SK Hynix Inc. (SK Hynix)

TICKER
000660

MARKET CAPITALIZATION
US$65.8 billion

HEADQUARTERS
South Korea

DISCLOSURES
UK Modern Slavery Act: Yes

California Transparency in Supply Chains Act: Yes

Australia Modern Slavery Act: Not applicable

OVERALL RANKING
45 out of 60
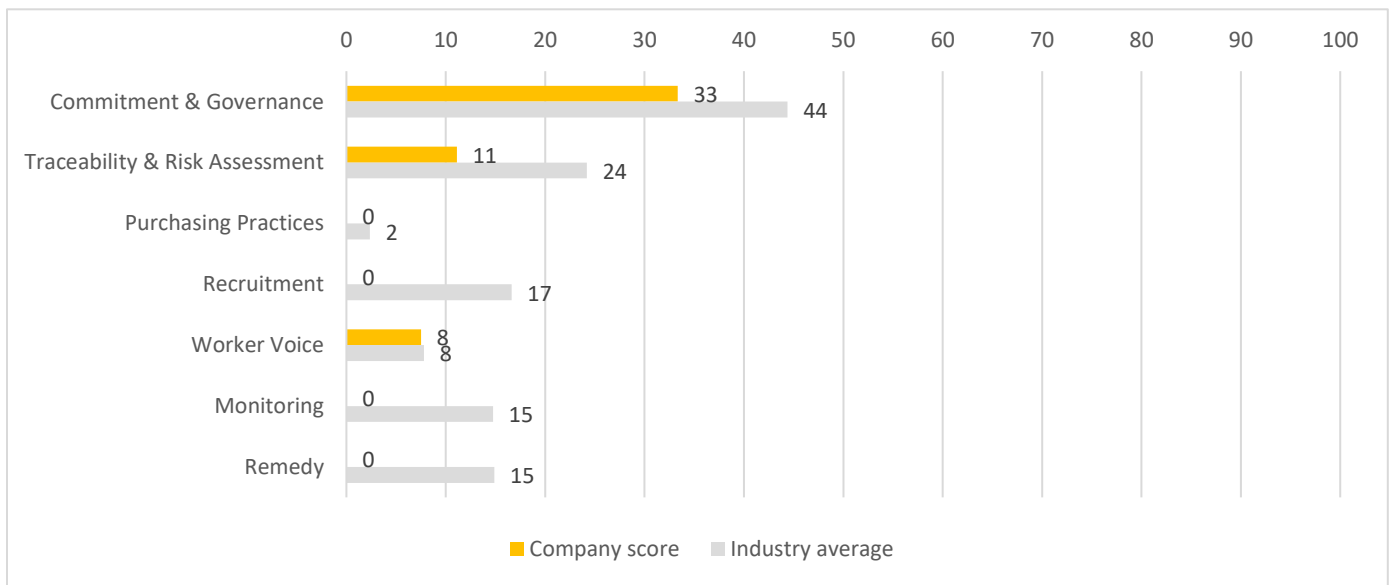(2020 Rank: 36 out of 49)

OVERALL SCORE
9 out of 100

THEME-LEVEL SCORES

Theme	Company score	Industry average
Commitment & Governance	33	44
Traceability & Risk Assessment	11	24
Purchasing Practices	0	2
Recruitment	0	17
Worker Voice	8	8
Monitoring	0	15
Remedy	0	15

KEY DATA POINTS

SUPPLIER LIST
🚩 No

NO-FEE POLICY
🚩 No

RISK ASSESSMENT
🚩 No

REMEDY FOR SUPPLY CHAIN WORKERS
🚩 No

ENGAGED WITH KNOWTHECHAIN[1]
Yes

HIGH-RISK SOURCING COUNTRIES
🚩 Likely China and/or Malaysia[2]

SUMMARY

SK Hynix Inc. (SK Hynix), a semiconductor company supplying to companies such as Apple, Dell, and Hewlett Packard Enterprise, ranks 45th out of 60 companies. Since 2020, the company has shown limited improvement on the themes of Traceability & Risk Assessment and Worker Voice by disclosing discloses a list of smelters and locations in its supply chains, and the use of a formal grievance mechanism, which is available to workers and stakeholders. However, it performed poorly on 4 out of 7 themes, scoring zero on each. As such, the company's score dropped by 5 points.[3] The company is encouraged to improve its performance and disclosure on the themes of Traceability & Risk Assessment, Monitoring, and Remedy.

LEADING PRACTICES
None.

OPPORTUNITIES FOR IMPROVEMENT

Traceability & Risk Assessment: The company discloses carrying out a human rights risk assessment, but it is unclear whether this includes its supply chains or applies to its own operations only. The company is encouraged to assess and disclose forced labour risks across different tiers of its supply chains and disclose how it engages with relevant stakeholders to address forced labour risks identified.

Monitoring: While the company discloses that it carries out inspections of suppliers, the company is encouraged to adopt and disclose a supplier monitoring process to verify that its suppliers are compliant with its supply chain policies. Implementing specific practices, such as interviewing workers and using worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities), may help the company detect forced labour risks in its supply chains. Disclosing information on the results of its monitoring efforts, such as a breakdown of findings, assures stakeholders that the company has strong monitoring processes in place.

Remedy: The company may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labour and disclosing details on this process, such as responsible parties, approval procedures, timeframes, and, crucially, engagement with affected stakeholders. To demonstrate to its stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers.

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[1] For further details on high-risk raw materials and sourcing countries, see KnowTheChain's 2022 ICT benchmark findings report. Research conducted through June 2022 or through September 2022, 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.

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

[3] KnowTheChain's 2022-23 benchmarks use a revised methodology which prioritises a focus on the implementation of policies and processes and the outcomes they result in, as well as integrating a stronger focus on stakeholder engagement. See here for more information.