



# Employee



## Respecting Human Dignity

LG Electronics continues to make efforts to implement its management philosophy of respecting human dignity. Instead of striving for short term achievements, LGE is making an effort to recruit outstanding individuals and foster core human resources, despite difficult business conditions, to ensure long term growth. LGE is also supporting employee sustainable capacity enhancement and is making an effort to form a creative and free corporate culture that encourages innovative ideas.



Adopting a top management philosophy that emphasizes work and life balance sends a good message to employees. From a communications perspective, it is not only consistent with the tenets of LG Way, but it also positively demonstrates top management appreciation for the dedication and hard work of employees. As a newcomer to LGE, it is good to know that it is not “all work and no play,” and that while “Fast, Strong, Smart” is necessary to prevail from a business perspective, we should not forget to refresh and enjoy our lives.

As a global company, there are always going to be challenges. As one of the people responsible for facilitating culture and communications, a big challenge being faced is creating understanding across an organization that is so geographically and culturally diverse. Fortunately, in my short time here I have had the opportunity to work with high caliber LGE professionals and have observed first-hand the importance they place on shared understanding within the organization. From a work-culture perspective, I very much look forward to contributing to an environment that has embraced the collective mission and is actively pursuing new and innovative means by which to achieve it.

**Phillip Anderson**

HQ Corporate Culture Group, LG Electronics





# Corporate Culture / Work-Life Balance

LG Electronics is striving to create a corporate culture based on creativity and autonomy that elevates it to become a true number one. While forming a work environment in which employees work hard and improve their quality of life, it is also making an effort to elevate the standard of living for each individual member.

## OUR APPROACH

- **Objective:** To establish a creative and autonomous corporate culture based on LG Way
- **Strategy:** Implement LG Way based on the communication of trust and respect and contribute to achieving our corporate vision

## OUR PERFORMANCE

**Communication for Solving Problems** • LGE has been continuously making efforts to create a corporate culture based on communication. In particular, the communication culture, promoted under the title of “Open Communication” was transformed in 2010 into “Communication for Solving Problems”, which represents the process of 1:1 communication that solves problems that may occur in the organization. Instead of a simple give and take way of discussing intentions, this process allows an employee to communicate with top management or leaders in a timely manner.

Communication between individuals does not end with just reporting of the problem, but each member views the problem from the owner’s perspective and suggests a solution to the problem. This process increases their sense of belonging and contributes to individual perceptions.

**Efforts to Improve the Working Environment** • Through the LG Way survey held each year, LGE identifies awareness among employees as to whether they believe that they are working in an environment in which creativity and autonomy are respected. LGE is continuously making efforts to improve the environment in accordance with

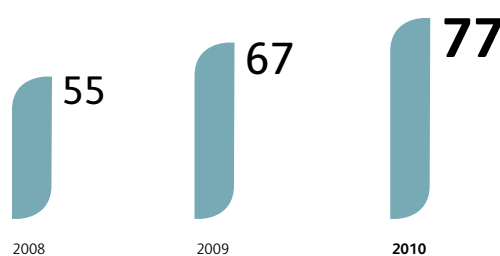
the results of the survey. Employees respond to a questionnaire on the working environment in which they can express their creativity and autonomy, as well as on leadership styles(e.g. I can work with initiative based on my ideas and judgment to achieve my organization’s goals. My supervisor encourages me to try new things that have not been tried before by others, etc).

More importantly, creativity and autonomy is not applied to only LGE but is continuously emphasized throughout all companies in the LG Group as a part of the management philosophy of respecting each member. Each business division at LGE conducts a yearly survey for individual employee satisfaction of their working life. The results of this survey are analyzed and through Focus Group Interview(FGI), improvement issues are identified, and feedback is then provided to each sub-division. Each organization then holds a workshop to develop improvement measures and continuously implements these measures until the next survey is conducted in the following year.

**Participation Culture Based on the Voice of Employees(VOE)** • Another main platform for LGE’s representative corporate culture is its VOE based culture. This is the process of identifying employee perception about major company policies, and after establishment, and then reflecting these views into those policies.

The corporate-wide slogan establishment process is a prime example. Interviews were conducted at all levels of the company to identify the direction the company must take and then a few suggestions were made based on the interviews. A survey was then performed on all company members to select the final slogan. Change Agent(CA) and Digital Board(DB) played important roles in encouraging this employee participation culture to become active. CAs are members that

The “Respect for Creativity and Autonomy” index in LG Way



- Research was conducted on office employees in Korea and overseas.
- Until 2009, the survey was conducted under three categories of Promoting Challenging Experiments, Open Communication, and Empowerment, but starting in 2010, the survey was integrated under the theme of “Respect for Creativity and Autonomy”.



