

"S-Group"
Labor- Management Strategy of the year 2012

January 2012

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2012

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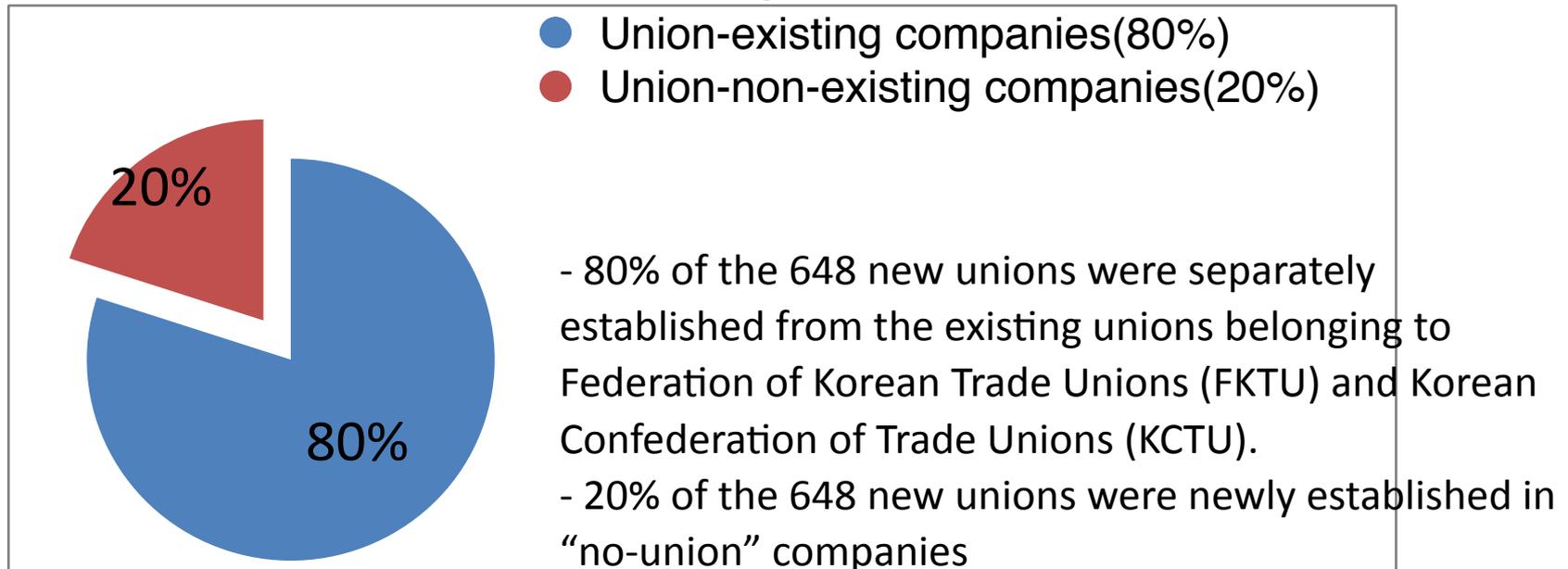
Chapter 1

Evaluation and Reflection of the Year 2011

July 1st, 2011

Plural labor union system was enforced at company level.

648 labor unions were newly established by January 6th, 2012.



Newly established labor unions

UNTIL NOW WE...

In response to the enforcement of plural unionism at company level

Group

- ✓ Check on the response to plural unionism in all the workplaces (2 times)
- ✓ Implementation of special labor-management education and simulation exercise
 - 29,000 participants
 - Workplace supervisors, managers in charge of legal affairs and public relations

Subsidiary companies

- ✓ Establishment of workplace-concluded organizational management
 - Increase of the budget for organizational management
 - Reinforcement of manpower and material resources by installing CCTV and complementing the rule of employment
 - Operation of various grievance procedures
- ✓ CEO's concern & support
 - Operation of monthly meeting for organizational management, strengthening of the status of Labor-Management Council
 - Empowerment of labor-management manager, reduction of troublesome employees, etc.

But, some problems occurred. New union was established in our group.

July 13, 2011, four troublesome employees established a labor union in the Everland Resort.

- The union has the form of trans-company union to cover all the subsidiaries of Samsung Group, suppliers and precarious workers.
- The union was not spread to other subsidiaries, due to the active response.

Others

- The issue of excessive work resulting in a suicide in the Samsung Electronics
- Continuation of the problem of leukemia occurred in the Samsung Electronics Conductor.
- The attempt of unionizing the SDI by troublesome employees.

1. Summary of the Everland Resort Labor Union

4 troublesome employees of the Everland Resort established so-called 'Samsung Union' in connection with outside labor organization on July 13, 2011.

- Park Won-woo(union president), Jo Jang-Hee(vice-president / key figure), Baek Seung-Jin and Kim Young-Tae(members)
- Disciplinary dismissal of 1 key figure, the suspension of 1 member
- 13 cases of accusation & prosecution (7 cases by union and 6 cases by company) are in progress.

◎ the reason why union was established

- The key figure, Jo Jang-hee (distribution employee) decided to establish a labor union, having a bad will resulted from his failure to be elected as the member of Labor-Management Council for his third term.
- Other 3 persons, who were canteen cooks, tried to improve their status through union activity, failing to find more visions in company life.

◆ All the 4 troublesome employees came from the background of non-permanent workers.

- 68% of the Everland Resort employees are non-permanent (58%) and career staff moved from other companies (10%)
(the average of the Group: 22%)

2. Why "Samsung Union"?

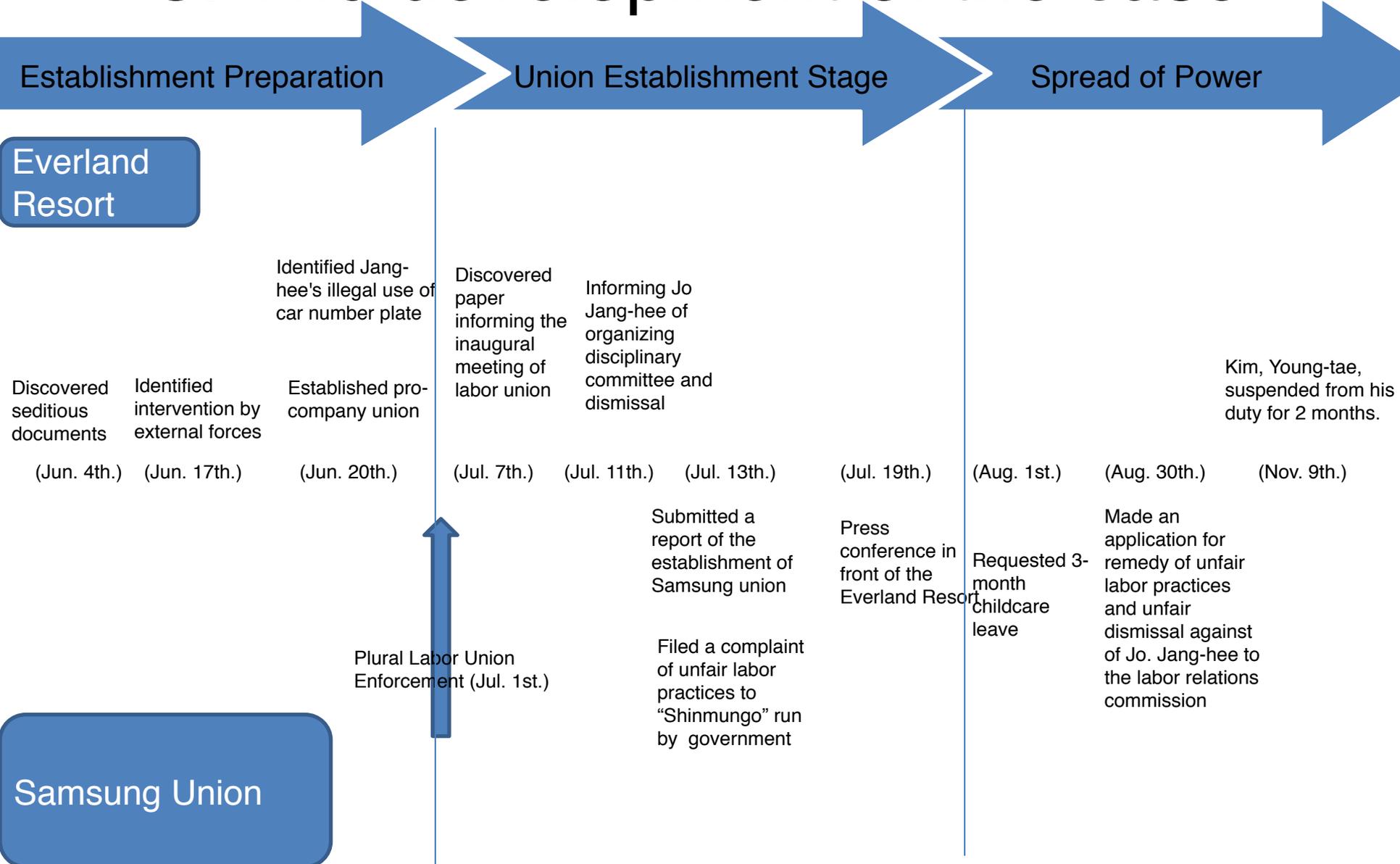
◎ Samsung union is a trans-company union

- Union membership is allowed not only to the Everland Resort employees, but also to all the employees of Samsung Group and suppliers.
- Union can demand a negotiation toward a company, if union has a single member belonging to the company. Company must accept negotiation with the union.

