

SK Hynix Inc.

TICKER
 KRX:660

MARKET CAPITALIZATION
 US\$49 billion

HEADQUARTERS
 South Korea

DISCLOSURES
UK Modern Slavery Act: Yes

TARGETS
 None

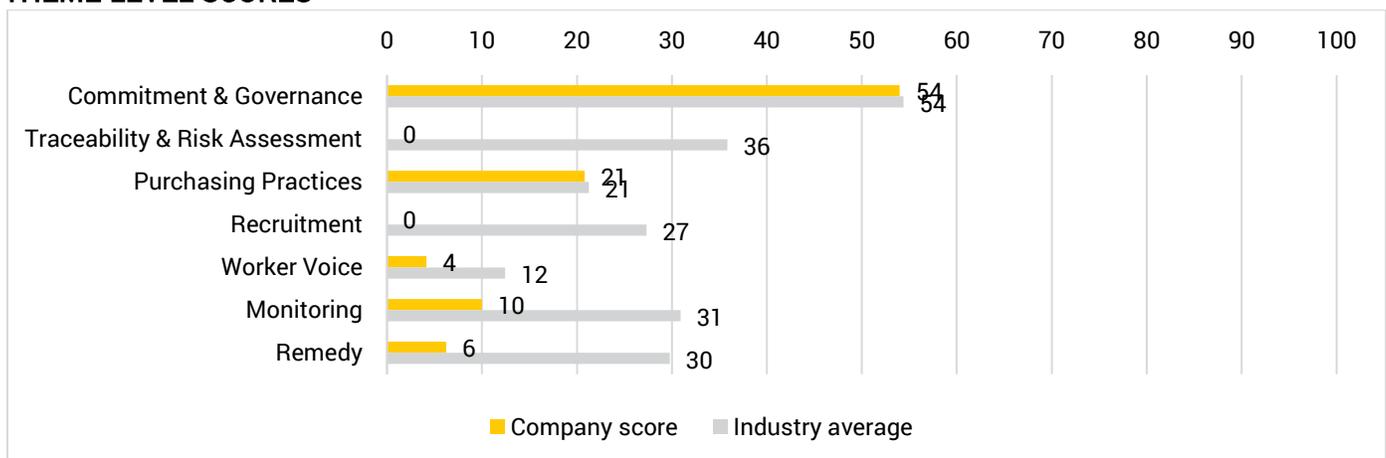
California Transparency in Supply Chains Act: Yes

OVERALL RANKING
36 out of 49

(2018 Rank: 26 out of 40)

OVERALL SCORE
14 out of 100
SUMMARY

SK Hynix Inc. (SK Hynix), a semiconductor manufacturer that supplies companies such as Apple, HP, Intel, and Microsoft, ranks 36th out of 49 companies and discloses less information on its forced labor policies and practices than its peers. Since 2018, the company has improved by disclosing training for its supply chain staff on forced labor and a supplier selection process. The company's score is based mainly on its disclosure on the themes of Commitment and Governance and Purchasing Practices. It scores below average on all other themes. Compared to 2018, the company's score decreased by five points, as it did not improve across all themes. The company is encouraged to improve its performance and disclosure on the themes of Traceability and Risk Assessment, Recruitment, and Worker Voice.

THEME-LEVEL SCORES


Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

KEY DATA POINTS**SUPPLIER LIST**

No

NO-FEE POLICY

No

AVERAGE SUPPLIER SCORE

N/A

REMEDY FOR SUPPLY CHAINS WORKERS

No

HIGH-RISK SOURCING COUNTRIESLikely from Malaysia and/or China¹

LEADING PRACTICES

None.

NOTABLE FINDINGS

Supply Chain Standards: SK Hynix discloses its supplier code of conduct, which prohibits forced labor and is easily accessible on the company's homepage. It reports that its suppliers must sign a compliance pledge to the code on an annual basis. The code also requires that standards are cascaded to the next tier of suppliers.

Training: SK Hynix discloses that staff with direct responsibility for supply chain management are provided with human rights training, including on slavery and human trafficking.

Supplier Selection: The company discloses that all potential suppliers undergo an evaluation process that includes an assessment of labor and human rights practices.

OPPORTUNITIES FOR IMPROVEMENT

Traceability & Risk Assessment: To demonstrate a strong understanding of its supply chains, the company may consider disclosing the names and addresses of its first-tier suppliers, the countries in which its below-first-tier suppliers operate, the countries from which it sources raw materials at high risk of forced labor, and several data points on its suppliers' workforce. The company is further encouraged to assess forced labor risks across its supply chains and disclose the risks identified.

Recruitment: To address the risk of exploitation of migrant workers through recruitment agencies in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are not charged fees during any recruitment-related process. The company may further consider taking steps to ensure that such fees are reimbursed to the workers and/or provide evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains. The company is also encouraged to take steps to ensure that the rights of workers in vulnerable conditions, such as migrant workers, are respected (e.g., to verify workers' passports and other personal documents are not retained).

Worker Voice: The company is encouraged to take steps to ensure that a formal mechanism to report grievances to an impartial entity regarding labor conditions in the company’s supply chains is available and communicated to its suppliers’ workers and relevant stakeholders (e.g., worker organizations or labor NGOs). Further, the company may consider disclosing data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism.

ENGAGED WITH KNOWTHECHAIN

No.

¹ Most electronic devices are produced at least in part in China and/or Malaysia, two countries where electronics may be produced using forced labor. KnowTheChain (June 2020), [“2020 KTC ICT Benchmark Report.”](#)