

02

ENVIRONMENTAL LEADERSHIP



● LG Electronics has embraced its responsibility as a global corporation and is proud to be doing its part by leading voluntary greenhouse gas (GHG) emission reduction programs and developing greener products, while also performing Energy, Environment, Safety & Health (EESH) management activities that focus on preventative measures to protect the environment.

Category	GREENHOUSE GAS EMISSION REDUCTION/ DEVELOPMENT OF RENEWABLE ENERGY TECHNOLOGY	DEVELOPMENT OF GREENER-PRODUCTS/ MANAGEMENT OF WASTE ELECTRIC & ELECTRONIC PRODUCTS	EESH MANAGEMENT
2008 Major Achievements	<ul style="list-style-type: none"> • Recipient of the CDP 'Woorim Award' • Joined carbon footprint (carbon labeling) pilot project • Established greenhouse gas inventory for all LGE workplaces in Korea (verified by a third party) 	<ul style="list-style-type: none"> • Increased cost innovation, reduced the environmental impact and GHG emissions by slimming down mobile phone packaging • Cost-effective and eco design of washing machines and refrigerators • Built nationwide take-back system in the U.S. 	<ul style="list-style-type: none"> • Changwon 1 Plant awarded top prize in waste minimization (President's commendation) • Hosted a Global EESH Conference
Opportunities and Risk Factors	<ul style="list-style-type: none"> • Take the initiative in dealing with greenhouse gases by establishing GHG infrastructure and exploring CDM business opportunities • Possibility of greenhouse gas regulation being a trade barrier in certain countries (e.g. climate change bills in the U.S. and Australia) 	<ul style="list-style-type: none"> • Secure price premium with greener products 	<ul style="list-style-type: none"> • Toughen regulations related to the recovery of waste home appliances • Established Business Continuity Plan (BCP) system
Future Direction	<ul style="list-style-type: none"> • Establish greenhouse gas inventory for overseas sites • Establish greenhouse gas inventory for major suppliers • Participate in mandatory CO₂ emissions labeling • In-house greenhouse gas reduction campaign 	<ul style="list-style-type: none"> • Develop green flagship products • Strengthen voluntary take-back activities 	<ul style="list-style-type: none"> • Instituted global EESH instructions and standards
Related Teams and Divisions	<ul style="list-style-type: none"> • Eco Strategy Team, CTO Division • Environment/Facility Groups at each company 	<ul style="list-style-type: none"> • Eco Strategy Team, CTO Division • Environment & Safety Group, CSD • Environment & Safety Group at each company 	<ul style="list-style-type: none"> • Environment & Safety Group, CSD • Environment & Safety Group at each company

Greenhouse Gas Emissions Reduction

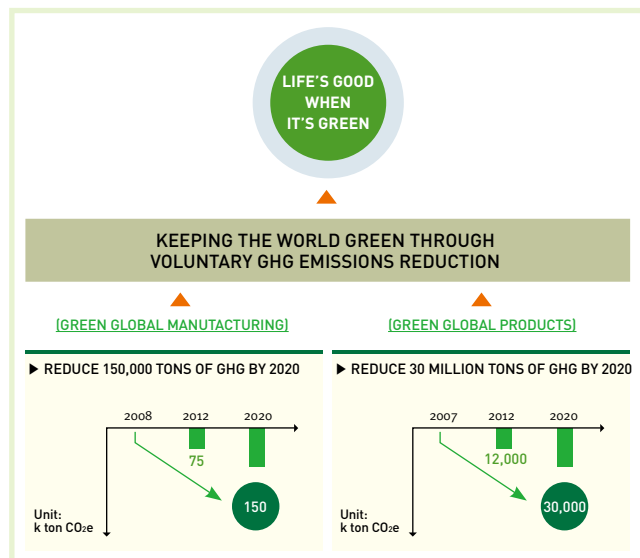
Greenhouse Gas Emissions Reduction Goal

LG Electronics is acutely aware of our planet's environmental problems due to greenhouse gas (GHG) emissions and is making various efforts to minimize its own influence on the environment. For instance, LGE is developing technologies to reduce greenhouse gases generated in the workplace. By continuously increasing the energy efficiency of its products, LG Electronics is also working to reduce the indirect greenhouse gases emissions when products are used.

In manufacturing, our target is to reduce 150,000 tons of GHG between 2008 and 2020. LG Electronics is actively reducing its emissions by optimizing its manufacturing system and process, while also replacing inefficient facilities. Additionally, we are planning to apply different reduction programs tailored to each specific workplace, and categorize and manage the potential amount of gases reportedly causing global warming other than the recognized six key greenhouse gases.

With respect to products, our GHG emissions target is 30 million tons by 2020, as compared with the BAU (Business As Usual) scenario from 2007. We have also created detailed plans and strategies for each product group to reduce GHG emissions by improving energy efficiency. These efforts have, among other things, earned LG Electronics some environment-related awards. For example, with the world's lowest level of energy consumption, LGE's refrigerator (R-T686UHLW) won top prize at the 2008 Korean Energy Winner Awards, while other LG Electronics home appliances (an air purifier, a microwave, and an air conditioner) received awards as well.

