



With Lee Jae-yong On Its Board, Samsung Electronics Must Reinitiate Dialogue with SHARPS

We, the undersigned, urge Jae-yong Lee, the heir apparent of Samsung Electronics Co., Ltd. to initiate a new dialogue with SHARPS and his company's occupational-disease victims as he is to be voted to the board of directors of the company at a special shareholders meeting on Oct. 27.

Lee Jae-yong: The Son Also Rises At Samsung

The Oct. 27 shareholders meeting is something of a coronation for Mr. Lee, known as Jay Lee outside South Korea, who has been groomed for power probably since birth. However, for an heir of the world's largest technology company, Mr. Lee, 48 years old, has an embarrassingly thin and controversial resume marred with personal failure, political expediency, and corporate irregularities.

A long story short, Mr. Lee now has inherited a global tech giant with \$210 billion in market value, after two decades of complex, oft-illicit, stock schemes that began in 1996 with his \$6 million purchase of convertible bonds of a de facto holding company of the Samsung conglomerate.

Over time, Mr. Lee's only known business record is a bankrupt Internet venture, whose losses were encumbered through Samsung affiliates. He has also shirked fiduciary duties. In 2012, Mr. Lee assumed the office of vice chairman of Samsung Electronics (not vice chairman of its board). He has been using the once-figurehead position to exercise power with little concern for stake- or shareholders.

His Coronation And Their Plight

Mr. Lee's motivation to join the board is twofold. It is confirmation of Samsung's hereditary managerial succession to him from his father, Lee Kun-hee, who remains incapacitated since a heart attack in 2014. Also, it is an attempt to appease public concerns over the recent mass recall of Samsung's latest smartphone, the Galaxy 7 Note, which was shipped with fire-prone batteries.

However, the Galaxy 7 flop unfolded on Mr. Lee's watch. The fiasco underscored how strained Samsung's supply line has become. The company hired two suppliers for Galaxy 7 batteries, its own affiliate, Samsung SDI and a Chinese manufacturer. It is SDI's batteries—installed in 65 percent of the pre-recall Galaxy 7 handsets—that have to date caught fire or exploded.

Since 1999, Samsung SDI has routinely been frustrating unionization efforts. More recently, it slashed its workforce by 35 percent. The defective batteries were the likely result of the company pushing its workers too hard and too fast.

Samsung's Anti-labor Stance: A Global Issue

Indeed, Samsung is not only an imprudent steward for stakeholders. It is also a ruthless employer who takes pride in its no-union policy. Over two generations of its history, Samsung often resorted to such illegal tactics as physical and mental harassment, wiretapping, bribery, and unilateral dismissal to quell any sign of unionization.

The conglomerate's anti-labor stance is no longer a local issue since it now runs a supply chain involving 1,500,000 workers globally. Recently, a number of independent surveys and reports blamed Samsung or its contractors of safety negligence, child labor, or routine worker abuse, etc. As the International Trade Union Congress summed up, Samsung is a modern technology company operating under medieval working conditions.

SHARPS At The Heart Of Samsung

As of this petition, the outcry against Samsung is on full view at Samsung D'light, the company's so-called global exhibition space in south Seoul, where SHARPS and its supporters have been staging a sit-in since Oct. 7, 2015, urging the company to re-initiate dialogue with the advocacy group to: 1) Make a full and sincere apology for the occupational disease cluster that has harmed workers; and; 2) Transparently and sufficiently compensate former workers who contracted a variety of diseases while working at its LCD and chip labs.

As of Sept. 2016, SHARPS has profiled 223 Samsung Electronics employees who developed a variety of diseases ranging from leukemia to brain tumors to multiple sclerosis. Of the 223, 76 have died.

There is nothing new about SHARPS's demands. The victims and their advocates are calling on Samsung to renew the commitment to dialogue, on which it reneged in October 2015 when it unilaterally walked out of negotiations and instituted its own limited compensation scheme.

It pains us to see Samsung's victims traveling a similar life path. They were among an army of young small-town high school girls who decided against college in favor of jobs at Samsung to help support their families. Their hopes dashed, they are now deceased or in their sickbeds.

Also, it appalls us to learn that since 2013 Samsung has hired about 50,000 girls out of high school in Vietnam, where these girls—just like their SHARPS-profiled South Korean co-workers once did—now work a 12-hour shift a day six days a week at the company's LCD and smartphone plants.

Dialogue Or Else

Without a doubt, the way Samsung will respond to SHARPS's demands will be a bellwether as to how it will treat workers in the supply chain.

Despite his own shortcomings as a corporate leader and the irregularities committed by Samsung to fuel his rise, for Mr. Lee, his election to the board is an opportunity to start anew. We hope he will not waste the opportunity to break from the past and show a sincere commitment to corporate citizenship and stakeholder stewardship.

Therefore, we are calling on Mr. Lee to: first, reinitiate dialogue with SHARPS; and second, make a public pledge to respect workers and human rights.

We believe that these are the minimum things to do for the Samsung heir who has yet to prove his leadership. With these demands unmet, Mr. Lee will have no case for staying in the leading role at the world's largest technology company. Together with all stakeholders—employees, community members, activists, institutional investors—we will call for his removal as executive from Samsung.

October 7, 2016

Endorsed by:

International Trade Union Confederation (ITUC)

IPEN

Asian Network for the Rights of Occupational and Environmental Victims (ANROEV)

Asian Transnational Corporation Monitoring Network (ATNC Monitoring Network)

Supporters of Health and Rights of People in Semiconductor Industry (SHARPS)

Korean Confederation of Trade Union (KCTU)

Samsung Labor Watch (SLW)

Korean House for International Solidarity (KHIS)