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IMPROVING  
EMPLOYEE  
VALUE



● Not only does LG electronics operate a systematic manpower development program and evaluation and reward program, it also fosters employee creativity and competitiveness by respecting human rights and diversity, vitalizing communication inside the organization, and improving the work environment so that employees can enjoy work-life balance.

Category	Fair Evaluation and Rewards/ Career Development and Lifelong Education	Vitalizing Organizational Communication, Work-Life Balance/Protection of Human Rights and Prohibition of Discrimination, Improvement of Work Environment	Labor-Management Communication
<b>2008 Major Achievements</b>	<ul style="list-style-type: none"> <li>• Appointment of local resident as South Africa subsidiary president</li> <li>• Decrease in ratio of temporary employees and retirees; increase in ratio of disabled employees</li> <li>• Completion of expert development system by job category</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment and improvement of various communication channels</li> <li>• Translation and distribution of code of ethics in 14 languages</li> <li>• Collective training on Jeong-do Management for 12,000 executives and employees in Korea and abroad</li> <li>• Implementation of selective benefit plans</li> <li>• Continuation of retirement pension system</li> <li>• Vitalization of industrial safety and healthcare activities in workplaces</li> </ul>	<ul style="list-style-type: none"> <li>• Collective agreement on payment without labor disputes for 19 consecutive years</li> <li>• Global labor-management conferences held overseas in places such as the Middle East and Africa (held annually since 2002)</li> <li>• Improvement of labor-management relations at LG Electronics subsidiaries in China (diagnostic evaluation of labor-management relations and follow-up management conducted)</li> </ul>
<b>Opportunities and Risk Factors</b>	<ul style="list-style-type: none"> <li>• Global economic slump has led to greater emphasis on manpower competitiveness</li> <li>• Necessity of establishing personnel management system for managing various types of manpower</li> </ul>	<ul style="list-style-type: none"> <li>• Greater employee pride and organizational commitment through vitalization of communication</li> <li>• Increased need for reinforcing protection of human rights for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened NGO observation of human rights and labor issues at business sites and among suppliers in Korea and abroad</li> </ul>
<b>Future Direction</b>	<ul style="list-style-type: none"> <li>• Development of training programs to improve employee job capabilities</li> <li>• Stabilization of expert development programs and expansion of experts pool</li> <li>• Fostering locally-hired core talent and business leaders</li> <li>• Strengthening global leadership for successful overseas commerce</li> </ul>	<ul style="list-style-type: none"> <li>• Overall revision of code of ethics and strengthening of educational programs regarding Jeong-do Management</li> <li>• Exploring new benefits and welfare programs and complementing existing programs by responding to employee requests</li> <li>• Expansion of health and safety education so that employees understand related issues more clearly</li> </ul>	<ul style="list-style-type: none"> <li>• Diagnostic evaluation of LG Electronics' workplaces in Korea and abroad in terms of human rights, labor, and labor-management relations/Establishment and distribution of global guidelines/Establishment of continuous management system on several issues</li> <li>• Execution of strategy to establish high-performance organization</li> </ul>
<b>Related Teams and Divisions</b>	<ul style="list-style-type: none"> <li>• HR Team (HR &amp; Labor Management Team) of HQ</li> <li>• HR Team (HR &amp; Labor Management Team) at each company and region</li> </ul>	<ul style="list-style-type: none"> <li>• Labor Management Team and Corporate Business Support Team, CSD</li> <li>• Corporate Audit Team</li> <li>• Human Resource &amp; Labor Management Group, Corporate Culture Group at each company and region</li> </ul>	<ul style="list-style-type: none"> <li>• Labor Management Team, CSD</li> <li>• Human Resource &amp; Labor Management Group at each company and region</li> <li>• Labor union headquarters and branches</li> </ul>

## Fair Evaluation and Rewards

LG Electronics operates a fair and reasonable evaluation and reward system that takes into consideration both individual and team achievements in order for employees and organizations to continuously exhibit their greatest capabilities.

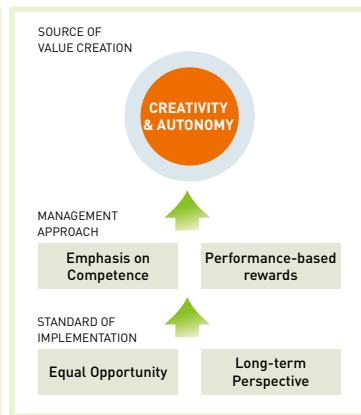
### The People Company

With an aim to be “The People Company,” LG Electronics inspires excellence from the very best people in the field. We are committed to creating a workplace where teamwork flourishes and employees have every opportunity to improve upon their individual competitiveness.

