

Samsung Electronics Co. Ltd. (Samsung)

TICKER
005930

MARKET CAPITALIZATION
US\$401.5 billion

HEADQUARTERS
South Korea

DISCLOSURES

[UK Modern Slavery Act](#): Yes (Disclosure of Subsidiary)

[Australia Modern Slavery Act](#):
Yes (Disclosure of Subsidiary)

[California Transparency in Supply Chains Act](#): Not applicable

OVERALL RANKING

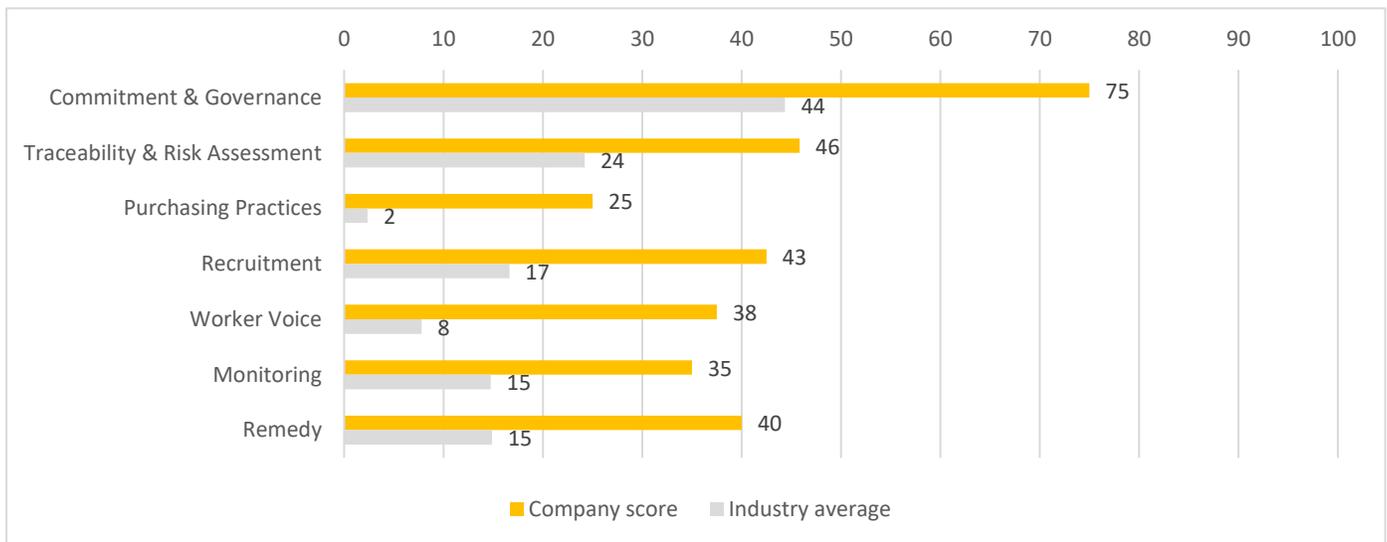
5 out of 60

([2020 Rank](#): 2 out of 49)

OVERALL SCORE

46 out of 100

THEME-LEVEL SCORES



KEY DATA POINTS

SUPPLIER LIST

Yes (Names only, not addresses)

RISK ASSESSMENT

Yes

ENGAGED WITH KNOWTHECHAIN¹

Yes

ALLEGATIONS OF FORCED LABOUR

🚩 Yes

NO-FEE POLICY

Yes (Employer Pays Principle)

REMEDY FOR SUPPLY CHAIN WORKERS

Yes

HIGH-RISK SOURCING COUNTRIES

🚩 China and Malaysia

SUMMARY

Samsung Electronics Co. Ltd. (Samsung) ranks joint 5th out of 60 companies. Since 2020, the company improved on the themes of Recruitment, Worker Voice and Remedy: disclosing additional information on how it ensures the prevention of recruitment fees charged to workers in its supply chains, involving suppliers' workers in the evaluation of grievance hotlines, and further detail on its remedy process. However, the company did not demonstrate improvement across other themes. As such, its rank has dropped by 3 places since 2020.² Notably, the company is the highest-scoring Asia-based company in the benchmark. The company is also one of only 4 companies to score on the theme of Purchasing Practices. KnowTheChain identified one allegation of forced labour in the company's supply chains.³ The company has an opportunity to improve its performance and disclosure on the themes of Traceability & Risk Assessment, Purchasing Practices, and Worker Voice.

LEADING PRACTICES

Purchasing Practices: Samsung states that it has payment support funds which are “designed to provide interest-free loans to suppliers to make cash payments to their sub-suppliers within 30 days” and that it established a fund to improve the payment terms between first- and second-tier suppliers, and has extended this to support transactions between second- and third-tier suppliers.

Recruitment-Related Fees: Samsung discloses that it has established a “responsible recruitment procedure” training course for suppliers which also addresses risk recognition and assessment, “identifying the entire recruitment process related to recruiting agencies in departure countries, recruiting agencies in destination countries, and suppliers.” It also states that it includes collecting data through migrant worker interviews and grievances. The company additionally reports that US\$389,921 was reimbursed to 1,199 migrant workers from nine countries by suppliers from 2017 to 2021.

OPPORTUNITIES FOR IMPROVEMENT

Traceability & Risk Assessment: The company reports carrying out human rights impact assessments on its supply chains as well as specialised investigations related to migrant workers. The company is encouraged to disclose forced labour risks across different tiers of its supply chains, and how it engages with relevant stakeholders to address forced labour risks identified. While the company discloses the percentage of migrant workers in its supply chains, the company is further encouraged to demonstrate a strong understanding of its supply chains by disclosing data on its supply chain workforce, such as the percentage of women, and the percentage of workers being paid a living wage.

Purchasing Practices: To address forced labour risks in its supply chains, the company is encouraged to adopt purchasing practices that decrease the risk of forced labour, such as improving planning and forecasting and prompt payment. The company may further consider separating labour costs from price negotiations such that all direct and indirect labour costs are isolated and incorporated as a distinct costing block in pricing. The company should consider integrating [responsible buying practices in its contracts](#) with suppliers, to ensure that the responsibility for respecting human rights is shared.

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. The company is also encouraged to disclose the percentage of suppliers' workers covered by collective bargaining agreements. To guarantee protections for supply chain workers on freedom of association and collective bargaining, the company may consider entering into a global framework agreement or enforceable supply chain labour rights agreements with trade unions or worker organisations.

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 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.

³ For more information on the allegations, and the disclosures the company made about its response to those allegations, see the full dataset [here](#).