

Is Samsung going to start its “New Challenge” with minimal compensation?

- Barely 3 out of 10 victims qualify for Samsung’s compensation plan standards
- “If Samsung is going to compensate in terms of consolation benefits, then it must take responsibility for all kinds of cancers, reproductive diseases, and serious chronic illnesses”

“Challenge” is Samsung’s keyword for 2015. On January 19th, at the Samsung Group new board members’ banquet dinner held at the Shilla Hotel, Samsung Electronics Vice President Lee Jae-Yong proposed a toast with the words “Let’s continue to take more challenges this year.” At the opening ceremony on January 2nd, Samsung Electronics Vice President Kwon Oh-Hyun emphasized that this was the first year of “New Challenges, Restart.” There are many hidden meanings behind the word “challenge.” While to some extent it means Samsung Electronics should try harder to make up for its recent poor economic reports, it also emphasizes the “new” Samsung as it begins its first year having Vice President Lee solely in charge since President Lee Kun-Hee collapsed.²

But the shadow of Lee Kun-Hee’s regime still lingers. The enactment of the ‘Lee Hak-Soo Act’³ is being pushed within parliament. The SDS⁴ stocks of VP Lee and his siblings may be recognized as illegal profit and confiscated by the government. VP Lee’s pockets were filled with trillions with the listing of Samsung SDS and Jaeil Fabric on the stock exchange. But due to Samsung’s unfair inheritance of wealth, social antagonism against it increased just as much. Employees who were discarded in the process of reorganizing business for the new “Lee Jae-Yong regime” began a strike to stop the sale of the company, arguing that they had been sacrificed for Lee’s succession.

Samsung hastens to erase this shadow in order to secure social justification for three generations of inheritance. On January 16th, Samsung revealed its compensation standards for occupational victims of Samsung Electronics, which is perhaps another challenge for Samsung. But Samsung acknowledges only a few out of the group of victims as ‘its family’. Hankyoreh21 analyzed 166 cases of Samsung occupational victims according to the standard that Samsung provides. We found that barely 3 out of 10 people qualify to receive Samsung’s compensation according to the company’s proposal.



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Is Lee Jae-yong’s Samsung regime ready to depart from its old past? The back tide of a river can only keep flowing by pushing away what’s in front of it. _Editor

¹ The original article in Korean can be read at http://h21.hani.co.kr/arti/cover/cover_general/38899.html This article was translated by Kim Min-Joo, an intern at the Korean House for International Solidarity and amended by Kong Jeong-ok, a volunteer of SHARPS. They added a few short explanations on some legal or medical terms for better understanding of foreign readers.

² Note that Lee Jae-Yong, the new Samsung Electronics Vice President, is the son of Lee Kun-Hee, President of Samsung Group

³ The ‘Lee Hak-soo Act’ is a new proposed law supported by 105 lawmakers in South Korea’s parliament. It would allow the confiscation of illegal profits when the amount is over 5 billion won.

⁴ SDS is the ICT (Information & Communication Technology) services company, affiliated to Samsung group.

“At least Sun-Ok qualified for the compensation.”

Kim Eun-Mi⁵ (43 years old) and Kim Sun-Ok⁶ (41 years old) worked together in the semiconductor assembly line at Samsung Electronics' Onyang factory. Eun-Mi entered the company in 1991, Sun-Ok in 1992. Although they worked in different shifts, they were given the same job: molding, which involves melting a chemical substance called Epoxy Molding Compound (EMC) using high heat to encase and protect semiconductor chips. They took the EMC out of a 15~20kg sized can to insert it in molding equipment, and then put their heads inside 180 °C (356 °F) heated molding equipment to scrape off the leftover EMC with a spatula. They touched the substance, not knowing how dangerous it was at the time. They had no memory of receiving any safety training. They were busy running around without masks or safety equipment, trying to meet the production quota. But then the national economic crisis happened, and they both resigned together in 1998.