◎ Samsung union is the work made by Kim Sunghwan, the president of Samsung General Union.

- Kim Sung-hwan was a dismissed worker from the Icheon Electricity. His goal is to become the president of the trans-company union.
- He has made anti-Samsung activities since 1997, trying to establish a labor union by contacting troublesome employees within the group.
- He made preparation for the establishment of the Everland Resort Union since the early 2011.

3. The development of the case



Establishment
preparation

Labor Union

Troublesome persons set the July as “D-Day” and prepared secretly.

They arranged a safe house near from the Everland Resort and conspired to establish a labor union.

Company

◎ **The company beforehand became aware of a movement to establish labor union**

- A female employee found some document regarding ‘the action guidelines in case of the establishment of labor union’ on June 4th, 2011 at an office.
- A poster informing of the member’s meeting for union establishment was found on Jo Jang-hee's desk on July 7th, 2011.

◎ **The company rapidly took a preemptive reaction, following our scenario.**

- On June 20th the pro-company union was established and made a collective agreement on June 29th 2011.

□ □ **Union establishment**

◎ **Establishing pro-company union and making a collective agreement**

• According to the newly revised labor law, the Samsung Union cannot demand a collective bargaining in the coming 2 years, because the pro-company union was established earlier than the Samsung Union.

✓ **Establishing of pro-company union must be carefully elaborated.**

- The Samsung union can attack the pro-company union as a "nail-down" union or a "yellow" union.
- The role of the Labor-Management Council will be absolute in case that minority union is established.
- Fostering and enhancing of the Labor-Management Council is necessary.

Establishment Stage

Labor Union

◎ Seeking of external supports & Solidarity

The Samsung union has demanded supports from the Korean Confederation of Trade Unions (KCTU), left-wing organizations, and the New Progressive Party, etc.

◎ Report of the union establishment and issue-making towards mass media

- union form: trans-company union
- Issue-making towards mass media: "Nail-down" union, the "target inspection" against Jo Jang-hee and criticism of the punishment against him.

Company

◎ Immediate dismissal of key persons

- The dismissal of key persons prior to the establishment of labor union for the purpose of avoiding the charges of unfair labor practices.

◎ Mass media response

- Arguing that the Samsung Union is a "bullet-proof" union for avoiding the punishment against key persons.

**“Nail-down Union”
vs.
“Bullet-proof Union”**

The Samsung Union insists the pro-company as “nail-down” union

The company stresses the Samsung Union as a “bullet-proof” union for avoiding the punishment of some individuals.

Spread of union influence

Labor Union

◎ **3 unionists except Jo Jang-hee applied for childcare leave.**

- misusing labor law not to allow dismissal or disciplinary action in the period of childcare leave.

◎ **Propaganda activity in front of the company and issue-making**

- Propaganda activity in the main gate and dormitory of the Everland Resort and the Samsung Electronics

- Issue-making: newspaper articles, interviews, the union website, propaganda emails to Samsung employees

- Continuous contacts with troublesome persons of subsidiary companies

◎ **Filing several lawsuits against the company (7 cases)**

- Remedy application for unfair labor practices and unfair dismissals, and the accusation of contempt & violence, etc.

Company

◎ **Defense of lawsuit & counter-suit (6 cases)**

- Cooperation with relevant authorities such as the Ministry of Labor, the Prosecution Office and Police. Cooperation with the Federation of Korean Trade Unions (FKTU).

- Filing some lawsuits of contempt and house-breaking.

◎ **Blocking the spread of union influence**

- Punishment of Kim Young-tae and the mind control of our employees.

The Summon to order the company CEO to attend the Gyeonggi Office of the Ministry of Employment and Labor, issued on 7 November 2011

Attendant : Choi (Samsung Everland Resort)

- "If you do not attend, you may be disadvantaged on the basis of the article 200-2 of the Criminal Procedure Code."

The article 200-2 of
the Criminal
Procedure Code

"A judicial police officer can arrest a suspect with the arrest warrant issued by a judge, in case that the suspect does not meet the demand of attendance stipulated by the article 200.

Implications

◎ **Significance of management towards troublesome persons**

- Daily preparation for disciplinary action by the gathering of proofs concerning the problematic behaviors such as failure in duty, working attitude and failure in job order.
- Strengthening of contact management towards troublesome persons

Jo's verbal abuse from his mobile text message

- “You live like bastard! Fuck you! Report this to the company, Shit!”
- “Don't ever begin, if you cannot kill me!”
- “Think about what you are after 3 years, 5 years and 10 years! If you don't go fuck yourself by that time!!”

Implications

Significance to strengthen the Labor-Management Council

- The role of Labor-Management Council becomes absolutely significant in case of the establishment of labor union.
- We need to strategically strengthen the Labor-Management Council to dominate employees in ordinary days.

Implications

Concentration of our all capability in case that situation happens

- Strengthening of cooperation among the departments of workplace, personnel, legal affairs and public relations.
- Every company must maintain its own emergency situation room for rapid and effective response.

Response in combination with the Group Emergency Situation Room

Implications

Exhaustive preparation and training are needed.

It made a great contribution to our preemptive response that a female employee had found and notified some document related to the Samsung Union.

(The effect of training on no-union policy and workplace-level organizational management)

Chapter 2

Prospect of Labor & Management Environment of the Year 2012

External Environment of Labor & Management of 2012

Labor & Management Environment is about to get worse because of the **tricky** struggle tactics of union movement, and the pork-barrel populist pledges of the government and politicians

Especially, it is very likely that large enterprises like Samsung could be their targets.

Labor Movement

Spurred by the agreement about reinstatement of laid-off workers at Hanjin Heavy Industries and Construction, labor activists are expected to be actively engaged in labor & management issues of individual companies

◎ **Continuous collaboration between union activists and NGOs**

- The case of Hanjin Heavy Industries and Construction, didn't come to an end with its own solution, but with external intervention
- Labor & management relationship of each company became socially-politically significant issue.

◎ **Formation of wrong self confidence among labor world**

- "Struggle to the end and surely win!"
- "Win and no punishment!"

※ The reinstatement of unwillingly retired workers at Ssangyong Motor Co. is their next struggle agenda. ("inspired Hope-Tent Movement")

Political environment

Management of companies is expected to be harder and harder, because policies preferred to workers will be overflowing,

◎ **Regardless of political stance the governing party and the opposition party, produce overflowing of amount labor-friendly policies.**

- With the general election & presidential election 2012 ahead, excessively vote-conscious populist labor policies will make a bad influence on the labor & management environment of business

※ **Park, Won-Soon, the Mayor of Seoul, is pushing forward with the policy of “Civil Honorable Labor Ombudsman”.**

- It doesn't have any legal background, but harm the authority of the Ministry of Employment & Labor

It is an unfair and excessive regulation giving double burdens to enterprises.

“Civil Honorable Labor Ombudsman policy” of Won-soon Park, the Mayor of Seoul.

workplace

“Civil Honorable Labor Ombudsman Policy”

Stauts as labor organizations such as Korean Confederation of Trade Unions (the KCTU) recommend someone, then the City of Seoul appoints him(her) civil honorable labor inspector, and the he(she) keeps an eye on workplaces in Seoul.

The Dong-a Daily reported that employers peak organization, korea Employers Federation(the KEF) would sue against the policy it. It is implemented(Dec. 5, 2011)

Government

Policies inclined toward labor
And weakened ability of enforcement against illegal conduct

◎ **Lee, Chae-Pil, the minister of employment and labor, maintains policies inclined toward labor world**

- He announced a guideline to provide a protection for “in-house subcontracting workers”.
- He requested to adopt a series of actions such as the abolition of “the right shifts system of day and night to reduce long-time work hours”.

※ the Court rejected in piles arrest warrants against the union leaders, Related with the Hanjin Heavy Industries and Construction.

A guideline to provide protection for “in-house subcontracting workers”

The Han-Gook Daily cited Lee Chae-pil as he emphasized the abolition of the alternating shift and requested the introduction of the continuous dual shift (Aug. 2, 2011)

It is a labor-friendly policy ignoring business environment
which functions as a heavy burden to the individual
companies

Atmosphere in our Group:

“responsibility-avoidance to self-conceit(?)

◎ **Before the Enforcement of labor laws allowing plural union**

There were worry that “labor union would be established in Samsung Group.”

- “Labor union would be absolutely established in Samsung-related companies.”
- “It is OK, not if it is firstly established in my company or at my part.”

