

Samsung C&T
Sustainable Supply Chain
Management Policy



Samsung C&T Sustainable Supply Chain Management Policy

Samsung C&T (hereinafter “SCT” or “Company”) recognizes that responsible supply chain management is key to securing a sustainable future and long-term competitiveness, and has therefore established this policy to meet international standards and stakeholder expectations. This policy is grounded on global standards and frameworks, including the UN Universal Declaration of Human Rights, the ILO International Labour Standards, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This policy applies to all of SCT’s business partners that share interests or have a direct/indirect business relationship with the Company. SCT requires all employees and business partners to comply with this policy and provides support to ensure effective implementation, with the aim of building a responsible value chain founded on mutual trust.

A. SCT’s Purchasing Principles

(1) Sustainable Purchasing

SCT pursues sustainable purchasing. In producing and procuring its products and services, the Company assesses sustainability-related risks—including those related to labor and human rights, health and safety, environment, and ethics—and it prefers partnerships with companies that prioritize sustainable management. SCT may assess the sustainable management practices of its business partners, and they shall fully cooperate with the Company’s requests, including responding to such assessments and submitting supporting documentation.

(2) Review of New Business Partners

When establishing new business relationships, SCT carefully evaluates the sustainability aspect. The Company assesses sustainability risks of potential business partners through a risk screening process that comprehensively reviews sustainability risks, as well as risks related to industry, product, and region.

(3) Regular Sustainability Assessments of Business Partners

SCT identifies, prevents, and mitigates sustainability risks by conducting regular sustainability assessments of its business partners. These assessments are conducted through self-assessments and on-site due diligence, and they cover the overall sustainability areas—including labor and human rights, health and safety, environment, ethics, and management systems. For identified risks, improvement measures are developed and their implementation are monitored. Depending on the overall assessment results, the Company may provide incentives or impose penalties and use the results as a basis to decide whether to maintain the contract.

(4) Management of Raw Materials

SCT strictly prohibits the use of raw materials identified as having sustainability risks in the production process. The Company requires its business partners to establish internal management standards for minerals and raw materials and to fulfill their management responsibilities. If a business partner sources minerals or raw materials that may have adverse impacts on sustainability, such as human rights, environment, or ethics, the partner must demonstrate its non-involvement in such impacts through self-assessment or external certification.

(5) Anti-Money Laundering

SCT strictly prohibits money laundering and terrorist financing in accordance with standards set by the UN, EU, and other major international organizations. The Company requires its business partners to comply with anti-money laundering principles and avoid any involvement in related risks. In the event of a violation, partners must take immediate corrective action, and it may result in termination of the business relationship.

B. Supply Chain Code of Conduct

SCT has established a Supply Chain Code of Conduct to promote awareness and facilitate the practice of sustainable management among its business partners. The Code is composed of five key areas: labor and human rights, health and safety, environment, ethics, and management systems. If the Code conflicts with local laws, the stricter standard is applied.

(1) Scope

The Code of Conduct applies equally to all employees of business partners that share interests or have a direct/indirect business relationship with SCT. The Company requires its business partners to comply with the Code across all aspects of their management activities. If the Company identifies instances of non-compliance, it may require partners to take corrective or improvement measures.

(2) Structure

The Code of Conduct stipulates requirements across five areas: labor and human rights, health and safety, environment, ethics, and management systems. All business partners are expected to meet the level of sustainable management required by the Company by adhering to each requirement.

C. Supply Chain Sustainability Management

SCT undertakes various initiatives to identify, prevent, and mitigate sustainability risks throughout its supply chain.

(1) Supply Chain Risk Screening

SCT conducts supply chain risk screenings to assess the sustainability risks of its business partners. These screenings comprehensively review factors including risks related to industry, region, and product, sustainability risks—such as labor and human rights, safety, environment, and compliance—as well as transaction amount and dependency on the business partner, history of ESG controversies, and evaluation results from the previous year. Through the screenings, the Company identifies high-risk partners whose likelihood of risk occurrence is deemed very high and its potential impact is deemed severe, and it conducts self-assessments and on-site due diligence.

(2) Self-Assessment

Through regular sustainability self-assessments for business partners, SCT identifies the level of sustainable management and associated risks among its business partners. The assessment checklist adheres to the standards of global initiatives and covers five key areas stipulated in the Supply Chain Code of Conduct: labor and human rights, safety, environment, ethics, and management systems.

(3) On-Site Due Diligence

SCT verifies the level of implementation of its partners' sustainable management through on-site due diligence, in which its supply chain manager or an auditor from a third-party verification body designated by SCT visits the business site in person. The level of sustainability management is verified by comparing it with self-assessment responses, reviewing supporting documents, and conducting interviews with management and employees.

(4) Analysis of Supply Chain Sustainability Assessment Results

Once the self-assessments and on-site due diligence are completed, SCT consolidates the results, prioritizes identified issues based on severity and likelihood of adverse impact, and addresses the issues sequentially. For each business partner, improvement measures are developed for any deficiencies in consultation with the business partner, and the Company collects corresponding action plans. SCT encourages and monitors the diligent implementation of the improvement measures based on the action plans.

(5) Supply Chain Sustainability Improvement Programs

SCT operates various programs to enhance the sustainable management of its business partners, including capacity building training and ESG expert seminars, to address weaknesses and promote a virtuous cycle of sustainability improvement. SCT seeks to deepen collaboration through measures such as diversifying supply chain sustainability programs and linking incentives.

D. Stakeholder Engagement

SCT collects information to identify, assess, and prioritize sustainability risks, and it consults with stakeholders when developing improvement measures and action plans. Moreover, the Company fosters trust with both internal and external stakeholders by transparently disclosing the status of its supply chain sustainable management and performance through channels such as its sustainability reports and website. SCT remains committed to continued engagement with stakeholders regarding supply chain sustainability, and stakeholders may share their opinions through the following contact point:

E-mail: sr.samsungcnt@samsung.com