Despite having done the same work, difficult to pass compensation requirements

Illness came to them one after the other. Eun-Mi's son, who was born the year after Eun-Mi's resignation, suffered from Hirschsprung's disease.⁷ He had to live with a colostomy bag until he received a major surgery to remove his colon. Then, Eun-Mi began to take pills for hypothyroidism. In 2007, Sun-Ok had her complete right breast surgically removed due to breast cancer. Eun-Mi was also diagnosed with thyroid cancer in 2010 and had to have it removed. Even after that, Eun-Mi is still suffering from rheumatism, epilepsy from the water in the skull, and cervical cancer. Coincidence? A senior worker from the same factory passed away from malignant lymphoma, as did a junior worker from stomach cancer. They are all women still in their 30s~40s. It seems too harsh to be mere coincidence. According to the *Guide to managing health for semiconductor workers*, a publication of the Korea Occupational Safety & Health Agency in 2012, carcinogens such as benzene and formaldehyde could have been formed during the manufacturing process.

On January 16th, Samsung Electronics offered a specific compensation proposal for the workers who suffered from leukemia and other diseases in the semiconductor factories. After hearing about this, Eun-Mi and Sun-Ok had a phone call on January 21st. Eun-mi lives in Onyang, Chungchungnamdo, while Sun-ok lives in Daejeon. According to Samsung's proposal, both Eun-Mi and Sun-Ok cannot receive compensation. Eun-Mi, who has thyroid cancer, does not qualify for compensation. Sun-Ok, who has breast cancer, can receive compensation if she meets Samsung's requirement for a “special health check”. Eun-Mi was crestfallen. “At first, I thought Samsung meant that it would be compensating all victims. But this compensation plan is completely irrelevant to me. I was hopeful...but it was all for nothing.” Sun-Ok worried that Eun-Mi is having a really difficult time. Eun-Mi is going through depression, as well as financial difficulties.

Out of all the victims suspected of suffering from occupational diseases, where is Samsung plotting to draw the line for compensation? And how many people will actually be able to receive compensation?

⁵ Names are changed.

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⁷ Hirschsprung's Disease is a congenital disorder in which the large intestine cannot function due to incomplete development in the fetal period. The treatment is surgical removal of the affected part of the colon.

“We will approach [the compensation plan] in the form of rewards in return for the workers’ contribution to company development.” This is the basic stance that Samsung presented at the second meeting with the mediation committee held at the Jipyung Law Firm office in Migeun-dong, Seodaemungu, Seoul, on January 16th. Since it would take a while to check every disease’s relevance to work—as the process for recognizing occupational diseases does—Samsung’s stance is that they would provide “...consolation benefits in order to lessen the suffering of retired employees and their families.”

Last May, Samsung Electronics’ Vice President Kwon Oh-Hyun officially apologized to the victims and revealed that Samsung would “provide proper compensation.” But negotiation efforts were met with difficulties as the victims group divided into Supporters for the **H**ealth **A**nd **R**ights of **P**eople in the **S**emiconductor industry (SHARPS) and the Samsung Occupational Disease Family Committee (Family Committee). Eventually, it was agreed to create a mediation committee with previous Supreme Court justice Kim Ji-Hyung as the committee chair. The mediation committee will review proposals from the three parties on matters such as Samsung’s apology, victim compensation, and preventive measures, and present a report with recommendations.

Hankyoreh21 received the content of Samsung Electronics’ proposal, analyzed 166 cases of victims with SHARPS’ assistance (only those concerning Samsung Electronics Semiconductor · LCD), and made an estimation of the number of victims who could receive compensation under Samsung’s proposed standards. We considered a variety of factors such as type of disease, term of work, year of resignation, date of diagnosis (the onset time of disease), special health check status, employment relationship (subcontractors), and second-generation victims. We did not consider victims’ cases that did not involve severe diseases. In addition, we did not analyze all the victims’ cases that have been reported to SHARPS.