◎ **After the Enforcement of laws**

There appeared relaxation of tensions, because no union had been established for the past 6 months.



Plural Labor Unions? The laws don't matter
Why organizational management?

Chapter 3

2012

Labor-Management Strategy

Strategy Basis

In the second year of plural unionism at company level
we should **FIRMLY** build the permanent basis for labor-management stability
By **THOROUGHLY** complementing unsatisfactory factors appeared in 2011

Building of permanent basis for labor-management stability

Complete solution of vulnerable factors in organizational management

Operation of total
countermeasure system
for preventing labor-
management trouble



Concentration of our all power for
early solution in case of union
establishment

Implementation Direction

Operation of total countermeasure system
for preventing labor-management trouble

- ◎ **Concentrating on proactive identification of problem symptom by operating emergency countermeasure system and building rapid information sharing and decision-making system at group and company levels**
- ◎ **Intensive supplementation such as thorough workplace organizational management, the eradication of illegal/irrational behaviors, the reduction of trouble-makers, communication and the activation of grievance procedure, etc.**

Concentration of all the capability on early solution
In case of the establishment of labor union

- ◎ **implementing of union collapse and union defoliation in case of the establishment of labor union by close study and supplementation on union strategy and tactics.**

Implementation Tasks

1. Operation of all-out countermeasure system for preventing labor-management trouble

- ① Maintaining of emergency countermeasure system
- ② Thorough organizational management at workplace
- ③ Continuous reduction of poorly-performed and troublesome persons
- ④ Eradication of illegal/irrational behaviors
- ⑤ Enrich empathetic labor-management education

Implementation Tasks

1. Operation of total countermeasure system for preventing labor-management trouble

- ⑥ **Implementing of various activities for grievance settlement**
- ⑦ **Creating of rational and sound organizational culture**
- ⑧ **Maintaining of comparative advantage in wage and welfare benefits**
- ⑨ **Strategic nurturing and utilizing of the Labor-Management Council**
- ⑩ **Strengthening of “actual battle” countermeasure capacity of HR department**

Implementation Tasks

2. Concentration of our all power and early settlement in case of the establishment of labor union

① Basic direction

② Countermeasures in unionized companies (8 companies)

**③ Countermeasures in nonunionized companies
(19 companies)**

1. Maintaining of emergency countermeasure system

Accurate judgment of the situation and systematic countermeasure are important.

Rapid information sharing and consistent countermeasure are necessary.

inspection on
countermeasure
arrangement
for plural
unionism
(Jan.~Feb.

> **All the 48 workplaces of the group made general inspections**

- to check weak points such as countermeasure capability in case of emergency and workplace-level organizational management

- ※ The Everland Resort was ranked in the bottom 10 companies in the inspection made in the early of the year. But, the company was able to make a systematic countermeasure to the union establishment by increasing “actual battle” capacity.

1. Maintain of emergency countermeasure system

> Expanding emergency rooms to a Integrated Control Tower

- In case that situation occurs, expanding it to an 'Integrated Control Tower' involved by HR, public relations, legal affairs and regional committees in order to set tactics and make countermeasure to media/court

> Regularization of weekly video conference for HR executives organized by the Group

- Sharing of implications of incidents/problems and external labor-management trends, and joint countermeasure to labor-management pending issues

※ The group has implemented video conference with each workplace every week since July 2011

Extended operation of emergency situation room

(Jan. 2012)

2. Thorough workplace organizational management

Solving small discontents by mindset management towards employees can decrease the possibility of labor-management problems and increase the possibility of early settlement.

reinforcement
of
organizational
management
system at
workplace

> **Discover poor departments/classes in organization management and additional assignment of a field manager**

※ The Electronics officially assigned 716 field managers between February ~ March, 2011, within the semiconductor/LCD facilities engineer occupational groups, which had poor organization management due to the absence of field management system

2. Thorough organizational management at workplace

② Operation of organizational management teams
(Jan., 2012~)

Reinforcement of workplace organizational management
(Jan., 2012~)

Evaluation and reward on organization management performance
(Jan., 2012~)

> Continuous operation of CEO-chaired 'Organization Management Meeting' on monthly basis

※ As of July 2011, 47 (98%) out of 48 companies of the group implemented it. However, the operational performance has been decreased with the reason of managerial deterioration.

2. Thorough organizational management at workplace

Effective operation of organizational management meetings (Jan., 2012~)

reinforcement of the **workplace** organizational management

Evaluation and rewards on organizational management performances (Jan., 2012~)

- > Continuous provision of the materials on 'Know-how on Organizational Management' for workplace supervisors.
 - Regular distribution of know-how on organizational management, good cases and legal information, etc.
- > Implementing company-level training on organizational management for workplace supervisors more than once a year.

2. Thorough field organization management

Effective
operation of
organizational
management
meetings

(Jan. 2012~)

Reinforcement
of the
workplace
organizational
management
support

> The organizational management performances is reflected with 20-30% in yearly comprehensive evaluation on executives and managers.

> Awarding the excellent cases and relevant person in group-level trainings

- Announcement and award in supervisor trainings, selecting the excellent cases of organizational management

④ Evaluation
and rewards on
organizational
management
performances

(Jan. 2012~)

3. Continuous reduction of poor performers / trouble makers

Because trouble-makers have a high possibility of establishing a labor union associated with external forces, we should radically block any possibility of making trouble by the continuous reduction of those manpower.

Reclassification and minimization of trouble-makers (Feb.~ April.,

- > Reclassifying and taking action towards trouble-makers such as promotion failure / low-performance ranked employees
 - Utilizable persons: making them as “allied army” through promotion, position change, job transfer etc.
 - Non-utilizable persons: prepare an action plan such as voluntary resignation and job placement, etc.
- ※ The Precision Material had failed to manage core trouble-makers by strategic promotion or activity control, so the person was elected as employee representative in September 2011.
- > Seeking employees with extraordinary recruitment-path such as the regularization of precarious workers and developing action plan.
- ※ 58% of the Everland Resort employees, where the Samsung Union was established, had come from precarious work. 4 union members also did from precarious work.

3. Continuous reduction of poor performers / trouble-makers

arrangement of trouble-makers and the
Minimization

- > Continuous gathering of proofs concerning the irregularities in case of the establishment of labor union
- ※ SMD produced and is utilizing “the Encyclopedia” concerning the trouble-making individuals for the purpose of systematic control towards trouble-makers, which compiled personal preference, internal acquaintances, assets, drinking capacity, etc.

resistance to the reduction by active application of CDC

3. Continuous reduction of poor workers/trouble-makers

Promote
arrangement
of trouble-
makers and
the
gathering of
proofs

Minimizing of
the
resistance to
the reduction
by active
application of
CDC / 1

> Leading to natural kick-out of poor performers / trouble-makers through job placement

※ Implemented 369 cases of job placement in 13 companies with CDC in 2011 (cumulative total: 3,562 cases)

4. Eradication of illegal/irrational practices

Illegal/irrational practices within the organization must be completely eliminated, since they provide a reason for union establishment and external forces' infiltration.

Reduction of
overtime
work and
extra work
violating laws

> Include overtime exceeding 8 hours to extra work.

※ The Electronics was two times sued for excessive work hour by the late Kim of LCD, the late Park of IT etc. SMD was investigated on a charge of the violation of extra work regulation of office worker by the Ministry of Labor, and scheduled to submit its improvement plan by March 2012

※ The Ministry of Labor ordered 5 auto companies to improve their practices of excessive overtime in 2011, and plans to strengthen workplace supervision such as special investigation on extra work of big-sized companies in 2012.

Excellent cases of improvement in excessive overtime culture

Semiconductor division of the Electronics

- The head of the division pushed the improvement of organizational culture including the reduction of excessive overtime. As a result, the violation has decreased by 89% within 5 months(Oct. 2012)

“The executives should hold meetings less than 10times monthly and leave the office before 18:00.”

“Invest extra hours in organizational management such as meeting with employees.”

