



A report on methanol poisoning cases in supply chains for Samsung and LG Electronics in Korea



The Blind



An untold story
behind SAMSUNG and LG
cell phones

노동건강대

Solidarity for
Worker's Health



인권과 평화를 위한
국제민주연대
Korean House for International Solidarity

희망을
만드는 법
공익인권변호사모임

Korean Lawyers for
Public Interest and
Human Rights

<Publisher>

Solidarity for Worker's Health (SWH)

Korean House for International Solidarity (KHIS)

Korean Lawyers for Public Interest and Human Rights (KLPH)

Solidarity for Worker's Health (SWH) is a NGO that advocates for workers' health and safety and the prevention of occupational injuries and diseases. It was founded in 2001 through collaboration between labor activists, healthcare professionals, and law professionals. It has made efforts to protect health and safety of marginalized workers including precarious, women, and migrant workers, and has raised reform agenda on appropriate compensation for workers and labor regulations.

Korean House for International Solidarity (KHIS) is a human rights NGO established in 2000. KHIS has been working on business and human rights issue for more than 15 years with the emphasis on monitoring and addressing human rights abuses by Korean companies overseas. As a member of Korean Transnational Corporations Watch network and OECD Watch, KHIS has been engaged with resolving a number of business-related human rights issues through field research, mediation, and judicial/non-judicial grievance mechanisms. It is also working on promoting democracy in Asia and monitoring national human rights institutions as a member of FORUM-ASIA.

Korean Lawyers for Public Interest and Human Rights (KLPH) is comprised of nine lawyers and two staff members dedicated to ensuring human rights through the law. KLPH is a non-governmental, non-profit organization and was established in February, 2012 by six lawyers in Seoul, Republic of Korea. KLPH focus on specific areas of the human rights law including disability, sexual orientation and gender identity (SOGI), business and human rights, and freedom of assembly. Also KLPH protect and support the advocacy of human rights defenders. Our mission is to achieve full recognition of human rights including minorities and defend human rights victims by business enterprises through litigation, legislative advocacy and education.

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01 p12 Introduction

02 p16 Methods of Investigation

03 p20 The Circumstances of Cases

- 3.1 Case of Hyunsoon Lee
- 3.2 Case of Donggeun Bang
- 3.3 Case of Honam Yang
- 3.4 Case of Jinhee Lee
- 3.5 Case of Youngshin Kim
- 3.6 Case of Junghoon Jun

A report on methanol poisoning cases in supply chains for
Samsung and LG Electronics in Korea

04 p32 Key Issues

- 4.1 Reality of the multi-tier contract labor
- 4.2 Poor working conditions
- 4.3 Employers' neglect of care
- 4.4 Responsibility of lead companies
- 4.5 Subcontractors' attempts to conceal the accidents

05 p51 p58 Conclusion

06 p70 Appendix

- Samsung Electronics_The Third Open Inquiry & Demand
- Samsung Electronics_Reply
- LG Electronics_The Third Open Inquiry & Demand
- LG Electronics_Reply

Preface

The book is edited and translated from the research report titled “Follow-up study on the acute methanol poisoning victims in cell phone manufacturing subcontractors with recommendations for improvement.” The original report was prepared and published in December 2016 by Solidarity for Workers’ Health, a NGO that advocates for workers’ health and safety and the prevention of occupational injuries and diseases commissioned by Korean Industrial Hygiene Association.

From January 2015 to February 2016, at least six workers developed acute methanol poisoning while working on the third-tier suppliers manufacturing cell phone parts for Samsung Electronics and LG Electronics. All of the workers had been working on the CNC (Computer Numerical Control) process cutting small aluminum parts for cell phones such as USIM trays. They had to manage 5 to 20 machines per person. The machines spray out methanol all the time as methanol was used as aluminum cutting oil. The standard manual recommends the use of ethanol not methanol. However, the subcontractors used methanol as it is much cheaper than ethanol with similar function. Methanol is toxic damaging optic nerves. However the workers were neither informed of the danger of methanol nor provided with safety measures.

Furthermore, these third-tier suppliers illegally used temporary dispatched workers, which is direct violation of Korean labor laws. The workers had to work 12 hours a day in order to make up their low wage. Some worked only on night shift as it gives higher hourly wage. Temporary workers are often not registered for the four major social insurances (health, employment, workers compensation and pension). They also have no protection from arbitrary dismissal. The first reported victim had no time to notify his absence to his factory in advance as he was hospitalized at a hospital immediately. However, no one asked his whereabouts.

The victims did not know for which cell phone brands they were producing. After they found out they were making Samsung and LG cell phones, the world-famous electronic brands, now they ask Samsung Electronics and LG Electronics “How can you say you are not responsible for me even though I got injured from working for you? Why did you put us in danger by outsourcing the process to the suppliers with horrible working conditions? How can you never say sorry?”

The victims and labor/civil society organizations sent open inquiries and demands to Samsung Electronics and LG Electronics three times. We demanded Samsung and LG recognize their responsibility for the precarious and complex supply chain structure and come to social dialogue to fulfil their responsibility. However, they only answered they have no plan or intention to do so.

Until today, the victims haven’t received appropriate compensation. Most

of subcontractors are too small and poor to fully compensate the victims. Samsung Electronics and LG Electronics deny their responsibility while the Korean government does not recognize its responsibility for leaving the situation as it is. It is impossible for the victims who had received minimum wage to prepare for their future only with a mere particle of government supplementary living allowances. The victims with their eye sight lost and brain damaged are left behind without meaningful compensation.

The methanol poisoning case clearly shows the reality of insecure employment, in particular, the precarious supply chain structure exploited by big conglomerates in Korean society. Lead companies such as Samsung and LG Electronics take no responsibility for risks though they benefit from the structure enabling them to use workforce at a minimum cost.

The Korean government is not free from the responsibility. There have been repeated criticisms about the situation where dispatched temporary workers face the highest occupational health and safety risks for more than 10 years now. However, the Korean government did nothing to improve the structural problem.

Against this background, we decided to translate the research report in English in order to let the international community be aware of the situation.

Once again, we strongly demand Samsung Electronics and LG Electronics to recognize their responsibility and come to social dialogue with the victims and civil society organizations. The two big companies acknowledged the

victims were producing parts for their cell phones. Nevertheless, they claim their supervision responsibility is only limited to their first-tier suppliers which have direct contract with them in the multi-layered subcontracting structure. Samsung and LG should be aware of that their stance is going against the international trends of expecting business enterprises to respect human rights across their supply chain.

There were tremendous efforts by many people to publish this book. We truly appreciate all of them. We send special thanks to Mihye Jeon who put a lot of time in translation and Sangwoo Tak (ScD, MPH) who did careful proofreading of the book. We also deliver our gratitude to Ohmynews for allowing the use of great photos in the book. Our thanks also go to Simji Lee and William Kwon, volunteers for KLPH for your contributions to the translation of the book.

Finally, we would like to send our special thanks to Good Electronics and European Union. Without Good Electronics' sub-granting funding, the book couldn't meet the world.

May, 2017

On behalf of all the publishers,
Sangyoon Lee, president of Solidarity for Worker's Health

01

●● Introduction

**The
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PART

01

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Introduction

From January 2015 to February 2016, four workers working for YN Tech, BK Tech, and Duckyong ENG, all of which are third-tier subcontractors in smartphone supply chains of Samsung Electronics and LG Electronics, developed occupational diseases, such as acute optic nerve damage and toxic encephalopathy, due to methanol poisoning. They were young temporary agency workers, who were not directly employed by the third-tier subcontractors.

The workers who became ill with the occupational diseases were responsible for the task called CNC (Computer Numerical Control), which is an operation that involves scaling and processing of aluminium workpieces to manufacture cell phone parts. The workplaces in question used methanol as an aluminium cutting solution. Methanol was sprayed constantly during the time the workpieces are processed, and the remaining aluminium pieces on the surface of the product got blown away by airgun. In such working environment, workers were not provided with personal protective equipment, such as specialized safety goggles, protective gloves, and respirator, which led to the exposure of methanol to their eyes and skins, as well as breathing methanol-floating air in a form of oil mist.