Only 14 people absolutely meet Samsung’s standards

This is the first time that the number of victims potentially receiving compensation according to Samsung’s proposal has been confirmed in specific numbers. Until now, SHARPS has never completely revealed information on the victims’ cases. Samsung Electronics Director Baek Su-Ha stated that, “While we have approximate estimates [on how many will receive compensation], it is inappropriate to reveal that right now.” This means that Samsung has also calculated the approximate compensation size by considering the number of retirees and the rate of disease per type of disease. As Hankyoreh21’s calculations used Samsung’s proposal as its standard, it may substantially differ from the final proposal that the mediation committee comes up with. However, we still think that our estimate may reveal the extent of Samsung’s commitment to solving this problem.

According to Hankyoreh21’s calculations, only 14 people (8.5%) of the 163 victims (excluding three victims who made individual settlements with Samsung) absolutely met Samsung’s compensation standards. If we apply a variety of provisory clauses that Samsung presented, 107 people (65.7%) are automatically excluded from compensation. The remaining 42 people (25.8%) are those who cannot confirm their personal information, and consequently cannot be sure if they received special health checks or fulfilled Samsung’s required term of work.

Even if the remaining 42 people are included, the maximum number of those eligible for compensation remains at 56 people (34.3%). This means that only three out of every 10 people can receive compensation at the most.

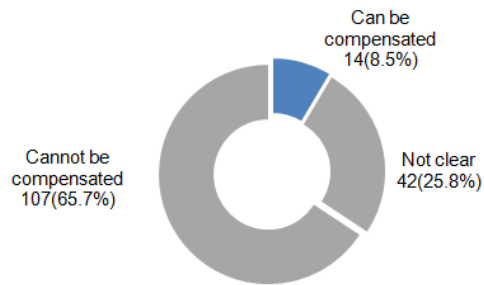
Samsung announced that it would only provide compensation for seven groups of diseases: five types of hematopoietic cancers (leukemia, non-Hodgkin’s lymphoma, aplastic anemia, multiple myeloma, and myelodysplasia) and two types of cancer that have been approved as work-related (brain tumor and breast cancer). With regards to the other 15 types of diseases that have been claimed as work-related in the government compensation cases, Samsung stated that they, “...could make an exception if there are

reasonable grounds from experts.” Ten types of diseases that are not covered out of the 15 diseases include ovarian cancer, thyroid cancer, multiple sclerosis, chronic renal failure, and others. In 2011, after news of the leukemia victims from its factories was revealed, Samsung implemented its “cancer support program for retirees”. Under this plan, Samsung would provide some medical expenses for 14 types of cancer that had occurred within three years of retirement. The range of covered diseases in the current proposal of Samsung (seven types) is far less than the company’s own cancer support program for retirees (14 types). Of the 107 people who were exempt from compensation, 60 people (56.1%) were exempt because their conditions did not come under the seven types of diseases.

Even those who qualify under the seven types of diseases must pass other multiple provisions in the way one would pass an entrance exam. **We limited our calculations to the 92 people (excluding 2 who made individual settlements with Samsung) who qualified under the seven types of diseases, and examined their compensation status. Even within this group, those who were not eligible for compensation were 36 people (39.1%) – four out of 10 could not receive compensation. The reasons for their exemption involved term of work (14 people); duration of retirement (10 people); affiliation to subcontractor (eight people); and special health check status (four people).**

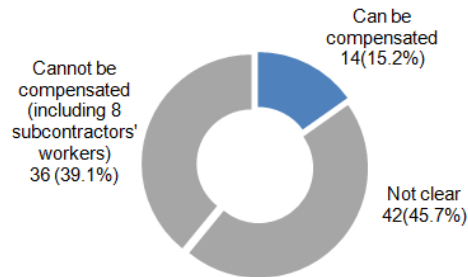
As the first condition, Samsung asked for “a record on special health checks”. The Occupational Safety and Health Act stipulates that special health checks are performed with a certain frequency on workers who are exposed to certain harmful substances such as benzene. Samsung revealed that during the recent three years, 73% of its production workers in the business unit qualified for special health checks.

