

Forced and Child
Labour Act Report
May 31, 2024

Samsung Electronics Canada Inc.

INTRODUCTION

This Forced and Child Labour report (the “Report”) is submitted on behalf of Samsung Electronics Canada Inc. (“SECA”) and Samsung HVAC America LLC (“SHVAC”).

SECA and SHVAC are subsidiaries of the global electronics manufacturer, Samsung Electronics Co., Ltd. which is headquartered in South Korea. Unless specified, references in this statement to “Samsung”, “our”, “us”, or “we” refer to Samsung Electronics Co., Ltd. (SECA’s and SHVAC’s parent Company) and its subsidiaries.

Samsung places a high value on its people, technologies, products, and services in order to contribute to a better global society. We understand the importance of maintaining a sustainable and responsible supply chain and we remain committed to respecting the human rights of every individual or group connected to our business.

Samsung’s five Business Principles serve as the embodiment of our determination to operate and hold ourselves to the highest standards of compliance with all applicable laws, our own company principles and our values. The five Business Principles are as follows:

1. We comply with laws and ethical standards
2. We maintain a clean organizational culture
3. We respect customers, shareholders, and employees
4. We care about the environment, health, and safety; and
5. We are a social responsible corporate citizen

SECA and SHVAC support [*Bill S-211: An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff*](#) (the “Forced Labour and Child Labour Act”). The Forced Labour and Child Labour Act was enacted to eliminate forced or compulsory labour and child labour, including human trafficking, as well as to address those risks and to remedy adverse harm that has or may have occurred to victims of forced or child labour and human rights violations within the parameters of their business operations and relationships.

Samsung recognizes the risk of both forced and child labour, especially in the lower tiers of its supply chain. We prohibit any form of child labour and forced labour and expect our direct and indirect business partners to share our commitment to conduct thorough due diligence to address these risks, including age verification checks. Identified cases are handled with extra care, following strict internal protocols. We aim to provide remediation solutions where applicable and reinstate the rights of affected individuals.

This Report is intended to meet the requirements of the Forced Labour and Child Labour Act by outlining the existing Samsung governance and procedures as well as set out steps and policies that we have developed in the last financial year to mitigate and minimize these risks throughout our organizational footprint.

At Samsung, we take a global approach to assessing and addressing forced and child labour risks. As a company within the Samsung Group, SECA complies with applicable global

Samsung policies and processes. Therefore, this Report refers to actions taken to assess and address forced and child labour at a global level, as well as specific actions SECA has taken at a local level in 2023.

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Key Activities 2023

- Samsung developed new Global Human Rights Principles (policy) published in 2023 outlining Samsung's global human rights salient risks which include forced and child labour, particularly on supply chain level.
- Samsung resumed special audits of forced labour for migrant workers in its supply chain, which audits had been temporarily suspended due to COVID-19.
- Samsung organised a global human and labour rights workshop with international organisations, NGOs, trade unions and business associations to discuss its work on human rights and its due diligence approach.
- Samsung Electronics Malaysia held a compliance conference, inviting the local government, international organizations specializing in migration, and suppliers to present the results of key supplier inspections and the company's activities to protect the rights of migrant workers, including the main issues found in the employment situation of migrant workers in the country.
- Samsung Electronics Poland attended a conference organized by a local labor rights NGO to introduce the company's community integration activities for foreign migrant workers and to learn from other companies.

Organizational Structure – Business and Supply Chain

Samsung's operations include 232 operational facilities, including 32 production sites and a workforce totalling 267,946 employees. In 2023, Samsung invested 29.2 billion CAD in research and development.

Supporting our success as a global leader in the manufacture of electronic products, Samsung is reliant on a network of 2,515 first-tier suppliers. In collaboration with our suppliers across the globe, we are continually working towards a sustainable business ecosystem based on a philosophy of fairness, openness, and co-prosperity. Our website includes our [Supplier List](#) which provides details of suppliers responsible for 80% of Samsung's transactional volume.

SECA is the Canadian entity within the Samsung global group which is responsible for marketing, promoting, selling and distributing Samsung products and services in Canada. During the financial year ending 31 December 2023, SECA's principal activities were: importer, distributor, and retailer of electronic and electrical goods; the marketing of consumer electronics; the purchase and sale of components and capital equipment; the provision of research and development services to Samsung Electronics Co., Ltd.; importer and distributor of telecommunication systems; and Canadian Head Office. SECA relies on other entities within the Samsung Group of companies to supply Samsung products to SECA. SECA's operations are centred at its Canadian head office located in Mississauga, Ontario. As of 31 December, 2023, SECA employed approximately 655 employees

Human Rights and Labour Policies

Samsung is committed to respecting human rights and freedom of all. We strive to respect the principles of the following international standards as well as comply with the laws of the countries in which we operate:

- International Bill of Human Rights (composed of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights);
- International Covenant on Civil and Political Rights;
- International Covenant on Economic, Social and Cultural Rights;
- ILO Declaration on Fundamental Principles and Rights at Work;
- United Nations Guiding Principles on Business and Human Rights;
- OECD Guidelines for Multinational Enterprises;
- Convention on the Rights of the Child;
- Convention on the Elimination of All Forms of Discrimination Against Women; and,
- Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children.