Their colleagues at the same workplace endured working on average 12 hours a day, with frequent overtime work. The fact that the workers could have only one day-off a month if they happened to have a busy month demonstrated that the workload was excessive. Some workers began to show symptoms of occupational

diseases as fast as just five or eight days after they worked for the company, and other cases involved workers who developed the diseases after four or five months of working. Bucheon branch of Korea Occupational Safety and Health Agency performed working environment inspections following several days after first cases were reported and announced that the companies' level of methyl alcohol (methanol) exceeded the legal standards of exposure by ten times.

Before these tragic incidents occurred, the working conditions of the third- or fourth-tier subcontractors in smartphone manufacturing supply chains have not drew much attention from public nor have been revealed. Multi-layered subcontracting structures and temporary laboring contract forms have made impossible for civil society organizations to access and monitor these workplaces. Also, there is no trade union representing and speaking for the workers in these subcontractors.

Given that the real working condition of the workers has not been identified, gathering information through the voice of the victims on their own would be crucial to comprehend the workplace situation and suggest measures to be taken by the government, the subcontractors and the lead firms as well. As a groundwork aforementioned, this report will reconstruct the incidents from different angles, mainly approached by interviewing the victims.

02

●● Methods of
Investigation

**The
Blind**

PART

02

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Methods of
Investigation

✔ Qualitative research interviews were used in preparing this report. We sought to get the comprehensive story behind interviewees' experiences about the work and the incident.

✔ In-person interviews with the affected workers were conducted using structured questionnaires as follows. Then factors were drawn from the interviews by a structured analytical classification:

- How do you get into the work, what is the form of your work contract?
- Were you aware of methanol use in the workplace, and did you get informed of this before you started working?
- Have you ever received any education or training about how to handle methanol from subcontractors or dispatching companies?
- When did you first experience the symptom of poisoning?
- What measures have been taken after you got feeling bad?
- How did you get diagnosed with poisoning?
- What are the aftereffect and difficulties following intoxication?

✔ Feedbacks from stakeholders, such as unions and subject matter experts were sought to bring about the solutions.



03

**The
Blind**

PART

03

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 The Circumstances of Cases

the
Circumstances
cases

3.1. Case of Hyunsoon Lee

- January 15, 2016. She had a stomach upset before she came to work for a night shift starting at 9 p.m., then vomited once. She still felt sick while working, hence visited a hospital nearby. Physical examination including a blood test was conducted at the first hospital with no success in finding out the cause of her condition. She then had to go back to work.
- January 16. Her vision began to deteriorate 15 minutes before she finished her work at 9 a.m. and her vision problem remained the same even after some resting, which prompted her to visit the emergency room. She lost consciousness at the emergency room, where intubation was performed and then she was transferred to the intensive care unit (ICU). She was given treatments, including dialysis. After she

regained her consciousness, she presented loss of pupil reflex and complained of blurred vision. She received thorough ophthalmologic examination and was diagnosed with bilateral optic neuritis.

- January 22. Her case was reported to the Ministry of Employment and Labour (the Ministry hereafter) based on the medical decision, which described the patient's diagnoses, such as optic neuritis and metabolic encephalopathy, and the positive test result of urinary methanol to be the methyl alcohol (methanol) intoxication.

3.2. **Case of** **Donggeun Bang**

- January 22, 2016. In the morning, he felt sick and took common cold medicine with no immediate improvement. He bought another medicine at a pharmacy and slept a few hours before he visited the emergency room at 1 a.m. in the morning with deteriorated vision and eye pain. Dialysis and other treatments were performed as he was suspected of the methyl alcohol (methanol) intoxication. No notification was sent to the Ministry yet.
- January 25. His case was later acknowledged as an industrial accident after the monitoring of the workplace by the Ministry.

3.3. **Case of** **Honam Yang**

- December 30, 2015. Honam Yang vomited near his workplace at 6 a.m. in the morning. He then vomited again at home at 9 a.m. after work and went to sleep. His colleague tried to wake him up for the next shift work but failed. He was unconscious, then taken to the emergency room. He was treated for suspicion of toxic encephalopathy due to toxic poisoning of methanol.
- January 28, 2016. As inquiries related to worker's compensation application were made by another company, Korea Workers' Compensation and Welfare Service knew that Honam Yang's case was the same accident, prompting notification to the Ministry.

3.4.

Case of Jinhee Lee

- February 15, 2016. She began to develop symptoms of blindness and nausea during her night shift.
- February 16. She passed out after returning home from work at 2 a.m. in the morning, and was taken to the emergency room.
- BK Tech was found to have made a false report that they did not use methanol when they were investigated. Later, Jinhee Lee was added to the victim list.

3.5.

Case of Youngshin Kim

- Youngshin Kim had worked from January 16, 2016 to February 1, 2016 at Duckyong ENG. His work started at 9 in the evening and finished at 7:30 in the morning.
- February 2, 2015. He began complaining of shortness of breath and blurry vision, visited a nearby hospital by taxi.
- He was transferred to a larger hospital where he could see an ophthalmologist. Dozens of tests indicated that his health problems were not associated with his eyes. He was then diagnosed with optic neuritis, and began treated with steroids. He was informed of his chance of recovery of about 85%.
- He didn't notify his temporary agency and Duckyong ENG of his conditions. But he had his colleague delivered the words that he wouldn't be able to show up at the factory due to the illness.

- Of all the victims, he was the first one reported to have lost his vision.
- When he first developed symptoms, he did not know he was poisoned with methanol though he had suspicion of relation with occupational diseases. Only after he consulted with the Solidarity for Worker's Health regarding workers compensation, he realized why he was suffering from eye sight lost and other symptoms.
- He had received no communication from the Ministry or any other government organizations.

3.6. **Case of** **Junghoon Jun**

- He had worked from September 11, 2015 to January 15, 2016. He worked for a month without a day off in December 2015 as the workload was heavy.
- January 15, 2016. He felt his vision blurred even though he went to sleep early.
- January 16. Feeling chill and his vision still blurred, he returned home from work early, only to be found unconscious in his bathroom. He was taken to the emergency room.
- When he was about to be discharged from the hospital, he signed an employment contract with his temporary agency, as well as giving them a resignation. The agency tried to persuade him not to apply for the workers compensation by offering him some money and telling him that the application for the workers compensation would be declined anyway.

He was then given two months' worth of wage from the company.

- If the company reported this incidence to the Ministry, Jinhee Lee, the next victim from the same company would have been spared from the accident.
- He was working on the cell phone parts supply chain for Samsung Electronics.

Summary of Cases

Name	Age	Duration of work	Subcontractor (Company of active labor usage)	Dispatch company	The first day of medical diagnosis
Hyunsoon Lee	27(Female)	2015. 9. 21 - 2016. 1. 16	YN Tech	NooriJob	Morning of 16th Jan 2016
Donggeun Bang	27(Male)	2015. 9. 2- 2016. 1. 22	YN Tech	NooriJob	Dawn of 22nd Jan 2016
Jinhee Lee	28(Female)	2016. 2. 11- 2016. 2. 16	BK Tech	Dream Outsourcing	Evening of 17th Feb 2016
Honam Yang	25(Male)	2015. 12. 22 - 2015. 2. 30	Dukyong ENG	Sewool Solutions	Evening of 30th Dec 2015
Youngshin Kim	27(Male)	2015. 1. 13 - 2015. 2. 2	Dukyong ENG	Plan HR	Dawn of 2nd Feb 2015
Junghoon Jun	33(Male)	2015. 9. 11- 2016. 1. 16	BK Tech	Dasung Company	Afternoon of 16th Jan 2016

04

**The
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PART

04

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 **Key Issues**

Key Issues

4.1.

Reality of the multi-tier contract labor: Illegal, fraudulent employment by temp agencies

Labor has become so individualized, fragmented, and disconnected. It is very simple to get a job at a company: go in a website for job-search, and find a ton of postings looking for production workers. Then, just pick one of those. After some negotiation on conditions, the candidate makes visit to the temp agency. The temp agency does not provide any other information on labor conditions other than working hours and wage. They simply connect potential employees with the employers as soon as possible. Once a temp agency interviews a potential employee near the worksite or the office, the candidate heads to the factory. In general, work starts on the day or the day after the hire.