[GREENHOUSE GAS (GHG) EMISSIONS REDUCTION GOAL]

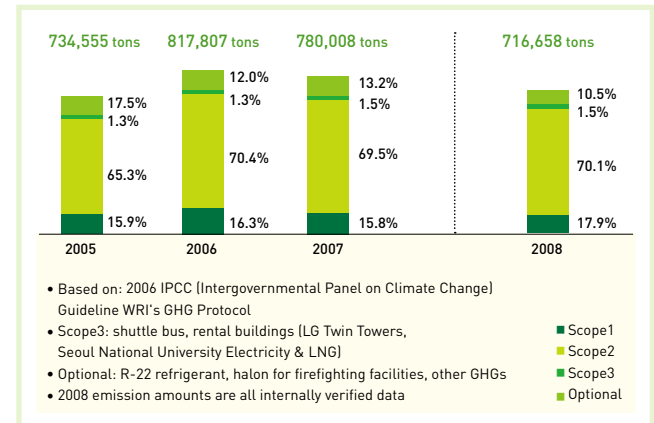


LG understands how important it is to respond to climate change, which is why it has surveyed the greenhouse gas emissions situation at all of its domestic workplaces, acquiring an international verification in the process, a first for a Korean home electronics corporation. LG Electronics will not stop in its efforts to make the world a better place for future generations to come.

Greenhouse Gas Emissions

Step by step, LG Electronics has been creating a greenhouse gas (GHG) inventory to establish effective strategies for managing and reducing its GHG emissions. In 2008, the GHG inventory for all nine of its business sites in the nation was completed, making LG Electronics the first home appliances maker to acquire an international verification in December of the same year. Taking this one step further, LGE plans on building an inventory that includes 32 overseas sites (including 28 overseas subsidiaries) in the near future. In 2008, the corporation's GHG emissions stood at 716,658 tons, an 8.1% decrease from the previous year.

[CORPORATE GHG EMISSIONS (DOMESTIC)]



Certification for Carbon Labeling



LG Electronics voluntarily joined the Ministry of Environment's pilot certification program for carbon labeling to promote its eco-friendly nature to consumers. This standard was established to assess the amount of GHG generated throughout a product's life cycle, with LGE's steam washing machine becoming the first washing machine to be certified by this program in February 2009. LG Electronics offers consumers the chance to play a direct role in responding to climate change by increasing supplies of low carbon products, as it continues to reduce its overall GHG emissions.

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INTERNATIONAL VERIFICATION OF LG ELECTRONICS' GHG INVENTORY

In December 2008, LG Electronics had Det Norske Veritas (DNV), a third-party Norwegian GHG verification agency, verify that its management of GHG and GHG emissions matched international standards, assuring all of LGE's stakeholders that the GHG emissions (CO₂, HFCs, etc.) it had measured and published were both objective and reliable. This made LG Electronics the first home appliances maker in Korea to be internationally verified in this category.

In response to this, Vice President and Director of the Eco Strategy Team Jong Min Shin said, "As each workplace is able to analyze GHG emissions and the amount of future reductions, GHG reduction is going to gain momentum. Cost reduction is also expected to occur through manufacturing process innovation and decreased energy consumption."

In February 2008, LG Electronics established an Eco Strategy Team under the umbrella of the CTO in order to effectively respond to changes in eco-friendly regulations at home and abroad, as well as to develop new business opportunities related to climate change.



RECIPIENT OF THE CDP WOORIM AWARD

LG Electronics participated in the 6th Carbon Disclosure Project in October 2008, and was subsequently named the winner of the CDP Woorim Award, which is handed out to the best-performing company among the first CDP participants by the Korea CDP Committee.



Development of Renewable Energy Technology

LG Electronics is committing itself to minimizing GHG emissions at its workplaces and in its products by developing renewable energy. LGE is fully open to new product ideas that use renewable energy and in participating in a corporation-sponsored solar light system.

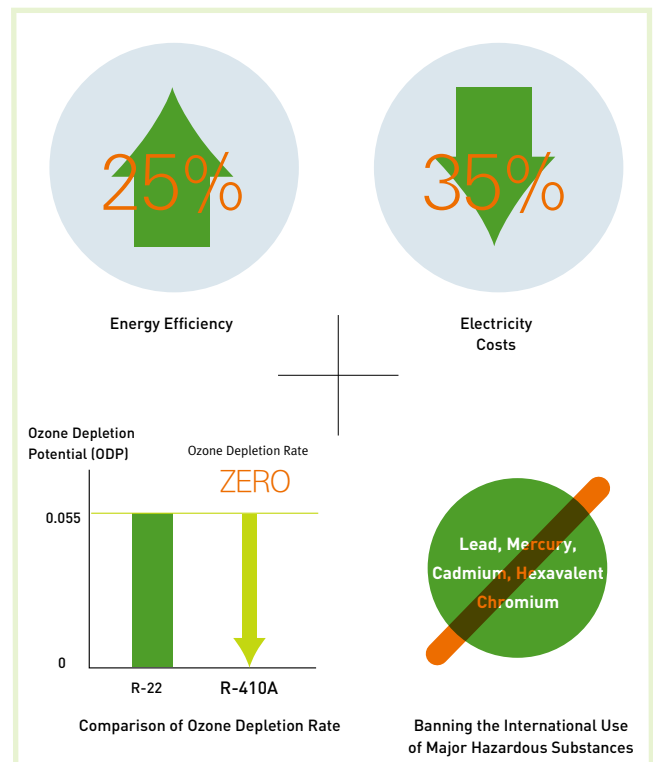
Hybrid XEO – Direct Contact Heat Exchange Method

In April 2007, LG Electronics introduced Hybrid XEO, which is an air-conditioning and heating system that draws on geothermal energy. The hybrid system increases energy efficiency by 25%, and reduces electricity consumption by approximately 35%.

