

# SAMSUNG

*Brussels, December 5<sup>th</sup> 2017*

Phil Bloomer  
Executive Director  
Business and Human Rights Resource Centre

Reference: IPEN-report on working conditions in Samsung's factories in Vietnam

Dear Mr. Bloomer,

I am writing to you with regards to the recent article published on your website on an IPEN report about working conditions at our manufacturing facilities in Vietnam.

First, we would like to offer our company's perspective, both regarding the content of the IPEN report and regarding the way this report was drafted and published. Second, we would like to contextualise our position by providing the summary result of recent audits performed on site in the factories targeted by the IPEN-report. One of the third-party audits included interviews with 266 employees, without the facility management being present.

We believe this information is very relevant for the Business and Human Rights Resource Centre and the stakeholders that follow your newsletter and website. In particular, given that IPEN has ignored all our efforts to establish dialogue, we appreciate that BHRRC gives us a channel to respond to the claims in the report.

Before elaborating on the IPEN-report, let me share with you that Samsung's efforts for the wellbeing of our employees have recently been endorsed when our company was awarded the Certificate of Merit by the Vietnam General Confederation of Labour (VGCL), along with being recognised as Enterprise for Employees. This recognition validates our endeavour to achieve sustainable development by providing a positive work environment for our employees. The "Enterprises for Employees" rating is based on a specific set of criteria developed by labour and trade experts. The criteria ensure a close reflection of the actual use and treatment of employees in the company in a wide range of standards from vocational training to mental well-being. Special priority is given to enterprises that have better welfare for employees and implementation of laws in place.

Now, let me turn to our position on the IPEN-report. We do not agree with the assessment described in the report and has invited the Vietnamese NGO CGFED who co-authored the report to visit our factories. As part of our work to ensure law-abiding standards in our operations, the Vietnamese labour authorities audit the facilities every year. And as our further commitment to ensure the standards,

independent third parties (two separate reputable organizations widely used by industry players) have conducted on-site audits of the facilities in December 2016 and June 2017 respectively.

Furthermore, The audits done by Vietnamese authorities and third party auditors show a reality that refutes the violations which are raised by the interviewees in the IPEN report.

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

It is unfortunate that CGFED, the research institute contracted by IPEN, did not contact us to seek cooperation during its investigation. Upon learning about the imminent publication of the report, my office has done all possible efforts to establish dialogue with IPEN. However, IPEN declined to respond to our invitation. Thus, all our efforts to set-up dialogue with IPEN were ignored. As a company we are eager to learn by interacting with stakeholders, therefore we deeply regret IPEN's closed attitude. Misunderstandings may have arisen from this, and to correct the inaccurate claims made in the report, we would like to provide the following facts:

- **Copy of contracts to employees:** All employees who join Samsung Electronics sign an employment contract. Each employee receives one original signed copy of the contract and signs a receipt. This procedure is also followed at our Vietnam facilities. The claim that employee contracts were withheld from employees in Vietnam do not correspond with policy and practice at our company.
- **Breaks and meals:** In strict compliance with Vietnamese labour law, our facilities provide adequate time for breaks and meals. The claim that our employees are restricted to inadequate break times or that they must request a special pass to use the restroom do not correspond with policy and practice at our company. Any action that infringes upon our employees' personal autonomy, including visits to dormitories and restrooms, is prohibited under our code of conduct. We are consistently monitoring if our policies and protocols are being enforced through regular on-site audits and communications with employees.
- **Medical facilities:** All employees at our Vietnam facilities receive an annual medical examination and treatment is provided through our in-house medical clinic for employees who exhibit signs of potential medical conditions. In addition, we have established an emergency medical system aligned with the local community hospital. The company also runs an ergonomics care program to help prevent work-related musculoskeletal disorders that could potentially be caused by repetitive movement on the manufacturing line.
- **Work stations:** Various workstations are operated on the line, including both seated and standing positions, and there is no graded payment policy that discriminates against employees according to their working position. Appropriate break times for employees are enforced in strict compliance with Vietnamese labour law.
- **Controls on chemical exposure:** We have strict protocols in place that prevent any instance of chemical exposure to employees through the operation of a local ventilation system. Regular inspections of our working environment are conducted by expert third-party auditors, which are officially certified by the Vietnamese government. Local law stipulates that inspections be conducted annually however based on our internal policies we conduct inspections every six months.