“On ‘JobKorea (one of the websites for job-search)’, I inquired of the company and the process. Thereafter I learned that I only have to fill up an application form. I received my wage from the outsourcing company (temp agency) not from the subcontractor company where I actually worked. At that time I did not realize that it was against the law.”(Hyunsoon Lee)

“On the internet I logged into the website ‘ALBA’ (one of the websites for job-search). I called several employers only to find out that they did not have any openings. I called again a few days later, and one employer asked me to come to the office and I started working in the afternoon of the day I finished my interview. I was told that there will be occasional work on Saturdays and Sundays. I filed the contract on the day. There were no special instructions.”(Donggeun Bang)

“I began to work through a temp agency. I was working at a different company back then. I heard of the job opening and started working around the time of Korean Thanksgiving, early September.”(Junghoon Jun)

4.1. Reality of multi-level contract labor : Illegal, fraudulent employment by temp agencies

“I was looking for a job with my friend. I found a job through a temp agency that my friend knew about.”(Youngshin Kim)

“Cell-phone manufacturing industry has irregular demands. At times there will be a lot of work. Then people may get laid off when the demand is low. Since night shift pays relatively higher, I applied for night shift.”(Anonymous, reference interviewee)

“I was looking at a part-time job search website. When I made a call upon noticing available information, I was told that night shift will give me a little higher wage. I thought that I might be better off with a little more paycheck, so I applied for night shift.”(Jinhee Lee)

“There are job openings on several job searching websites – say, something like, production work. It includes various fields of information including location. For example they will say there are many job openings and factories are looking for people. And people click on the job. Once you click on respective jobs, it will tell you the number of available jobs, night/day shift information. You make a call based on that info.”(Anonymous, reference interviewee)

“I found a job opening on a part-time job search website. I uploaded my resume. A human resource company called me that I will be working with another person and there is a job opening in Dukyong. They told me it was a processing company and asked if I was willing to work. I said yes and worked on night shift only. I just wanted to make some quick money so I said yes. I worked for 3 weeks only on night shift.”(Youngshin Kim)

“I received a call in the morning and was asked if I was able to work from the evening of the day. I said yes and slept in the afternoon. I went to work right after the nap. Two of us went right off on the day.”(Youngshin Kim)

“I went to the temp agency. I was told that it was located somewhere in Inchon, notified of the work schedule and wage. I was also told that there were barely any holidays. And that I would be able to work from tomorrow. It was all that I heard. Right on that day the factory called me and told me to work from the day. I said that I would start the next day.”(Jinhee Lee)

“I only knew that the dispatch company had some share of the

4.1 Reality of multi-level contract labor : Illegal, fraudulent employment by temp agencies

wage. I just did not know how much.”(Donggeun Bang)

“I did not know the exact proportion and I only knew that the agency took some share. 4 major insurance benefits were not available and were not even discussed. I was notified that I was enrolled in the insurance on 17th February – the day that I admitted myself to intensive care unit. And then I was notified of the cancellation on 23rd February. They must have done it arbitrarily without asking my consent.”(Jinhee Lee)

“Later I heard that Samsung was the final client for the parts. I did not know who was the second-tier subcontractor. I was told that Samsung would inspect the parts once delivered.” (Hyunsoon Lee)

All the victims were temporary workers. In Korea, the manufacturing industry is under the strict regulations prohibiting employing temporary workers on a contract for an indefinite period. In practice, however, many manufacturers are employing temporary workers on a permanent basis. It is extremely difficult to confirm these workers' employment status since they are not registered in

the basic social insurance system, from which it has become even harder for the workers to get benefits after the incident. Since these types of employment practice are widespread across the country, job applicants have no choice but to rely on the temporary employment agencies to land a job as a factory worker.

There is no instruction or contract guidance even at the company where workers begin to work. Employees know that temp agencies would take a portion of their wage upon successful hires. However they did not know the exact amount being taken. Even when employees receive benefits of the 4 major social insurances, temp agencies take a portion of their wage. Without notification, temp agencies take a portion of fee for the 4 social insurances received from the contractor company.

Temp agencies would 'test' employees on site and would not employ them if they did not like their work performance.

“People come and go. Employers 'try out' workers. Upon finishing the work, if employers see a worker not producing the required quantity within given time, they would call the temp agency to tell

4.1. Reality of multi-level contract labor : Illegal, fraudulent employment by temp agencies

that they don't want this worker.”(Hyunsoon Lee)

According to the words of Hyunsoon Lee, people rarely got to know real name of their co-workers and some people chose to be under anonymity.

“A Chinese colleague stopped working after two days of work. I cannot remember the name of a friend who injured herself. She was a recipient of social pension benefits. She used her second name, Minji.” (Hyunsoon Lee)

4.2.

Poor working conditions

All of the victims were engaged in manufacturing cell phone parts and methanol was sprayed during the whole process they worked to avoid scratches on the surface of the parts. Workers were not able to use any personal protective equipment, such as specialized safety goggles, protective gloves, and respirators, which led to the exposure of methyl alcohol (methanol) to their eyes and skins, as well as inhaling methyl alcohol-floating in the air in a form of oil mist. Not only that the protective equipment was not available, but also the workers were not informed of the fact that they handled methanol. Four of the victims worked night shift from 9 p.m. to 8 a.m. next day, without any day-offs and weekend breaks.

4.2. Poor working conditions

✓ Inadequate ventilation of the workplace

“I knew there was a ventilator, but it was not working. The machine itself was equipped with a ventilator, but none of them were working, either. I heard that it was some sort of alcohol. No warning what so ever was given.”(Donggeun Bang)

“I haven’t seen any ventilating system, just a window somewhere around the corner. It had always that smell of alcohol. When that alcohol odour became unbearable, I used to go to near the window to get some fresh air. I did feel dizziness occasionally. Then I’d breathe in some air by the window.”(Junghoon Jun)

“The factory usually stank, and the air outside of an examination room was a little bit better. The inside was quite full of alcohol stink. The factory was filled with blurry mist from time to time. We were like, what’s wrong with here? What’s wrong? The other day, I was working when I said, isn’t that corner cloudy? Some of my colleagues couldn't even notice that. It could get worse and worse and finally the entire factory went blurry.”(Hyunsoon Lee)

✓ Lack of provision of protective equipment such as gloves, safety goggles, and respirators

Workers relied on gloves only while they were working in a space where ventilation was not done properly. The work pace was swift at the factory. Most vacancies at the factory were often filled by another worker who is deemed competent enough to do two workers’ worth of work. That was the case of Hyunsoon Lee, who was one of the most effective workers and had to endure the workload which was doubled. That means that she was exposed to more opportunities to do tasks involved in methanol.

“You may work in a facility where alcohol or some chemical substances splashing around. It’s some sort of alcohol and metal dust. And you may experience severe discomfort because of the noise, smell and what not. Are you fine with that? This was what they usually said about the job, and there was no difference with others in Bucheon area. We were given a mask and good to go. If there were gloves, then it’s great, if not, no problem. Many people just worked without gloves.”(Park, reference interviewee)

4.2. Poor working conditions

“She was given a pair of gloves and a mask at the first day of her work, I heard. Except them, there were no safety instructions given to her. She felt her vision became blurry just after working for one or two days. And (she said the factory) reeked of alcohol. At first, we thought that it was the smell of thinner, since the factory was newly built, which might require a lot of painting.”(Jinhee Lee’s father)

“Not a mask, not a safety device, I was given a pair of thick cotton gloves only.”(Junghoon Jun)

Later, Junghoon Jun bought himself a cotton mask, which he used during the work. Yet, the gloves and masks, like the one Mr. Jun and other workers wore, did little in protecting workers from being exposed to harmful substances.