- * Directly pointed out two executives of team-head level belonging to the departments having the problem of excessive overtime, and ordered them to take 『1 to 1 Leadership Consulting for Executives』

Excellent cases of improvement in excessive overtime culture

The opinion of executives participating in 『1 to 1 Leadership Consulting for Executives』

~~“I feel regret merely focusing on hard work without effectiveness. I should have been helped out earlier”~~

Situation of overtime improvement in the Semiconductor.			
1st half of 2010 monthly average.		2011 November	
18.7 hours	Over time	-3.9h (21%)	14.8 hours
11.0 hours	Holiday work	-2.7h (26%)	8.3 hours
1,170 persons	Law violation	-1,150 persons (96%)	29 persons
19.21	Executives' get-off work	-52 minutes	18.29

“At the beginning, there were some concerns, however, the organization was naturally managed by the 1 to 1 meeting and work coordination”

“The executives left work late and held excessive meetings. This practices resulted in extra work of employees
But, after the 1 to 1 consulting our work effectiveness seems to have increased ”

Cases of accidents related to excessive over time and holiday work

- * The bereaved family of the late employee, Kim, who committed □ suicide in January 2011, asserted that “the reason of his suicide is the depression caused by excessive work hour”.
- ※ The late Kim had to be applied by three shifts with three teams. However, he actually worked two shifts with 12 work hours or had a day shift. He had worked 100 hours of overtime per month for 9 months before the accident, which means 8 months of violation.
- * The widow of the late manager Park, who died of stomach cancer in September 2011, asserted that “my husband died from overwork” in connection with external labor groups and joined illegal protests.
- ※ The late Park’s monthly overtime (January - August 2011)
 - Based on overtime rules: 76.5 hours, exceeding legal standards of 12 hours weekly with 9 weeks (2 months)
 - Based on in/out time: 124.6 hours, exceeding legal standards of 12 hours weekly with 34 weeks (8 months)

4. Eradication of illegal/irrational practices

② Preventive activity against sexual harassment and
Solution of

subcontract factors and improvement of discrimination against

> PR Campaign through SBC broadcast, single pop-up etc. (4 times a year)
➤ In case of sexual harassment and insulting, manager and the person had severe penalties.

※ Sexual harassment occurred 26 times in 2010, 22 times in 2011.

※ Lee Eun, who worked for the Electricity, published a book (『living in Samsung』 , Oct. 2011)

Accidents of sexual harassment

- * In recent 3 years 54 cases of sexual harassment happened within the Group. 39 out of the 54 cases (72%) were related to alcoholic drink.
- If we fail to take clear actions against the accidents of sexual harassment, they will aggravate the image of our company by requesting petitions to the National Human Rights Commission, filing civil/criminal lawsuits, and involving mass media, etc.
- In case of sexual harassment, there should be thorough investigation, according to the principle, punishing offender and taking care of victim.

samsung electronics LEE Eun(이은)'s biography “삼성에 살다” is published

- during overseas business trip in 2005, she **reported superior officer at her department touched her behind**
- **The Company was** placed in her to other **department** of the company on her own initiative

She claim including vindictively putting me on one side in my workplaces, I was treated discriminatingly just because of tip-off about sexual harassment

- May, 2007. She submitted a petition to NATIONAL HUMAN RIGHTS COMMISSION OF THE REPUBLIC OF KOREA
- May, 2008, File criminal and civil suits

This case was reported **numerous times** by hankyoreh, MBC, KBS Because recommendation of NATIONAL HUMAN RIGHTS COMMISSION OF THE REPUBLIC OF KOREA and losing this lawsuit(30 million won worth of compensation).

Insult by executives

*** vice-president of the Electronics, March 2011

“Bitch, what’s wrong with this organization?
What a scrape I am involved in this department...”

“Fuckheads, you’ve never gotten what I’m saying ”

*** executive director of the LED, April 2011

“Bitch, Fuckin’ asshole, I’ll rip your trap. You’ve got to be careful”

“should I give you a pay? You’re worthless, you just got sick every time”

“You, son of a bitch, why didn’t you do what I’d ordered?”

Insult by executives

Instant message by an executive director of the Electronics

“and *uck, why do you keep tricking me?”

“you guys will forget everything after a day passed, *uck”

“no simple action pleases me, *uckin’ asshole”

“*uck, it’s only you saying at the end of September. You must finish it at the end of August, you’ll need 1 day, stupid”

“you should’ve conned me perfectly, if you wanted to”

“I’ll keep an eye on you, Kim ”

Insult by executives

A chief head of the Electronics,
Nah's reply

“executive director ***!! ”

“ I can't stand with the insult and humiliation from your mouth and instant messaging”

“Do the humiliating curse like you fucker, idiot to your family ”

“when I saw you treating researchers like slavers, my blood boiled”

“I'll leave this dirty company, dirty organization with no regrets”

4. Eradication of illegal/irrational practices

Preventive activity against sexual harassment
③ Solution

subcontract factors and improvement of discrimination against

> Complete solution of dissatisfactory issues such as the Electronics' sales, the SDS development, the Everland's cooking, etc.

※ Inspecting a hospital (the Everland Resort), the Ministry of Labor asserted that cooking work of canteen had irregularities. But, the ministry demanded our self-improvement, considering it as business practices.

- According to the Ministry of Labor's guideline in November 2011, each subsidiary company monitored and corrected the factors of discrimination against precarious workers by itself.

5. Deepening of sympathy-oriented labor-management training

Strengthening of mind training in order to make our executives/ employees strongly adhere to no-union management philosophy, even if external environment changes

> Re-establishment of logic system focusing on historical value and results of no-union

- Highlighting the superiority of Samsung management philosophy and removing the risk of unfair labor practices

- ※ The Electronics' managers consecutively uploaded Twitter posts on harmful effect of labor unions in training (unfair labor practices regarding training contents and materials can be sued)

- ※ The approval request for labor-management training of the Electronics was leaked, becoming social issues.

of logic
system on
no-union
managemen
t
(Jan.~Feb.,

“They call the Korean Confederation of Trade Unions as evil forces”

Supervisor Lee, the Electronics

During the group training for promoted employees, he posted complaints about labor-management training on Twitter (8 times)

“According to this person, the Korean Confederation of Trade Unions is evil forces, violent group and commie. It’s going too far, shit ”

“Every video clip, shown from the HR department head of Samsung Electronics condemning labor unions, was highlighting violent aspect of labor unions. In turn, what he wants to say is that labor union is illegal and violent group as well as professional demonstrators”

“Now, I am in a training unilaterally teaching that labor union is bad by stressing the harmful effect of labor union. Ah, it’s annoying me. I’ll just sleep”

5. Deepening of sympathy-oriented labor-management training

① Diversity
contents
arousing
generational
sympathy
(Jan.~Feb.,
2011)

- > Introduce diverse training methods such as panel discussion and role play, etc.
- > Raise the level of concentration by complementing audio-visual contents in training materials

organization
al
managem
ent &
training for
key groups

5. Deepening of sympathy-oriented labor-management training

Diversity
contents
arousing
generations'
sympathy
(Jan.~Feb.,
2019)

organizational
management
&
Training for
key groups
(March
2019)

> implement special training for keeping tension among supervisor group at workplace

* Executives, field managers, department managers (7,020 persons)

• raise training effect by reorganizing training schedules by industry and occupational group

> Implement trainings to reinforce working capability of managers who deal with precarious workers (100 persons).

* The guidelines for the correction of discrimination against precarious workers and legal regulation regarding subcontract, etc.

6. Implementation of various activities for grievance settlement

The failure of effective grievance settlement results in accumulating employees' complaints and creating direct involvement of external forces, causing a big problem of labor-management relationship.

of grievance
settlement
through
official
channel of
organizational
management
(January

> Operate a hot-line which helps managers settle received grievances easily

* Build supporting system such as integrated call center for staff sector and website for managers, etc.

6. Implementation of various activities for grievance settlement

grievance settlement channels for executives/employees' self-purification (April 2012~)

> expand grievance settlement channels in multi-direction in order to promote executives/employees to find solution by themselves

- Listen to grievances, opinions and proposals among executives/employees in anonymity.
- Use the channels to neutralize negative opinions of employees and create friendly public sentiments.

inspection and implementation of mental health management for employees (January 2012~)

※ The 4 companies such as the Electronics, the SDI, the Techwin and the trading company opened an anonymous bulletin board inside the Single, and are operating them as a channel for self-purification, allowing executives/employees to seek for alternatives by themselves.

Cases of online comment consultation center of the Electronics

I have things to say

There is one thing I've got to learn from Samsung so far: it makes a person like a dog...

Did they recruit an employee with a high school diploma to work like this?

45 likes

I have a high school diploma, too.

But your words embarrassing to me with a high school graduate. There are some executives who joined this company only with a high

school diplomas, being recognized their hard work and job competency.

Look for the reason within yourself.

6. Implementation of various activities for grievance settlement

grievance
settlement
channels for
executives/
employees'
self-
purification
(April 2012~)

> Check compliance and progress rate of the practical solution for each company developed in November 2011

※ If executives/employees' grievances are not solved properly, conflicts and stress will be accumulated, causing the increase of suicide and labor-management accident, etc.

※ Current situation of suicide within the Group: 00 persons in 2009 → 00 persons in 2010 → 00 persons in 2011

implementatio
n of mental
health
management
for employees
(January
2012~)

Excellent cases to prevent executives/ employees' suicide

* an employee, Park OO from the LCD of the Electronics, attempted to throw himself for suicide in September 2011

The employee, Park OO, who were monitored with special attention due to frequent absence without notice, did not go to work. He tried to throw himself from his dormitory room after removing window screen. But, his trial was discovered in early stage and stabilized.

① The person failed to throw himself for suicide, because of the fixed-type window screen, delaying him one hour to disorganize it.

② As the person with special attention hadn't come to work, the department head operated emergency network, requesting the dormitory staff to check him.

③ The dormitory housemaster moved to the person's room and persuaded him for 30 minutes, and blocked suicide.

