

SAMSUNG ELECTRONICS CO. LTD.

TICKER:
6981: TYO

MARKET CAPITALIZATION:
US\$ 163 billion

HEADQUARTERS:
South Korea

7 OUT OF 20

Company’s Overall Ranking

54 OUT OF 100

Company’s Overall Score

Samsung Electronics Co. Ltd. (Samsung) provides average disclosure of its policies and programs designed to address forced labor and human trafficking risks in its supply chain, ranking seventh on the benchmark overall. Notably, Samsung demonstrates among the highest levels of transparency with respect to supply chain workers’ empowerment, its supplier monitoring programs, and its remedy programs. Samsung is encouraged to enhance and disclose its traceability and risk assessment programs aimed at identifying forced labor risks in its supply chain. Additionally, the company has an opportunity to improve its performance in the areas of purchasing practices and recruitment approach.

THEME LEVEL SCORE

Commitment and Governance	80 out of 100
Traceability and Risk Assessment	25 out of 100
Purchasing Practices	63 out of 100
Recruitment	17 out of 100
Worker Voice	38 out of 100
Monitoring	80 out of 100
Remedy	75 out of 100

LEADING PRACTICES

None.

NOTABLE FINDINGS

Commitments and Governance: The company codified its requirement regarding the prohibition of forced labor and human trafficking in its Supplier Code of Conduct and provides detailed guidance on the issue in its supplementary Supplier Code of Conduct Guidelines. It also includes its Code in its supplier contracts. The company’s internal Partner Collaboration Center is responsible for supplier compliance management, which includes the implementation of supply chain policies relevant to human trafficking and forced labor. Furthermore, Samsung discloses that, in the beginning of 2016, it engaged with NGOs to study forced labor issues among foreign migrant workers in order to develop and refine its migrant worker policy.



Worker Voice: Samsung conducts a compliance management program for staff of its local and overseas suppliers to train suppliers on both local regulatory requirements and the company's own requirements. Furthermore, the company has a hotline for reporting grievances that is accessible for suppliers' workers. Samsung discloses that guidance on how to report concerns is displayed on posters throughout its suppliers' facilities.

Remedy: When suppliers fail to meet the company's standards, Samsung works with suppliers, to develop short- and long-term improvement plans, within one week from receiving supplier audit results. These corrective actions must be implemented within six months. The company states that it imposes penalties on suppliers, including restriction on product development participation, that fail to implement corrective action plans. Furthermore, the company discloses a process that it uses to investigate grievances received through its hotline. The person who submitted the complaint is informed within a week on the measures that will be taken in response to their complaint. If the report is found to be true, the supplier concerned must demonstrate improvements within one month.

OPPORTUNITIES FOR IMPROVEMENT

Traceability and Risk Assessment: Samsung may improve its performance by establishing a traceability process through which it maps its supply chain. Furthermore, it may consider conducting forced labor risk assessment of its suppliers, focusing on specific commodities or locations, and disclosing results of those studies. Finally, the company is encouraged to enhance its disclosure by publishing forced labor risks identified throughout its supply chain, the names and locations of its first-tier suppliers, and some information on suppliers beyond its first tier.

Purchasing Practices: Samsung is encouraged to disclose how it mitigates the risk of human trafficking and forced labor caused by certain purchasing practices, such as excessive downward pressure on pricing and sudden changes of workload.

Recruitment: Samsung may consider adopting a policy requiring recruitment agencies in its supply chain to uphold workers' labor rights. Furthermore, the company is encouraged to request that its suppliers hire their employees directly or, in cases where it is not feasible, to disclose a list of recruiters that are used. In addition, Samsung can improve its performance by auditing recruitment agencies used in its supply chain to assess risk of forced labor and human trafficking.

COMPANY PROVIDED ADDITIONAL DISCLOSURE:

[Yes.](#)