“You just think of alcohol as something like liquors. It doesn’t occur to you that it would be very harmful to you, like the alcohol for the industrial purpose. So, you think that what you are dealing with is not very dangerous, you just do it without worrying too

much.”(Park, reference interviewee)

According to what Jinhee Lee, who fell ill just after working for five days, said, the work task required workers to repeatedly dip their hands into methanol and to inhale methanol vapour. She explained an air-gun task washing products with methanol. She also said that it felt as if she had been handling methanol for all 12 hours of working. Her tasks involved picking up products from methanol, being exposed to the droplets of methanol during the air-gun task, and refilling methanol.

“You place a product, press the start button, then the process finishes. Get rid of dust particles from the product with an air-gun. Give it a good shake, put it in a container, and use the air-gun to blow off what was remaining outside the container. So you repeat the process, then you basically touch methanol every time you handle the product. You even notice a stream of methanol trickled down the hand. I have refilled methanol one or two times a day per one machine at the very least. Refilled methanol was stored

4.2. Poor working conditions

in a drum gasoline container. I worked in summer for a factory located in Bucheon, where we worked using rubber gloves with the windows open. I was provided a pair of thick cotton gloves, but it was kind of leaky.”(Jinhee Lee)

“We used a disposable mask and a pair of thick cotton gloves. The gloves got wet and dry quickly while I worked with methanol.”
(Donggeun Bang)

“We wore blueish vinyl gloves and a portable mask. Wearing gloves only slows you down. It was easier to work with bare hands in order to measure the product properly. We opened the window to ventilate the room. When the weather gets colder, we leave the window ajar. Air ventilators were installed opposite the window, but never turned on.”(Hyunsoon Lee)

☑ Heavy and intense workload

“You hand over that and start working there. If the product comes out from machine number one, you have to measure it there.

If it’s from machine number two, then measure it again. If the measurement gets wrong, you have to stop and make adjustments. If the machine gave 0.03, but the measurement came out as 0.04, you need to move the number downwards, which was 1, to make it right. Stop and make adjustments, do the measuring again, check on the machine, then measure again.”(Hyunsoon Lee)

“It was randomly assigned to anyone before we finished the day. Previously it had been assigned to someone else, then the task began to rotate when I joined to work.” (Youngshin Kim)

“If the work falls behind the schedule and we are inundated with tasks. We are assigned a doubled volume of work per each worker. We have three machines, all of which are operating. Behind those machines, there is this material we feed into the machines. I was told to unpack the materials also. It’s like doing two things at the same time, checking on the machines and then unpacking the materials. The machine was carving aluminium pieces, therefore every bit and piece of aluminium was finding their ways everywhere, no matter inside the machine or just anywhere. There were lots of aluminium pieces. (Methanol) was sprayed inside and

4.2. Poor working conditions

outside the machine, which was cleaned once or twice per month. Sometimes we skip the cleaning if we get too busy. Cleaning was our responsibility.”(Hyunsoon Lee)

“From 9 in the evening to 9 in the morning. We took 15 minutes break for every 2 hours, had a meal time for 30 minutes. I am not sure whether it’s at midnight or half past 12.”(Jinhee Lee)

“I had night shifts for three weeks in a row, and then took a break every Sunday. But we had to work on Sundays anyway when we were told that we had lots of work to do. I was told from the beginning that I am not required to work on Sunday.”(Youngshin Kim)

“You may go to restroom, but not without feeling sorry for leaving. Does she go to ladies room again? Yet again? That’s what I heard often. At night shift, we picked up our meals from the canteen at half past midnight.” (Hyunsoon Lee)

✔ Rampant mistreatment and verbal abuses

Temporary workers frequently switch their jobs. Among many reasons of changing jobs are mistreatment and verbal abuses. It is not difficult to move to workplaces of similar conditions. Sometimes employees choose to find another job simply to avoid further deterioration of health conditions that arise from long hour and night shift work. Managers never provide any instruction or safety training for them.

“There may be many reasons and one of them is money. Or many people verbally abuse temp workers even in front of managers. They also curse temp workers for something they never learned how to do. Some of the workers quit because of such abuses.”(Hyunsoon Lee)

“This does not typically end without work on the weekends. Some people work on double shift and some people quit jobs because of bad health condition. Some people just burn out and quit.” (Anonymous, reference interviewee)

4.3.

Employers' neglect of care: failure to inform the workers of workplace hazards and to provide them with protective equipment

✓ Not informed of methanol at all

“I thought it was oil, because it kept the machine running. You just came and took a scoopful of it if you needed it. I had no idea it was alcohol. One of the managers told me to open the door when I handled that thing because it’s dangerous and splashing around. Then the boss came and said we should work quickly and efficiently, not worry about opening the door.”(Jinhee Lee)

“You can only imagine how harmful it is to be near a stack of drum

containers full of methanol, which gets through your body and stay there when you repeat pumping methanol out. Often unknowingly.”

(Donggeun Bang’s mother)

✓ Insufficient training and instructions for temporary workers

Temp workers hired by a temp agency do not know the process they are being put in. They would not know what kind of chemical or materials they are using in the process. This situation does not discriminate between foreign and domestic workers.

“I was put to work right away. They told me where I should be. I took a look and went right on it. Once I saw how I should process the parts, it was very easy to do. In front of the machine I step on the pedal and the machine operates. That was all that I had to do.”(Youngshin Kim)

“00 Electronics had a lot of Korean-Chinese workers. They all came from temp agencies. Like all other temp agencies, they

4.3. Employers' neglect of care: failure to inform the workers of workplace hazards and to provide them with protective equipment

started working without proper instruction and training. They were just told that this was the cell phone manufacture factory and they are supposed to spray some alcohol by pressing the button.”(Anonymous, reference interviewee)

“They would just show us ‘this is how you do it, this is how you cut the products. You only have to measure the parts.’ – this was the only instruction I received.”(Hyunsoon Lee)

-Wasn't there any instruction on alcohol?

“No, not at all.”

-Was there any instruction on proper protective equipment?

“No, not at all.”

No special precautions at all?

“No, no, they just told me to wear gloves.”(Youngshin Kim)

“There were a lot of mid-aged women workers, most of whom were Korean-Chinese. There were not many Korean workers. Including male workers almost all of them worked for less than 1 year. As far as I can tell, most workers do not work for a long period of time. A lot of people leave. Employers would have to find new

workers.”(Youngshin Kim)

“They never told us about the process. We just had to do the work because they did not give us proper instruction and training. The most important part is to remove remaining dust from alcohol grinding. Even just small particles could change the angle of grinding, which may be the cause of faulty products. Because of that, they warned us with special emphasis.”(Youngshin Kim)

“Owners and employees face the same problem. They should have proper safety training regarding the danger of materials that they are handling. It would have prevented an innocent victim like my child. They did not think of such a possibility. All they think of is how to make money. What I do not understand is that there must have been label saying ‘methanol’. And the companies must have read it. They should not have let people use it during manufacturing process without precaution. They should have given people a series of warning including to wear protective equipment. All they had was a pair of cotton gloves – which are practically useless.”(Jinhee Lee’s father)

4.3. Employers' neglect of care: failure to inform the workers of workplace hazards and to provide them with protective equipment

✓ There is no use of examining workers' health?

Since temp agencies provided workers with no information, if any, false information, workers thought that they may not need any medical examination.

“There was rarely a night shift roll-call but one day there was one. Someone drank chemical substance during work. He was hospitalized after that. Workers were not advised not to drink the chemical. They told workers that the industrial alcohol is toxic. But I thought alcohol should not be gravely toxic and told them I don't need a check-up.”(Anonymous, reference interviewee)

“I asked them the reason for a medical screening. They told me it was nothing special. They told me that it was a regular check-up just in case there is some anomaly.”(Anonymous, reference interviewee)

4.4.

Responsibility of lead companies in the context of multi-tiered subcontracting practice

It is the electronics conglomerates' responsibility to guide, recommend and monitor safe procedure and to discourage the usage of harmful chemical ingredients, including carcinogenic chemicals and other environmental hazards.

In practice, however, the lead companies have been systematically shifting the burden of controlling the inventory of the products in volatile supply chains on to the subcontractors, or even to the third-tier subcontractors.