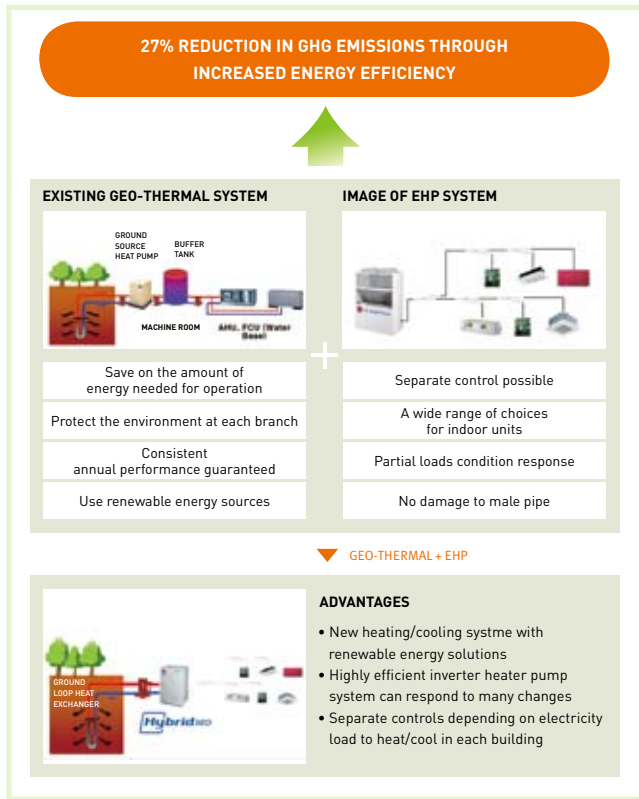
The Hybrid XEO is a new air-conditioning system with maximum efficiency that uses geothermal energy as a source for both heating and cooling. Thanks to its direct contact heat exchange method, it can effectively save energy, and it is even possible to run the air-conditioning system separately in each room.

Also, this new system uses an eco-friendly refrigerant, R410A, to maximize energy efficiency. R410A is a green refrigerant whose ozone depletion rate is 0. Furthermore, it is also reduced the environmental impact from hazardous substances such as lead, mercury, cadmium, and hexavalent chromium.

[ENVIRONMENTAL IMPACT OF HYBRID XEO SYSTEM]



[OVERVIEW OF HYBRID XEO SYSTEM]



*EHP: Electric Heat Pump

Solar Cells

LG Electronics continues to make great strides in its R&D efforts to nurture its solar cell business as a next-generation growth engine. In 2008, LGE decided to establish a new production line in Gumi, Gyeongsangbuk-do, and will invest approximately KRW 222 billion in the project. The Gumi production line consists of two lines, with each line eventually able to produce up to 120 MW of power, making crystal solar cells and modules using silicon wafers.

Development of Greener Products

LG Electronics is developing greener products based on three crucial factors: Resource, Human, and Energy. To manage the whole product life cycle, LGE introduced the idea of Eco Design, while also developing and utilizing Eco Index.

Green Product Strategy

The Green Product Strategy at LG Electronics is meant to minimize environmental impact throughout the entire product life cycle. This strategy can largely be divided into three fields: Resource, Human, and Energy.

The resource strategy consists of reducing the use of resources and recycling even more than we do now. To be more specific, LGE aims to reduce new material acquisition, meaning increased R&D efforts to reduce the weight and volume of products. The strategy also includes reducing any negative impact on nature by using recycled substances and biological raw materials, while the recycling element calls for activities to simplify the fastening of parts and improvement of materials so that they are easier to recycle after the disposal of a product.

Overall, the strategy is centered on greener products and includes activities to prevent the intentional use of hazardous substances, replacing them with safer substances instead. LG Electronics is also very

conscious about enhancing the living environment with special functions such as anti-allergic and anti-bacterial functions.

LG Electronics' energy strategy is a response to international concern about climate change and economic issues, including a rise in oil prices, and can largely be divided into energy efficiency enhancement and GHG emission reduction throughout the production process. Energy efficiency enhancement means reducing power consumption as well as the standby power necessary for consumers to use our products. At the same time it provides consumers with the practical economic benefit of reducing energy costs even as it helps prevent climate change. By reducing GHG emissions throughout the production process, LG Electronics is also fulfilling its responsibility as a global company that cares deeply about our planet and its future inhabitants.

[ECO PRODUCT STRATEGY]



Resource

● RESOURCE USE REDUCTION

Reducing the overall weight and volume of a product can reduce the use of valuable resources. To that end, LG Electronics is pursuing the optimization of parts design and the development of multifunctional integrated circuit components. In addition, LGE is investing in R&D to incorporate bio-plastic technology and recycled materials in our products so that we can address the global challenge of resource exhaustion. By developing integrated circuit components, that is, fusing two core components with two different functions into one, it not only reduces the size of printed circuit boards, which requires less material, but it ultimately reduces the overall weight and volume of a product.

As a means of addressing a way to solve our planet's resource exhaustion problem, LG Electronics is also leveraging bio-plastic production technology using corn starch extracts, making LGE's products and packaging materials more eco-friendly. Biodegradable plastic made with corn starch is a material available in an unlimited supply and is already playing an important role in providing a substitute for petroleum resources, which are in danger of depletion, while protecting our planet at the same time.

DEVELOPMENT OF GREENER CELL PHONE PACKAGING

LGE has reduced the size of packages for cell phones by an average of 26 percent through the optimization and slimming down of the package structure. Loading efficiency has also been increased by 16 percent through the design of loading methods (with respect to cell phone shipping) that adhere to the ISO standard pallet size. LG Electronics' cell phone packages are tested for their vibration, durability, and compression in order to assure reliability, and test results prove they all meet relevant standards.