Estimated number of victims who can be compensated
Total 163 victim cases (excluding 3 victims who made individual settlements with Samsung)



Estimated number of victims who can be compensated in seven categories of diseases that Samsung proposed

Total 92 victim cases (excluding 2 victims who made individual settlements with Samsung)



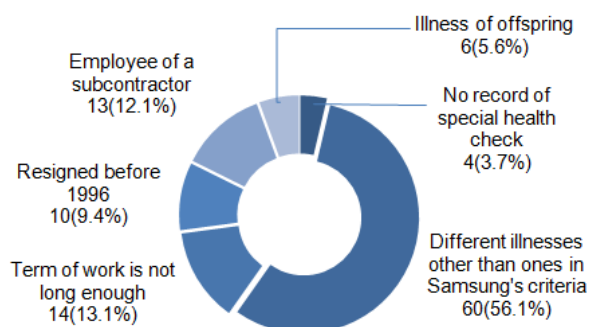
Memories of Special Health Checks that couldn't be more different

Workers remember these special health checks very differently. Jung Jin-Ju⁸ (30 years old), who worked from 2003 to 2010 at the Samsung Electronics Giheung factory detecting faulty semiconductors, recalls that she did not receive the special health checks that were conducted biennially. "In order to pick out faulty semiconductor chips, you have to pick up the chip with tweezers and directly dip it in chemical substances. Although the analysis lab was full of chemical substances, we worked only with a thin mask and plastic gloves. And yet, we didn't qualify for the special health checks because we weren't part of the assembly line." In 2010, Jung collapsed at work and was diagnosed with leukemia. Then, due to side-effects from anticancer therapy, she had to have her colon removed. Even Hwang Yu-Mi, who received a court ruling recognizing the work-relatedness of her death, does not have a record of any special health checks. Yu-Mi entered Samsung in October 2003 and received a general health examination the following year. Although she qualified for a special health check in 2005, she was diagnosed with leukemia in June of the same year. Even if we examine the epidemiologic surveys of the eight victims who joined the mediation process as negotiation members, only four of them have records of special health checks. Out of those 42 people who are uncertain whether they qualify for compensation, 36 people (85%) are eliminated due to the company requirement for these special health checks.

Another company condition is term of work and onset time of the illness. For leukemia, the worker must have worked for at least a year. For brain tumors and breast cancer, the worker must have worked for at least 5 years. At the same time, the worker must have definitively been diagnosed within 10 years of retirement. This also only applies to retirees after 1996. Samsung Director Baek Soo-Ha explained that "with solid cancers like breast cancer, they say it takes a substantial amount of time for the cancer to form. We judged that workers would have to be exposed for at least 5 years to get cancer." In response, SHARPS proposed a standard of a work term for at least 3 months and diagnosis within 20 years of retirement while the Family Committee argued for a work term of at least a year and diagnosis within 12 years of retirement.

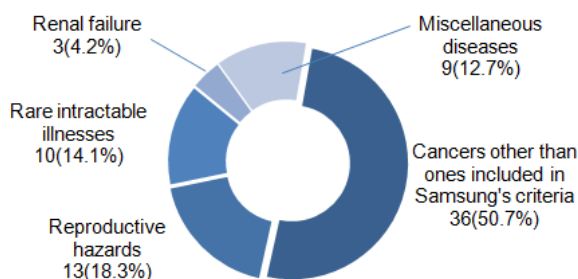
Why to be excluded from Samsung's standards for compensation

Analysis of 107 excluded victim cases



Illnesses which would be excluded by Samsung's standards

Analysis of 71 victim cases with illnesses different from ones in Samsung's criteria (including 6 cases with the offspring illnesses and 4 cases from subcontractor)



⁸ Names are changed.