#### [THE PEOPLE COMPANY]



#### [HR PRINCIPLES]



### Recruiting, Evaluation and Rewards

To attain our goal of becoming “The People Company,” we are committed to supporting the professional growth of each and every employee. From the hiring process to evaluations and rewards, LG Electronics inspires individual development in each step of the HR process.

#### [RECRUITING, EVALUATION AND REWARDS]

- RECRUITING**
- Hire Best-in-Class Outside Talent
    - Recruit global talent for each function
  - Target Recruiting for R&D Talent
    - Specialized recruiting activities for R&D talent (industry-academia partnership projects, grants, recommendations, etc.)
  - Selective Hiring
    - Recruiting activities that reflect pertinent work characteristics (R&D: 7 + 1 semester, LG Track, Non R&D: internship)
    - Diverse levels of assessments concerning personality traits and capabilities (interviews, presentations, business simulation models, problem-solving abilities, English proficiency, etc.)
- EVALUATION**
- Performance Evaluation: (biannually) Detailed assessment that measures progress made relative to targets, difficulty of work, competitor index, and long-term health
  - Capability Evaluation: (biannually) Job capabilities and other common capabilities
  - Leadership Evaluation: (annually) 360-degree evaluation for organization leaders
- REWARDS**
- Base Pay: Apply increase rate according to annual individual evaluation grade
  - Incentives: Individual incentives for top-quality performances
  - Company Performance Reward: Pay according to annual business performance
  - Others: Retention grants and other payments

## Career Development and Lifelong Education

LG Electronics understands how important it is to foster manpower in its bid to make itself “The People Company.” That is why it operates programs to nurture global business leaders and experts by job category as well as running lifelong learning programs. As a consequence, employees at LGE are given every opportunity to reach their maximum potential in terms of their capabilities.

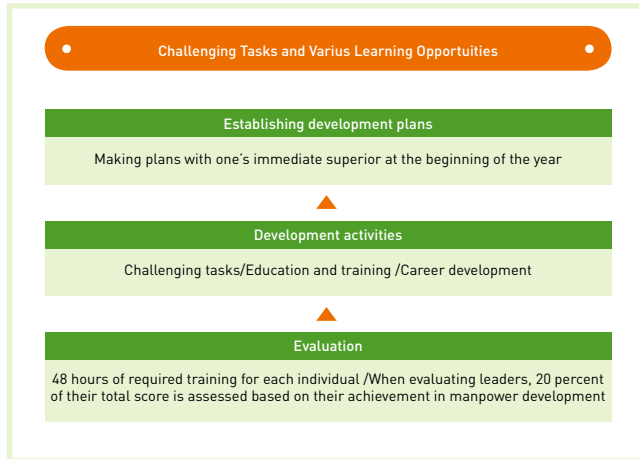
### Development Plans and Systems

LG Electronics defines employee core competence in five steps, with HR sessions divided into an organizational development session (defining core organizational competencies → analyzing any gaps between an employee’s capabilities and the world-class capabilities he or she is expected to demonstrate → establishing competency development plans) in the first half of the year and a personnel development session (defining levels of each core competence → evaluating business leaders and key talent abilities → establishing competency development goals) in the second half.

#### ● BUSINESS LEADER PROGRAMS

Since 2007, LG Electronics has operated PBL (Product Business Leader) and RBL (Regional Business Leader) programs to train future business leaders. A list of future CEO candidates is drawn up from leaders who have demonstrated a high potential and have excelled in such areas as PBL and RBL training, action learning, and high-risk tasks, including deficit-ridden businesses or new businesses. In addition, a business leader training course is offered as part of the PBL program. As of 2008 year-end, a total of 789 people had completed the course, with 80 of them going on to become PBLs.