We are a member of the Responsible Business Alliance (RBA); We abide by the [RBA Code of Conduct](#) and comply with the laws and regulations of the countries where we conduct our business.

To support this, we have also developed and strictly abide by our own set of internal policies, guidelines, and principles.

Our key global policies are located at [Policies & Documents | Digital Library | Sustainability | Samsung Electronics](#) and include the following:

- Samsung Electronics Global Human Rights Principles (policy) (2023)
- Samsung Global Code of Conduct
- Business Conduct Guidelines
- Global Purchasing Code of Conduct
- Samsung Supplier Code of Conduct and Supplier Code of Conduct Guide
- Global Grievance Resolution Policy (2024)
- Child Labour Prohibition Policy
- Anti-Discrimination and Harassment Policy
- Migrant Worker Policy

- Student Worker Policy in China
- Guidelines for Apprenticeship in India

The section below provides a brief summary of our key policies.

[Samsung Electronics Global Human Rights Principles \(policy\)](#)

In February 2023, we announced our Global Human Rights Principles (the “Policy”) that highlight our respect for human rights in line with the UN Guiding Principles on Business and Human Rights (UNGPs). The Policy consolidates all of the commitments made in our existing policies and reaffirm our promise to prevent human rights abuses and to take effective remedies for those affected if and where harm is caused by and through our business activities. Forced and child labour are one of the salient human rights risks identified by Samsung for its supply chain. In the document, we point out further commitments that expand the scope of our commitment to human rights, which now encompasses the wider set of rights-holders, who are potential and actual affected individuals and groups, including local communities, partners, consumers, and external stakeholders, in addition to the employees of our own operations and the workers in our supply chains. The full text of [the Samsung Electronics Global Human Rights Principles](#) can be viewed online.

[Global Code of Conduct](#)

Our [Global Code of Conduct](#) and Business Conduct Guidelines are the overarching standards for all Samsung Electronics employees. They act as a guide for employees to adhere to when conducting all business activities.

Our Global Code of Conduct details the aforementioned five business principles and what these mean specifically to Samsung and its employees. It clarifies our detailed principles on work environment; employment conditions; grievance handling; equality and diversity; child labour and forced labour, and other areas to help our employees execute their day-to-day tasks in a manner that ensures the protection of human rights. Through the Guidelines on the Global Code of Conduct, we ban any involvement in or imposition of coerced or exploitative labour, such as modern slavery and human trafficking and express a zero tolerance policy towards any forms of child labour at any stage of our business.

[SECA Code of Conduct](#)

Additionally, on a local level, the same core principles and employee conduct expectations are set out and enforced through the SECA Code of Conduct. This policy details ethical behaviours and expectations that SECA has of all of its employees across Canada. It also sets out a requirement to comply with national and provincial laws concerning employment and non-discrimination or harassment in the workplace, and prohibits the use of human trafficking, child labour, or any form of forced, indentured, or involuntary labour in any of SECA’s operations or at any of its properties.

[Business Conduct Guidelines](#)

The [Business Conduct Guidelines](#) emphasise the importance of Samsung Electronics employees, who are ambassadors for the brand, to uphold Samsung’s standard of corporate social responsibility, integrity, and accountability. The Business Conduct Guidelines are based on the

Global Code of Conduct and provide detailed guidance for employees in making sound decisions. They cover key topic areas under the company's core principles: People, Excellence, Change, Integrity, and Co-prosperity.

[Global Purchasing Code of Conduct](#)

The Global Purchasing Code of Conduct comprises the key requirements from the regulations and guidelines on purchase-related tasks and ethical obligations of employees in charge of purchasing. It takes precedence over other regulations and manuals as far as purchasing is concerned.

[Supplier Code of Conduct and Supplier Code of Conduct Guide](#)

Samsung ensures that its suppliers support and protect internationally proclaimed human rights and respect the dignity and diversity of individuals and their fundamental rights. We update our Supplier Code of Conduct to reflect revisions of the RBA Code of Conduct and other global norms and require our suppliers to do the same. The [Supplier Code of Conduct](#) and the [Supplier Code of Conduct Guide](#) are mandatory commitments built into and agreed to by all contracts with Samsung suppliers.

