

Independent Assurance Statement

Scope and objectives

LG Electronics commissioned Two Tomorrows (Asia) Limited to undertake independent assurance of the Sustainability Report 2008.

The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide Type 2 assurance, which covers:

- Evaluation of adherence to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness (the Principles) and;
- The reliability of specified sustainability performance information. Our review of sustainability performance information covered collection and consolidation processes for key data and claims in the report, with the following exceptions:

* AA1000 is the international de-facto standard for sustainability assurance developed based on a multi-stakeholder engagement.

AA1000AS(2008) consists of two separate core documents:

- AA1000AS (Assurance Standard): minimum requirements for each element of the assurance process.
- AA1000APS (Accountability Principles Standard): the criteria for the Accountability Principles

Our review of sustainability performance information covered collection and consolidation processes for key data and claims in the report, with the following exceptions:

- Reporting on non-Korean operations and suppliers was outside the scope. However, we undertook a desk-top review of related descriptions and provide some related comments in our observations.
- Financial information in the report was outside the scope of this assurance;
- Information provided on the LG Electronics website was not assured.
- GHG data was verified by another 3rd party organization. We checked whether this verified data was adequately presented in the report; When evaluating the performance information, we used the Global Reporting Initiative's (GRI) Quality of Information Principles.

Responsibilities of the directors of LG Electronics and of the assurance providers

The directors of LG Electronics have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of LG Electronics. However our statement represents our independent opinion and is intended to inform all of LG Electronics' stakeholders. We adopt a balanced approach towards all of LG Electronics' stakeholders.

We had one other contract this year with LG Electronics to benchmark their previous report against Global best practices in Sustainability Management, but have not been involved in the preparation of the report, nor do we have any other contracts with the company. This is the first year that we have provided assurance for LG Electronics.

Our team comprised of MinGu Jun, project leader, as well as Thomas Krick, InMog Yang and SangMook Park. Further information, including individual competencies relating to the team can be found at: www.twotomorrows.com.

Basis of our opinion

Our work was designed to gather evidence with the objective of providing moderate assurance as defined in AA1000AS (2008). We undertook the following activities:

- Review of previous report and preliminary identification of assurance priorities;
- Review of LG Electronics' materiality assessment alongside a media review to identify the current sustainability issues that could affect LG Electronics and are of interest to stakeholders;
- Interviews with 3 executive vice presidents, as well as with senior managers responsible for the management of sustainability issues. We chose the managers for interview;
- Review of selected evidence to support issues discussed with managers;
- Review of information provided to us by LG Electronics on its reporting and management processes relating to the Principles, including its approach to stakeholder engagement;
- Site visits to the Seoul headquarters, Pyeongtaek and Changwon manufacturing sites to review procedures and systems for preparing site level sustainability data and the implementation of the sustainability strategy. The sites were chosen by us;
- Review of supporting evidence for key claims in the report;
- Review of the processes for gathering and consolidating data and, for a sample, checking the data consolidation. Sampling was based on prioritised data for the most material issues;
- An independent assessment of LG Electronics Reporting against the B+ Application Level for the Global Reporting Initiative (GRI) G3 Guidelines.

Findings

We reviewed and provided feedback on drafts of the Report and where necessary changes were made.

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe LG Electronics adherence to the Principles or its performance. In terms of data accuracy – we are not aware of any data errors that would materially affect the reported data. Nothing came to our attention to suggest that this has not been properly collated from the operational level, nor that the assumptions utilised were inappropriate.

In our opinion the report meets the GRI G3 application level B+.

Observations

Without affecting our assurance opinion we also provide the following observations.

Since the publication of the previous sustainability report 2006/2007, LG Electronics has significantly progressed its approach to managing corporate sustainability issues, particularly in relation to the development of the company's internal management arrangements and awareness, as well as the systemisation of its approach to stakeholder engagement. This approach includes the establishment of the Sustainability Management Committee and the Corporate Sustainability Management Council, which is a leading example of sustainability governance in Korea. The approach also provides for exemplary labour engagement practices within Korea.

A key area for development lies within the further integration of the company's management mechanisms for sustainability issues, as some of these currently run parallel to each other, or to other relevant management activities, without being fully integrated. The roll out of sustainability management approaches to LG Electronics' worldwide operations and suppliers presents another main challenge that will require increasing attention in the coming years.