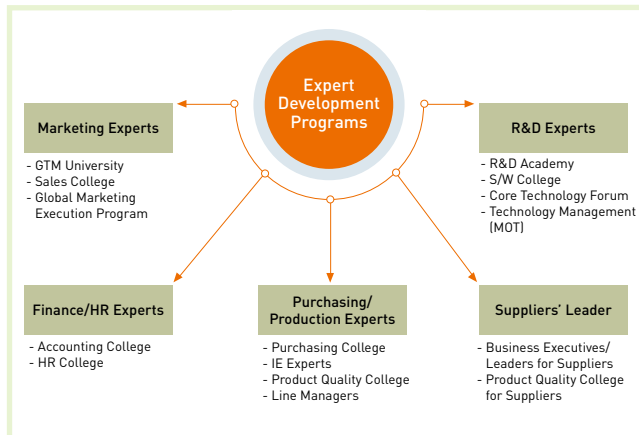
[HUMAN RESOURCE DEVELOPMENT PROGRAM]



● **EXPERT DEVELOPMENT PROGRAMS**

In order to nurture top marketing experts, LG Electronics opened its own school, GTM University, where it operates working level courses and manager courses. Our Purchasing Division also runs courses that teach negotiation and strategy skills for purchasing, while the R&D Division operates an R&D academy and a software academy at the company's research labs. LG Electronics runs an Accounting College, an HR College, and offers courses that help employees acquire international certificates (CPM, PMP, etc.) as well.

[EXPERT DEVELOPMENT PROGRAMS]



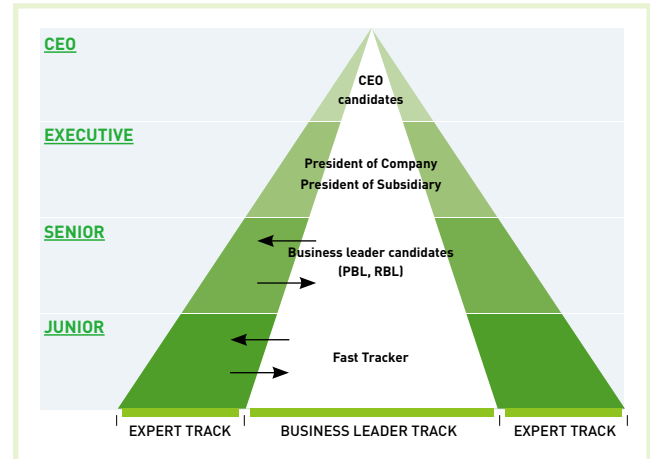
● **DEGREE PROGRAMS**

LG Electronics is proud to support core talent who are managers (or above manager in rank) in their pursuit of a degree program. The program is divided into overseas degree courses and domestic courses (full time & part time), whereby selected employees have all their expenses paid for them. After the completion of one's degree, they are required to work for LG Electronics for a certain period of time.

● **PERSONAL DEVELOPMENT AND LIFELONG EDUCATION**

LG Electronics provides continuous learning opportunities such as language courses, correspondence courses, and celebrity lectures through an online education system that makes use of the company-wide intranet (Learning Net). It also conducts collective training at learning centers in Pyeongtaek and Gumi, Korea. From 2007, six overseas learning centers

[PROCESS OF FOSTERING BUSINESS LEADERS]



have also been running global manpower development programs for LG Electronics employees in Beijing, Dubai, Paris, Nanjing, Sao Paulo, and Singapore.

[DEGREE PROGRAMS]

			Unit: People
CATEGORY	COURSES	EDUCATIONAL INSTITUTIONS & PERIODS	NO. OF PEOPLE SELECTED (Annually)
Overseas Program	Overseas MBA	Centered on internationally -recognized top 20 schools (1 year)	20
	IMP	McGill University Consortium (1 year)	
Korean Program	LG MBA	LG Academy (1 year)	150
	EMBA DGM	Helsinki University partnership/weekends (1 year)	
	T-Bird MBA	Thunderbird University partnership/1 week a month training camp (14 months)	
	R&D degrees	Korea University, Pusan National University, Kyungpook National University	

[LIFELONG EDUCATION PROGRAMS]

CATEGORY	MAJOR PROGRAMS	DEPARTMENTS IN CHARGE
Personal Development	-In-house language courses -Online IT/Language courses -Correspondence courses -Celebrity lectures	Personnel Development Group at Changwon, Gumi, and Pyeongtaek business sites
Lifelong Education	-Master's degree courses within the company (Kyungpook National University, Ajou University, Pusan National University, and more) -Bachelor's degree courses within the company (Yonam Institute of Digital Technology, Yeungjin College, and more)	

● **INDIVIDUAL TRAINING**

e-Learning Program • Korean (267), English (343), and Chinese (607) courses currently offered

							Unit: People
CATEGORY	LEADERSHIP	LANGUAGE DEVELOPMENT	PROFESSIONAL	TECHNOLOGY	IT	TOTAL	
2007	49,428	7,552	8,327	6,316	7,680	79,303	
2008	49,335	12,659	6,212	6,961	2,460	77,627	

