This statement outlines the steps Samsung Electronics (UK) Ltd. has taken to ensure that slavery and human trafficking is not present in its organisation for the financial year ending 31 December 2017. Samsung Electronics (UK) Ltd. is a subsidiary of Samsung Electronics Co. Ltd. References in this Statement to “Samsung”, “our”, “us”, “we” refer to Samsung Electronics Co. Ltd. and its subsidiaries.

Introduction
Samsung adopts a simple business philosophy: to devote our talent and technology to creating innovative products and services that contribute to a better global society. To deliver against this philosophy we not only measure the economic value we create, but also the social value we contribute. Fulfilling its role as a responsible business, Samsung has been reporting publicly on its environmental, health and safety activities since 2000. In 2006 Samsung produced its first environmental and social report, and in 2008 its first sustainability report. A key component to our sustainability strategy is our commitment to respecting labour and human rights throughout our business activities. We are cognisant that the absence of adequate controls can perpetuate abusive conditions for workers and are strident in our efforts to mitigate all possible risks. With the help of internal experts and third parties we have developed polices and controls to ensure the dignity and rights of individuals are protected. We realize that despite the steps we have taken so far to address this issue there are increasing expectations on business to improve the transparency and management of its supply chain. We welcome, therefore, the opportunity to inform on our efforts to mitigate the risk of slavery or forced labour in this second Modern Slavery Act statement. We are confident this report demonstrates improvement to our systems and performance to tackle slavery and human trafficking in our global supply chain, and reinforces our commitment to foster an organisational culture that respects human rights.

Organisational structure, our business and supply chain
Established as a leader in home appliances in 1969, Samsung Electronics Co. Ltd. expanded its product portfolio to include information, telecommunication, audio and video, and life-care solutions. The company conducts its operations across three independent product divisions: Consumer Electronics (CE), IT & Mobile Communications (IM), and Device Solutions (DS). With a reported turnover in 2017 of KRW 239.6 Trillion, Samsung Electronics Co. Ltd. employed 320,671 members of staff across 217 worldwide operation hubs in 73 countries, and invested KRW 16.8 Trillion in research and development.

Samsung is responsible for the manufacture of approximately 90% of the products it sells every year to consumers. Supporting us in the manufacture of these complex electronic products, we are dependent on a global network of almost 2500 first-tier suppliers.
Samsung Electronics (UK) Ltd. has been operating in the UK and Ireland since 1982. We employ approximately 1300 members of staff across our operations which include UK and European Head offices, Irish branch office, quality test laboratory, design centre, and research facility. Our principal activities are marketing and sales operations to support the importation and distribution of Samsung branded electronic and electrical goods, which are purchased from Samsung Electronics Co. Ltd. or its subsidiaries. Recently we launched a UK ecommerce platform selling Samsung products directly to consumers via samsung.com/uk. Our reported turnover for 2017 was £3.3bn.

**Policies and partnerships in relation to slavery and human trafficking**

At Samsung our human rights policies are influenced by the international human rights principles and standards set forth in the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Organization for Economic Co-operation and Development’s Guidelines for Multinational Enterprises, the UN Convention on the Rights of the Child, the ILO Declaration on Fundamental Principles and Rights at Work, and the laws of the countries in which we operate.

As reported in our previous statement, our Business Conduct Guidelines and our Supplier Code of Conduct provide the foundation of our corporate policies to protect the rights of vulnerable individuals. We require our worksites and suppliers providing goods or services to Samsung to comply with these policies and take immediate and effective measures to address instances of forced, bonded or indentured labour and human trafficking, and also to ensure the prohibition and elimination of child labour. We disclose our global business principles through our ethics management website (www.sec-audit.com), which is available in 15 languages, and provides a channel to report on any violation.

Supporting the Business Conduct Guidelines and our Supplier Code of Conduct, we developed specific policies where risks to vulnerable workers were identified. These included guidelines to help eradicate any discriminatory treatment which may occur for migrant workers in the supply chain; guidelines to protect the rights of apprentices in India; and guidance to prohibit child labour in China. More recently, we have developed guidelines to support our responsible mineral strategy. In the case of cobalt, we are reviewing operations in response to concerns of underage workers in mines in the Democratic Republic of the Congo.

Much of our work developing management policies to respect and protect human rights is achieved through collaboration and engagement with key partners. One such partner is the Responsible Business Alliance (RBA), formerly the Electronics Industry Citizenship Coalition, which was created in 2004 by global electronics companies to improve working and environmental conditions. Samsung is a member of the RBA and we conform to its Code of Conduct. In 2017, we updated our Supplier Code of Conduct in response to the revision of the RBA Code of Conduct 6.0, effective as of January 2018. Drawing upon internationally recognized standards, the Code of Conduct establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically. Section A.1 of the code ‘Freely Chosen Employment’ strictly prohibits forced labor and protects voluntary labour within member companies as well as their supply chain. The RBA continuously seeks to develop best practices and cross-industry
collaboration and Samsung remains an active member, engaged in several Working Groups including the Responsible Mineral Initiative.