[Global Grievance Resolution Policy](#)

Samsung is committed to providing access to remedy to the affected individuals or groups via our grievance channels where the company causes or contributes to negative impacts on the rights of individuals or groups. The company's grievance channels are available to all employees of Samsung, all partners in our value chain, consumers, civil society, and everyone else who has legitimate concerns regarding actual or potential adverse impacts caused or contributed by Samsung. We are committed to promptly investigating allegations and providing fair and effective remediation by ourselves and/or in cooperation with other stakeholders.

The Global Grievance Resolution Policy sets out grievance channels for different categories of stakeholders, outlines Samsung's grievance handling procedure, principles of grievance handling as well as how Samsung is ensuring its implementation and effectiveness in line with the UNGP effectiveness criteria.

[Child Labour Prohibition Policy](#)

Samsung has a zero tolerance policy against child labour as prohibited by international standards and national regulations in all stages of its global operations. The Samsung [Child Labor Prohibition Policy](#) applies to all of Samsung's worksites as well as suppliers, including third party recruitment agencies, and sets out strict rules against the employment of children and for the protection of young people at Samsung worksites and its suppliers.

Special protection is provided for young workers who should not perform hazardous work, overtime, or night shift work. Samsung works with various stakeholders, has partnerships and programs to address root causes of child labour, including remediation programs on providing financial support to enable the child to remain in the agreed remediation program until he/she reaches the minimum working age.

[Anti-Discrimination and Anti-Harassment Policy](#)

Samsung respects all individuals' right to work in an environment free of discrimination and bullying. In March 2022, Samsung developed already existing anti-harassment guidelines into a formal policy, and published the [Anti-Discrimination and Anti-Harassment Policy](#). We pledge to remain committed to fostering a workplace where our employees are valued and treated respectfully, given equal opportunities, and motivated to demonstrate their competence to the fullest.

[Migrant Worker Policy](#)

Migrant workers are often vulnerable to the risk of forced, bonded, or indentured labour as well as human trafficking as they are seeking economic opportunities outside of their own country. Our [Migrant Worker Policy](#) was first released in 2016 and updated in 2020 to better protect the rights of migrant workers.

To facilitate the implementation of this policy, we developed the Internal Guide for Migrant Worker Policy, which consists of 14 sections from recruitment to employment contract termination, based on the guidelines of RBA, Business for Social Responsibility (BSR), and the Institute for Human Rights and Business (IHRB). We require our production sites, suppliers, and recruitment agencies to monitor the ILO forced labour indicators and faithfully implement our Policy and Guide.

Other human rights policies and guidelines currently supporting operations at Samsung which require specific management measures, include our [Student Labour Policy for China](#), and [Guidelines for Apprenticeship in India](#).

[Labour and Human Rights Framework](#)

We operate across vast geographies, including in locations where social, economic, and political factors may put human rights and decent working conditions at risk. In line with the UNGPs and OECD guidelines we are committed to prevent, mitigate, and address adverse human rights impacts and to provide timely and effective access to remedy where harm has occurred. This accounts for our own business activities, and we hold our suppliers and other business partners to this same high standard.

Our Labour and Human Rights Framework is based on the aforementioned outlined international standards and principles and consists of policies, due diligence, access to remedy, stakeholder engagement, transparency & reporting and governance, and it is the foundation of our approach to respect human rights in our own operations as well as our supply chain and other business relationships.

[Human Rights Governance Structure](#)

We believe solid governance is essential to successfully embedding respect for human rights in our business operations. Our [human rights governance](#) is centered on the Board of Directors, Sustainability Committee, Sustainability Council, and the Labor and Human Rights Council. This structure facilitates the supervision and management of labour human rights conditions across our business at various levels.

The Sustainability Committee under the Board of Directors supports the Board by closely monitoring relevant issues. The Committee determines priorities for sustainability strategies and incorporates human rights and other sustainability issues into the business decision-making process. The Sustainability Council, headed by the CEO, reviews and manages company-wide sustainability issues with those in charge of sustainability at the headquarters and at each business unit.

Lastly, the Labor and Human Rights Council has been set up to enable cross-functional engagement; it consists of the People Team, Partner Collaboration Center, Vendor Management Task Force, Global Technology Research, Global EHS Office, Corporate Legal Office, Compliance Team, Investor Relations Team, and Corporate Sustainability Center. The Council discusses and coordinates global labour and human rights issues at our business sites and across our supply chains to address and mitigate potential human rights risks. Agenda items discussed at the Council, depending on the materiality and urgency, are escalated to the Sustainability Committee and Sustainability Council.