IMPROVEMENT RESULTS

CO₂ emissions reduced by 19%
[16,844 tons a year]

Eco Index improved by 23% on average

● RECYCLING ENHANCEMENT

Part of LGE's constant R&D has to do with simplifying the methods for fastening parts and increasing the use of recyclable materials in order to enhance the ability for our products to be recycled. In addition, LG Electronics is establishing a comprehensive recycling system around the world as well. (See pp. 49-50)

Human

● HAZARDOUS SUBSTANCE MANAGEMENT

LG Electronics is strengthening its efforts to develop technology and parts that replace hazardous substances as well as the network to supply them to suppliers. In order to check if the parts and materials from outside sources contain hazardous substances, LGE has installed XRF (X-ray fluorescence) equipment at its overseas and domestic business sites and subsidiaries. Parts and materials which appear to contain such substances will be closely monitored in the process of mass production.

The system also requires suppliers to register hazardous substance information such as homogeneous material data analysis at the initial development stage, with LG Electronics approving development projects only after a careful examination to reduce the use of harmful materials from filtering into individual parts.

[SCHEDULE FOR REDUCING THE HAZARDOUS SUBSTANCES IN NEWLY DEVELOPED PRODUCTS]

SUBSTANCES	TIMELINE BY PRODUCT
PVC	• Cell phones: 2010 • TVs, monitors: 2012 • Home appliances/Air conditioners: 2014
BFR	• Cell phones : 2010 • TVs, monitors : 2012
Phthalates	• Cell phones : 2012 • TVs, monitors : 2012 • Home appliances/air conditioners: 2014
Antimony	• Cell phones : 2012 • TVs, monitors : 2012
Beryllium	• Cell phones : absence of any BeO • TVs, monitors : 2012

● **LIVING ENVIRONMENT CARE**

LG Electronics wants to give additional functions to consumer such as anti-allergic and anti-bacterial function so that consumer feels pleased to use our products. LGE is accelerating its efforts to develop quality products that will improve consumers' satisfaction about well-being concept through such things as a massagers, water purifiers, and water softeners.

[LGE PRODUCTS CERTIFIED FOR THEIR ABILITY TO ENHANCE USERS' WELL-BEING]

CERTIFICATIONS (CERTIFYING ORGANIZATIONS)	PRODUCT
BAF (British Allergy Foundation)	Vacuum cleaners, Air purifiers, Washers
KAF (Korea Asthma Allergy Foundation)	Washers
SF mark (Korea Yarn & Fabric Inspection Testing Institute [FITI])	Air purifiers
SLG 5 Star (SLG Prof-und Zertifizierungs GmbH)	Vacuum cleaners

Energy

LG Electronics understands that global warming is caused by the excessive emission of greenhouse gases, and has responded to this by conducting a wide range of activities aimed at curbing emissions that are caused by corporate activities.

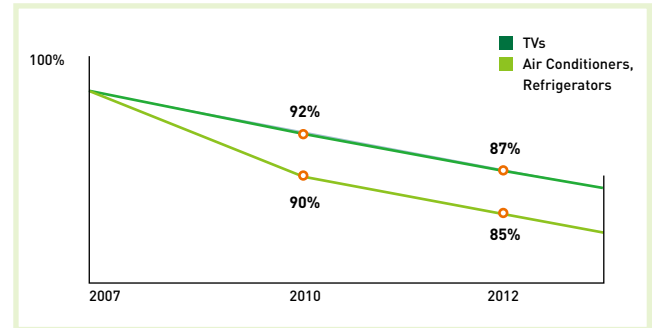
Electric/electronic products generally emit a greater amount of greenhouse gases while in use than they do during the manufacturing phase. As a result, LG Electronics not only places the utmost priority on energy efficiency when developing products, but also on decreasing greenhouse gas emissions through the reduction of power consumption. LGE will continue to manage and improve the consumption of on-mode power and standby power with the goal of reducing 12 million tons of CO2 emissions by 2012 and 30 million tons by 2020.

● **ENERGY EFFICIENCY ENHANCEMENT**

To improve on-mode energy efficiency, LG Electronics created a five-year roadmap for each product group and has already achieved some concrete goals. Certain product groups, including washing machines and monitors, have reached the highest level of energy efficiency in the industry, but LGE will continue to acquire competitiveness with the highest level of energy efficiency and reduce greenhouse gas emissions caused by power consumption for all its other product groups as well.

LG Electronics not only meets Energy Star standards, a directive on products but also covers by the EuP regulation and which indicates a product with high energy efficiency. LGE has also established its own internal energy management goals and a detailed strategy to further improve energy efficiency and standby power consumption levels.

[ENERGY SAVING ROADMAP FOR MAJOR PRODUCTS]



● **STANDBY POWER REDUCTION**

If an appliance remains plugged in, it is still consuming power even when it is not in use. Such unnecessarily consumed power is called standby power. As part of its efforts to minimize standby power, LGE came up with a plan in August 2005 to reduce this to one watt or less. As it stands, most LG Electronics products, including air conditioners, refrigerators, washing machines, and TVs, meet the rigid standards of this plan, with washing machines and cell phone chargers each consuming just 0.5 watts (or less) of standby power.

[CURRENT STATUS OF STANDBY POWER FOR MAJOR PRODUCTS AND PLANS]

Unit: Watt

PRODUCTS	2008 LEVEL	AFTER 2010
TVs	0.3~0.9	0.1~0.5
DVD players	0.6~0.8	~0.5
Electronic microwave ovens	0.8~1.5	~1.0
Cell phone chargers	~0.3	~0.15
Monitors	0.5~0.9	0.1~0.5
Notebook computers	0.7~1.0	0.4~1.0
Washing machines	0.3~0.9	0.3~0.5
Room air conditioners	0.3~1.0	0.2~0.5

● **GREENHOUSE GAS EMISSIONS REDUCTION**

LG Electronics recognizes the importance of responding to climate change and is carrying out a wide array of activities in order to reduce greenhouse gases that are generated in the company's value chain. Please see "Greenhouse Gas Emissions Reduction (page 43)" for more details.