**Support Program for Language Skill Improvement •**

- Types of Education: Online, telephone, and small group classes
- Languages: English, Chinese, Japanese
- Method: Courses for every level and ability

**Support Program for Certificate Acquisition** • Helping employees to acquire certificates in related educational programs

Unit: People

CATEGORY	CERTIFIED PUBLIC LABOR ATTORNEY	PMP	CPSM (PURCHASING)	CRE/COE (PRODUCT QUALITY)	TOTAL
2007	3	18	86	70	177
<b>2008</b>	<b>3</b>	<b>34</b>	<b>64</b>	<b>95</b>	<b>196</b>

● **COLLECTIVE/FIELD TRAINING**

**New Employee and Grade Training Programs** • Employees are obliged to take certain training courses in order to develop skills to carry out their roles according to their job level (from entry-level positions to executives), with their results being used as basic data for employee assessment. It is mandatory for employees to take grade training courses in order to be considered for promotion.

Unit: People

CATEGORY	NEW EMPLOYEE TRAINING	REQUIRED GRADE TRAINING	TOTAL
2007	1,500	5,067	6,567
<b>2008</b>	<b>1,343</b>	<b>3,328</b>	<b>4,671</b>

# Vitalizing Organizational Communication/Work-Life Balance

**In-house field training programs** • Expert program, video training, mentoring, CoP and CoE programs, technology expert pool for each and every business site

[INVESTMENT IN EDUCATION AND TRAINING IN KOREA]

**TRAINING HOURS PER EMPLOYEE**

Unit: Hour



**EDUCATION & TRAINING COST PER EMPLOYEE**

Unit: KRW thousand



At LG Electronics, there are various channels, both online and offline, for the open exchange of views and ideas inside the organization. LGE also provides an enhanced level of company life and corporate culture in which there is a harmony between an individual, their work, and their family.

## Various Communication Channels

LG Electronics is creating an organizational culture where smooth communication is realized through various online/offline channels.

[EMPLOYEE USE OF PERSONNEL SERVICE CENTER]

Unit: Case

CATEGORY	TOTAL NO. OF CASES	NO. OF CASES TREATED			TOTAL
		CALL	E-MAIL	CALLBACK	
2007	92,763	81,714	13,895	3,892	99,501
<b>2008</b>	<b>98,802</b>	<b>81,289</b>	<b>20,500</b>	<b>4,555</b>	<b>106,344</b>

[JEONG-DO MANAGEMENT TRAINING]

Unit: People

CATEGORY	TRAINING FOR PROMOTION	JOB TRAINING	TOTAL
Korea	3,135	1,351	4,486

CATEGORY	CHINA	EUROPE	OTHER COUNTRIES	TOTAL
Overseas	4,144	2,445	812	7,401

\* Separate Jeong-do Management training was conducted for candidates for promotion, employees taking required job training, and employees at certain overseas subsidiaries.

[COMMUNICATION CHANNELS]