1. Open Communication with top management
2. Digital Board’s event for employee



1. Event for the children of employees at Russian subsidiary  
 2. Singapore Subsidiary's "LG-Night of the stars"  
 3. Creating One Team in our Kenya Subsidiary

lead change in overseas organizations. 415 employees acted as the communicators and motivators in each of their respective organizations last year. DB is a medium for employees in Korea that delivers employee opinions to the top management and performs various roles for the rights of the employees.

VOE is considered first in all the improvement plans and is now a unique part of LGE's corporate culture.

**Handling Grievances and Employee Counseling** • LGE provides stress management and psychological counseling services so that employees can focus on their working life. It operates psychological counseling programs in all corporate branches throughout Korea, and a mobile counseling service is provided for small regional branches. In particular, a counseling service is provided to family members of employees at R&D centers to actively help employees solve their problems.

**Family Participation Activities** • LGE operates various programs for the family members of employees to ensure their work-life balance.

**Family farm at Production Engineering Research Institute** LGE Production Engineering Research Institute has been allocating family farm lots since 2008 so that the employees and their families can visit and experience farm life every weekend.

**HA Company's "Children's Day with Daddy"** Launched in 2004, this program is an event in which the children of the employees come and have a fun day at specially prepared an amusement park in the company.

**CTO Division's "Open Lab"** This is a day on which the technologies being developed at the research center and the center itself is introduced to family members of employees at the R&D center. Various programs are prepared for the family for this day.

**MC Company R&D center "Junior Science Class"** This is a fun experience program that includes a Science Experimental Class and Traditional Music Experience Class for the children of the employees at the R&D center.

**HE Company's "Family Festival"** In addition to showing the work place to their family members, HE Company prepares various programs so that the employees and their family members can have a fun time together at the company.

**Event for children of employees at Russia subsidiary** • LGE's Russian subsidiary invites the children of employees each year to Child Protection Day. The subsidiary gives the children a tour of the offices, production line, and the show room and prepares meals to enjoy with their parents at the employee cafeteria. In addition to this, the subsidiary also has an advertisement program titled LG Family.

**Programs for a Happy Corporate Life** • LGE operates the Creating Fun Work Place program and supports individuals' hobbies so that the employees can enjoy working at the office. It actively encourages employees in Korea to use their Refresh Vacation, which is 3 or more days.

**Singapore Subsidiary's "LG-Night of the Stars"** • The "LG-Night of the stars" was planned for all employees at the Singapore subsidiary to show the company's appreciation for their hard work. This event, in which the employees impersonate famous actors and actresses, included a dance party and activities for everyone to mingle, regardless of their position at the subsidiary.

**Creating One Team in Kenya Subsidiary** • The Kenya office holds team building events, that include sporting events or mountain climbing, at the end of the first and second half of each year to promote team work and create a pleasant working environment for all employees. This event eliminates the barriers of race, gender, assignment type, or position at the subsidiary, and provides good opportunities for everyone to become a member of One Team.

**Support for Informal Group Activities** • Over 216 informal LGE employee groups are active in Korea. LGE provides financial support so that these groups can continue to be active. In particular, the top management participates in these groups and increases interest among members.

## FUTURE DIRECTION

- Achieve No.1 based on the corporate-wide slogan of "Fast, Strong & Smart"
- Firmly root a corporate culture of true open communication
- Strengthen work & life balance

# Talent Management

Based on the corporate philosophy of “Respect for Human Dignity” and “Creating Value for Customers”, LG Electronics has been strengthening fundamentals as a manufacturing company and implementing various HR policies that respect the diversity of LG Electronics employees. The global business leader and life-long training program that fosters each employee as a specialist in their respective field is actively implemented both on and off line.

## OUR APPROACH

- **Mid and Long Term Goal: Hire and train employees who will develop the company into a true global leading company**

## OUR PERFORMANCE

**International HR Recruit Activities** • LGE is planning to hire over 5,000 new employees in 2011(in Korea) to strengthen its R&D capability. As a part of this effort, recruitment events were held in universities in Korea and overseas. In addition, LGE is actively pursuing various recruitment activities such as career development consulting and LG Techno Conference to acquire outstanding individuals throughout the world. HE Company provides internship opportunities to outstanding individuals through its Global Marketing Adventure and corporate-wide Right People Camp(RPC). LGE cooperates with universities through the Industry-University Program and at the same time, actively engages in recruitment activities for outstanding R&D individuals. As for the long term goal, LGE plans to increase its current recruitment ratio to acquire diversity as a global enterprise.

