

SK HYNIX INC.

TICKER:
KRX: 000660

MARKET CAPITALIZATION:
US\$ 29 billion

HEADQUARTERS:
South Korea

17 OUT OF 20
Company’s Overall Ranking

18 OUT OF 100
Company’s Overall Score

SK Hynix Inc. (SK Hynix) provides limited disclosure on its approach to addressing forced labor risks in its supply chain, ranking seventeenth on the benchmark overall. The company discloses a commitment to prohibit forced labor, in addition to some information on its forced labor related training programs and its supply chain risk assessment and monitoring processes. In order to improve its benchmark performance, SK Hynix is encouraged to disclose evidence of a Supplier Code of Conduct that meets international standards, purchasing practices that take into consideration forced labor, and an approach to recruitment of workers in its supply chain that minimizes forced labor risk.

THEME LEVEL SCORE

Commitment and Governance	44 out of 100
Traceability and Risk Assessment	38 out of 100
Purchasing Practices	0 out of 100
Recruitment	0 out of 100
Worker Voice	0 out of 100
Monitoring	33 out of 100
Remedy	13 out of 100

LEADING PRACTICES

None.

NOTABLE FINDINGS

Training: SK Hynix discloses that, in 2014, it conducted Corporate Social Responsibility (CSR) workshops for suppliers on the Electronic Industry Citizenship Coalition’s (EICC) Code of Conduct, which prohibits forced labor.

Traceability and Risk Assessment: The company requests its major raw materials suppliers to complete the EICC’s Self-Assessment Questionnaire, and, as a result of this process, SK Hynix identifies high-risk suppliers for further engagement.



Monitoring: SK Hynix discloses some supplier auditing activities, including the percentage of suppliers audited in the last three years on their human rights and labor performance.

OPPORTUNITIES FOR IMPROVEMENT

Commitments and Governance: SK Hynix is encouraged to strengthen its Supplier Code of Conduct by including in its code all four fundamental rights and freedoms, as articulated in the ILO's Declaration on Fundamental Principles and Rights at Work, including the elimination of forced labor. SK Hynix is also encouraged to establish and disclose a managerial structure with clear responsibilities and accountability for the implementation of its supply chain policies and programs relevant to human trafficking and forced labor.

Purchasing Practices: The company may improve its performance by disclosing evidence that it investigates and takes steps when necessary to mitigate the risk of human trafficking and forced labor caused by certain purchasing practices, such as short-term contracting. It may also consider assessing the risk of forced labor at suppliers prior to entering into contracts with them and embedding its forced labor policies into supplier contracts.

Recruitment: SK Hynix may consider disclosing evidence that it is taking action to ensure responsible recruitment practices in its supply chain. For example, the company is encouraged to require its suppliers to directly hire their workers, and, in cases when this is not feasible, to require them to disclose the recruitment agencies that they use. Furthermore, SK Hynix is encouraged to regularly audit recruitment agencies in its supply chain to assess forced labor risk.

COMPANY PROVIDED ADDITIONAL DISCLOSURE:

[No.](#)