

Samsung Electronics Co. Ltd.

TICKER

KOSE:A005930

MARKET CAPITALIZATION

US\$310 billion

HEADQUARTERS

South Korea

COMPLIANCE
UK Modern Slavery Act: [Yes¹](#)
California Transparency in Supply Chains Act: [Not applicable](#)
COMMITMENTS
[None](#)
OVERALL RANKING

6 out of 40

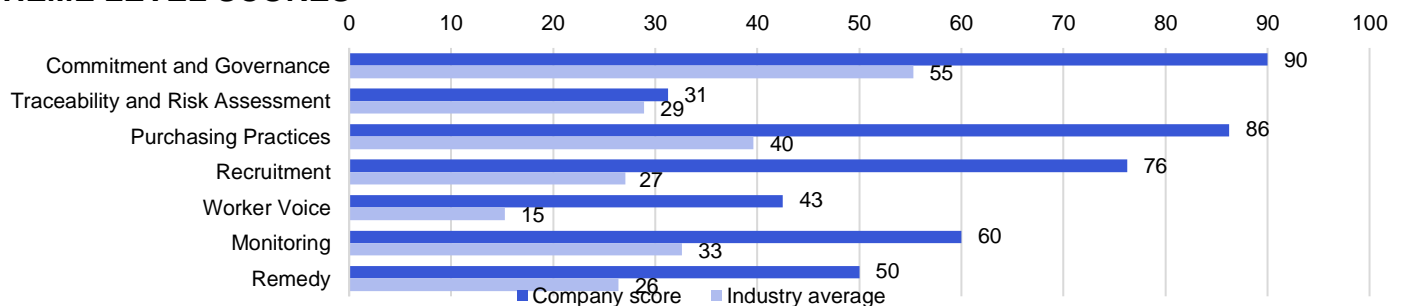
(2016: 7 out of 20)

OVERALL SCORE

62 out of 100

SUMMARY

Samsung Electronics Co. Ltd. (Samsung) ranks sixth out of 40 companies, disclosing more information on its forced labor policies and practices than its peers on all themes, and achieving the highest score for purchasing practices. It has improved its score by eight points since 2016 by developing and disclosing migrant worker guidelines and providing training on forced labor for internal staff, suppliers, labor sourcing companies, and recruitment agencies. Further, the company disclosed analyzing suppliers' production capacity to manage working hours, and outcomes of grievances submitted by suppliers' workers on workplace aspects. KnowTheChain identified one allegation of forced labor in Samsung's supply chain. When introducing its migrant worker guidelines on its website, the company refers to media coverage of allegations, acknowledges the forced labor risks, and discloses steps taken to address and prevent such risks. However, the company did not disclose a detailed response to the allegation, nor outcomes of remedy for workers. The company is encouraged to improve its disclosure and practices on the themes of traceability and risk assessment, worker voice, and remedy.

THEME LEVEL SCORES


¹ This scorecard was updated on June 19th 2018, when KnowTheChain identified evidence that the company is in compliance with the UK Modern Slavery Act.

Research conducted through March 2018. For more information please see the full dataset [here](#).

LEADING PRACTICES

Monitoring and Ethical Recruitment: Samsung discloses that it audits recruitment agencies to ensure they comply with its policies prohibiting recruitment fees. The company reports having undertaken on-site inspections of migrant worker practices at recruitment agencies and suppliers in Thailand and Malaysia. It further discloses that it provided training and workshops on forced labor for first-tier suppliers, labor sourcing companies, and recruitment agencies in Thailand and Malaysia.

Grievance Mechanism: Samsung discloses it offers its first and second-tier suppliers several mechanisms to voice grievances, including a phone line, e-mail and online system, which are operated by an independent third party. The company states that it operates an additional hotline system for its suppliers specifically for reports of violations of work environment or human rights standards. Reporting options include mobile phone via QR code scanning, telephone, and email. Information about how to report through the hotline was displayed on posters at suppliers' facilities. Notably, the company discloses the percentage of the types of complaints it has received regarding its suppliers. Topics covered include grievances about managers, wages, benefits, and working hours.

NOTABLE FINDINGS

Commitment and Governance: Samsung discloses that it provides training for employees at its production subsidiaries. This includes human rights training for procurement staff, online training provided by the Responsible Business Alliance (RBA) for employees such as HR staff, as well as training for managers on how to address risks of hiring underage workers in China. The company discloses it worked with BSR and Partners in Change, an Indian NGO working to promote responsible business in the country, to develop guidelines to protect the rights of apprentices in India. Further, it worked with BSR to develop guidelines for migrant workers with a view to eradicating forced labor, excessive fees and discrimination against migrant workers. Samsung also discloses it is a member of the RBA's Responsible Labor Initiative.

Purchasing Practices: Samsung discloses that it analyzes data on its suppliers' production capacity and production volume to generate data on estimated overtime as a way to preemptively manage working hours. For new suppliers, Samsung conducts on-site assessments and labor rights are one of five core criteria that they must satisfy for registration. The labor rights inspection consists of 20 performance criteria which include an examination of voluntary work, minimum wages, and working hour regulations. Samsung also discloses the standards contract form it uses for suppliers, which includes international labor standards. The company states that it holds first-tier suppliers contractually responsible for managing the work environment of lower-tier suppliers. The company further discloses it may offer consultative support to second-tier suppliers if there are reports that management is below standards.

Recruitment: Samsung requires employment and recruitment agencies in its supply chain to uphold workers' fundamental rights and freedoms, and discloses some information on the recruitment agencies used in its supply chains. Samsung published Migrant Worker Guidelines, specifically designed to protect this vulnerable group of workers in its own manufacturing operations as well as in its supply chains, which prohibit worker paid recruitment fees and require that migrant workers have access to effective grievance mechanisms. Samsung requires its suppliers to sign a "letter of agreement to comply with Samsung Migrant Worker Guidelines". The company further notes that that "in several cases, workers have actually been reimbursed by our suppliers".

OPPORTUNITIES FOR IMPROVEMENT

Traceability and Risk Assessment: To demonstrate a strong understanding of its supply chains, the company may consider disclosing the names and addresses of first-tier suppliers, the countries of below-first-tier suppliers, the sourcing countries of raw materials at high risk of forced labor, and information on its suppliers'

workforces. In addition to undertaking self-assessments, the company is further encouraged to assess forced labor risks across its supply chains and to disclose forced labor risks identified across different tiers of its supply chains.

Worker Voice: To prevent forced labor in its supply chains, the company is encouraged to work with relevant stakeholders to engage with and educate workers in its supply chains on their labor rights. To ensure scalability and effectiveness, the company may consider ensuring that there are worker-to-worker education initiatives on labor rights in its supply chains and measuring and disclosing evidence of the positive impact of such initiatives. To support collective worker empowerment, the company is encouraged to work with suppliers to improve their practices in relation to freedom of association and collective bargaining, and to work with local or global trade unions to support freedom of association in its supply chains.

Remedy: In addition to the information the company already provides about its corrective action plans, the company should consider disclosing the potential consequences if corrective actions are not taken by suppliers. The company is encouraged to provide further details on how it responds to grievances received, such as who is responsible for dealing with the grievances and how they engage with affected stakeholders. Further, the company is encouraged to provide a public response as well as disclose the remedy outcomes in the case of the forced labor allegation regarding Nepalese migrant workers working at Samsung and its supplier companies.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes](#)