16</sup>.

### Human Rights Impact Assessment

Samsung Electronics Vietnam conducted a Human Rights Impact Assessment (HRIA) in collaboration with Business for Social Responsibility (BSR), a global non-profit organization specializing in human rights. Assessments of this kind are a step in the due diligence process proposed by the United Nations Guiding Principles on Business and Human Rights (UNGPSs), to minimize human rights violations. The assessment identified and prioritized actual and potential adverse impacts, and proposed measures for remedy. To learn more about our work with HRIA, please see the global sustainability report 2019<sup>17</sup>.

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<sup>15</sup> <http://www.responsiblebusiness.org/standards/code-of-conduct/>

<sup>16</sup> Samsung Electronics Sustainability Report 2019, p. 76: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

<sup>17</sup> Samsung Electronics Sustainability Report 2019, p. 15, 74: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

## Responsible supply chain

As a global company, we take the social, economic and environmental issues related to our business very seriously. As a manufacturer, Samsung relies on collaboration with a diverse and complex network of suppliers. We follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We are members of European Partnership for Responsible Minerals (EPRM), a multi-stakeholder initiative set up within the EU Regulation framework on conflict minerals as an accompanying implementing measure. EPRM focuses on supporting the industry to comply with the regulation, increasing supply and demand for responsibly mined minerals, including by financing land projects to improve mining conditions.

We are also members of Responsible Business Alliance (previously Electronic Citizenship Coalition, EICC), the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. It strives to support the workers and communities affected by the global supply chain with their rights and well-being. RBA-members commit to and are held responsible for a common Code of Conduct and have access to various educational and evaluation tools to continuously support and improve the social, environmental and ethical responsibility in their supply chains.

As a part of our sustainability work and our global engagement, as well as to tackle human rights and environmental issues from cobalt mining in the Democratic Republic of Congo (DRC), Samsung launched in September 2019 a 3-year pilot project "Cobalt for Development". The program is a cross-industrial initiative started and financed together with Samsung SDI, BMW Group and BASF, is led by GIZ and implemented locally by the NGO Bon Pasteur. The goal is to investigate how to improve living and working conditions for the local artisanal mines. Furthermore, the project strives to increase transparency and governance as well as improve implementation of collective measures to counteract social and environmental risks in the cobalt supply chain. In addition to performing environmental, health and safety assessments, the use of for example personal protective gear is increased. Also access to education in economic literacy, agriculture and entrepreneurship is improved<sup>18</sup>.

The suppliers which source tantalum, tin, tungsten and gold (i.e. so-called conflict minerals) are analyzed and evaluated, to ensure they are acting in accordance with common industry standards. We require all of our suppliers to be RMAP-certified (Responsible Minerals Assurance Process). As of December 2018, 100 % of our suppliers operative in the area are RMAP-certified. More detailed information regarding our efforts within the supply chain can be found in the global sustainability report for 2019<sup>19</sup>.

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<sup>18</sup> Samsung Newsroom, 19-09-2019: <https://news.samsung.com/global/samsung-electronics-and-partners-kick-off-cobalt-for-development-project-to-promote-responsible-artisanal-cobalt-mining-in-the-democratic-republic-of-congo>  
<sup>19</sup> Samsung Electronics Sustainability Report 2019, p. 98-99: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

## 1.3 Company overview

### 1.3.1 Management philosophy

At Samsung, we devote our human resources and technology to create superior products and services, thereby contributing to a better global society. To drive our sustainable growth and define our way forward, we are guided by the below business principles and core values, that also result in the Samsung Global Code of Conduct which all employees are guided by.

### 1.3.2 Business model and governance structure

Samsung Nordic began its operations in 1992 in order to act as a sales and marketing company for the Nordic market. Samsung Nordic is a fully owned subsidiary of Samsung Electronics Co. Ltd, South Korea and is embedded in the global Samsung network with 216 worldwide subsidiaries in 74 countries, with around 310,000 employees.

Samsung Nordic pursues its operations via the limited company in Kista, Sweden, as well as through branches in Finland (Samsung Electronics Nordic Aktiebolag, Suomen Sivuliike), Denmark (Samsung Electronics, Filial af Samsung Electronics Nordic AB, Sverige) and Norway (Samsung Electronics Nordic AB).

Samsung Nordic is divided into the two main divisions Consumer Electronics (CE) and IT & Mobile Communications (IM).

The CE division consists of the three departments Visual Display, Audio & Video and Home Appliances. This division sells TVs, monitors, speakers, soundbars, blu-ray players, refrigerators, ovens, washing machines, dish washers, SSD, portable SSD, memory cards and other electronics for end-consumers. The IM division sells smartphones, tablets, wearables and accessories.

Our customers are leading distributors and retailers of consumer electronics and IT products, for example retail chains and telecom operators. We also have our own online business channel.

Most of our sales are in the consumer market, though we also have a sizeable B2B segment.

Samsung Nordic purchases all products from Samsung factories outside of the Nordics and ships them either to the central warehouse in the Netherlands, to the Samsung Nordic warehouse in Sweden or directly to the customer. Samsung manufactures the majority of its products in-house. Most of the products are manufactured in China, Southeast Asia and South Korea.

There are also three production sites in Europe. More information on the global Samsung network can be found in the global sustainability report for 2019<sup>20</sup>.

Sales during the financial year amounted to 17 967 067 TSEK, which is an increase by 3.7 % compared to the previous year. In March 2019, Seho Kim was succeeded by Inha Cho as chairman and CEO for Samsung Electronics Nordic Aktiebolag. The five departments CE, IM, Marketing, Management Support and Omni-Channel report directly to the chairman and CEO. Samsung's comprehensive corporate governance report can be found in the global sustainability report 2019<sup>21</sup>.

## Business Principles

- 1. We comply with laws and ethical standards.**
- 2. We maintain a clean organizational culture with high integrity.**
- 3. We respect customers, shareholders and employees.**
- 4. We care for the environment, health and safety of all.**
- 5. We are a socially responsible corporate citizens.**

## Core Values

### People

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Quite simply, a company is its people. At Samsung, we are dedicated to giving our people a wealth of opportunities to reach their full potential.

### Excellence

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The entirety of our endeavors at Samsung is driven by an unyielding passion for excellence and an unfaltering commitment to develop the best possible products and services in the market.

### Change

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Change is constant and innovation is critical to the company's survival.

### Integrity

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Operating in an ethical manner is the foundation of our business. The sum of our every action is guided by a moral compass that ensures fairness, respect for all stakeholders and complete transparency.

### Co-prosperity

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Our business cannot be successful unless it creates prosperity and opportunity for people in every local and global community in which we operate.

<sup>20</sup> Samsung Electronics Sustainability Report 2019, p. 4: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)

<sup>21</sup> Samsung Electronics Sustainability Report 2019, p. 101: [https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability\\_report\\_10242019/Sustainability\\_report\\_2019\\_en.pdf](https://www.samsung.com/us/smg/content/dam/s7/home/aboutsamsung/sustainability/report-and-policy/sustainability_report_10242019/Sustainability_report_2019_en.pdf)