Eco Design

By introducing the concept of PDCA (Plan, Do, Check, Act), LG Electronics plans to minimize the environmental impact of its products throughout the product life cycle. To this end, LGE has set up an Eco Design Committee and developed its very own Eco Index, which it manages online and offline, demonstrating how serious it is about improving its environmental performance through multiple approaches.

● ECO DESIGN

Concept • Eco Design is an eco-friendly technique to minimize the environmental impact of products. This is accomplished by taking into account not only the cost and quality of a product, but also the environmental aspects at every stage of the life cycle, from material acquisition to design and manufacturing to use and disposal.

Process • Eco Design at LG Electronics is unique in that experts from relevant departments take part in the review process at the end of each development stage to address any identified problems before moving on to the next stage. As a consequence, LGE can effectively realize environmental performance in each development stage, designing products with improved functions and quality. This is all done using a checklist for each stage through an Eco Design System that LG Electronics established in 2003.

● ECO DESIGN COMMITTEE

In order to plan and produce greener products with the entire product life cycle in mind, LG Electronics organized a company-wide Eco Design Committee, naming its Chief Technology Officer as the committee's chairman and the heads of each LGE product group's R&D center as its members. The Eco Design Committee expansively discusses relevant issues, such as practical ways to improve products and company-wide strategy, even as it actively responds to environmental issues through swift decision-making by executives.

● ECO INDEX

Concept • Eco Index is LGE's unique index to evaluate, through a numeric value, how well a particular Eco Design has been executed in a product for the purpose of assessing each product's environmental performance at the product development stage. This index is used as a tool to provide detailed Eco Design guidelines and quantitatively manage the environmental performance of LG Electronics products. In 2009, LGE's Eco Index is scheduled to be improved for even higher efficiency.

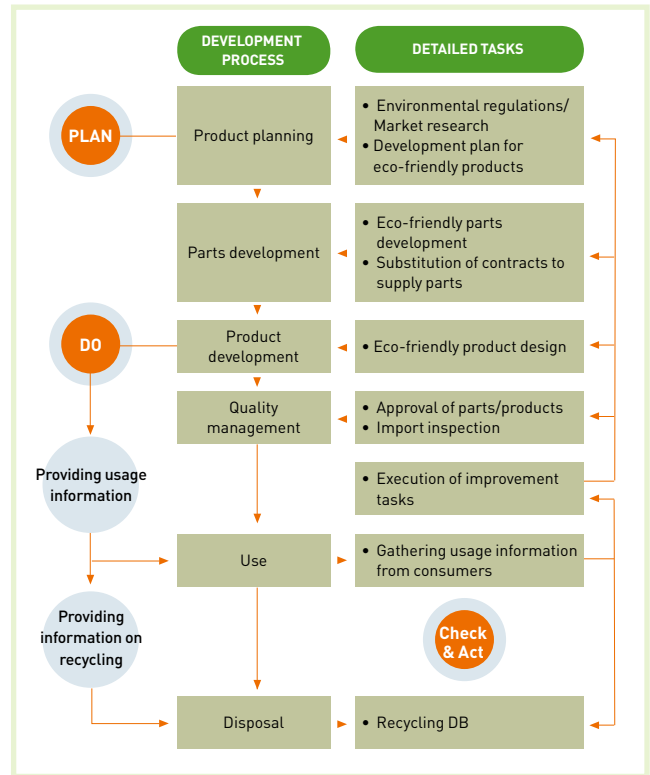
Standards • A total of 30 items are used for the evaluation, and the resulting index is also used as a criterion for granting LGE Eco-Mark certification.

[ECO INDEX ASSESSMENT CATEGORIES AND ITEMS]

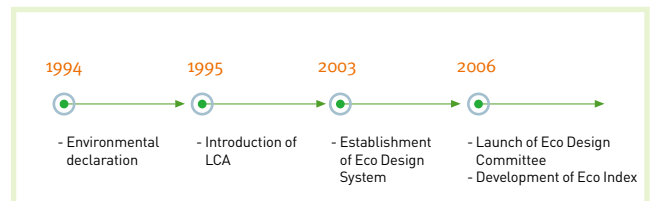
CATEGORIES	DETAILS (30 ITEMS IN TOTAL)
Resource Consumption	Reduction of weight, volume, etc.
Recycling	Weight of recyclable parts, number of bolts, etc.
Hazardous Substances	PVC/BFR substitute, VOC reduction
Energy	Standby power, greenhouse gas emissions
Others	Packaging material, noise, etc.

*Scores in each field may change according to a product group's characteristics.

[ECO DESIGN PROCESS]



[PROCESS OF ESTABLISHING AN ECO DESIGN SYSTEM]



A LEADING EXAMPLE

DEVELOPMENT OF COST-EFFECTIVE ECO-TECHNOLOGY FOR FRIDGES AND WASHING MACHINES

Beyond traditional R&D activities that focus on cost reduction, LG Electronics is carrying out R&D activities that both reduce costs and improve environmental performance. As part of such efforts, LGE developed a cost-effective eco-technology for washing machines and refrigerators (the two product groups that require relatively more resources) that it then applied to its other products. For the purpose of this research, many departments, including product developers and eco design experts, cooperated to achieve an optimum solution.

By adopting recycled plastic of equal quality with that of new plastic material, reducing the number of screws used, changing adhesion methods, and improving packaging structure, LGE's washing machines and refrigerators enhanced Eco Index Standard by 20% and 13%, while reducing the production cost of those same two items by KRW 2.28 billion and KRW 0.59 billion, respectively.