INCLUSIVITY CONCERNS THE PARTICIPATION OF STAKEHOLDERS IN DEVELOPING AND ACHIEVING AN ACCOUNTABLE AND STRATEGIC RESPONSE TO SUSTAINABILITY.

- LG Electronics' sustainability report reflects a commitment to being accountable to a broad range of its Korean stakeholders. Stakeholder participation procedures like the LG Way survey and the supplier suggestion system amongst others, serve to inform and consult key stakeholders such as employees, investors, suppliers and customers. However, the companies' engagements with governments, local communities and civil society organisations could benefit from being more transparent, more interactive and – in the case of the latter two – more easily accessible for a broader range of stakeholder representatives.
- There are clear links between the participation procedures for several stakeholder groups and the internal decision making at all levels of management. We suggest that these procedures are expanded to also allow civil society and community organisations' to inform top-level decision making procedures within the organisation.

MATERIAL ISSUES ARE THOSE WHICH ARE NECESSARY FOR STAKEHOLDERS TO MAKE INFORMED JUDGMENTS CONCERNING LG ELECTRONICS AND ITS IMPACTS.

- Based on the work undertaken, we are not aware of any material issues that LG Electronics has not recognised within its report.
- LG Electronics' overall process for identifying material issues on the global level as well as in Korea is comprehensive in scope, evaluates the significance of issues against suitable criteria and draws information from a broad variety of external and internal sources, including stakeholder engagements and research conducted by the Corporate Sustainability Management office. In regards to employees, the company's existing survey mechanisms provide a comprehensive picture of staff perceptions that inform internal decisions and team management procedures.
- Room for improvement lies in the integration of the materiality determination process with the enterprise risk management system, as well as the degree to which the materiality process is sensitive to significant social and environmental risks within LG Electronics' supply chain. The openness to inputs from civil society organisations can also be developed further.
- The definitions of material issues currently provided within the report would benefit from being more specific. This would help to focus management efforts.

RESPONSIVENESS CONCERNS THE EXTENT TO WHICH AN ORGANISATION RESPONDS TO STAKEHOLDER ISSUES

- LG Electronics has made significant progress this year in demonstrating responsiveness to its stakeholders. A variety of communication procedures, engagements and partnerships offer a range of opportunities for developing appropriate responses, and internal capabilities for delivering on commitments are maturing. The company's commitment to supporting local suppliers and the Open Communication programme for employees are examples of such responsiveness.



- LG Electronics can improve the degree to which some of its sustainability programmes address the company's most material impacts. This is particularly applicable for LG Electronics community environmental protection programmes which don't necessarily address all of the direct and indirect social and environmental impacts that stakeholders are concerned about.
- Stakeholder concerns regarding social impacts may also require increased attention in the future, especially in regards to the social impacts of products. This particularly applies to LG Electronic's approach to addressing the global digital divide with its product portfolio.
- Although top-level decision-maker's awareness of the importance of sustainability has been increasing, the degree to which stakeholder concerns are considered when decisions with implications for material issues are taken can still be improved.

PERFORMANCE INFORMATION

- A more systematic and formal information management approach covering global operations is recommended, as the current approach is reliant on ad-hoc systems that sometimes result in different levels of quality between divisions and business sites.
- We recommend that future reports describe or provide references to more detailed descriptions of the methods used to gather and report performance data.
- To enable stakeholders to assess LG Electronics' performance on environmental compliance, this needs to be described in the context of quantified relevant regulatory requirements.
- We recommend a tighter focus on the time period for reporting, as some performance information is not within the specified reporting period of 2008.
- To improve clarity we recommend reporting data that shows the development of key performance indicators over time. Setting targets and reporting against them should also be seen as a key priority for the further development of LG Electronics performance management.

TWO TOMORROWS (ASIA) LIMITED
SEOUL KOREA
7TH JULY 09

Jason Perks
DIRECTOR

MinGu Jun
PROJECT LEADER

Thomas Krick
SENIOR CONSULTANT

InMog Yang
SENIOR ASSOCIATE

Two Tomorrows (Asia) Limited trading as Two Tomorrows was formed from the merger of Csrnetwork and Sd3 in January 2009. Two Tomorrows is an international consultancy that helps companies to perform better and create value by doing business in a sustainable way. www.twotomorrow.com



AA1000
 Licensed Assurance Provider
 000-2