**Overseas Employee Adaptation Program** • When sending employees to an overseas subsidiary, LGE provides a training program involving work, language, culture, and leadership so that the employees can communicate with locals. In addition, LGE assigns these employees a project relevant to the country prior to sending the employee to that country, or sends the employee for a short period of time before permanent assignment to support fast adaptation and increase professionalism.

### Develop Specialists Corresponding to the Training Roadmap

• LGE conducts various training programs based on the corporate-wide training roadmap. Based on the results of the capability evaluation conducted each year, LGE implements a priority handling training program for all employees, designed for each employee’s job. In addition, LGE’s Global e-Learning program was expanded and LGE provides a specialist fostering program for each task and an individual capability development program for all employees.

### Global Talent Training Programs

• LGE has developed local training programs and has been actively making efforts to foster and recruit local professionals. LGE provides the “HR Fostering Program” through the Pyeongtaek learning center and 6 overseas learning centers (Brazil, Singapore, India, China, France, and UAE). In particular, LGE has developed a mandatory Global Training Program and provides the same course to all LGE employees throughout the world. This is LGE’s initiative to strengthen LG Way Leadership and to provide a uniform leadership fostering program to every employee. LGE provides a specialist training program for each job category, a specialized program for the different position levels, and in the case of Korea, LGE also provides in-house and external MBA programs through cooperation with leading universities in Korea.

## FUTURE DIRECTION

- **Establish a standardized training roadmap for overseas and strengthen the mandatory training programs**
- **Strengthen training programs for talented individuals in each region**
- **Increase employees’ opportunities to receive training**

LG Electronics’ Employee Training Roadmap

Job Role	Leadership			Grade	Competency
	Korean	Overseas	Nomination Only or Elective		
Business Leader	EnDP*			G4/G5	Marketing Procurement Supply Chain Management(SCM) Production Quality 6 Sigma HR Finance
	Executive Vice President (EVP) On-Boarding		Executive Leadership Coaching		
	New Executive Course				
	PBL** On-Boarding	New Team Leader			
Business Successor	Pre Executive			G4	
		G4 On-Boarding	Global Business Leader		
Group Leader (Manager)	Advanced Manager		Elective Course for Group Leader	G3	
	New Manager		Group Leader Leadership Coaching		
Group Leader (Manager) Successor	G3 Training			G2	
	G2 Training				
New Hires	G1 Training			G1	
	LGE New Hire				
	LG New Hire				

• In addition, various training programs are provided including in-house & external MBA programs.  
 • EnDP : Entrepreneur Development Program    \*\* PBL : Product Business Leader

# Fair Evaluation and Rewards

LG Electronics strongly believes that people should have proper incentives to produce their best work, and that good work should be amply rewarded. We therefore operate an objective and transparent evaluation and bonus system that takes individual and team achievement into consideration.

## OUR APPROACH

- **HR Principles: Respect each individual’s creativity and freedom(source of value creation)**
- **Mid and Long Term Goal: Acquire Global No. 1 standard organizational capability**
- **Strategic Directions: Improve individual employees’ and the organization’s capability standards through organization and HR development activities**

## OUR PERFORMANCE

**Global Standardization for Assessment Process** • LGE has established corporate-wide standard process and regulations, and it has been applying this towards the evaluation/incentive HR system. Capability evaluation on performance and team capability of office employees is conducted once a year to comprehensively evaluate the employee’s degree of achievement of goals, difficulty of goals, and competitiveness. The performance evaluation will be reflected on the individual’s salary increase & incentive bonus and the capability evaluation will be reflected on promotion.

360-degree multi-faceted evaluation of the leadership of managers is conducted once a year. LGE places high importance on the basic insight of an individual for promotion and conducts a promotion training program to ensure that the promoted employee will possess appropriate insight.

Starting in 2011, an individual performance incentive system will be applied for technical staff semiannually, and LGE is planning to strengthen responsibility towards quality.

### Global Total Reward(GTR) system

GTR Components	Grade	Four Position System(G1-G4) / Role-based Structure
	Basic pay	Role-based compensation / Job-based Basic Pay
	Incentives	Differentiated reward according to individual performance
	Performance Incentive	Annual performance incentive at company level

### Capability Development and Assessment Process

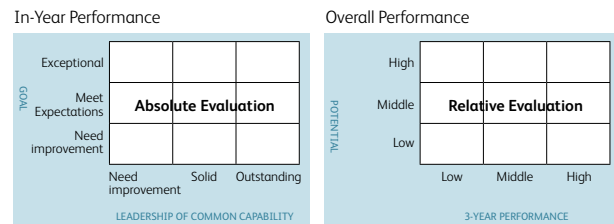


**Continuous Capability Development of Employees** • The current capability level is assessed in all employees and a capability development target is set. To achieve this goal, LGE establishes a capability development plan, and then implements job experience, mentoring and training programs to ensure continuous capability development.