Management of Waste Electrical and Electronic Products

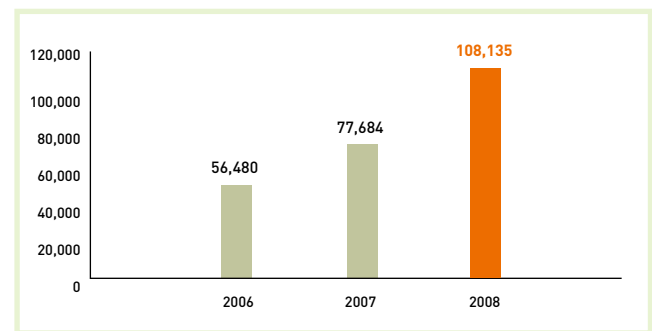
In terms of the whole life cycle of its products, LG Electronics runs voluntary take-back programs that are customized to meet the specific demands of each country. In 2008, we collected and treated a total of 108,135 tons of waste electrical/electronic products in North America, Europe, and Asia.

The WEEE (Waste Electrical and Electronic Equipment) Directive is another EU-led program that is gaining worldwide support in demanding the responsible collection and recycling of waste electrical and electronic products. LG Electronics has established its own recycling rate evaluation standard, enabling it to surpass WEEE levels, and is fully complying with take-back requirements in regulated regions. Furthermore, LGE is participating in diverse voluntary take-back programs to increase the quantity of collected material, like the Plug-In To eCycling program initiated by the U.S. EPA and which LGE takes part in. In a bid to actively promote the program, LG Electronics sponsored the Buick Invitational PGA tournament. Through this sponsorship, LGE publicized its program to reduce the number of waste mobile phones as well as its measures to efficiently collect used phones. By doing so, we sent a strong message that backed up our commitment to maintaining a clean planet. In other countries, LG Electronics also provides differentiated services and information that are tailored to each region's particular characteristics and needs.

LG Electronics is responding to global regulations on the recovery and treatment of waste electrical and electronic products, with basic facilities in place for such collections. Additionally, due to the differing method of recycling and collection sites in each area – on top of the sheer volume of waste products – LG Electronics provides consumers with the information they need so they can easily access their relevant take-back points. Also, LGE is continuing with its research on Eco Design by taking economic and environmental factors into consideration from the initial product design stage, ensuring that easy recycling is made possible when collecting and treating waste products.

[ANNUAL TAKE-BACK OF WASTE ELECTRICAL AND ELECTRONIC PRODUCTS]

Unit: Tons



[COLLECTION OF WASTE ELECTRICAL AND ELECTRONIC PRODUCTS BY REGION]

Unit: Tons

REGION	2006	2007	2008
Korea	30,959	37,016	32,540
Japan	1,257	2,250	3,570
Europe	24,140	38,141	71,090
North America	124	277	935
Total	56,480	77,684	108,135

TAKE-BACK PROGRAMS BY REGION

KOREA

In order to help bring about a society that recycles its resources, LG Electronics collects various waste home appliances before disassembling/classifying them at advanced recycling centers (RCs). Resources that are recycled include copper, aluminum, and plastic. It is also notable that LG Electronics is dutifully executing its role as chair company of the Association of Electronics Environment (Chairman: Young Kee Kim/LGE's CSD), which was established to promote the efficient recycling of electronic waste. In January 2008, LGE's recycling center in the Honam area officially began following other LGE recycling centers in Metropolitan Seoul, central Korea, the Yeongnam region, and Jeju Island. In June of that same year LGE also participated in an event called "Recycle

2008," held jointly by civil, public, and military organizations in Tongyeong, Korea. Moreover, LG Electronics has conducted various other activities, including a waste cell phone take-back campaign, which, all told, has helped collect a total of 32,540 tons of waste electronic goods.



TAKE-BACK PROGRAMS BY REGION

EUROPE

In August 2005, the WEEE Directive took effect, obligating home appliance manufacturers to take back end-of-life products. Each EU member country has its own collection and recycling system. LG Electronics has been satisfying related regulations in each WEEE member country it operates in, which includes the Netherlands, Belgium and Sweden, three nations that had their own regulations in place on collecting waste home appliances even before the WEEE Directive went into effect in August 2005. Additionally, LGE offers recycling information and data on items sold after August 13, 2005 to local recycling companies upon request.

JAPAN

In order to comply with Japan’s Consumer Electronics Recycle Law, LG Electronics joined Ecology Net along with companies like Matsushita and JVC. An active recycler of waste home appliances, LG Electronics satisfies the required collection quantity and recycling rate for refrigerators, washing machines, air conditioners, TVs, and PCs as stipulated by Japanese law. Besides this, LGE also runs a voluntary collection & recycle system for waste PCs.

OTHERS

Elsewhere, LG Electronics is actively participating in diverse voluntary take-back programs, such as in China and Australia.

NORTH AMERICA

Collection and recycling regulations are determined by each state or provincial government in North America. California, for example, enacted such laws in 2005 and Maine and Maryland followed suit a year later. LG Electronics not only complies with state-/province mandated regulations but also operates the LG National Take-back & Recycling Program in cooperation with Waste Management, one of America’s biggest recycling companies. The LG program facilitates customers who are disposing of home appliances free of charge around the U.S., with plans in place to expand take-back events even more.

Further to this, LGE is establishing its own effective take-back system for mobile phones and operating an environmental program as well.



Green Box Campaign (China)



Mobile Muster (Australia)



EESH Management

In order to minimize the environmental impact caused by business activities, LG Electronics established what it calls an EESH management system while also operating optimum pollution prevention facilities.