Samsung is also a member of other collaborative industry forums including the Global e-Sustainability Initiative (GeSI) and its Human Rights Working Group. We continue to evaluate the possibility of joining other global initiatives that advocate for ethical supply chain management and labour practice improvements.

**Due diligence processes**

With our codes of conduct based on international standards and industry best practice it is important that we are able to substantiate our commitment to respecting human rights by demonstrating due diligence at our worksites and supplier operations. At Samsung, this work is undertaken by a specialist corporate management team who assess compliance with our labour, ethics and human rights management processes, identifies the adequacy of current controls, and recommends corrective actions. Samsung has a strong compliance driven corporate culture and we continue to strengthen our corporate responsibility program as part of our compliance management system. In dealing with human rights issues we ensure that our compliance management system operates across the business, and we conduct annual reviews of the program across all subsidiaries to identify and improve system performance.

Recognising the importance of our suppliers in contributing to a corporate culture of compliance, Samsung diligently applies the same level of scrutiny in assessing labour and human rights risks at its own operations and those of its suppliers. We ensure that supplier related corporate responsibility risks, for both incumbent and newly registered suppliers, are monitored and managed through our established assessment and audit programme. We also support our global suppliers by continuing to develop our supplier supporting programs such as funding, education, and innovation.

We take action to encourage second-tier suppliers and recruitment agencies to protect the labour and human rights of employees. To ensure these extended responsibilities are met we require first-tier suppliers to manage working conditions of sub-suppliers by fulfilling the duties of support and care described in our revised 2017 Supplier Code of Conduct. In our standard contracts with first-tier suppliers we stipulate their responsibility for managing the work environment of second-tier suppliers. Furthermore, we require our first-tier suppliers to join the responsible business conduct initiatives suggested in our Supplier Code of Conduct. We monitor first-tier suppliers to ensure they are supporting second-tier supplier compliance and where substandard performance is identified we offer consultative and investment support to those affected second-tier suppliers.

**Risk management systems**

Samsung respects international human rights policies and standards and have developed risk assessment and auditing systems to identify and address adverse human rights impacts at our worksites. Our risk analysis system requires worksites to conduct a monthly assessment against 55 compliance management items and identify improvement factors. This worksite monitoring system is supported by a monthly monitoring and risk analysis system which our independent International Employee Engagement Group manages. Where the team identifies worksites displaying high-risks of non-compliance with our labour and human rights management standards a
further in-depth audit is conducted by an assembled team of RBA qualified auditors from across the business. These extensive audits include an assessment of management processes, on-site inspections of worksite infrastructure and one-to-one interviews with employees. In 2017, these audits were conducted at eight international Samsung worksites, where a total of 157 improvement tasks were identified, of which 136 (86.6%) have been completed.

Responding to customer due diligence requests we conducted 15 third-party reviews at global worksites in 2017. We also facilitated seven on-site audits by DNV GL, a global quality assurance and risk management firm authorised by RBA, to assess compliance with local laws, regulations and global standards at worksites in South East Asia. Where issues were identified we developed corrective action plans and implemented policies to strengthen management processes. In 2018, continuing our efforts to build a safe, fair and healthy working environment, we aim to conduct additional third-party audits at our manufacturing subsidiaries in Latin America and Europe, following the RBA Validated Assessment Process.

Samsung adopts the same standard of assessment when evaluating the risk profile of our suppliers. The three-stage work environment management process of self-assessment, on-site auditing and third-party verification has proved effective in detecting workplace risks and ensuring consistent implementation of our performance standards.

All first-tier suppliers are required to conduct the annual self-assessment and share information and improvements with us. Where performance issues are identified, Samsung's independent Supplier Responsibility Group will instruct the supplier of the need for an on-site audit. The team also conducts on-site audits of 'priority suppliers' based on their location, transaction volumes and historic performance. In 2017, the Supplier Responsibility Group conducted 419 such audits to ensure the credibility of the self-assessment process and the reliability of improvement measures. Third-party audits are conducted by RBA-certified external auditors. These audits are 'semi-announced' to limit the opportunity for preparation prior to inspection. The compliance rate of our auditing programme is an important risk management performance measure. In 2017, a compliance rate of 96% was achieved for our third-party auditing programme, and whilst we continue to strive to achieve a compliance rate of 100%, this result, nonetheless, illustrates continuous performance improvements over the past three years.