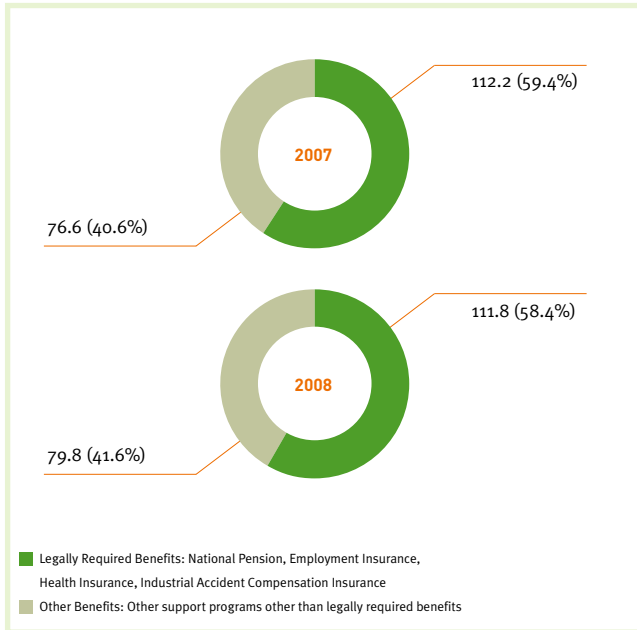
<b>DIGITAL BOARD</b>	As an organization that represents both general and administrative workers, the Digital Board Council delivers employee opinions about working conditions and the work environment to management (headquarters: quarterly/ companywide: every six months)
<b>OPEN COMMUNICATION</b>	Continuous meetings for communication between management/ leaders and employees in the form of special lectures, conferences, field visits (CEO's participation in 2008: average 8.3 times a month)
<b>VOE (VOICE OF EMPLOYEE)</b>	Improvement tasks reviewed through LG Way Survey; monthly polls conducted to deliver the thoughts of employees to management
<b>LG WAY SURVEY</b>	Identifying employee satisfaction and demands (annually)
<b>PRIDE LG</b>	In-house magazine in English & Korean (monthly) whose role is to deliver information on management
<b>EP COMMUNICATION</b>	Operation of a portal site; news and bulletin board; publication of a daily newsletter
<b>VIDEO COMMUNICATION</b>	DVDs, e-newsletters, in-house broadcasting services
<b>GLOBAL LOUNGE</b>	Operation of an online news site for employees of overseas subsidiaries; weekly newsletters sent out
<b>HR SHARED SERVICE CENTER</b>	Inquiries through telephone, e-mail, intranet bulletin board (regular operation)
<b>CYBER-SINMUNGO (BULLETIN FOR REPORTING CASES OF CORRUPTION)</b>	Reports on any violations of Jeong-do Management (regular operation)
<b>JEONG-DO MANAGEMENT TRAINING</b>	Collective training about Jeong-do Management

## Work-Life Balance/ Improvement of Employee Welfare

LG Electronics helps employees maintain a harmony between their work and personal life. It also increases creativity and competitiveness by improving employee welfare as well as supporting employee leisure activities and benefits such as paid maternity leave.

### [BENEFITS]

Unit : KRW billion



### [BENEFITS AND SUPPORT PROGRAMS]

<b>LEISURE ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Vacation: Employees are encouraged to take an annual vacation</li> <li>• Resort Facilities: Employees have access to 10 resort facilities (including condos and pensions) across Korea</li> <li>• Informal Groups: Hobby and volunteer groups (currently over 30 groups)</li> </ul>
<b>CHILDBIRTH AND MATERNITY LEAVE</b>	<ul style="list-style-type: none"> <li>• Lounge and nursing room for female employees: For female employees/pregnant and nursing employees</li> <li>• Childcare Facilities: Available in Seoul, Pyeongtaek, Changwon; plans in place for expansion to all business sites</li> <li>• Maternity Leave:                             <ul style="list-style-type: none"> <li>- Paid maternity leave for female employees before and after childbirth (up to 90 days)</li> <li>- Time off offered in the event of a miscarriage/stillbirth (30-90 days), time off for fertility issues (2 days)</li> <li>- Time off given when a spouse gives birth (3 days)</li> <li>- Time off given to raise infants under one year of age (for up to 12 months)</li> </ul> </li> </ul>
<b>HOUSING AND STABLE LIVING</b>	<ul style="list-style-type: none"> <li>• Housing Loans: Housing loans offered to employees with at least two years of experience at the company</li> <li>• Domestic Moving Costs: Assistance with moving costs when an employee is transferred</li> <li>• Congratulatory/Condolence Money: Support for congratulatory events and funerals of employees and their families</li> <li>• Disaster Relief Money: Support offered to employees and their families who have suffered property damage caused by a natural disaster</li> </ul>
<b>MEDICAL/HEALTH</b>	<ul style="list-style-type: none"> <li>• Medical expenses for employees and family members</li> <li>• Group insurance related to disasters; operation of Health Care Center and Counseling Center</li> <li>• Paid sick leave: For sick leave due to occupational accidents, 70% of average wages/ For personal illness, 30-100% of ordinary wages</li> </ul>
<b>EDUCATION</b>	<ul style="list-style-type: none"> <li>• Scholarship for employees' children/Support for employees entering/reentering educational programs</li> <li>• Special lectures on healthcare, financial technology, and family life</li> </ul>
<b>LEGALLY REQUIRED BENEFITS</b>	<ul style="list-style-type: none"> <li>• National Pension, Health Insurance, Employment Insurance, Industrial Accident Compensation Insurance</li> <li>• Retirement Pension System: Fixed amount guaranteed (to be introduced in 2009)</li> </ul>
<b>SELECTIVE BENEFITS</b>	<ul style="list-style-type: none"> <li>• KRW 700,000 worth of points awarded to employees</li> <li>• Points can be redeemed for personal development, leisure/health, gift &amp; product purchasing</li> </ul>

## Protection of Human Rights and Prohibition of Discrimination/ Improvement of Work Environment

LG Electronics prohibits the discrimination in the workplace of any employee based on gender, age, regional background, religion or disability. Every employee is given equal opportunity in all areas and is evaluated solely on their personal abilities. Each LGE business site supports employees so that they can work in a safe and pleasant environment.