EESH (Energy, Environment, Safety, Health) Management System

LG Electronics operates a corporate-wide EESH management system – centered on LGE’s Environment & Safety Groups – at its headquarters and other business sites. The EESH vision and policy statement was recently revised and LG Electronics is now in the midst of developing a global integration process with the goal of setting up an EESH management system that incorporates overseas subsidiaries as well. In the future, LG Electronics will continue to maximize efficiency and execution ability through an integrated EESH management system that is truly global.

EESH MANAGEMENT VISION

LG Electronics will realize Global Top Company in EESH area through corporate level EESH management system operation, energy efficiency optimization, environment friendly process & product development, business field site safety & health and employee health improvement activities. Also, by providing differentiated consumer value, LG Electronics will pursue earth environment preservation and sustainable social advancement and improving quality of life for stakeholders.

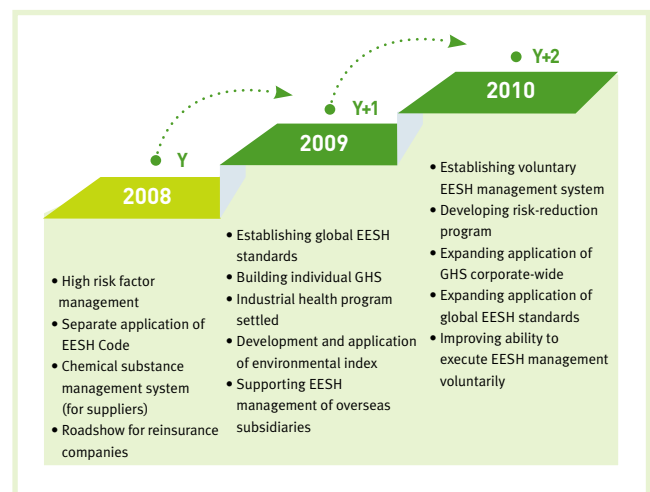
Global EESH System Operating Process

Environment & Safety Group (ESG) laid the foundation for the operation of LGE’s global EESH standards by integrating its PEMI (plan, execution, monitoring, improvement) cycle as well as its global EESH policy. In addition, ESG has facilitated PEMI activities at all of LGE’s business sites through 12 core elements.

[GLOBAL EESH MANAGEMENT STRUCTURE]



[THREE-YEAR STRATEGIC TASKS FOR CORPORATE-WIDE EESH MANAGEMENT]



* GHS : Global Harmonized System

Global EESH Conference

The 1st Global EESH Conference was held on June 13, 2008 and had a total of 143 participants (50 from overseas subsidiaries, 93 from domestic business sites and R&D centers). The conference lasted for five days and included a chance for participants to learn about Changwon 2 Plant-LG Electronics’ best EESH business site in 2007. Participants were also given the opportunity to report on a wide variety of content, such as best EESH management practices at each business site, while sharing progress related to EESH with one another as well. Plans are currently in place to make the EESH Conference a biannual event, through which LGE’s EESH culture will be expanded from a global point of view.

[EESH MANAGEMENT BUSINESS SITE CERTIFICATIONS]

LG Electronics established a global EESH system by operating organizations with both ISO 14001 and OHSAS 18001 certifications. Unit: Sites

LOCATION	NO. OF BUSINESS SITES	ISO 14001-CERTIFIED BUSINESS SITES	OHSAS 18001-CERTIFIED BUSINESS SITES
Korea	5	5	5
Overseas	32	31	31
Total	37	36	36

* These figures do not represent R&D centers.

Minimization of Environmental Impact

To minimize the environmental impact caused by the production process, LG Electronics is working hard to build and operate pollution prevention facilities, improve the manufacturing process for reducing resource consumption, and enhance the recycling rate. As a result of these efforts, LG Electronics did not violate a single environmental regulation or have any hazardous substance leakages in 2008, as was the case in 2007 as well. By exchanging LGE's PCB business with LG Microns' PRP (PDP Rear Plate) business, LG Electronics was able to reduce its overall impact on the environment.

● INPUT MANAGEMENT

As its manufacturing process focuses primarily on assembly, LG Electronics has relatively less negative impact on the environment in its use of energy and water than companies in many other industries. Regardless, in its pursuit to become a top global company LG Electronics is doing everything it can contribute to sustainable development from a global perspective, reducing its overall environmental impact by using limited resources efficiently.

● EMISSIONS AND WASTE MATERIALS MANAGEMENT

LG Electronics stably operates treatment facilities to minimize pollutants that include emissions into the air, discharge into the water, and other waste created during the production process. Yet through activities such as process improvement and clean production, LGE is also strengthening precautionary approaches to prevent pollution before it occurs.

Biodiversity Protection

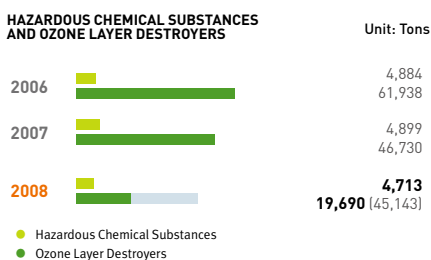
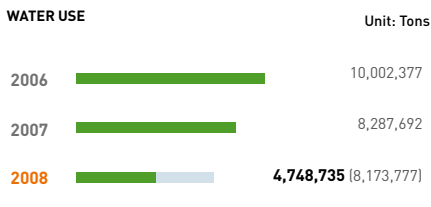
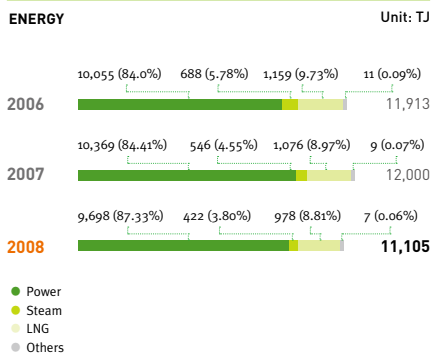
Most LG Electronics business sites are located inside industrial complexes, so the surrounding areas usually do not have high biodiversity values. Nonetheless, one thing LGE is doing to protect ecosystems is running a campaign to purify one river per business site. In addition, LG Electronics was a corporate sponsor for Ramsar Convention at Changwon 2008, an event designed to protect wetlands globally, and has supported environmental protection activities for Upo Swamp and Junam Reservoir, with Changwon Plant with funds and volunteering.