Whilst providing a valuable tool to evaluate performance on human rights and labour issues, and an important framework for dialogue on corporate responsibility issues, we recognise that audits can have their limitations and that we should continuously explore opportunities to improve our risk management systems. As a result, we are considering piloting a human rights impact assessment at our mobile phone manufacturing operation in Vietnam. Working with partners to develop our understanding, we recognise that human rights impact assessments are considered an important step in aligning with the UN Guiding Principles on Business and Human Rights, providing increasing stakeholder confidence that our operations and business relationships are not infringing on human rights.
**Measurement and performance standards**

At Samsung we rate the performance of our suppliers to ensure the effectiveness of our supplier management processes. Each year we look to increase the proportion of ‘High Performers’ which rate as either ‘excellent’ or ‘good’. Our high performers ranking is one of the central benchmarks we use to monitor supply chain performance. As a result of changes to our Supplier Code of Conduct in 2017, which sought to strengthen evaluation standards on second-tier suppliers, protection of migrant worker rights, work safety management processes, etc., overall supplier performance decreased to 60%, compared to 70% in 2016. Samsung remains committed to improving the level of supplier performance and is working to restore performance to the level of 70% or above in 2018.

To encourage suppliers to attain high performer status, Samsung incentivises action, including the preferential allocation of production volumes for the following year. Low performers are required to implement improvement measures and are subject to decreased allocation of volume and limitations in making additional transactions.

Where we identify high-risk suppliers, categorised because of their economic, social and environmental performance, we conduct a series of intensive interventions providing consulting and support to reduce sustainability risk by improving work processes and monitoring corrective actions. In 2017, 2.7% of our suppliers were categorised as high-risk. This was an improvement in performance compared to the previous year, and we continue to evaluate our management processes to reduce this figure further.

At Samsung we also disclose the results of third party supplier audits. In last year’s slavery statement we reported supplier performance improvements in many major verification categories. However, we did disclose that the overall compliance rate for labour rights issues fell slightly (92% - 90%), compared to previous years, due to challenges meeting compliance with work hour standards and the guarantee of off-days. We are happy to report that despite similar production demands in 2017 we were able to restore performance to 2015 compliance levels (92%). This improvement was achieved by strengthening work schedule coordination and streamlining processes and work efficiency through intensive management of overtime and supply forecasts.

Samsung’s Global Grievance Resolution Guideline promotes four grievance handling channels – hotline, offline channels, online channels and employee committees - to identify potential violations of any work environment standards or the infringement of human rights at our worksites. Since April 2018 we have been operating 290 grievance channels across 29 worksites.

Where our worksites hire migrant workers we have introduced grievance handling information in their mother language to improve accessibility. Grievances are lodged on our worksite monitoring system which categorises the type of grievance, charts its progress and resolution. In 2017, we received a total of 13,255 worksite grievances of which 99% were completely resolved. Samsung ensures that individuals that raise grievances are not disadvantaged, discrimination is prohibited in handling grievances, and we work to protect the substantial and procedural rights of our employees.
For our suppliers we seek to ensure that information pertaining to our grievance handling channels are placed in prominent positions (e.g. posters placed in offices, corridors, manufacturing site, dormitory, dining facility, etc.) to maximise exposure. We respond to informants who have raised grievances on the agreed countermeasures within one week and conduct a review of the improvements that were made. For example, where we identified recruitment fee violations of migrant workers we required those suppliers to reimburse workers. Samsung seeks to ensure that individuals that raise grievances are not disadvantaged.

Training and capacity building
Samsung has established training programmes to help employees build capacity on human rights and labour practices. We often deliver this training through collaboration with key partners. It has been possible to chart the success of this exercise through our annual Samsung Culture Index - a diagnostic tool which assesses corporate culture - where an improved awareness of these issues was recorded amongst employees.

We have also developed mandatory employee training programmes on our labour and human rights policies, diversity and grievance procedures, which are specifically designed to encompass regional cultural characteristics of overseas worksites. In 2017, 211 in-house trainers undertook capacity building and approximately 171,000 employees received an average of three hours training on these issues. In 2018, Samsung is aiming for a greater number of employees to complete this training and will introduce mandatory training for all new starters on our human rights policy and grievance handling channels.

During 2016-17, Samsung implemented a migrant workers training programme to manage the risks of forced labour and human trafficking at high risk regions, delivering workshops with first-tier suppliers, labour sourcing companies and recruitment agencies in Malaysia and Thailand.

Further action
This is Samsung’s second modern slavery statement. We are confident the statement demonstrates improvements in our management controls to tackle the risk of slavery and human trafficking in our global supply chains. However, we appreciate much of the work we have done so far remains the start of a longer journey towards greater action and we look forward to the opportunity to work collaboratively and constructively with partners towards this goal.

This Statement was approved by the Board of Samsung Electronics (UK) Ltd. and complies with the requirements set out in section 54 of the UK Modern Slavery Act 2015.

Mr Sungwuk Kang,
Director / Company Secretary
Samsung Electronics (UK) Ltd.