### Respecting Human Dignity

Under the philosophy of "Respecting human dignity," LG Electronics protects employees' rights and interests. While abiding by Korea's Labor Standards Act and the International Labor Organization's (ILO) regulations on labor, the corporation also prohibits the unfair treatment and discrimination in the workplace of people based on regional background, gender, age, religion, or academic background in the hiring, firing, promoting, or retiring of any employee, as well as when offering benefits/rewards or educational opportunities. Any employee who feels they have been the victim of discrimination may express their grievance through the labor union or through a variety of other channels available at the

company. LGE's Korean business sites and overseas units must all comply with the laws and regulations of the respective host country as well. Most overseas employees are of the ethnic origin of the local region, and we prohibit the forced labor of any human being and the recruitment of minors 15 years of age or younger.

### ● DIVERSE HUMAN RESOURCES

The total number of employees at LG Electronics stood at approximately 84,000 as of 2008 year-end. Of that number, 27,000 were stationed in Korea and 57,000 were abroad, meaning that over 68% of LGE's employees work overseas (an 8% increase over the previous year). LG Electronics was also very active in its recruitment of executives from countries

[STATUS OF GLOBAL EMPLOYEES]

Unit : People

CATEGORY	DOMESTIC				OVERSEAS				TOTAL
	EXECUTIVE	STAFF	OPERATOR	SUB TOTAL	EXECUTIVE	STAFF	OPERATOR	SUB TOTAL	
Headquarters	72	4,278	17	4,367	1	286	1	288	4,655
Company									
DA Company	21	3,073	4,866	7,960	8	3,160	6,201	9,369	17,329
DD Company	22	2,624	130	2,776	8	2,364	7,970	10,342	13,118
DM Company	12	1,359	774	2,145	2	839	4,486	5,327	7,472
MC Company	43	6,299	2,340	8,682	4	2,253	1,792	4,049	12,731
Sub Total	170	17,633	8,127	25,930	23	8,902	20,450	29,375	55,305
Region									
Korea	8	1,149		1,157					1,157
China					12	2,917	3	2,932	2,932
North America					9	1,614	546	2,169	2,169
Europe					10	2,958	2	2,970	2,970
Asia					5	5,404	4,331	9,740	9,740
CIS					4	1,313	1,143	2,460	2,460
South & Central America					5	2,312	3,853	6,170	6,170
Middle East & Africa					4	1,170	13	1,187	1,187
Sub Total	8	1,149		1,157	49	17,688	9,891	27,628	28,785
Total	178	18,782	8,127	27,087	72	26,590	30,341	57,003	84,090

\*Global level (as of 2008 year-end) / Korean staff working overseas (FSE: Foreign Service Employee) are included in overseas workforce.

other than Korea, and at present the corporation has six foreign C-level executives as of July 2009, including the CHO, each of whom is positively contributing to LGE's diverse management while also enhancing the value of the corporation as a whole. The 353 temporary employees (non-regular positions) represent 1.3% of LGE's total workforce, with disabled people representing 0.9% (270 people), a 0.1% increase over the previous year. Finally, the retirement ratio was 7.1% in 2008, a 3.2% decrease over the previous year.

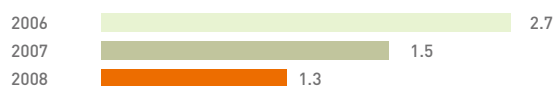
● GENDER EQUALITY AND PREVENTION OF SEXUAL HARASSMENT

The number of females working at LG Electronics in Korea represents 15.7% of the corporation's workforce. Their average age is 31 (the average for male employees is 39.5), with 11.6% doing general/administrative work, and 24.1% doing technical work. Females make up 1.6% of the total number of executives and their average age is 44.3 (the average for male executives is 48.9). The 2008 entry level wages for LGE employees was 303% higher than the legally required minimum wage (general & administrative jobs). LG Electronics is proud to pay its employees based solely on their abilities with absolutely no regard to whether someone is male or female when it comes to the basic salary. LGE also holds quarterly mentoring sessions for female executives and mid-level managers, at which they can share advice on how best to solve problems and overcome difficulties associated with child-rearing and the work environment, as well as tips on how to become more effective organizational leaders. Additionally, LG Electronics has strict guidelines in place to prevent sexual harassment at its workplaces around the world and provides education for employees on the issue every year. Any problem or accusation raised in a formal manner is dealt with by LGE's Grievance Committee and, when deemed necessary, disciplinary action is taken by the corporation.