There is a lack of willingness among lead companies to try to solve these problems in supply chains by monitoring abuses on the right to work and right to health. Samsung Electronics and LG Electronics denied their responsibility in their replies to the public inquiry from an NGO by saying that their responsibility to oversight is limited to their first-tier suppliers.

4.5.

Subcontractors' attempts to conceal the accidents

✓ Employers were unwilling to apply for workers compensation, but rather offered cash

“The owner of the temporary agency came and said they would like to pay for the hospital. I thanked them for the offer which included three months’ worth of treatment fees and compensation as a favour, but I had no idea that the workers compensation application was not submitted. The accident took place only five days ago. She was injured only five days ago.” (Jinhee Lee’s father)

“They initially tried to settle this problem by paying just hundreds

of thousands of won, which I thought would not be enough and said no. They then increased the payment to 3.5 million won (about 3,000 dollars). I had to sign an agreement saying that, ‘I received a cash payment for the hospital fee and for the loss of wages due to the absence from work.’ I signed the paper because (they said) the workers compensation was not an option. You had to choose anyway, and they said this offer would be good enough for you.” (Junghoon Jun)

✓ Some employers tried to hide the existence of the accidents

“I noticed on the medical records which documented that an emergency physician called the company. Given the fact that the physician gave the company a call, it was clear that the doctor had convincing evidence to suspect of and to confirm the chemical poisoning. But the company insisted that they had no idea what substance the doctor was inquiring about.”(Hyeyoung Park, certified labor attorney at SWH)

05

●● Conclusion

**The
Blind**

PART

05

An untold story
behind
SAMSUNG and **LG**
cell phones

Conclusion

The injured workers filed lawsuits against their former subcontractors. As the companies responded the lawsuit by hiring lawyers of their own, the workers have been going through some ridiculous experiences. The employers and the lawyers chose to defend themselves by questioning the evidence: “Is there any evidence to support that methanol is responsible for their loss of eyesight?” From defendants’ point of view, it may be understandable that the employers of the subcontractors may feel they are also victimized in the supply chains for the big companies. They would argue that it was a standard practice in manufacturing industry to prefer cheaper ingredients to the ones which cost a little more. Still, it is despairing and outrageous for the workers to see the companies responding to their claims by questioning the association between methanol and blindness.

Also, the workers want to hold the Korean government responsible for not paying full attention to harmful substances management and supervision of the companies. There has been no known case where the government acknowledged its negligence in oversight and compensated for the work-related damages. The government has practically been sitting on their hands and doing nothing while the mechanism for intermediary exploitation was well established in ways that it became more complex and cunning. Therefore, the government has to recognize its responsibility in letting the unlawful practices and law evasions persist unpunished. The

Korean government should apologize to the workers.

Since it involves two of the biggest Korean companies: Samsung Electronics and LG Electronics, coupled with the huge media coverage of the issue, the government has been really quick to recognize the victims’ cases as occupational diseases and authorize the compensation payment for them, swiftest than ever. Yet, it fell short of the victims’ expectations. They say “official recognition of the occupational disease is not the end of the story. We need to go to hospital. We are worried about the future. We are abandoned alone helpless.” Indeed, the victims are left alone to take care of everything under the Korean system of workers compensation. There is no instruction to tell them what to do next. One can only imagine the weight of burden on the workers’ shoulder, who suddenly went blind overnight, therefore who desperately needed information, education, and training to adapt to the new circumstance. They need help in nearly every step, for example, calling for support from civil society organizations and hiring labour attorneys. While they are on benefits for hospital treatments, there are many other essential services they need, such as psychological treatment, rehabilitation, cost of living, and disability support, all of which are very difficult to find out or to have access for themselves. There would be more applications to be filed, more medical certificates to be written, more time they have to wait before their diseases including different complications would be

recognized, and this cycle would repeat again and again.

This case involving young workers who are suffering from occupational diseases and disabilities raises questions about how the welfare and public health system in Korean society fare worse.

Our demands to the Korean government are that the government should reflect on this accident from top to bottom, and take appropriate measures to improve the current practice. We hope that this accident doesn't end up with 'canaries in coal mines' to predict the deterioration of the health of many casual and temporary workers to come but fail to bring about meaningful changes.

✔ The Ministry should prioritize measuring the extent and the characteristics of this accident.

- Investigation of the causation relationship between the damages and methanol use and establishment of prevention strategies would only be possible if we have a clear picture of the whole of this accident. There is still a lack of investigations that can provide the overall description of it.

- There might be difficulties associated with the employment status of temporary workers, such as identifying who were employed by whom and when. Nevertheless, we strongly believe

that there are some ways to address this issue and recommend that the Ministry conducts complete overhaul of all workers who had worked on the CNC operation using methanol.

- One approach would be to trace down patients diagnosed with optic neuritis during a specific period, utilizing data from National Health Insurance Corporation.

✔ The current policies on subcontracting in manufacturing industry need to take a complete shift.

- Temporary workers are four times more likely to experience work-related accidents or damages than regular workers.

- There is no shortage of problems found in the legal system and administration process in the matter of workers' health.

- Temporary workers are more likely at risk of participating in dangerous tasks against their will because the duty of welfare support for the workers technically fall to the subcontracting employers, rather than to the lead companies.

Employers are often motivated to hire temporary workers because of systemic reasons, such as the structural characteristics of the workers compensation system, which dictates lower premium for temporary workers, even though

they do the same job as other regular workers do. In other words, while regular workers benefit from premium rate for the compensation insurance in the metal manufacturing industry, while temporary workers are subject to different premium rate specifically for casual workers.

- Many temporary agencies tend to avoid taking out the workers compensation by registering as a new company after any accident occurred.

- It is difficult for temporary workers to have adequate information about the working conditions and job descriptions, which often leads to exposure to dangerous work environment.

- The short tenure of the temporary employment prevents them from getting familiarized with the job and from developing professional skills, which result in higher chances of accidents.

- Temporary workers have difficulties having their voices heard due to the temporary nature of their job. They would simply stop working for the company when they face some problems, rather than raising questions about the issues.

- It is likely that the tasks being ordered are not always matched with the workers' skills. The workers are being put in to any task without proper preparation for the nature of the task.

- There is disagreement among employers over whose duty is to ensure safety and health of the workers when it comes to dispatched temporary workers.

According to the Korean Occupational Safety and Health Act, both the main contractor and the temporary agency assume the same responsibility as employers. What happens, in reality, is that no one takes responsibility. Their duty often gets ignored when the temporary employment itself is illegal.

✔ The lead companies need to take responsible approaches in dealing with the subcontractors by meeting their social and ethical obligations.

- Samsung Electronics and LG Electronics should identify the fundamental causes for the methanol poisoning that occurred in their supply chains.

- Samsung Electronics and LG Electronics should take measures to prevent chemical poisoning including methanol poisoning from happening again in their supply chains.

- Samsung Electronics and LG Electronics should make more efforts to mitigate the suffering of the affected workers in their supply chains.

- Samsung Electronics and LG Electronics should acknowledge that the public has right to know.

✔ Special measures should be implemented to ensure every industrial accident is covered by the workers compensation and to force employers to report industrial accidents.

- Contrary to the law which prescribes almost all workers, including temporary and foreign workers, are eligible for the workers compensation, only about 10 to 20% of all workers who are affected by work-related damages have benefited from the workers compensation.

- This can be explained by a range of barriers to make use of the compensation insurance.

- Ironically, workers who are employed temporarily or have insecure jobs have the lower rate of the compensation insurance utilization, even though they are most likely to suffer from work-related accidents.

- Barriers to the compensation insurance utilization

- Fear of the wage loss while workers are under medical care: they have to live on just 70% of the temporary layoff benefits.

- Reprisal from employers: While laying off a worker based on the application of the workers compensation is prohibited by the labour law, things are different in practice, where many workers are sacked or are subject

to unpleasant circumstances as a kind of reprisal for applying for the workers compensation. Insecure employment would discourage workers to apply for workers compensation.

- Lack of information or misinformation of the workers compensation system: Workers often are not aware of the fact that the system applies to every worker and they are eligible regardless whether employers have paid the insurance premium or not. In many cases, they have no access to relevant information and training.

