

STMicroelectronics NV

TICKER
PAR:STM

MARKET CAPITALIZATION
US\$21 billion

HEADQUARTERS
Switzerland

DISCLOSURES
UK Modern Slavery Act: No¹

TARGETS
Yes

California Transparency in Supply Chains Act: Not applicable

OVERALL RANKING

22 out of **49**

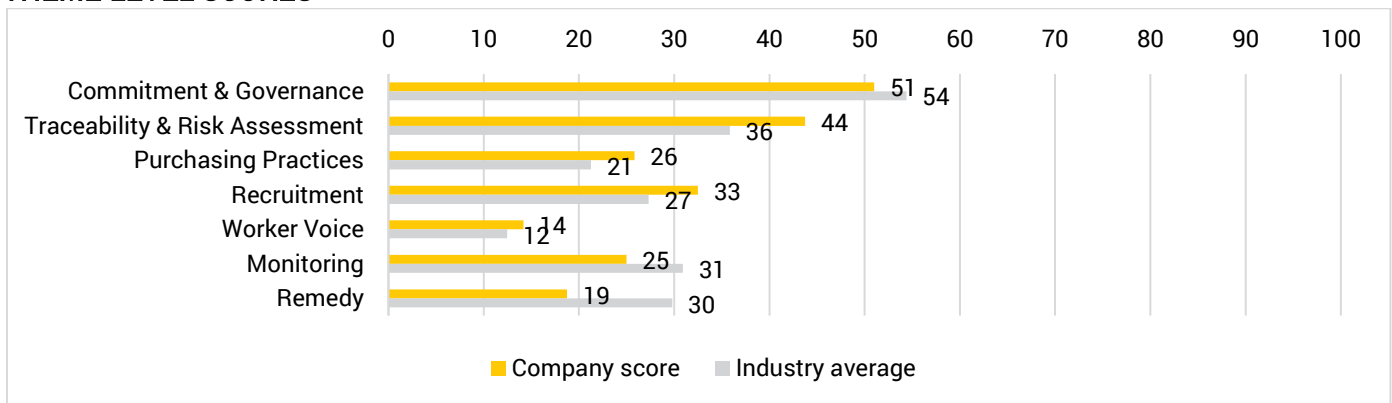
OVERALL SCORE

30 out of **100**

SUMMARY

STMicroelectronics NV (STMicroelectronics), a semiconductor supplier to companies including Amazon and Apple, ranks 22nd out of 49 companies, disclosing about the same amount of information on its forced labor policies and practices as its peers. Its score is based on its slightly higher-than-average performance on the themes Traceability & Risk Assessment, Purchasing Practices, Recruitment, and Worker Voice. KnowTheChain identified one allegation of forced labor in the company's supply chains. The company discloses that it collaborated with the Responsible Business Alliance to address the allegation and, notably, that salaries for two months had been paid to impacted workers. However, the company does not disclose engagement with affected stakeholders nor further details on remedy outcomes for workers. Additional steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of Commitment & Governance, 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

Yes (Employer Pays Principle)

AVERAGE SUPPLIER SCORE

N/A

REMEDY FOR SUPPLY CHAINS WORKERS

Yes

HIGH-RISK SOURCING COUNTRIESMalaysia²

LEADING PRACTICES

None.

NOTABLE FINDINGS

Supplier Code of Conduct: STMicroelectronics uses the Responsible Business Alliance code (version 6) as its supplier code of conduct. It is easily accessible on the company's website, and it prohibits forced labor and requires suppliers to cascade its content to their next-tier suppliers. The company notes that 93% of its material suppliers and 89% of its equipment and parts suppliers have signed an agreement to comply with this code, which is also integrated into supplier contracts.

Risk Assessment: STMicroelectronics discloses that it conducted a risk-mapping exercise on its direct suppliers in 2018. The company discloses that forced labor was one of the top five risks identified in its supply chains, based on an analysis of 349 direct suppliers' self-assessment questionnaires. It further states that it has "clamped down on foreign worker recruitment fees."

Recruitment Fees: STMicroelectronics' supplier code includes a provision that workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment, and that where paid, such fees shall be reimbursed to the workers. The company discloses the implementation of this policy, noting that it verified the reimbursement of fees to workers at a supplier in Singapore.

OPPORTUNITIES FOR IMPROVEMENT

Commitment & Governance: The company is encouraged to provide oversight of its supply chain policies that address forced labor at the board level. The company may further consider establishing training programs to ensure that relevant decision-makers within the company and its supply chains are aware of the risks related to forced labor and human trafficking and are effectively implementing the company's policies. It is also encouraged to engage in capacity building so that its suppliers can cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or train suppliers below the first tier on such policies.

Recruitment: To avoid the exploitation of migrant workers in its supply chains, the company is encouraged to ensure that employment and/or recruitment agencies used in its supply chains are monitored. It may also consider providing details of how it supports responsible recruitment in its supply chains (for example, by sharing due diligence findings on recruitment fees with peers or by supporting the development of responsible recruitment schemes).

Worker Voice: To support collective worker empowerment, the company is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing. Further, the company is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers.

ENGAGED WITH KNOWTHECHAIN

Yes ([Provided Additional Disclosure](#)).

¹ While STMicroelectronics states that it is not required to report under the legislation, it has not provided evidence to support this.

² The US Department of Labor lists Malaysia as a country where electronics may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor](#)."