- **Third-party audits include checks on chemical management:** Our Vietnam facilities have undergone a third-party audit by two separate reputable organizations widely used by industry players. Their audit protocol includes safe management of chemicals and health and safety of employees. The audits were performed in December 2016 and June 2017.
- **Training:** We have implemented an introductory education program for all employees as well as an annual environmental safety training.
- **Protection of pregnant employees and no wage deduction:** Once employees have notified their pregnancy to the company, they are placed under a maternity care program that provides suitable working conditions for the employee. This extends to reassignment on the manufacturing line to designated roles for pregnant employees, provision of special chairs and meals, and guaranteed maternity leave for employees seven months into their pregnancy. Moreover, pregnant employees can freely receive health examinations or take rest at the on-site medical clinic whenever they wish. There is no wage deduction related to breaks during pregnancy.
- **Third-party audits include interviews with a number of employees:** Third-party auditing firms approved by reputable organizations widely used by industry players, conducted on-site audits at the facilities in December 2016 and June 2017, respectively. Vietnamese labour authorities also audit the facilities every year. During these third-party audits, the auditors also interview a number of employees without management being present so as to ensure that employees can speak openly. Although the majority of employees interviewed were female, no instances of miscarriage related to working conditions and no violations of maternity protection were identified.

#### **Key findings from an extensive third-party audit of our smartphone facility in Vietnam**

In June 2017, Samsung Electronics Vietnam Thai Nguyen was subjected to an audit by a third-party auditing firm approved by the RBA pursuant to the RBA VAP Operations. RBA is a reputable organization widely used by industry players.

**With regards to the concerns raised in the IPEN report, the audit gives a “Compliance” rating to the following aspects:**

- There are no restriction of the movement of employees and their access to basic liberties.
- Wages are not deducted or reduced for disciplinary reasons.
- Appropriate Personal Protective Equipment (PPE) is consistently and correctly used where required to control safety hazards and worker exposure.
- Appropriate controls for worker exposures to chemical, biological and physical agents are implemented. The documented program is in place to identify, evaluate and control worker exposure to chemical, physical and biological agents including a risk assessment program. Local exhaust ventilation is installed where there is possibility to generate chemical fume. Noise generating machines are enclosed.
- Hazardous materials are properly categorised, labelled and handled.
- Employees handling hazardous waste are trained and certificated by the competence agency.
- All the restriction chemicals and materials are monitored and documented in accordance with legal requirement and customer requirements.

- Worker exposure to the hazards of physically demanding work is identified, assessed and controlled adequately and effectively. Ergonomic risk assessment is conducted and proper control measures are taken.

This audit is conducted by independent third-party auditors recognised by the RBA following the VAP-method. The RBA audit program is a leading initiative in the electronics industry to carry out standardised, rigorous third-party audits of production facilities. The RBA VAP protocol establishes the different elements of the audit, which include: self-assessment, on-site audit and corrective action plan.

The on-site audits consist of an in-depth evaluation of social, ethical, occupational health and safety and environmental performance as measured against the audit criteria, which are based on the RBA Code of Conduct and on local applicable laws and regulations. Overall, the audit of the Samsung Electronics Vietnam Thai Nguyen facility lasted 4 days. Five third-party auditors were involved, spending a total 20 auditors' days onsite. The audit activities includes: onsite visit, document review, interviews with a sample of managers, and interviews with a sample of employees.

**This third-party audit included interviews with no less than 266 employees** who were interviewed, without management being present. 212 of these employees interviewed were women. Some were interviewed individually, some in group with other employees to encourage more participation. The employees for interview were chosen based on random sampling. The third-party auditors commented that "workers are open during workers' interview and they speak freely in response to the various questions. Workers are not trained or not coached for the interview".

Following the on-site audit, Samsung Electronics has adopted a corrective action plan consisting of three steps designed to improve all identified issues: a root cause analysis, immediate containment action to reduce threat or lower risk, and corrective action for each root cause identified per finding. The corrective action includes policy – or procedural changes, communication and training, as well as activity and impact measurements. As we write, the corrective action plan for the described audit is being implemented.

We hope that this information duly evidences our efforts and performance with regards to the wellbeing of our employees. Furthermore, we remain open to any suggestions that may help us continuously improve our company.

With my best regards,



Mr. Caleb Lee  
President European Corporate Affairs  
Samsung Electronics