- Extensive and complicated paper work is too much burden for the affected workers.

- Employers' resistance to insurance application: There has been a widespread misconception that the application would result in the increase of the insurance premium, which is yet to be corrected by the government.

- Small subcontractors' attempt to conceal the accidents: They have gone great length to avoid the application, because they did not pay the insurance premium and they would have to pay those premiums off from the past should any worker applied for the workers compensation.

- Social issues related to the low utilization of the workers compensation.

- It defeats the purpose of workers compensation system, which implies that the risk of workplace injuries should be addressed based on the principle of

social solidarity.

- Disproportion in the workers compensation utilization: The greater risk of workplace injuries exists, the less frequent attempts to apply for the workers compensation.

- Burden on the national health insurance funding: It amounts to the insurance fraud if employers place the responsibility of their own on tax payers by utilizing the national health insurance when they should have applied for the workers compensation.

- Developing proper prevention measures are impossible to achieve without the thorough understanding of the extent and the severity of the accidents. Moreover, other cases like these accidents might go unheeded.

✔ We should build the infrastructure to counteract the high incidence of occupational diseases, such as the poisoning of harmful chemicals.

- There is a huge deficiency in human and financial resources that are required for conducting large-scale investigations of occupational diseases.

- Occupational diseases are preventable and the consequences can also be minimized to a limited group of affected workers if addressed properly and timely.

- This accident should be regarded as an ethical issue because the damage of the workers has been persistent on a consistent basis, which should have been avoided by providing easy access to solutions. For this reason, this issue warrants a priority in setting the social policy.

Young workers' blindness due to methanol poisoning cannot be simply defined as a safety issue. There is a fundamental issue that outweighs the importance of occupational safety and health in daily lives, when there is no job security. A substantial knowledge gap exists between different socioeconomic classes, and it is widening even faster these days. You have only a few hours of sleep after coming home from a 12-hour shift, not to mention the luxury of reading newspaper or watching TV news. Browsing web-based news articles can be unthinkable when you are physically exhausted or don't have time at all. People become less capable of gaining useful information when they are left unrecognized in the workplace while taking shifts every 12 hours, and therefore they run out of time and energy. Temporary workers easily used up and abandoned like a disposable paper cup, it could possibly be the point where all these tragic events began to take place.



Appendix

Samsung Electronics_The Third Open Inquiry & Demand

Samsung Electronics_Reply

LG Electronics_The Third Open Inquiry & Demand

LG Electronics_Reply

**The
Blind**

Appendix

Samsung Electronics – The Third Open Inquiry & Demand from the victims and CSOs

1. First of all, we wish your continuous success in business.

2. The organizations and political parties listed above made inquiries on the recent methyl alcohol intoxication cases of the contract workers in the subcontractors of Samsung Electronics first on March 3rd, 2016 and second on April 22nd, 2016. And your company replied back to the inquiries. The summary of your reply is as follows:

1) Samsung Electronics has not been aware of the fact that the workers employed by the subcontractors were exposed to methyl alcohol.

2) Samsung Electronics is carrying out environmental safety assessment when new partners are registered, and operating supply-chain management system at the same level as global companies abroad.

3) Samsung Electronics' own evaluation standard includes the use of harmful chemical substances, but assessment of partners and in-house subcontractors is not included. Also, we do not directly listen to the opinions of unhealthy workers, including indirect employees.

4) The recent accidents are associated with third-tier suppliers, so

they are not subjects of monitoring by Samsung Electronics.

5) After the accident, site inspections on partners on the same line of business were made and we are making improvements after figuring out the assignments. We are planning to constantly guide second-tier suppliers through first-tier suppliers to create safe working environment.

3. The organizations and political parties listed above appreciate your answer. Also, we appreciate your attention and endeavor in creating safe working environment in partner companies.

4. Victims, civil social organizations and political parties have done activities to prevent such unfortunate cases from happening again.

5. With the understanding that your company's policies and countermeasures are important to solve the problem in a responsible way, we wish to deliver our demands with additional inquiries.

[Questions]

1. Your company made site inspections after what had happened, and identified the use of methyl alcohol in 48 companies. As a result, you replied that several issues for improvement including insufficient installation of local ventilation, failing to wear appropriate personal protective equipment, and lack of special health checkups, are found and improvements are in progress accordingly. Regarding this,

As your own inspection showed, the use of methyl alcohol and insufficient safety management were also identified in other workplaces where no similar poisoning case was reported. Have you found out the reason why this methyl alcohol intoxication occurred in only some of the workplaces, even though a lot of small subcontract factories manufacturing small size aluminum component for cell phones equally used methyl alcohol and their safety managements were equally

insufficient? It is assumed that the size, use of methyl alcohol, and safety & health management level do not vary significantly in dozens of workplaces in its kind. Against this backdrop, what is the reason that accidents happened only at the specific workplaces according to your analysis?

2. We heard that your company has taken several measures to prevent similar accident, such as figuring out assignments for improvement and making progress. However, in detail, we cannot identify what measures you have taken and the results of improvement by your company's sustainable management report and media reports. Please let us know the measures your company has taken in terms of guaranteeing the right of workers in partner companies to work in a safe and healthy environment in detail. (See the examples below)

(Example criteria)

- How are you monitoring the progress of improvement in partner companies?

- Does your company have a system to supervise directly on a regular basis whether your second- and third-tier subcontract businesses are following the Occupational Safety and Health Act?

- Have you made any effort to alleviate the burden of your partner companies by calculating the partner company's cost of substituting methyl alcohol with ethyl alcohol or other safe chemical substances at the original purchasing price?

3. Your company is producing cell-phones not only in Korea but also abroad. Regarding the recent accidents, did you check if similar methyl alcohol intoxication took place in overseas production corporations? How do you manage the industrial safety and health issue of local subcontractors beyond your first- and second-tier suppliers manufacturing the products purchased by your company's foreign production corporations?

4. After the accident, what has changed in the supply chain system of your partner

companies producing parts and components for your cell phone products? For example, is the CNC processing done by third- or fourth-tier subcontractors? Are the dispatched workers still responsible for the process?

[Demands]

Besides the above listed questions, we demand the following things.

1. We demand an official meeting with the highest level decision makers in charge of managing your company's supply chain for cell phone parts production. To have a communication channel as a meeting is important to receive your explanation on the root cause of the recent accidents and measures to prevent similar cases from repeating while delivering additional inquiries. It is a legitimate demand to fulfil the public right to know the truth of the socially important issues.

2. We demand your company should take measures to alleviate the suffering of methyl alcohol intoxication victims in your supply chain.

- Victims, their families, civil social organizations and political parties engaged with the open inquiry process believe the ultimate responsibility for the accidents are on your company. Your company has the greatest and practical influence in creating working environments safe enough to prevent methyl alcohol intoxication in your supply chain. However, your company did not exercise your influence even though you are fully capable of it, and it resulted in this tragic accident. In this regard, we demand that your company offers a meeting with the victims and their families where you can express your apology and convince them that your company works to prevent similar accidents.

- We demand your company should take appropriate measures separate from occupational health and safety insurance to help the victims have the highest possible medical treatment and rehabilitation in the optimal environment and return to their daily life and work life when possible. We expect your company takes a forward-looking action for the victims in terms of corporate social responsibility or social contribution apart from legal obligation.

March. 2017

Samsung Electronics_

Reply

Greetings.

Once again, we would like to appreciate your continuous interest in Samsung Electronics.

The answers on the inquiry (dated April 7) by Solidarity for Workers' Health are as follows:

The cause of accidents in specific workplaces

It is difficult to identify the current situation of third-tier suppliers let alone monitoring them as their trade/contract relations with our second-tier suppliers are changing all the time. Therefore, we first recognized the use of methanol in the specific third-tier suppliers only after the accidents were reported.

After the methanol-related accident last year, Samsung Electronics examined every supplier which had a contract of processing small size aluminum component for Samsung cell phones. Several problems such as insufficient installation of natural/local ventilation, failing to wear appropriate personal protective equipment, and the lack of special health checkups were commonly found in many of them. In particular, the workplaces where the accidents took place had even higher risk of industrial accident as the air was not regularly ventilated, processing equipment was open type without covers, and local ventilation was not installed.