7. Create rational and healthy organizational culture

if organizational culture is warm and caring, employees' complaints will be decreased, and their satisfaction and pride will be getting stronger, which leads interests to labor unions to naturally disappear

gifts For
employees'
anniversaries
(January,
2012~)

> present CEO autographed letters and gifts for birthdays, childbirths, and wedding anniversaries

Time for delicate cares

**“ if we send a baby hat or socks
for childbirths of employees
along with CEO autographed letter of congratulation**

**or, small gifts such as a cake with CEO’s name table on birthdays
of employees or their parents,**

**the whole group will become warm and employees will be
touched as well “**

Chairman’s words at a HR executives meeting (Nov. 24. 2011)

7. Create rational and healthy organizational culture

organizational satisfaction by clubs
(January, 2012~)

employees pride by donations and voluntary activities
(January, 2012~)

institutions to spread creative organization culture

- > raising club joining rates and promoting club activities (the present: 38% → goals: over 50%)
- operate a designated week for club festivals and a day for clubs over group companies
- ※ current number of clubs : 1,590
(86 thousand employees among 2,280 thousand)

7. Create rational and healthy organizational culture

organizational satisfaction by clubs
(January, 2012~)

employees pride by donations and voluntary activities
(January, 2010~)

institutions to spread creative organization culture

> continue donation campaigns arranged by each company (once/ a quarter)

※ the amount of donation during Jan. and Nov. 11 : 21.4 billion won by employees and companies (about 20 million dollars)

>volunteer activities were increased at workplaces/ employees poorly managed in term of organizational management (increased more than once a year)

7. Create rational and healthy organizational culture

organizational satisfaction by clubs
(January, 2012~)

employees pride by donations and voluntary activities
(January, 2012~)

REVISE institutions to spread creative organization culture

> Taking peculiarities of each company into consideration, introduce additional practices such as autonomic work, at-home/remote work

※ in Nov.11, 24(41%) among group member companies are operating autonomic work

8. Maintain comparative advantages in terms of wages and welfare benefits

Maintain comparative advantages of wages with rival companies; improve welfare benefits focusing on factors which can boost loyalty and satisfaction to the company

free breakfast
& dinner at
manufacturing
plants
(to be

> In order to dramatically improve loyalty of employees, review positively to provide free breakfast and dinner

* Estimated additional expense is 28 billion won (about 25 million dollars) per year

8. Maintain comparative advantages in terms of wages and welfare benefits

② Introduce
practices to
Solve the legal
debaters on
overtime/extra
work

company
contribution to
personal
pensions for
employees (to

Expand
beneficiaries
and items of
medical cares
(to be review)

> demand outside actors to, expand autonomic work system and introduce American white-collar Exemption to labor laws.

In group, improve a wage system for office jobs

※ According to the existing wage system about overtime exceeding 8 hours in weekdays, 32 hours a month are covered by a blanket wage system; but the rest amount of overtime lacks a legal basis

※ when inspecting, Korean Ministry of Labor has a stance to ask that suggests that to any overtime pay should be given hourly

8. Maintain comparative advantages in terms of wages and welfare benefits

② Introduce
practices to
Solve the legal
debaters on
overtime/extra
work

company
contribution to
personal
pensions for
employees (to

Expand
beneficiaries
and items of
medical cares
(to be review)

> Raise company contribution to personal pension in order to stabilize employees' lives after retirement and improve their job involvement

※ As average life span.
Extends, employees are under greater burden for sustenance issue after retirement

8. Maintain comparative advantages in terms of wages and welfare benefits

② Introduce

practices to

Solve the legal
debaters on
overtime/extra
work

company
contribution to
personal
pensions for
employees (to

Expand
beneficiaries
and items of
medical cares
(to be review)

> if employees join a medical insurance of Samsung Fire Insurance, s/he can add more recipients with expanded support items

* An additional of children and a support to non-payment items will be available

9. Strategic nurture and utilization of the Joint Labor-Management Council

Representativeness of a joint labor-management council provides a justification to and a logical basis for blocking labor union establishment, and the joint council will be mobilized as a counter force against union establishment

① Nurture

outstanding workforce for performing the role of a counter force

> develop master plan for selecting and nurturing candidates for members of a joint labor-management council

➤ - Implement mandatory capability building education for employee joint labor-management council (more than twice a year)

• Train their mind-set and boost their capability to transform the council to a pro-company union in emergency

※ Renault Samsung Motors cut the number of newly joined union members from 250 to 80 by using its labor-management council as a counter force to a labor union established in August, 2011

9. Strategic nurture and utilization of the Joint Labor-Management Council

legal
representative
ness of the
joint labor-
management
council (during

interests and
attention to
the joint labor-
management
council

> when each company elects members of its joint labor-management council, it needs to secure a 『labor representativeness』 according to the Labor Standards Act,

* State expressly the election of labor representatives and the majority votes of employees when it announces an election of labor-management council

※ If employee representatives of a joint council gain legality, a company is able to introduce /change a new/existing practice by making an agreement with the representatives without 50% consent from all employees

10. Strengthen practical countermeasure capacity of the HR department

If practical capability of the HR department is enhanced, it will be possible to effectively prevent the establishment of a labor union and to desolve it at the early stage of the establishment

staffs in
charge of
labor-
management
(January,

equip with a labor management staff per 250 employees executives

- Place outstanding employees at workplaces or law-major employees from top universities to that position

※ As of June 2011, this is a labor-management per 250 employees in average. However, 7 companies including the Electronics, SMD, LED, the Heavy Industry etc. are lower than the group's average (a staff per 280 employees)

➤ Secure 000 certified labor attorneys By the year of 2015 (1 labor attorneys per 1 workplace system)

※ As of November 2011, 000 certified labor attorneys

10. Strengthen practical countermeasure capacity of the HR department

actual-battle
training of
labor-
management
supervised by
disproportion

> Intensive training for HR executives/ labor-
management head managers/staffs (900 persons)

* Secure problem-solving capability by case studies on
Renault Samsung Motors, Hanjin Heavy Industry etc.

capability of
HR
department
supervised by
each company

Rebuild sound
workforce
within
companies
(~June 2011)

10. Strengthen practical countermeasure capacity of the HR department

actual-battle
training of
labor-
management
supervised by
group

capability of
HR
department
supervised by
each company

Rebuild sound
workforce
within
companies
(~June 2011)

- > Implement a simulation training for all staffs in related areas such as:
HR/PR/JA etc. (once per a quarter)
- > Benchmarking the excellent cases of countermeasure arrangements among group companies (twice a year)

10. Strengthen practical countermeasure capacity of the HR department

actual-battle
training of
labor-
management
supervised by
company

capability of
HR
department
supervised by
each company

Rebuild sound
workforce
within
companies
(~June 2011)

> After rearranging defense force, countermeasure force to union activities and opinion leaders, implement simulation trainings and mindset trainings on a regular basis

Secure/Maintain

『sound workforce within company』

	Defense force	Opinion leaders	Counter-measure against union activities
Role	be mobilized for defense In case of workplace invasion by outsiders	Figure out collective complaint and the signals for union establishment, and form public opinion for companies	Interfere union activities inside companies, for example hand-written wallposters removal, and perform pro-company activities
Selection scale	Secure the scale according to workplace' size	10% of in a department employees •Strong loyalty to the company • Consider position, gender ratio	0.5% of employees in a workplace * Foster 2~5 persons per a labor-management staff
Securement method	After acquiring a prearranged list, contact and form – the force through a department head in emergency	nurture continuously in the long term Under responsibility of executives/ department heads	Use relationship with labor-management staffs
Maintenance plan	Implement a rapid training at the spot in emergency, no advance trainings	Share company situation and implement grievance settlement/ consultation by regular one-to-one meetings	Manage individually under the supervise of HR executives * Use them as opinion leaders during a period of labor-management stability

* Note: Provide appropriate incentives to maintain continuous trust keep a complete security on the sound workforce list (operating a point organization)

Specific items to enforce

2. Concentration of all capacity from the related areas for the early resolution at the time of labor union establishment

① Basic direction

② Countermeasures of unionized companies (8 companies)

**③ Countermeasures of nonunionized companies
(19 companies)**

1. Basic direction

Enforce 『Early collapse』 or 『defoliation』

In case of establishing a labor union in unionized companies
(8 companies including the Life Insurance)