Transparency and Reporting

We disclose our activities to respect human rights in our annual sustainability reports based on the Global Reporting Initiative (GRI) Standards. The annual disclosure is also an extension of our efforts to comply with the Norwegian Transparency Act, United Kingdom Modern Slavery Act, and Australian Modern Slavery Act and to fulfil the evaluation criteria of the Corporate Human Rights Benchmark – assessing human rights management levels of global companies – and KnowTheChain – helping companies address forced labour in global supply chains.

Stakeholder Engagement

Over the years, expectations from various stakeholders (i.e. NGOs, governments, customers, shareholders, suppliers, and employees) have grown substantially, together with our responsibilities as a global corporate citizen. In this spirit, we understand the importance of stakeholder engagement and collaborate with stakeholders to develop workers' rights policies, capacity building and to implement regional projects.

Salient Human Rights Risk Assessment and Management

We define our salient human rights risks as those human rights that are at risk of the most severe negative impacts throughout our business activities and relationships. We disclosed our salient human rights risks in February 2023 as a part of our Global Human Rights Principles (the "Policy"). Our human rights due diligence is performed with a focus on these salient human rights risks based on priority identified through continuous stakeholder engagement, internal assessments, external audits, grievance channels, and human rights risk and impact assessments. Taking these risks into account, we prioritise our efforts and activities to prevent, mitigate, and address human rights impacts.

The below sections provide a summary of these risks and actions.

Human Rights Due Diligence and Measures Undertaken in Our Own Entities and Subsidiaries

a) Policies and Standards

Samsung adheres to the principles put forward in the policies outlined above, as well as its own [Global Code of Conduct](#) and [Business Conduct Guidelines](#), and the Responsible Business Alliance (RBA) code of conduct against which audits in our own factories across the globe are conducted. We are a signatory of the UN Global Compact, one of the world's largest corporate sustainability initiatives, and adhere to its ten principles:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

b) Human Rights Due Diligence

Samsung is committed to identifying, preventing, mitigating, and addressing actual or potential impacts on human rights throughout its global operations, supply chain, and other business relationships. The company reflects the lessons and implications learned from these human rights due diligence activities in the 'Process to respect Human Rights' to ensure that appropriate policies and management systems are in place. In addition, the company considers expanding the frequency and type of due diligence when circumstances arise, such as entering new regional markets, starting transactions with new suppliers, or when new human rights issues arise due to changes in the international situation.

i. Samsung's Salient Human Rights Impacts

To identify actual and potential human rights impacts, Samsung conducts various assessments including self-audits at its workplaces, third-party audits based on RBA standards, and human rights impact assessments using external human rights experts. We also analyze reports from civil society organizations, media articles, conversations with various stakeholders such as human rights experts and investors, and grievances and complaints filed by employees to identify human rights risks related to our business activities. As a result, in February 2023, we selected

11 major human rights impacts of Samsung and disclosed them through the [Samsung Electronics Global Human Rights Principles](#).

ii. Assessment By Internal Experts

Based on the Labor and Human Rights Risk Management System, Samsung assesses the level of respect for human rights at its workplaces and conducts human rights impact assessments in a simplified way and with topic-specific assessments.

1) Labor and Human Rights Risk Management System

In 2023, we upgraded the monitoring system we created in 2013 to support labour rights compliance and compliance management at our workplaces to the Business & Human Rights Benchmark (BHRB) System. This system assesses each workplace's compliance with international human rights standards such as the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights (UNGPs). The evaluation indicators consist of 159 detailed indicators in 39 items in four categories: labour rights, organizational culture, working environment, and diversity, equity, and inclusion. The company evaluates the level of each workplace annually and conducts a simplified human rights impact assessment for workplaces that need improvement.

2) Simplified-Human Rights Impact Assessment

Our in-house labour and human rights experts identify locations that need improvement based on management indicators and take an in-depth look at the level of respect for labour rights in the country of operation, the results of our organizational culture assessment, complaints received, workforce changes, potential violations of company policies, and previously identified human rights risks. The Simplified Human Rights Impact Assessment is a more streamlined approach than a human rights impact assessment conducted by a third-party human rights organization. Interviews are conducted with stakeholders in the country of operation as well as vulnerable populations to assess the potential and actual human rights impacts of our operations, identify measures to prevent, mitigate, and manage identified impacts, and track implementation. In 2023, we conducted a Simplified Human Rights Impact Assessment for our U.S. manufacturing operations in our Device Experience (DX) division. Samsung also engaged with The Center, an expert on children's rights, to identify the human rights impacts of our operations on employees at our sites, as well as potential and actual human rights impacts along our value chain and in the region.