Considering the conditions of chemical substances' use vary by each subcontractor,

we have requested our suppliers to develop appropriate improvement measures based on their working conditions. In addition, we have implemented the following improvement measures in common.

Improvement measures taken

We inspected all of our suppliers (a total of 47 companies) producing aluminum parts and components after the accident and had the 19 suppliers (4 first-tier, 7 second-tier, and 8 third-tier suppliers) which had used methanol by March 2016 change their cutting oil from methanol into ethanol or other water-soluble oil immediately. (The rest 28 companies have used ethanol or other water-soluble oil in their process all the time.)

We also took care of all the additional cost resulted from using ethanol as cutting oil instead of methanol through our first-tier suppliers. In addition, we developed and employed eco-friendly coolants (95% water and 5% food additives combined) as a substitute for ethanol in order to improve working conditions optimized to workers.

We also put a lot of efforts in supporting our suppliers of creating a safe workplace with focus on aluminum parts and components producers where the methanol accidents took place. In particular, for small size workplaces with less than 100 employees, we provided full support to improve their industrial safety level by sending independent environmental safety experts to them so that they can achieve a risk assessment certificate of industrial health and safety management system conferred by the Ministry of Employment and Labor. As such, we have the management of the suppliers strengthen their sensitivity to industrial safety and their capacity to identify and improve any potential risk factors by themselves.

From April to June 2016, Samsung Electronics encouraged all of its first-tier suppliers in South Korea to appoint persons in charge of workplace environmental safety and provided 16 hour-long trainings for free to them. In 2017, we are improving the quality of training while expanding the program for basic safety training to second- and third-tier suppliers using chemical substances.

Furthermore, in order to facilitate sharing and reporting environmental safety information, we have identified information on changes of relevant laws and regulations, accident reports, and best practices in Samsung Electronics and its

suppliers and distributed the information to representatives and environmental safety managers in our domestic suppliers every two weeks, thereby leading the safety standards of our suppliers toward upward levelling.

Controlling overseas production

Samsung Electronics has strictly regulated the use of chemical substances in production lines of its overseas operations. In particular, in the wake of methanol accidents in South Korea, we first had our overseas suppliers for aluminum parts and components use ethanol instead of methanol and later introduced eco-friendly coolants as a substitute of ethanol.

As a member of EICC, Samsung Electronics guides our suppliers to take regular monitoring and improvement in compliance with international standards to create safe working environment. In delivering Samsung Electronics' environmental safety policy and requiring our first-tier suppliers to control their suppliers in accordance with the policy, the same policy and procedures of domestic suppliers are applied to our overseas suppliers.

Improvement in the supply chain structure

With the understanding that the methanol accident was partly attributable to complex trading and contracting structures in the supply chain, we have improved the cell phone production supply chain including aluminum processing suppliers as a whole while streamlining our subcontracting system. As a result, the parts and components which had been produced by third-tier suppliers are now being produced by our first- and second-tier suppliers.

As explained in the previous reply, Samsung Electronics has increased its efforts in creating safe working conditions for suppliers as a lesson learned from the accident. We will further step up our efforts to become a responsible business to fully respect human rights by strengthening our supply chain policy with consistent attention to the health and safety of workers in the supply chain.

Thank you for your attention.

April, 2017

LG Electronics_ The Third Open Inquiry & Demand from the victims and CSOs

1. First of all, we wish your continuous success in business.
2. The organizations and political parties listed above made inquiries on the recent methyl alcohol intoxication cases of the contract workers in the subcontractors of LG Electronics first on March 8th, 2016 and second on April 22nd, 2016. And your company replied back to the inquiries. The summary of your reply is as follows :

1) LG Electronics has not been aware of the fact that the workers employed by the subcontractors were exposed to methyl alcohol.

2) LG Electronics is figuring out if our trading partners are using harmful chemical substances in accordance with EICC international assessment standards and the supply chain code of conducts.

3) It is practically impossible for LG Electronics to directly monitor all of the parts production supply chain. We are planning to constantly manage and guide second-tier suppliers through first-tier suppliers not to use methanol.

4) The recent accidents are associated with third-tier suppliers, so they are not subjects of direct monitoring by LG Electronics.

5) After the accident, we organized an ad-hoc committee to address the issue and made special site inspections on the two workplaces.

3. The organizations and political parties listed above appreciate your previous reply. Also, we appreciate your attention and endeavor in creating safe working environment in your partner companies.

4. Victims, civil social organizations and political parties have taken continuous efforts to prevent such unfortunate cases from happening again.

5. With the understanding that your company's policies and countermeasures are important to solve the problem in a responsible way, we wish to deliver our demands with additional inquiries.

[Questions]

1. After the accident, your company explained that you made companies in your supply chain stop using methyl alcohol to prevent damages due to negligent use of methyl alcohol in the supply chain. Also, you replied that your company organized an ad-hoc committee to address the issue and made special site inspections. According to your explanation, methyl alcohol was found to be used in two workplaces, but those have automated process and there is no human contact. You also claimed that, if there is some kind of exposure, workers are taking safety measures including wearing personal protective equipment.

However, as you know, some of the victims of this case definitely were intoxicated with methyl alcohol while working in the process of producing parts for your company's cell phone. Therefore, we want to emphasize that your explanation on the findings of your special site inspection that you couldn't find out any other workplaces using methyl alcohol in a similar situation doesn't simply mean your company is irrelevant with this accident.

Regarding this, site inspections made after the accident identified that cell phone manufacturers other than your company were using methyl alcohol in several

workplaces. Have you found out the reason why this methyl alcohol intoxication occurred in only some of the workplaces, even though a lot of small subcontract factories manufacturing small size aluminum component for cell phones equally used methyl alcohol and their safety managements were equally insufficient? It is assumed that the size, use of methyl alcohol, and safety & health management level do not vary significantly in dozens of workplaces in its kind. Against this backdrop, what is the reason that accidents happened only at the specific workplaces according to your analysis?

2. After the accident, your company told us that you stopped using methanol to prevent damages due to negligent use of methyl alcohol in the supply chain. Also, you replied that your company organized an ad-hoc committee to address the issue and made special site inspections. According to your explanation, methyl alcohol was found to be used in two workplaces, but those have automated process and there is no human contact. You also claimed that, if there is some kind of exposure, workers are taking safety measures including wearing personal protective equipment.

We heard that your company has taken several measures to prevent the same or similar accident. However, in detail, we cannot identify what measures you have taken and the results of improvement by your company's sustainable management report and media reports. Please let us know the measures your company has taken in terms of guaranteeing the right of workers in partner companies to work in a safe and healthy environment in detail.

3. In your replies to our previous inquiries, your company claimed that industrial safety problems in the second- or further-tier companies of your supply chain basically fall under the control of the first-tier suppliers, so your company cannot manage the problems directly, but instead, you are planning to constantly ask and guide first-tier suppliers to thoroughly manage the problems. You also claimed that the so-called 'Methanol-free statement' in the entire supply chain cannot be made as methanol is either not in use or used only for research purpose in your company and your first-tier suppliers and the use of methanol in suppliers beyond second-tier ones is out of your company's control.

This can be understood as a claim that your company is not responsible for the industrial safety problems in workplaces beyond your second-tier suppliers in your supply chain. Has your company's stance ever changed after you replied back to us in 2016? Have you made any improvement, for instance, building a system to directly and regularly supervise your second- or third-tier suppliers whether they are following the Occupational Safety and Health Act?

4. Your company is producing cell-phones not only in Korea but also abroad. Regarding the recent accidents, did you check if similar methyl alcohol intoxication took place in overseas production corporations? How do you manage the industrial safety and health issue of local subcontractors beyond your first- and second-tier suppliers manufacturing the products purchased by your company's foreign production corporations?