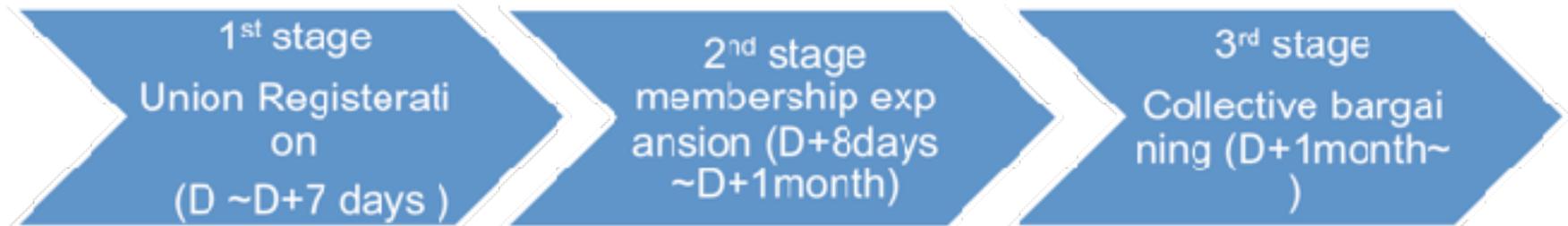
- Refuse collective bargaining with the new labor union by presenting the collective agreements signed with existing labor unions
- collapse the new union by mobilizing the existing labor unions

In case of establishing a labor union in nonunionized companies
(19 companies including the Electronics)

- Concentrate all capacity from the related areas in collapsing the new union at the early stage
- If it's impossible, proceed bargaining after judging whether it's for company or not; defoliate the union in the long run

1. Basic direction

The Process after labor union establishment



- Register with outside support from union movement
- * Start mass-media play of the same time with union registration : legitimacy of union
- * request vacation/time off for union activities
- Petition/lawsuit/ accusation: misuse of legal/irrational practice

- Initiate a propaganda to encourage employees to join the union : distribute **pamphlet** during lunch/ commute time
- Open a webpage : upload prompt reports of protests and disclose company's corruption
- Additional lawsuits/ accusations: unfair labor practices, employer violence, contempt against union etc.

- Secure legitimacy bargaining: give a reason for correcting practices illegal/irrational
- official request for collective bargaining : full-time labor officers, union office, etc
- push invalidation of a bargaining unit consolidation process: criticize pro-company unions and outside intervention

2. Countermeasures of unionized companies

Union Registration Stage

Expansion Stage

① Expand
and
strengthen an
emergency T/
F team
Prevent
internal

disturbance
and
connecting
to the union

Attempt to
early
collapse
(if
necessary)

- > Immediately organize a team in which HR/PR/JA/
local council participate to counter for new union's
activist's media play and lawsuit/accusations
- > Share information with our group by real-time basis
and discuss counter measures

2. Countermeasures of unionized companies

Union Registration Stage

Expansion Stage

① Expand

and
strengthen an
emergency T/
F team
Prevent
internal

disturbance
and
connecting
to the union

Attempt to
early
collapse
(if
necessary)

>Prevent employees from involving in disturbance and any waves in the company by issuing statements from the existing or the joint labor-management council and intensify in-hands management over trouble-makers

2. Countermeasures of unionized companies

Union Registration Stage

Expansion Stage

① Expand
and
strengthen an
emergency T/
F team
Prevent
interact

disturbance
and
connecting
to the union

Attempt to
early
collapse
(if
necessary)

If the new labor union doesn't have enough rational for establishment and doesn't have supporters, persuade union members to drop out from the union and to withdraw union establishment while giving careful attentions to unfair labor practices

Understanding of punishment regulations on unfair labor practice

The Labor Union and Labor Relations Adjustment Act, Article 90 (penalty)

A person who violates article 81 (regulations on unfair labor practice) will be sentenced to be in prison at most two years and be fined up to 20 million won(20 thousand dollars dual penalty provisions).

※ imprisonment is prescribed, but in practice only amercement is enforced

* Unfair labor practices mean the activities that

A company treats disadvantage to its employees such as dismissal, due to the join to 『the formation of a union』 , or delays/refuses collective bargaining with a union without justifiable reasons

※ In the case of facing a lawsuit on unfair labor practices, the existence of evidence is the crux of the matter

(ordinary trainings/educations are necessary in order to ascertain written/verbal materials and recorded contents' **running afoul against** unfair labor practice)

2. Countermeasures of unionized companies

Union Register Stage

Expansion Stage

① legally
refuse the
requested
collective
bargaining

Without hesitation, refuse a request of a new labor union for collective bargaining by making excuse of the existing agreement signed by the existing union

※ But, 4 companies with PU (paper union) should make decisions after they analyze the possibility of early disruption of a new labor union and consider public criticism regarding PU as 『holdout union』 when opened to public

Trigger
internal
division of a
new union

labor
conflicts by
manipulating
the existing

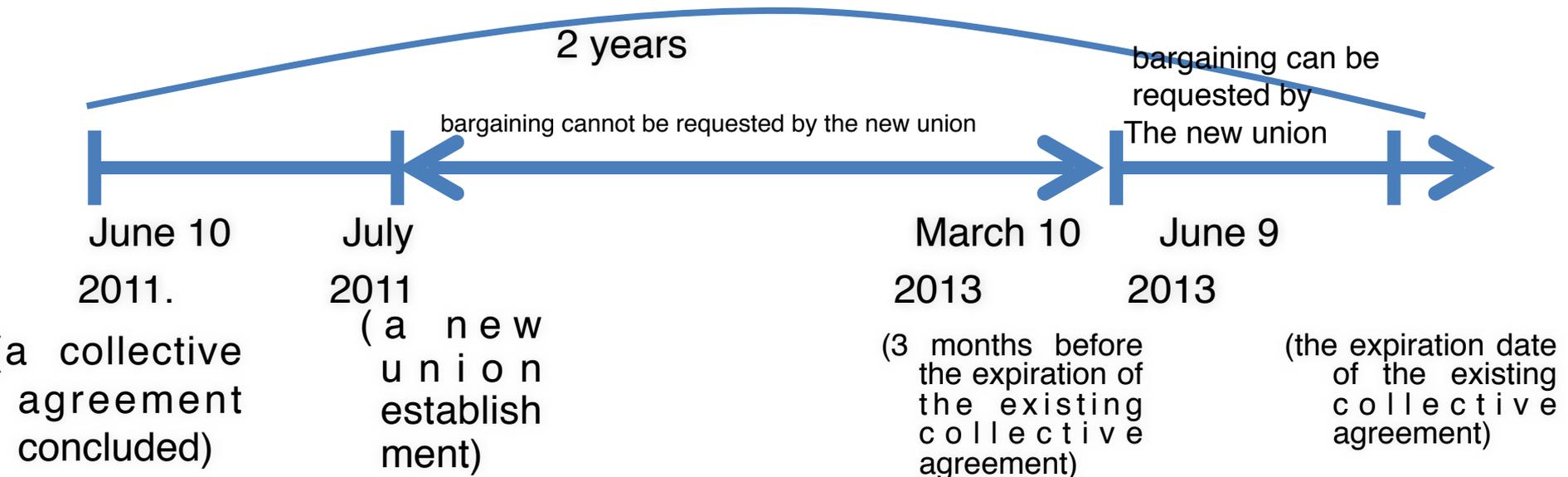
Validity of concluded collective agreements

Enforcement decree of The Labor Union and Labor Relations Adjustment Act, The 10th -
① clause of article 14

[the term of position maintenance of an exclusive bargaining right union]

in case of two-year effective period of a collective agreement
: until the expiration date of the collective agreement

when a two-year collective agreement is concluded between the existing union
and a company on June 10, 2011



2. Countermeasures of unionized companies

Union Register Stage

Expansion Stage

① legally
refuse the
requested
collective
bargaining

➤ Isolate leaders by using dismissals or suspensions after securing the evidence of illegal activities, while inducing simple participants to disaffiliate the new union by arranging meetings between co-workers/ department heads and them

Trigger
internal
division of a
new union

• Hinder union postings, union activities during working hours, union's tent-setting by utilizing company regulations, and apply disciplinary actions after collecting evidences when the union does not follow

labor
conflicts by
manipulating
the existing

※ To punish leaders of the new union, be prepare to utilize the evidence of their violation against company rules collected before hand

2. Countermeasures of unionized companies

Union Register Stage

Expansion Stage

① legally
refuse the
requested
collective
bargaining

Trigger
internal
division of a
new union

labor
conflicts by
manipulating
the existing

>after the existing union highlights the weaknesses of a new union to dilute the new union's justification, mobilize the existing union's members to urge the new members to drop out from the new member

2. Countermeasures of unionized companies

Union Register Stage

Expansion Stage

the new union by criminal and civil suits when illegal

> Induce to demolish the new union which stopping union activities and making the new union immobile by claiming a large amount of compensation for damage, apply for an injunction and imposing financial pressures

3. Countermeasures of nonunionized companies

Union Register Stage

Expansion Stage

Collective bargaining Stage

Expanding and reinforcing the emergency

countermeasures
issue of legal
defence force
problems on
union
establishment

Internal
disturbance
and
disconnect
trouble-
makers to
new union

> Immediately organize the emergency team which HR/PR/JA/ local council participate to preparing for the new union's media play and lawsuit/accusation

> Let defense force, countermeasure force against union activities, and opinion leaders to convene check their roles and take simulation training intensively

> Share the situation with the group in real time and discuss countermeasures

3. Countermeasures of nonunionized companies

Union Register Stage

①

Expansion Stage

Collective bargaining Stage

Expanding and reinforcing the emergency

countermeasures
issue of legal force
problems on union establishment

Internal disturbance and disconnect trouble-makers to new union

> make government office not to accept union establishment report by raising an issue of the best documentary/procedural faults, including omissions on the report, insufficiency of union by-laws, and membership of employee representatives etc.