3) Topic Specific Assessments

We created assessment tools in line with international standards and conduct on-site audits for vulnerable groups such as migrant workers and female employees in the company. We conducted migrant worker audits for the four production sites that employ migrant workers to ensure compliance with our migrant worker policy and policy implementation guide based on RBA methodology and key industry references. We also utilized the "Gender Equality Self-Assessment Toolkit," developed with reference to UN Women Women's Empowerment Principles (WEPs), the RBA methodology, and the World Benchmarking Alliance's Gender

Benchmark methodology, to identify discriminatory practices in the workplace against female employees.

iii. Third-Party Human Rights Impact Assessments and Human Rights Impact Analysis

A human rights impact assessment (HRIA) analyzes the impact of business activities on rights holders, such as employees, supply chain workers, community members, and consumers. HRIsAs typically involve more in-depth consultation with affected stakeholders than other forms of human rights assessments. Human rights risk analysis is a type of human rights due diligence that prioritizes actual and potential human rights impacts based on the severity of the human rights risk (e.g., the size of the affected population, the scope of the impact, and the likelihood of the risk being recoverable) and the likelihood of occurrence. A human rights impact analysis helps companies focus their resources on managing human rights risks that are likely to have a negative impact, and concludes with the identification of material human rights risks.

Samsung first conducted a human rights impact assessment at its Vietnam operations location in 2017, and conducted a human rights impact analysis in Turkiye prior to opening a production facility in 2022.

iv. RBA Third Party Validation (Validated Assessment Program)

As a member of the Responsible Business Alliance, Samsung is committed to complying with the RBA Code of Conduct. We conduct RBA self-assessments at our production sites every year, and conduct on-site audits based on the RBA's third-party audit (VAP) standards at least once every two years at all of our sites, not just the high-risk sites defined by the RBA. Production sites that are found to be non-compliant develop a corrective plan to improve the findings and implement systems to prevent recurrence, which is approved by the inspection experts, and the approved corrective plan is completed within the timeframe set by RBA standards.

[RBA third-party audit results in 2023](#)

- DX Division: 11 facilities audited
- DS Division: 4 facilities audited

Nine out of fifteen worksites were awarded a perfect score with no non-compliances. Six plants were partially non-compliant in labour, health and safety, ethics, and supply chain. Corrective actions were completed for issues that could be immediately addressed. For the issues that take time to remediate, corrective actions are being implemented in accordance to the VAP criteria.

[c\) Access to Remedy](#)

Samsung offers a variety of direct and anonymous grievance channels in various languages for individuals or groups that are adversely affected by our business operations. All grievances are promptly investigated in line with our internal procedure and timelines to seek effective and satisfactory remedies. Upon identifying human rights abuses, we investigate their root causes and change our systems, processes, and practices if deemed necessary to prevent the recurrence of similar cases. Our grievance channels are open to both internal and external stakeholders including our suppliers' employees and civil society organisations. While most of our channels

are operated at the corporate level, we also partner with third-party organisations in select countries to provide additional channels for our employees.

We also conduct the Samsung Culture Index (SCI) survey each year for our employees around the world to diagnose our organizational culture. We check if the problems are properly remedied and receive feedback through post-consulting satisfaction surveys.

In 2023, Samsung received a total of 20,577 reports, of which 99.9% were addressed, closed or remediated as of the end of December 2023.

We also promote external stakeholders' grievance communication channels. We operate a global communication address (civilsociety@Samsung.com), to listen to the opinions of various external stakeholders. We continually evaluate the effectiveness of our internal and external grievance procedures and seek to improve accessibility and system design where necessary.

On a local level, SECA offers its employees the opportunity to report any compliance issues through anonymous use of a phone line, or by sending an email to an internal compliance inbox. All grievances are then investigated pursuant to SECA's internal procedures.

d) Stakeholder Engagement

Stakeholder engagement is one of the core pillars of Samsung's Labour and Human Rights Framework and an important element of our human rights due diligence process. Our stakeholders include our employees through informal engagements and more formal ones via trade unions and work councils, business associations and industry initiatives such as the Responsible Business Alliance (RBA), civil society organisations, international organisations such as the United Nations, benchmarking agencies, human rights experts and consultancies, customers, suppliers, investors, and governments, among others.

e) Training and Development

In order to help our employees understand their rights and train managers and relevant departments on the implementation of human rights into business practices and everyday activities, Samsung conducts a range of different labour and human rights trainings annually, tailored to different target groups.

In 2023, SECA participated in Global Human Rights training which was mandatory for all SECA employees. The training, delivered online, outlined what constitutes modern slavery and child labour, the risks and impacts of human rights violations and Samsung's due diligence process and activities. Globally, Samsung achieved a 95.5% completion rate for the Global Human Rights training while SECA had a 100% completion rate.