5. After the accident, what has changed in the supply chain system of your partner companies producing parts and components for your cell phone products? For example, is the CNC processing still done by third - or fourth-tier subcontractors? Are the dispatched workers still responsible for the process?

the open inquiry process believe the ultimate responsibility for the accidents are on your company. Your company has the greatest and practical influence in creating working environments safe enough to prevent methyl alcohol intoxication in your supply chain. However, your company did not exercise your influence even though you are fully capable of it, and it resulted in this tragic accident. In this regard, we demand that your company offers a meeting with the victims and their families where you can express your apology and convince them that your company works to prevent similar accidents.

- We demand your company should take appropriate measures separate from occupational health and safety insurance to help the victims have the highest possible medical treatment and rehabilitation in the optimal environment and return to their daily life and work life when possible. We expect your company takes a forward-looking action for the victims in terms of corporate social responsibility or social contribution apart from legal obligation.

March. 2017

[Demands]

Besides the above listed questions, we demand the following things.

1. We demand an official meeting with the highest level decision makers in charge of managing your company's supply chain for cell phone parts production. To have a communication channel as a meeting is important to receive your explanation on the root cause of the recent accidents and measures to prevent similar cases from repeating while delivering additional inquiries. It is a legitimate demand to fulfill the public right to know the truth of the socially important issues.

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- Victims, their families, civil social organizations and political parties engaged with

LG Electronics_ Reply

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5. With the understanding that your company's policies and countermeasures are important to solve the problem in a responsible way, we wish to deliver our demands with additional inquiries.

[Questions]

1. After the accident, your company explained that you made companies in your supply chain stop using methyl alcohol to prevent damages due to negligent use of methyl alcohol in the supply chain. Also, you replied that your company organized an ad-hoc committee to address the issue and made special site inspections. According to your explanation, methyl alcohol was found to be used in two workplaces, but those have automated process and there is no human contact. You also claimed that, if there is some kind of exposure, workers are taking safety measures including wearing personal protective equipment.

However, as you know, some of the victims of this case definitely were intoxicated with methyl alcohol while working in the process of producing parts for your company's cell phone. Therefore, we want to emphasize that your explanation on the findings of your special site inspection that you couldn't find out any other workplaces using methyl alcohol in a similar situation doesn't simply mean your company is irrelevant with this accident.

Regarding this, site inspections made after the accident identified that cell phone manufacturers other than your company were using methyl alcohol in several workplaces. Have you found out the reason why this methyl alcohol intoxication occurred in only some of the workplaces, even though a lot of small subcontract factories manufacturing small size aluminum component for cell phones equally used methyl alcohol and their safety managements were equally insufficient? It is

assumed that the size, use of methyl alcohol, and safety & health management level do not vary significantly in dozens of workplaces in its kind. Against this backdrop, what is the reason that accidents happened only at the specific workplaces according to your analysis?

(LG Electronics' reply)

Since the accident, we have put a lot of efforts in establishing a fundamental plan to prevent similar accidents. In particular, even before the accident, LG Electronics had been distributing the supply chain code of conducts which includes measures to control harmful chemical substances to its first-tier suppliers while the mandatory responsibility of first-tier suppliers to control second-tier or third-tier suppliers is clearly prescribed in its contract. And after the accident, we prohibited the use of methanol in every subcontractor of our supply chain as an effort to prevent similar cases and established an internal ad-hoc task team to conduct special site inspections on all the suppliers.

Furthermore, we are providing trainings to ban the use of methanol to representatives of first-tier suppliers and implementing a win-win cooperative program with them.

2. After the accident, your company told us that you stopped using methanol to prevent damages due to negligent use of methyl alcohol in the supply chain. Also, you replied that your company organized an ad-hoc committee to address the issue and made special site inspections. According to your explanation, methyl alcohol was found to be used in two workplaces, but those have automated process and there is no human contact. You also claimed that, if there is some kind of exposure, workers are taking safety measures including wearing personal protective equipment.

We heard that your company has taken several measures to prevent the same or similar accident. However, in detail, we cannot identify what measures you have taken and the results of improvement by your company's sustainable management report and media reports. Please let us know the measures your company has taken in terms of guaranteeing the right of workers in partner companies to work in a safe and healthy environment in detail.

(LG Electronics' reply)

As a member of EICC, we created the supply chain code of conducts to have not only our company but also our first-tier suppliers comply with international standards for corporate social responsibility. The compliance obligation should be included in its contract.

LG Electronics also runs Incentive & Penalty system through regular assessment of its suppliers and supports on-the-site consulting service for free in order to build capacity of its suppliers.

In selecting suppliers, we follow internal rules and procedures developed in accordance with international standards. The compliance of corporate social responsibility is a key factor in assessing and selecting suppliers.

3. In your replies to our previous inquiries, your company claimed that industrial safety problems in the second- or further-tier companies of your supply chain basically fall under the control of the first-tier suppliers, so your company cannot manage the problems directly, but instead, you are planning to constantly ask and guide first-tier suppliers to thoroughly manage the problems. You also claimed that the so-called 'Methanol-free statement' in the entire supply chain cannot be made as methanol is either not in use or used only for research purpose in your company and your first-tier suppliers and the use of methanol in suppliers beyond second-tier ones is out of your company's control.

This can be understood as a claim that your company is not responsible for the industrial safety problems in workplaces beyond your second-tier suppliers in your supply chain. Has your company's stance ever changed after you replied back to us in 2016? Have you made any improvement, for instance, building a system to directly and regularly supervise your second- or third-tier suppliers whether they are following the Occupational Safety and Health Act?

(LG Electronics' reply)

We have assessed labor rights/human rights/industrial safety performance and conducted regular site inspections on our first-tier suppliers. In addition, by signing a contract with LG Electronics, first-tier suppliers are assigned the responsibility to ensure their second-tier or third-tier suppliers to comply with

corporate social responsibility.

4. Your company is producing cell-phones not only in Korea but also abroad. Regarding the recent accidents, did you check if similar methyl alcohol intoxication took place in overseas production corporations? How do you manage the industrial safety and health issue of local subcontractors beyond your first- and second-tier suppliers manufacturing the products purchased by your company's foreign production corporations?

(LG Electronics' reply)

After the accident, we inspected our overseas suppliers too. The policy to ban methanol use is equally implemented in our overseas operations. Moreover, the entire production process is directly operated by first-tier suppliers in our overseas operations.

5. After the accident, what has changed in the supply chain system of your partner companies producing parts and components for your cell phone products? For example, is the CNC processing still done by third - or fourth-tier subcontractors? Are the dispatched workers still responsible for the process?

(LG Electronics' reply)

According to the Subcontracting Act, LG Electronics cannot directly intervene in the operation of second-tier or third-tier suppliers. Therefore, we have consistently supported and guided our first-tier suppliers to manage their suppliers.

[Demands]

Besides the above listed questions, we demand the following things.

1. We demand an official meeting with the highest level decision makers in charge of managing your company's supply chain for cell phone parts production. To have a communication channel as a meeting is important to receive your explanation on

the root cause of the recent accidents and measures to prevent similar cases from repeating while delivering additional inquiries. It is a legitimate demand to fulfill the public right to know the truth of the socially important issues.

(LG Electronics' reply)

We have provided our faithful explanations on our situation and position in relation to the issue.

Should there be additional questions, we will answer in writing. Please understand our situation.

2. We demand your company should take measures to alleviate the suffering of methyl alcohol intoxication victims in your supply chain.

- Victims, their families, civil social organizations and political parties engaged with the open inquiry process believe the ultimate responsibility for the accidents are on your company. Your company has the greatest and practical influence in creating working environments safe enough to prevent methyl alcohol intoxication in your supply chain. However, your company did not exercise your influence even though you are fully capable of it, and it resulted in this tragic accident. In this regard, we demand that your company offers a meeting with the victims and their families where you can express your apology and convince them that your company works to prevent similar accidents.

- We demand your company should take appropriate measures separate from occupational health and safety insurance to help the victims have the highest possible medical treatment and rehabilitation in the optimal environment and return to their daily life and work life when possible. We expect your company takes a forward-looking action for the victims in terms of corporate social responsibility or social contribution apart from legal obligation.

(LG Electronics' reply)

We have been working on preventing similar cases by strengthening the control of harmful chemical substances in our supply chain. A range of measures to generate publicity for this effort has been also sought for.

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