Under Samsung’s standards, Park Min-Sook (42 years old), who worked for 7 years from 1991 to 1998 at the Giheung factory, cannot receive compensation. This is because she got breast cancer in 2012, 14 years after she had retired. Park stated that she was “confused as to why Samsung chose within 10 years of retirement as their standard when researchers on occupational diseases state that breast cancer can develop 20 years after exposure to carcinogens.” In classified documents submitted at a 2009 meeting, the government’s Occupational Safety and Health Research Institute’s Occupational Illness Research Center noted that “...even if one is exposed to benzene in small amounts, the occurrence of myelocytic leukemia in people 20 years after their first exposure increases.” The agency made this statement during the evaluation of the epidemiologic surveys of Hwang Yu-Mi and four other Samsung leukemia victims. Additional information explains that the average incubation period for leukemia is five - fifteen years, while the average incubation period of other solid cancers is longer. Samsung’s determination of “within 10 years of retirement” as their standard for the onset of diseases is definitely not a generous one.

The second floor of the Giheung Factory’s Semiconductor production Line 3, where Park used to work, is called the “End-FAB (Wafer Processing) of Death”. Of the 20 people who worked there together as a team, including Lee Suk-Yeong who received a court ruling of work-related death, 10 people are suffering from leukemia, thyroid cancer, breast cancer, and brain diseases (e.g. low blood pressure in cranial cavity etc.). Diseases concerning reproductive organs, such as infertility and miscarriages, are especially serious. Even the Occupational Safety and Health Agency warns that “due to a latent, toxic effect to reproductive organs caused by glycol ether chemicals in the wafer processing line, menstrual irregularity, spontaneous abortions, pregnancy delays, etc., may occur.” The transfer of toxins from the workers’ bodies to their children is also a serious problem. The son of Ms. Lee, a coworker of Park, currently suffers from occipital epilepsy.

Issue		Samsung	SHARPS	Family Committee
Nature of Compensation		Consolation benefit for the employees who contributed to the company	Compensation for the illness and the suffering from disturbed recognition as occupational diseases	(No comment)
Standards	Recipient	Retired workers of semiconductor or LCD factories of Samsung Electronics who had gotten the special health check	Current or past workers who have worked in the production line(including subcontractor) of semiconductor or LCD factories of Samsung Electronics	Current or past workers semiconductor or LCD factories of Samsung Electronics. (Reported cases of subcontractor workers could be discussed)
	Type of disease	5 lymphohematopoietic cancers(leukemia, non-Hodgkin’s lymphoma, aplastic anemia, multiple myeloma, and myelodysplasia); brain tumor; and breast cancer	Cancer; precancerous diseases; serious chronic illnesses; and reproductive hazards	Lymphohematopoietic cancers; brain tumor; breast cancer; neurologic cancer; reproductive cancer; and illnesses covered in Samsung’s preexisted cancer support program for retirees
	Term of work	At least 1 year for lymphohematopoietic cancer; at least 5 years for brain and breast cancer	At least 3 months	At least 1 year
	Onset time of disease	Within 10 years of resignation	Within 20 years of resignation	Within 12 years of resignation
	Year of resignation	After January 1996	No limitation	No limitation

However, Samsung does not consider them as eligible for compensation. **Hankyoreh21 examined the diseases of the 70 victims that did not fall under the seven types of diseases, and found out that there were seven people who were suffering from hydatid moles, infertility, and ovarian tumors; six people whose children were suffering from leukemia or deformity; and four people who were suffering from ovarian cancer.** Although the work-relatedness of skin cancer and malignant melanoma has not been legally acknowledged, there is a high incidence rate of skin cancer in foreign semiconductor factories as well. Brain tumors, which Samsung agreed to compensate for, were only acknowledged by the courts as occupational disease in November 2014. This means that we cannot conclude with complete certainty that a disease is not an occupational illness based on whether it is considered an occupational illness right now. SHARPS' labor attorney Lee Jong-Ran commented that, "If Samsung is going to compensate in terms of consolation benefits, then it must take responsibility for all kinds of cancers, reproductive diseases, and serious chronic illnesses."