Modern Slavery and Ethical Recruitment

In October 2023, our subsidiary in Malaysia invited the International Organization for Migration (IOM) to provide training to 56 personnel managers from 41 first-tier suppliers to eradicate forced labor for migrant workers. This training has improved awareness of the protection of migrant workers' labor rights by providing guides such as potential forced labor risks at each recruitment stage, types of forced labor and precautions for recruitment agency contracts.

From 2019 to 2021, Samsung has organised workshops for the executive management and HR staff of our production sites and suppliers employing migrant workers and recruitment agencies, with the IOM, to raise awareness on the importance of the protection of migrant workers' rights within our supply chains. We also provided access to our in-house counseling services for migrant workers who were experiencing difficulties in the wake of the pandemic.

We regularly monitor the overall working conditions at our production sites through internal audits and third-party audits aligned with the RBA Code of Conduct, in which “freely chosen employment” is a core indicator. Samsung also pays close attention to its production sites in Malaysia, Poland, Hungary, and Slovakia which employ migrant workers. In 2022, we performed our own on-site audits on all four production sites staffed by migrant workers to verify their compliance with the Policy and Guidelines. These audits were based on the RBA methodology centering on the needs and rights of migrant workers and key industry references. We conducted interpreter-supported interviews with migrant workers, their families, and other vulnerable workers in addition to interviews with the HR managers of the production sites and staff members of the recruitment agencies. These interviews were complemented by document verification and inspections of dormitories and off-site residential facilities for migrant workers.

The audit results showed that most practices of the production sites were in compliance with the Policy and Guidelines. However, it was discovered that 307 migrant workers hired by one of the four production sites in Hungary had paid for part of the transportation expenses incurred while moving from their homes to the location to meet with the recruitment agency in their home country. The amounts paid by the workers (approximately USD 9,876*¹ in total) were reimbursed after the audit.

To prevent the recurrence of similar incidents, we have continued to engage in activities to raise the awareness of local HR managers, recruitment agencies, and workers on our internal standards for migrant workers' rights, including the prohibition of recruitment fees. The four production sites developed corrective actions for minor noncompliance with the Internal Guide for Migrant Workers. Local employee relations experts are monitoring the follow-up steps taken by the sites. Through the audits, we confirmed that the total amount of outstanding reimbursements decreased by 88.6% since the introduction of the revised Migrant Worker Policy in 2020 compared to the 3-year period of 2017 to 2019.

In 2023, Samsung reimbursed USD 136 in recruitment fees for three migrant workers.

Child Labour Prohibition Management

We regularly monitor the overall working conditions at our production sites through internal audits and third-party audits aligned with the RBA Code of Conduct, in which “young workers” is a core indicator. All of our subsidiaries comply with the strict employment process and age verification. In countries with a higher risk of child labour particular attention is given to detect fake IDs, conduct face-to-face interviews and use facial recognition systems as well as to conduct special audits prior to or during the summer and winter breaks when students or people under the legal minimum age usually look for the employment at factories.

¹ Figures were based on average currency exchange rate in 2022: USD 1 = 299.25 HUF

Further information on Samsung's human rights work in its own operations including figures can be found in the global [sustainability report](#), published annually, on the [Samsung Global Sustainability](#) website.

Human Rights Due Diligence and Measures Undertaken for Business Relations and Suppliers

a) Policies and Standards

Complementing the Policy and other human rights related policies, Samsung requires its suppliers to adopt our Supplier Code of Conduct and Guidelines which is based on international human rights principles and which sets out social, environmental and ethical industry standards.

We demand prompt remedial action for any violations related to our top priorities, such as the prohibitions of child labour and forced labour and the imposition of penalties on those suppliers found to have committed violations in the comprehensive evaluations.

b) Human Rights Due Diligence

i. First Tier Suppliers

To ensure compliance, we operate an integrated work environment management process consisting of self-assessments, on-site audits, and third-party audits. The main results of on-site audit and third-party audit are reflected in comprehensive evaluations and policy improvements for the next year, and those suppliers rated outstanding are provided benefits such as extra points in the comprehensive evaluations and cash rewards.

Samsung implemented and now operates an ESG reward program in 2023, where suppliers who have been determined to have performed well in the field are provided incentives such as cash rewards.

We perform comprehensive annual evaluations on our suppliers based on transaction data and materials submitted by each supplier to ensure the competitiveness of our supply chain. Major evaluation items include technology, quality, response, delivery, production cost, environment and safety, finance, and labour and human rights. The results are reflected in the following year's purchasing policy to encourage our suppliers to improve their capabilities.