3. Countermeasures of nonunionized companies

Union Register Stage

①

Expansion Stage

Collective bargaining Stage

Expanding and reinforcing the emergency

countermeasures
issue of legal
enforce
problems on
union
establishment

Internal disturbance and disconnect trouble-makers to new union

> Prevent internal disturbance by issuing a statement from the labor-management council, and build up the close surveillance on trouble-makers

3. Countermeasures of nonunionized companies

Union Register Stage

Expansion Stage

Collective bargaining
Stage

④ Persuade
the new
union's
members to
withdraw the
establishment

>Press the new union's members to drop out from the union and withdraw the establishment by mobilizing the labor-management council and opinion leaders

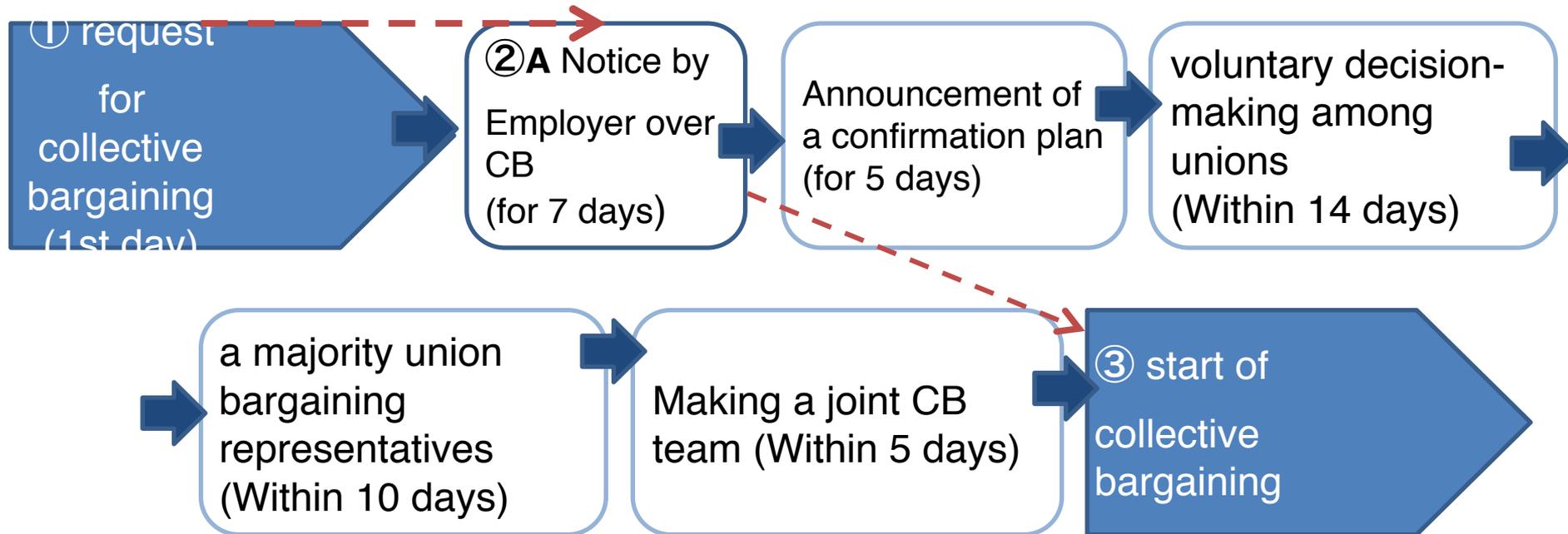
Time to determine the use of a company union

Immediately after a new labor union is established

- Make a decision whether to set-up a company union at least 3 days before it would be made to announce a plan to recognize a union with exclusive bargaining right because it takes at maximum 3 days for a company to receive certificate of its establishment
- It's not allowed for the company union to participate collective, after the announcement of schedule to confirm which union to have exclusive right

CB Procedure and the shortest time for the start of CB — without a company union

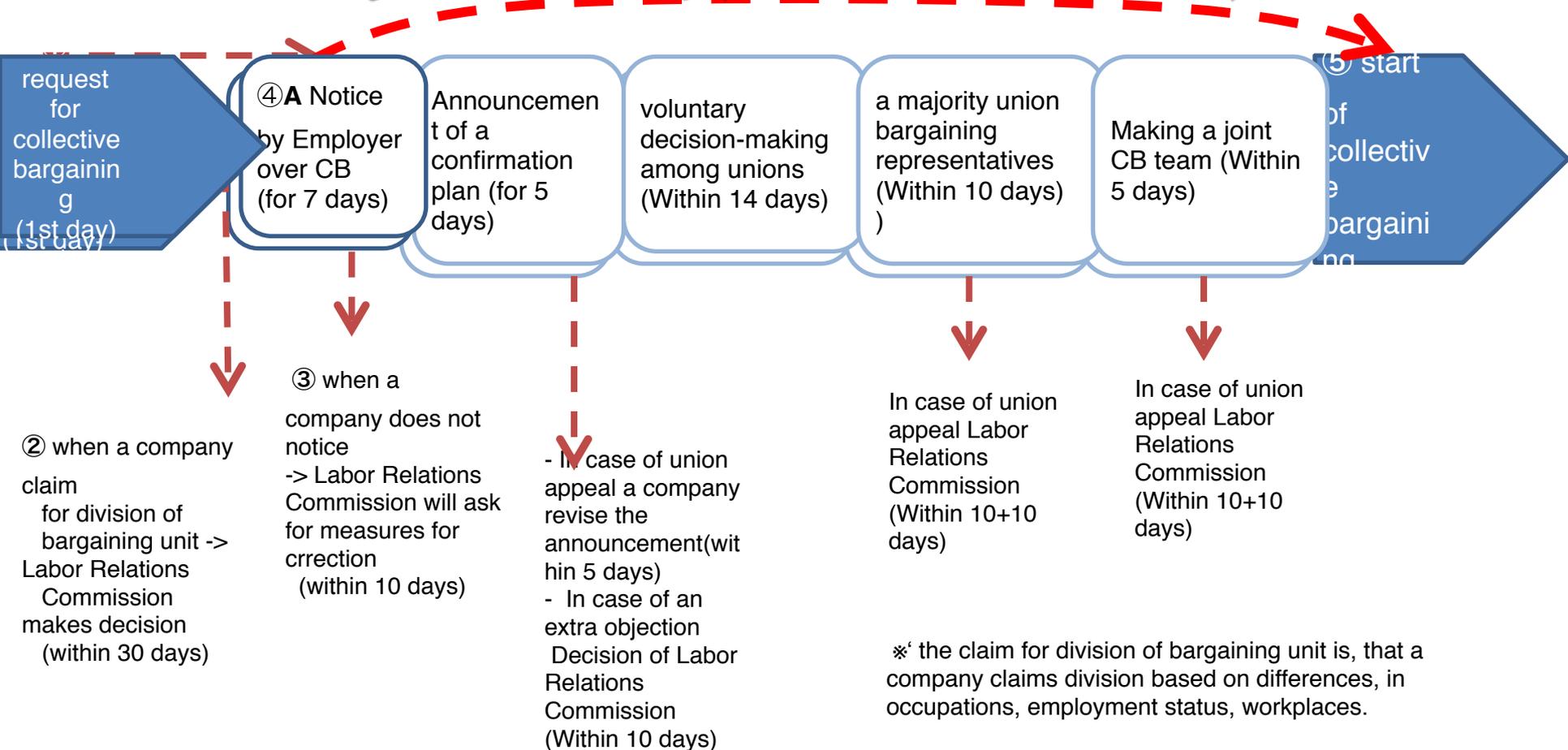
-From CB request to its start,
✓ **minimum 8 days** are necessary (① → ② → ③)



CB Procedure and the shortest time for the start of CB – without a company union

-From CB request to its start

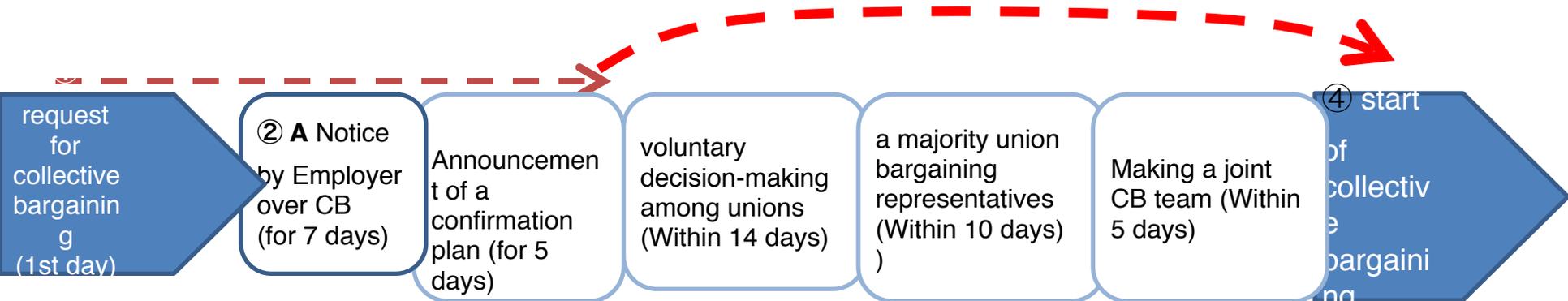
√ **maximum 48 days** are necessary (① → ② → ③ → ④ → ⑤)



the Procedure of shortest period collective bargaining with a company

-From CB request to its start

√ **minimum 9 days** are necessary (① → ② → ③ → ④)