Natural Purification Activities for Upo Swamp

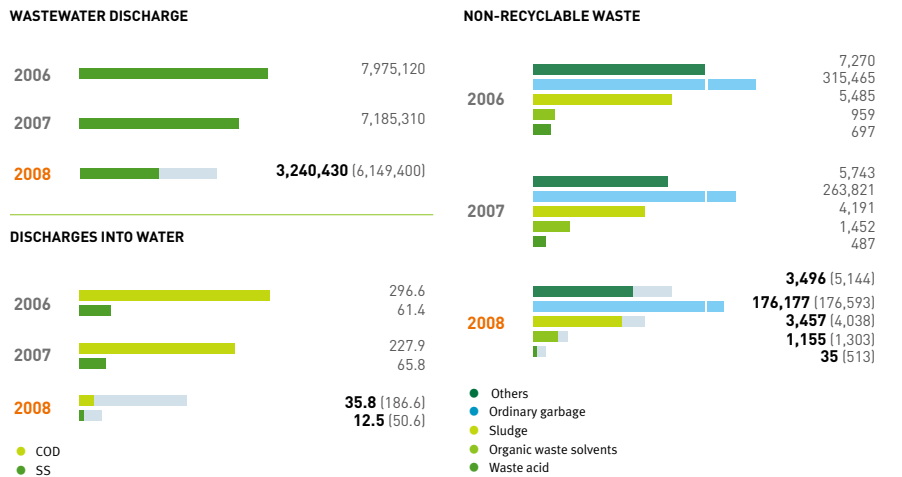


[INPUT MANAGEMENT]



[EMISSIONS AND WASTE MATERIALS MANAGEMENT]

[]: Figures include data from LG Micron's PCB business



*Although LG Electronics reduced its overall impact on the environment in 2008 after exchanging its PCB business with LG Micron's PRP business, data from the existing PCB business is also shown here to provide a comparative analysis.

Business Continuity Management

By establishing a system to respond to emergencies, and by training employees at each business site, LG Electronics practices thorough risk management in the environment and safety sectors. In fact, LGE has strengthened measures for each stage of risk management in the following ways: precautionary prevention, early detection, fire prevention, spread prevention, and early recovery. LG Electronics has also put together a systematic plan to minimize the impact of any potential crisis.

To be more specific, it came up with a business continuity plan (BCP) which focuses on quickly acquiring full production capability through substitute business sites. Such efforts on the part of LG Electronics have positively impacted suppliers as well as overseas subsidiaries, contributing to the reduction of risks throughout the whole supply network.

Furthermore, the LG Electronics Disaster Prevention Center, which is present at every one of LGE's business sites, plays an active role in fighting fires that break out in local communities. Indeed, the LG Fire Brigade at LGEIL often goes out to fight fires in nearby areas, taking the initiative in protecting not just LG Electronics, but the lives and property of neighbors as well. This kind of meritorious service has been recognized several times by local governments for excellence in industrial safety and corporate citizenship activities.

High Risk Factor Management

In order to improve risk management and establish mid- and long-term fire strategy, LG Electronics conducted extensive fire strategy consulting, starting with its business sites in Gumi and Pyeongtaek in 2007. This consulting was carried out by Rushbrook, a British risk surveyor for reinsurers.

In July 2008, we visited Lloyd's Market, the biggest insurance market in Britain, after we held a roadshow for British reinsurance companies to promote LG Electronics' top-quality non-financial risk management. As a result, LGE earned the trust of many prestigious insurance companies, reducing about 15% of its total fire insurance fees for its business sites in Korea.



Training for Fire Fighting and Disaster Prevention



LOCAL HEROES

LG FIRE BRIGADE (INDIA)

LG Electronics has a factory in Pune, India through its Indian subsidiary, LGEIL, which also has its own fire brigade that is setting a fine example in terms of fire safety. On February 18, 2009, the Indian newspaper Sakal reported in detail on a fire that broke out at a Pepsi plant near LG's Pune Plant and how the LG Fire Brigade put out the fire:

“At 11:30 a.m., a large fire broke out after an LPG tank at the plant began leaking. The damaged plant requested help from local fire stations and nearby plants. The LG Fire Brigade arrived at the site of the fire one minute after learning of the situation. It then proceeded to efficiently put out the fire, extinguishing it completely in just 50 minutes. It also prevented any loss of human life and ensured that it did not escalate into a much bigger disaster. One injured person from the fire (an employee from the damaged plant) was urgently rushed to hospital by an ambulance provided by LG Electronics.”

The LG Fire Brigade also played a leading role in preventing the spread of a fire in January at Apollo Tire, which was located inside the same industrial complex as LGEIL's factory. In fact, the LG Fire Brigade helped put out four fires in 2008 alone, fulfilling its responsibility to surrounding communities. Additionally, the brigade guides suppliers in precautionary improvement activities through fire safety checks using heat detectors. In October 2008, the LG Fire Brigade opened the EESH Training Center at LGE's Pune Plant as well, offering EESH training to all employees. At LG Electronics, every department also selects their own Fire Ambassador for volunteer fire prevention activities. Through such efforts, the Pune Plant was chosen as LG Electronics' best EESH business site in 2007, scoring impressive results in the 2008 EESH evaluation, too.