Self-Assessment

Based on RBA's criteria, we developed a self-assessment tool and distribute it to all of our first-tier suppliers to perform annual self-assessments. We also encourage them to obtain certification related to international standards in corporate social responsibility (SA 8000, etc.) by including it as one of the self-assessment items. We actively collect suppliers' opinions and suggestions to establish a more effective self-assessment system and to reflect improvements in the next assessment.

On-Site Audit

Our dedicated organisational unit conducts on-site audits on our suppliers' premises. To more thoroughly and accurately audit their work environments, we first identify their issues and points of improvement based on document views and the interviews of employees at both working-level and managers in the audits. The points of improvement are registered on the integrated purchase system, and the respective suppliers are required to establish and implement improvement measures accordingly. Some problems are remedied immediately, while the implementation of remedial action for other problems is verified within three months from the registration of the points of improvement. Facility installation, certification, and other matters that require an extended period of time and significant expenses to be resolved are monitored over a longer term based on the respective supplier's improvement plan.

Special Audits to Eliminate Forced Labour

In 2023, Samsung resumed special audits of forced labour for migrant workers, which had been temporarily suspended due to COVID-19. We conducted audits on 21 suppliers in three countries in Southeast Asia and Europe, including Malaysia, Hungary, and Slovakia, which employ many migrant workers. Referring to SVAP, an RBA forced labour-specialized program, Samsung made its own checklist and 22 items were checked, including on-site audit of recruitment agencies, holding contracts for recruitment agencies by first-tier suppliers, refunding recruitment fees, providing contracts and salary statements written in local languages, conducting introductory education before departure from home, rescuing victims and holding records. As a result of reviewing contracts with recruitment agencies, it was found that the suppliers are hiring migrant workers in the organization using 32 agencies in 10 countries. The initial average compliance rate of all 21 suppliers was 94%, but one case of imposing fees on migrant workers was found in a supplier located in Malaysia. In addition, a total of 30 violations were confirmed, including no due diligence by recruitment agencies, no contract with recruitment agencies, no evidence of introductory education before departure. By managing the improvement status on a monthly basis in cooperation with local subsidiaries, we received confirmation that all issues were successfully resolved. In 2024, we plan to continue to improve the human rights of migrant workers by expanding the target countries to five countries.

Special Audits to Eradicate Child Labour

In addition to our on-site audit programme, we conduct special audits of suppliers to assess them for compliance with the Samsung Child Labour Prohibition Policy. We maintain zero tolerance for child labour in our suppliers and perform special audits of their recruitment practices every year to eliminate child labour.

Since 2015, we have hosted, on an annual basis, a range of compliance and human rights workshops and training sessions for the heads and working-level staff of our suppliers. In 2023, Samsung conducted a special audit to eradicate child labour. Audits on 112 first-tier suppliers and 32 second-tier suppliers during middle school and high school vacation periods were completed. None of the audited suppliers were found to have recruited child workers, but 3 suppliers failed to meet our recruitment process standards. As a result, these suppliers were required to undertake improvement measures.

We plan to develop and distribute a compliance guidebook which specifies the appropriate recruitment processes and country-specific legal requirements and ensure our suppliers conduct training for their staff on this guidebook.

Third-Party Audit

We conduct third-party audits every three years on the top 90% of our suppliers who have been selected to be audited based on annual transaction amounts.

In 2023, we introduced third-party verification for some tier 2 suppliers in Asia to diagnose more objectively working conditions. Furthermore, we expanded the scope of the Supplier Code of Conduct from manufacturing suppliers to all suppliers that provide products and services to Samsung Electronics.

ii. Lower Tier Suppliers

We require our first-tier suppliers to manage the work environments of their subcontractors in compliance with our internal work environment policy. For subcontractors with issues deemed to be of serious concern, we monitor via our first-tier suppliers whether they have successfully implemented remedial actions and achieved the desired results.

In addition, Samsung is expanding its management scope not only to first-tier suppliers but also to second-tier and non-manufacturing suppliers. By revising the Supplier Code of Conduct, first-tier suppliers are required to conduct due diligence and manage improvement measures of subcontractors by referring to RBA regulations and standards provided by Samsung.

Near our Suwon business site in Korea, Samsung offers capacity building programs which are free of charge to our tier 1 as well as tier 2 suppliers which cover topics including supply chain due diligence.

Last year, Samsung introduced third-party audit for 9 second-tier suppliers in Asia, including Vietnam, Samsung's main production base in 2023.

iii. Vendor Management

SECA has its own [Vendor Code of Conduct](#) (the “Code”) that is applicable to all vendors and suppliers. The Code is written into all vendor contract, and mandatory. Vendors are required to abide by all applicable employment laws and human rights laws for their region, and the use of any form of forced labour or child labour is strictly prohibited. Vendors are required to self-monitor their compliance with the Code, and SECA offers to vendors an online reporting mechanism for anyone who wishes to report or a possible violation.