**Promotion and Reward System** • LGE has initiated the Global Total Reward(GTR) system to help it attract top candidates and to respond to increasing global mobility.

However, in the case of overseas subsidiaries, multi-culture and special conditions are considered and the position as well as reward system is flexibly managed. From a long term perspective, the policy that considers multi-culture will be implemented in various ways.

### LG Electronics’ Performance Evaluation System



→ Salary and Bonus

→ Promotion and Staffing

## FUTURE DIRECTION

- **Improve salary competitiveness**
- **Improve differentiated rewards system according to performance**



# Labor Rights Protection

LG Electronics guarantees employees' basic labor rights including freedom to associate and right to negotiate. It is highly praised for its fine labor-management relationship based on the labor union's fulfillment of social responsibilities and future-oriented Win-Win Labor Relations.

## OUR APPROACH

- **Mid to long term goal: Improve the level of overseas sites to up to 90% of Korean sites by 2015 (assessment data based on EICC)**
- **Strategic plans: Motivating employees by protecting labor rights and reducing risks which threaten human/labor rights of suppliers**

## OUR PERFORMANCE

**Respecting Human Dignity** • LGE recognizes the right of all employees and stakeholders to pursue happiness, to work with dignity and to have their value as human beings respected. Accordingly, LGE complies with the standards established by the UN, ILO, OECD, and other international labor organizations as well as labor laws and regulations. It established and announced Global Labor Policy that contains the values to be shared with all stakeholders in August 2010. The Labor Policy includes a regulation that prohibits forced labor that restrains mental and physical freedom, employing minors below the age of 15, and assignment of dangerous tasks to youths under the age of 18. The Labor Policy further prohibits discrimination based on gender and race, promotes compliance with the maximum working hours set forth by the law, payment for overtime, and contributes towards local economic development. In addition, the policy also guarantees employees the freedom to join a union, as well as to join in the activities of the union and freedom to organize. The Labor Policy has been distributed to all the worksites throughout the world and has been complied with as the LGE labor standards.

**Diverse Communication Channels(in Korea)** • All employees of LGE are eligible to join and participate in the activities of labor unions, in accordance with the relevant collective bargaining agreements and labor union regulations. As of year-end 2010, a total of 8,215 employees, representing 27% of our total workforce in Korea, were union members. The union's infrastructure consists of one head office and six branches throughout the country. All union members have voting rights and are eligible to stand for office. In addition to the quarterly labor-management meeting and annual Collective bargaining, LGE communicates various issues, including working conditions, regularly through diverse channels. Both parties negotiate in good faith and with patience on important agendas to reach an agreement. A prime example is the adaptation of a performance-oriented promotion system for production employees that was es-

tablished in 2010 after 3 years of discussion. Through such efforts, the labor and the management achieved their 22nd consecutive year of agreement without dispute at the 2011 Collective bargaining held in February, proving LGE's superiority in labor relations. In addition, LGE also operates the Digital Board to obtain suggestions from both union and non-union members. LGE further makes diverse efforts through various channels to promote effective communication.

**Strengthening Global Win-Win Labor Relations** • In the case of overseas offices, there is higher chance for various labor-management issues to arise due to cultural differences. As a result, LGE has spread the advanced labor-management culture and labor-management know-how to overseas offices as a part of its ongoing efforts to form a global advanced labor-management culture. In 2010, LGE launched the Global Win-Win Labor Relations Project and inspected the labor-management status of subsidiaries in Nanjiang of China, Indonesia, and Poland. LGE advised these office to establish region-specific guidelines that reflect their culture and conditions. Continuing on from 2010 and to 2011, LGE is planning to establish a standard labor-management organization both in Korea and overseas and build an even stronger and more systematic labor-management relationship(See pages 18-19, "2010 Self-assessment and on-site audit" section). In addition, LGE is strengthening the global labor-management network to monitor and evaluate the labor-management relationship in real-time and assign a Green, Yellow, or Red signal corresponding to the situation.

**Establishment of Win-Win Labor Relations based on Social Responsibilities** • The Labor Union of LGE held a declaration event for the Union Social Responsibility(USR) Charter in January 2010. The union has faithfully been complying with the provisions set forth in the Charter and has introduced a new concept of labor union. The union introduced the "Win-Win Labor Relations" based on social responsibilities to the public, and has been making joint efforts with the management to create a healthy and sustainable society. For detailed information, please refer to Special Issue page 20-21.

## FUTURE DIRECTION

- **Improve global labor-management activities**
- **Expand labor rights protection activities for suppliers**