[PERCENTAGE OF TEMPORARY EMPLOYEES, RETIRED EMPLOYEES, AND FEMALE EMPLOYEES]

Unit : %

TEMPORARY EMPLOYEES



RETIRED EMPLOYEES



FEMALE EMPLOYEES



\* In 2008, the PCB business unit was transferred to a subsidiary, and the number of female technical employees decreased.

● **ORGANIZATIONAL OPERATION OF GLOBAL LEADERS**

Although LG Electronics does standardize its organizations, systems, and work processes, it is LGE's global leaders – regardless of their race, nationality, regional background, and gender – at the center of its operations. Our global leaders are adept at open-mindedly accepting and integrating various cultures into their work, and all employees are encouraged to achieve and maintain world-class capabilities.

**INTERVIEW**

**SOUTH AFRICA SUBSIDIARY PRESIDENT**

In order for LG Electronics to be a truly global corporate entity, it needs to first form close ties with local customers and employees as well as with those that make up the distribution network. For LGE, hiring someone locally as president of an overseas subsidiary paved the way for it to really take off as a global brand.



**PEET VAN ROOYEN**  
 -2008 LGE's South Africa subsidiary president  
 -2002 Hired by LG Electronics  
 Sales manager, Home Appliance Division

The biggest merit of a locally hired president is that they can work with more continuity than a Korean president. With a wide variety of cultures and 11 official languages coexisting in South Africa, there is a lot of opportunity for South African organizational culture and Korean organizational culture to collide and cause difficulties. The president of this particular subsidiary would face indescribable challenges if he or she were not from South Africa. Thus, I solve problems while pursuing constant communication and listening to a range of different voices. I also plan to concentrate on strengthening LGE's South African subsidiary by acquiring excellent human resources and operating the organization more efficiently than ever before.

**Safe and Pleasant Workplaces**

Every one of LG Electronics' business sites in Korea has an EESH (Energy, Environment, Safety, Health) Committee whose goal is to attain the four Nos (No-pollution, No-losses, No-accidents, No-illnesses), as they carry out a wide range of industrial safety programs.

● **INDUSTRIAL SAFETY PROGRAM**

We conduct a standard operating procedure (SOP) to control for risks in each sector by appointing those people who are actually working at industrial facilities as the people in charge of industrial safety so that they can manage potential risks which may appear hidden at business sites even when there is no risk.

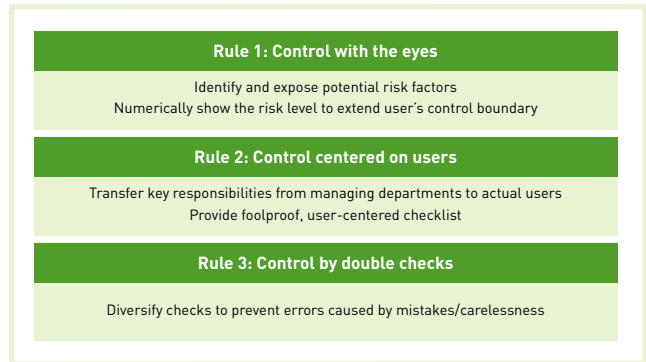
[INJURY RATE AND LOST-TIME INJURY FREQUENCY RATE]

Unit : %

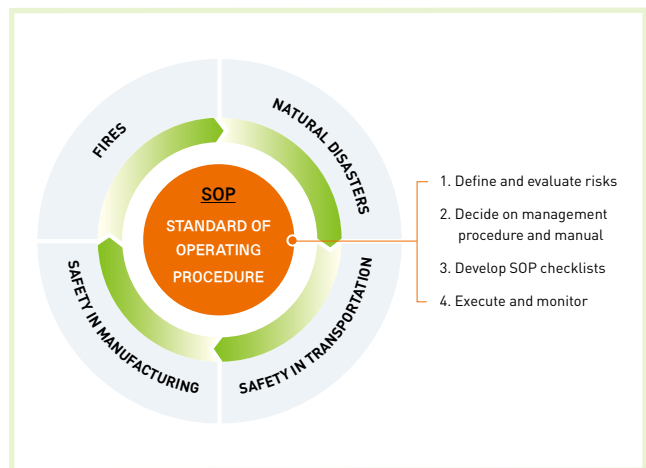
WORKPLACE INJURY RATE		LOST-TIME INJURY FREQUENCY RATE	
2007	2008	2007	2008
0.04	0.02	0.05	0.11

