

# Samsung heir apologises over corruption scandal

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Lee Jae-yong is vice-chairman of Samsung Electronics and was jailed for five years in 2017 for bribery, embezzlement and other offences

The heir to the Samsung empire bowed in apology Wednesday for company misconduct including a controversial plan for him to ascend to the leadership of the world's largest smartphone maker.

Lee Jae-yong is vice-chairman of Samsung Electronics and was jailed for five years in 2017 for bribery, embezzlement and other offences in connection with the scandal that brought down South Korean president Park Geun-hye.

The 51-year-old was released a year later on appeal but is currently undergoing a retrial.

"We are recognised for our top-class technology and products but the public eye towards Samsung is still critical," Lee said.

"This is all because of our shortcomings. This has been my fault and I offer my sincere apology," he added.

He promised there would be "no more controversy" over his promotion, pledging: "I will never take any actions that go against the law."

Lee bowed three times before flashing cameras at a Samsung Electronics office in Seoul, where reporters sat apart under coronavirus distancing rules.

Speaking in steady tones and swallowing occasionally, Lee—whose grandfather founded the Samsung Group—said he would end the line of family succession.

"I do not plan to pass down my role to my children," he said. "This is something I have thought about for a long time but have been hesitant to express it openly."

Wednesday's apology came at the request of Samsung's compliance committee, which oversees the firm's transparency in its corporate dealings.

Lee has effectively been at the helm of the sprawling Samsung group since his father and group chairman Lee Kun-hee was left bedridden by a heart attack in 2014.

The court case centred on millions of dollars the Samsung group paid Park's secret confidante Choi Soon-sil, allegedly for government favours including ensuring a smooth transition for Lee to succeed his ailing father.

The scandal highlighted shady connections between big business and politics in South Korea, with the ousted president and her friend accused of taking bribes from corporate bigwigs in exchange for preferential treatment.

Samsung Electronics is the flagship subsidiary of the group, which is by far the biggest of the family-controlled conglomerates, or chaebols, that dominate business in the world's 12th-largest economy.

Its overall turnover is equivalent to a fifth of the national gross domestic product and it is crucial to South Korea's economic health.

Chairman Lee Kun-hee is listed as South Korea's richest man—and the world's 65th—by Bloomberg Billionaires, with a fortune estimated at \$15.7 billion. Lee Jae-yong has a separate listing of his own with a net worth of \$5.7 billion.

## **'No union'**

In March the Samsung compliance committee—which was set up in response to a court order—said many "disgraceful" incidents involving the Samsung Group were linked to an alleged succession scheme for Lee and advised him to apologise publicly.

It also recommended that Lee address Samsung's previous "no labour union" policy.

For almost 50 years Samsung successfully avoided the unionisation of its workers—sometimes adopting ferocious tactics according to critics—until last November.

"I would like to express my deepest apology for everyone who has been pained by labour issues at Samsung," Lee said, adding: "From now on, I will make sure that Samsung is not criticised for 'union-free management'."

The company will guarantee workers' rights—including forming and joining trade unions, bargaining collectively and engaging in peaceful assembly—and act in accordance with employment regulations, he added.

Samsung reported a slight fall in first quarter net profit last month at 4.88 trillion won (\$4 billion), citing impacts of the coronavirus pandemic.

But the firm—which saw operations suspended at 11 overseas assembly lines—warned of further falls to come as consumer demand is "significantly" hit by the disease.

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