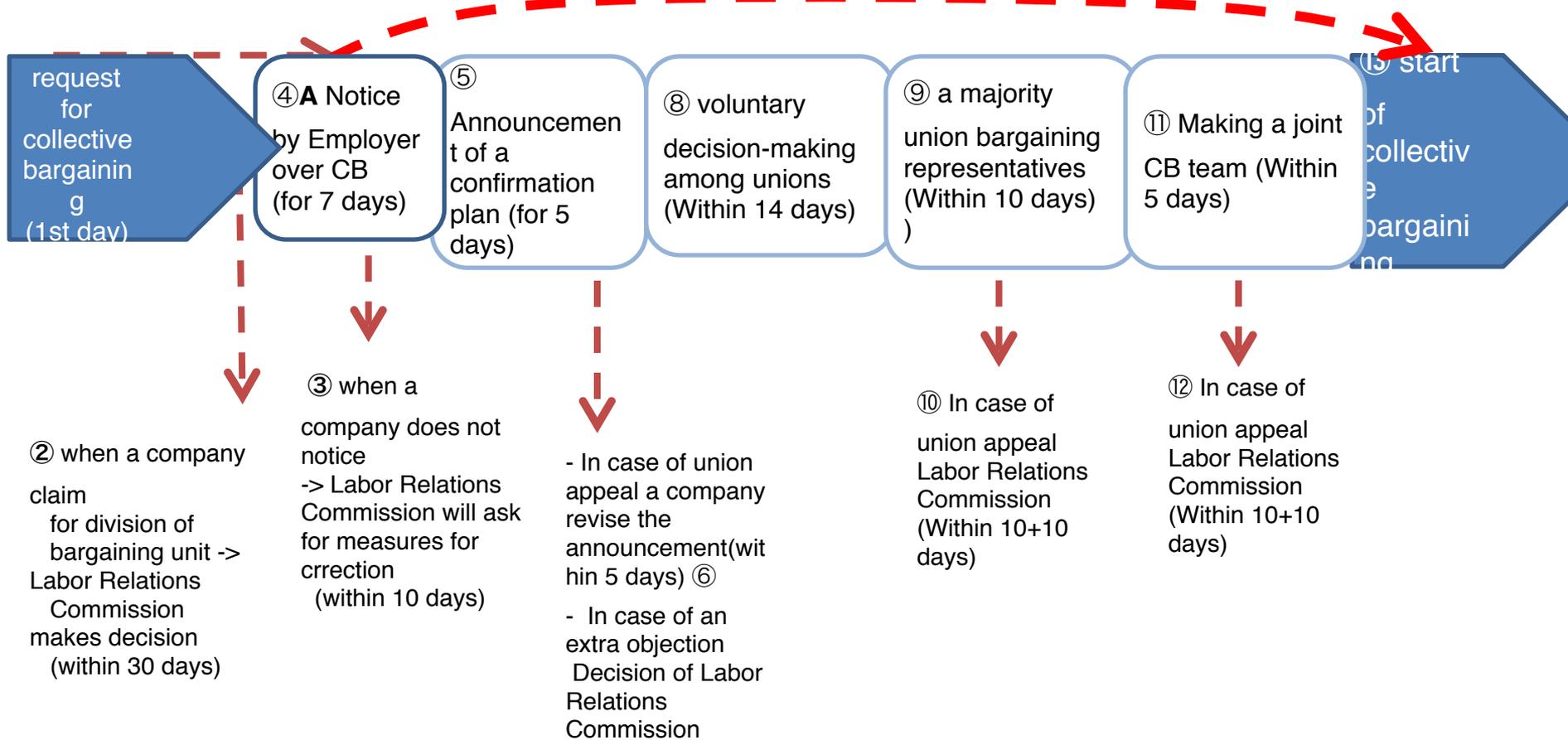


the Procedure of shortest period collective bargaining with a company

-From CB request to its start

√ **minimum 137 days** are necessary (① → ② → ③ → ④ → ⑤ → ⑥ → ⑦ → ⑧ → ⑨ → ⑩ → ⑪ → ⑫ → ⑬)

※additional 42 days For a normal process, and extra 95 days in case of notice omission and notice / an extra appeal



3. Countermeasures of nonunionized companies

Union Register Stage

Expansion Stage

Collective bargaining Stage

Internal
conflicts by
mobilizing
disciplinary
actions

Deactivate
the new union
by criminal
and civil suits
when illegal
activities are
found

> Hindering union postings, union activities, during working hours, union's tent-setting by utilizing company regulations, and apply disciplinary actions after collecting evidences

* Initiative leaders: after collecting the evidence of illegal activities, make lawsuits and claim a compensation for damage, give disciplinary dismissals, if necessary, and make isolated by giving suspension

* simple participants: urge the participants to withdraw by mobilizing co-workers or supervisors

3. Countermeasures of nonunionized companies

Union Register Stage

Expansion Stage

Collective bargaining Stage

Internal
conflicts by
mobilizing
disciplinary
actions

Deactivate
the new union
by criminal
and civil suits
when illegal
activities are
found

> make lawsuits against the newly-established union, when illegal activities are found, claim a large amount of compensation for damage and, apply for an injunction in order to impose an financial pressure

- Be carefully deal with union's suit of unfair labor practice, but must win with legal experts.

※Be aware of cutting union's expansion brought by unfair labor practice

3. Countermeasures of non-unionized companies

Union Register Stage

Expansion Stage

Collective bargaining Stage

to the limit of laws
(after a union is recognized as a bargaining partner)

> If a company union is recognized as bargaining representative union, make an agreement with that union (valid for two years)

>> If a new union is not a company union but become to have an exclusive right to bargain: make a start the bargaining but delay as long as possible by using legal excuse

√ Summary for the collective bargaining process



3. Countermeasures of non-unionized companies

Union Register Stage

Expansion Stage

Collective bargaining Stage

② stall and do hard bargaining

assemblies and strikes; neutralized by criminal and civil

- > put off the main bargaining by engaging in group negotiations and defoliate the union by urging union members to withdraw from the union
- ❖ After the first bolter, the power of the union
- > take a firm stance from the first step over rapidly weaken; negotiation place, time, decision rules, which daunt the union
- ❖ Quarterly mock collective bargaining were done in 2011
(167 HR Directors and 192 negotiation experts, total 359 who finished the course)
- > Keeping the no special treatment policy will weaken the bargaining power of the union and intice in illegal acts from the union

3. Countermeasures of non-unionized companies

Union Register Stage

Expansion Stage

Collective bargaining Stage

stall and do
hard
bargainin
g

assemblies
and strikes;
neutralized
by criminal
and civil

- Respond sincerely to the union's accusation of unfair labor practice, and make it sure to win the lawsuit brought the union by utilizing lawyers
- Bring a lawsuit/accusation against the new union's illegal activities and put high pressure on the union by requesting a large amount of compensation for damage

Chapter 4

Special Request

It is expected that external environment will be tough in 2012.

All companies in our group should be stronger and stable even under that environment.

Thus, CEO's attention and support will be definitely essential for the success.

First,

Please implement CEO **supervised 「management meeting」** every month and direct encourage H R department to play their role properly

To strengthen workplace management and emergency countermeasure capacity, please check Organizational management capacities and results of executives/ department heads and give them a full financial support regarding organizational management

Second,

Please give **labor-management lecture directly** to employees

To send strong message about the superiority of nonunion management is necessary.

Third,

Please make **the status and the peculiarity of the joint labor-management conference stronger**

Please visit the conference office more than once a month and encourage the members. And it is important to have regular tea meetings with the leader of the the joint labor-management conference

Fourth,

Please carry out **restructuring** with absolutely careful preparation beforehand when it cause employment **insecurity** of employees.

We'll make our efforts to minimize troublesome factors by various measures such as repositioning employee to the related-companies, when there is a prior arrangement with the group HR team.

Fifth,

Please don't be embarrassed or lose your temper
but respond in clam if **labor union is established,**

**In the case of establishment, please collapse the union i
n the early stage by building a collaboration system with
group's labor-management team and HR departments in e
ach company**

**If early collapse is not possible,
Must defoliate it under the long-term strategy**

THANK YOU