"The Subcontractors were assigned all the dangerous work"

Samsung has yet to recognize the subcontractor workers as a part of their family. The subcontractor workers also work within the same Samsung Electronics Semiconductor factories where all workers are exposed to the same environment. However, Samsung drew the line when they said, "We believe that the moral and legal responsibility concerning subcontractor workers is primarily that of the enterprise that employed the subcontractor workers." Hwang Dong-Gyu⁹ (51 years old), who worked at the semiconductor production line of Samsung Electronics factory in Hwasung from 2011 to 2013, said that, "The subcontractors were assigned all the dangerous work." He hopes Samsung will, "Consider the fact that ultimately, we were working for Samsung inside a Samsung Electronics factory".

Hwang had the job of moving the chemicals necessary for semiconductor manufacturing to storage and also connecting them to machines. During his work, these chemicals that had "carcinogens" written on their labels, frequently trickled out of their containers. In 2013, Hwang was diagnosed with skin cancer, and now spends his mornings in the hospital and his evenings as a security guard in order to pay for his medical expenses. Last August, when SK Hynix announced the measures it would take against leukemia and other occupational diseases it also promised to come up with a support and compensation plan for subcontractor workers who had related jobs.

At any rate, it is clear that in the past 8 years Samsung has changed. When Hwang Yu-Mi's struggle against leukemia was first revealed in 2007, Samsung had argued that, "A few people getting leukemia is just a coincidence". It took six years for Samsung to agree to negotiate with the victims. And now, it has been two years since the negotiations began. Of the 166 victims we counted, 62 have already passed away. The pain that victims will go through as Samsung dawdles is immeasurable. Samsung Director Baek Soo-Ha left the possibility open of increasing the number of workers eligible for compensation, when he stated:

⁹ Names are changed.

“This is not our final plan. We will positively review the opinion of the mediation committee if they present different plans concerning the types of diseases, etc. Would we have agreed to the mediation process without any intention of taking steps back?”

The possibility left by “not our final plan”

Kim Mi-Sun, who we met on January 21st at the Asan Hospital in Songpa-gu, Seoul, only sees a dark future ahead of her. The life of the seventeen year old that was ecstatic about getting into Samsung 18 years ago has completely changed. Mi-Sun, who was in charge of soldering at the Giheung Factory’s LCD line from 1997 to 2000, was diagnosed with hemiplegia, paralysis of one side of the body, in 2000, after her legs suddenly collapsed. It turned out to be a rare disease called multiple sclerosis. This disease, whose cause is known to be associated with chemical exposure, stress, etc., causes myelitis and optic nerve damage, among other things. Mi-Sun’s left eye, through which she could barely make out shapes, has gotten worse, and now she can barely see what’s in front of her. She can’t see things on a TV or cell phone screen, nor can she recognize her family’s faces. The monthly cost of 400 dollars for her shots is extremely burdensome for her, as she is a recipient of the Basic Livelihood Security benefit, a social welfare system for the people with income less than the minimum cost of living.

Mi-sun, who couldn’t watch the news, only heard from others that Samsung had come up with a compensation plan. “We’re all people who became sick while working for the company, and so I’m not sure what is the standard for compensating some and not others. Even though my life has been shattered, nobody knows...how frustrating...” Mi-Sun seemed to be at a loss for words, as she forced herself to swallow back her tears.



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Hankyoreh 21 calculated the number of victims who met Samsung Electronics proposed compensation standards on the basis of the cases of 166 victims (Samsung Electronics semiconductor and LCD) reported to SHARPS. We organized it according to type of disease, term of work, year of retirement, date of diagnosis (onset time of disease), and special health check records. We excluded cases that did not involve serious diseases, and ask for the victims’ understanding if there are lists that were partially omitted. For the purposes of accurately revealing the reality of Samsung semiconductor victims, we have singled out the main facts and printed them as diagrams. _Editor

[Notice] You can see the original article in Korean at http://h21.hani.co.kr/arti/cover/cover_general/38899.html, and other current or previous articles of Hankyoreh21 at <http://h21.hani.co.kr/>.