SECA expects all vendors and their employees to take steps to help prevent, mitigate and remedy actual or suspected occurrences of forced or child labour within SECA’s business operations and broader supply chains. Vendors are required to abide by all local labour laws, and to self-monitor and report any suspected violations.

iv. Responsible Minerals Management

We strive to minimise any possible adverse impacts of mineral mining, including human rights abuses, child labour exploitation, sexual violence, and environmental destruction. We take human rights and environmental issues related to mineral mining in conflict-affected and high-risk areas, such as some African countries, very seriously. To address these risks we use

responsible minerals in strict compliance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

We regularly disclose our responsible minerals management activities via our website and Sustainability Report and publish the [Samsung Electronics Responsible Minerals Management Report](#) and [Smelter and Refiner List in Samsung Electronics' supply chain](#) to more effectively respond to the diversifying needs of global stakeholders.

c) Access to Remedy

Samsung supports its suppliers in establishing and operating an internal grievance handling system to facilitate communication between the executive management and employees. We have operated a direct hotline since 2013 to collect reports on violations of the work environment criteria or human rights via telephone and email, among others, to complement on-site audits. Our organisational unit dedicated to grievance handling handles grievances in line with our internal protocols and timelines and monitors such suppliers to ensure that they take remedial actions. To monitor whether the reported grievances are being remedied effectively, we carry out informant satisfaction surveys since 2020. The [Grievance Channels](#) are outlined on the Samsung Global website.

If a child labourer is found at the workplace, the supplier is required to immediately stop the child from working and notify Samsung. With regards to the child protection program, if a child and her/his family consent to attending school, the supplier shall support educational fees and living expenses corresponding to the minimum wage until the child becomes the legal minimum working age, and offer the child opportunity to be re-employed after becoming the legal minimum working age.

If Samsung finds that suppliers are not in compliance with Samsung's Migrant Worker Policy, Samsung and the supplier will seek to take immediate steps to ensure compliance with the policy. In 2023, Samsung reimbursed \$81,549 in recruitment fees for 247 migrant workers, and trained 568 representatives from 358 different suppliers on responsible recruitment processes.

d) Stakeholder Engagement

In support of our human rights due diligence process, we engage in global initiatives and partnerships and collaborate with industry partners, external stakeholders and peers on addressing supply chain risks including conflict and other minerals and to amplify the benefits of sustainable supply chains around the world. We also actively engage other companies and the relevant stakeholders in the industry to promote responsible sourcing of minerals through initiatives such as the Responsible Business Alliance (RBA), RBA Responsible Minerals Initiative (RMI), and the European Partnership for Responsible Minerals (EPRM).

e) Training and Development

Since 2015, on an annual basis, we have hosted a range of workshops and training programs related to compliance management for the heads and working-level staff of our suppliers. We also provide human rights training on mutual respect, humane treatment, and discrimination elimination based on the Supplier Code of Conduct while also sharing global and local legal revisions to regional human rights laws, audit results and best practices of our suppliers. Samsung additionally provides support and training to our suppliers to assist with the practice of

human rights management, such as recruitment, organizational culture, personnel management, and labour-management, DEI (diversity, equity, inclusiveness), and procedures for a collective agreement between labour and management to improve the working environment. We encourage participating suppliers to actively share the details of our training and provisions of the Supplier Code of Conduct with their subcontractors.

Further information on Samsung’s human rights supply chain management including figures can be found in the global [sustainability report](#) available on the [Samsung Global Sustainability](#) website.

Management Approval

Samsung employees are responsible for maintaining high ethical standards and conducting business with integrity. Samsung’s employees are ambassadors of our brand, and we seek to ensure that Samsung’s standards of corporate social responsibility, integrity and accountability are upheld by everyone in the global supply chain. This annual Report, our first, highlights both Samsung’s and SECA’s commitment to respecting and protecting the human rights of all people and ensuring that these values are at the core of our labour practices.

This Statement was approved by the Board of SECA on May 31, 2024. It complies with the requirements set out in the Forced Labour and Child Labour Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest on behalf of SECA, that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: KwangSuk Song

Title: Samsung Canada CFO

Date: '24. May. 30

Signature: 

I have the authority to bind Samsung Electronics Canada Inc.

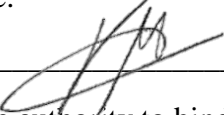
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest on behalf of SHVAC, that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Victor Gomez

Title: SVP/COO

Date: 5/31/2024

Signature:



I have the authority to bind Samsung HVAC America LLC.