1) The workplace injury rate and lost-time injury frequency rate are all limited to work-related accidents  
 2) Frequency rate: Number of accidents per 1 million work hours a year.  
 Number of injuries/Total working hours (2,400 hours) X 1,000,000

[RULES OF RISK MANAGEMENT]



[FLOW OF RISK MANAGEMENT PROCEDURE]



● **INDUSTRIAL HEALTHCARE PROGRAM**

To improve the health of employees at all business sites, LG Electronics is running a campaign called Healthcare 333, which is designed to reduce a person's body fat by over 3 kilograms with more than 3 exercise sessions per week over the course of 3 months.

[HEALTHCARE 333 CAMPAIGN]



# Labor-Management Communication

LG Electronics guarantees the freedom of assembly and collective bargaining and vitalizes labor-management communication based on a relationship of mutual trust. As a result, LGE is now recognized as an exemplary case in labor-management relations.

## Current Status of LGE Labor Union

As stipulated by collective agreement, employees working at each business site are eligible for labor union membership. As of 2008 year-end, the union had 7,906 members (27.6% of LGE's total workforce). There are seven union branches, with each branch represented by one central union. Union members have both election and voting rights.

## Communication through Labor-Management Council

At LG Electronics, management and labor hold a Labor-Management Council every quarter. The Labor-Management Council is operated companywide, discussing labor-management issues, including working conditions, at every business site. In addition, LGE pursues smooth communication through various channels like division meetings and forums. Important subjects such as changes in business and union member status are handled through this conference system, with advance notice given to participants so that they have ample time to prepare and so that all legally required standards can be taken into consideration.

Annual collective wage bargaining is not a simple round of bargaining but a series of mutual interactions in which labor and Management solve management issues together based on a spirit of mutual trust and respect. After coming to a shared understanding about the management environment through the Global Labor-Management Council and other related meetings, employee demands are reviewed before a joint labor-management workshop is held to discuss the issue(s). Only then is a formal agreement completed.

As a result, LG Electronics has created a tradition of completing collective wage bargaining without any labor disputes for 19 years in

a row, while being recognized as an exemplary company, as is evidenced with LGE's many awards including the Award for Labor-Management Cooperation, the Presidential Award for Labor-Management Culture (2005), and the Grand Prize for Transparent Management (2005) from the Korean government and other economic organizations.

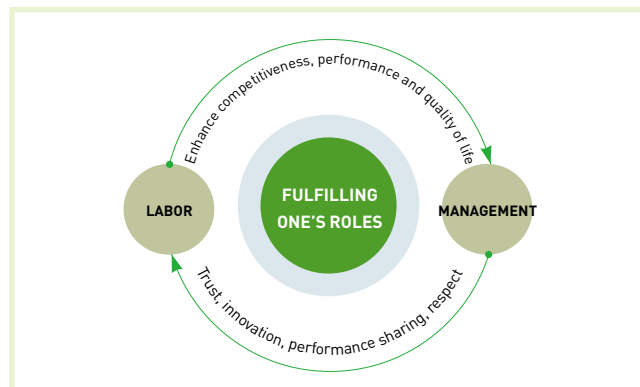
## Precautionary Management through Labor-Management "Traffic Light" Structure

One example of LG Electronics' efforts to maintain and further develop its long tradition of labor-management cooperation is the management system it has developed through a labor-management "traffic light" structure. The system is designed to evaluate labor-management relations at each business site using pre-defined tools, allowing them to turn on a green, yellow or red light based on real-time conditions. LGE also operates training programs and other related projects so that each LG Electronics subsidiary can run on a green light. In 2008, evaluation & management was conducted for all of LGE's subsidiaries and suppliers in China, and we are now in the preparatory stage to expand it throughout LG Electronics globally.

### [PHILOSOPHY AND VISION OF LABOR-MANAGEMENT RELATIONS]



### [LABOR-MANAGEMENT RELATIONS AT LG ELECTRONICS]



### [LABOR-MANAGEMENT COMMUNICATION STRUCTURE]

