LG’s philosophy revolves around people, sincerity, and sticking to the fundamentals. It is to understand our customers and to offer optimum solutions and new experiences through ceaseless innovation, thus helping our customers lead better lives.

LG Electronics will continue to make a leap into the new LG Electronics by breaking the existing framework by reconsidering the entrepreneurial spirit that led to the change of life through constant challenges.

Innovation for a Better Life
LG Electronics’ 2017-2018 Sustainability Report was created in conformance with the GRI (Global Reporting Initiative) Standards. Any deficiencies in the report were supplemented after an analysis of the previous year’s report and numerous cases at some of the leading Korean and international companies, and efforts were made to make it as transparent as possible by summarizing the strong and weak points of LG Electronics. Efforts were also made to listen to the opinions of internal and external stakeholders through active communication with them, and their opinions were reflected as much as possible in this report. This year’s report includes directions and objectives as well as goals and activities for sustainability management on a mid-to-long-term basis.

LG Electronics records information that is determined to be important to both the company and stakeholders through a materiality analysis in conformance with the Core Options of the GRI Standards. The results of materiality analysis were reviewed after along with the issues that are left out or added and deemed important in the similar industries by an external certification body, and efforts were made to include the information that is determined to be practically important to the company and stakeholders in the report after performing a review with other relevant divisions. The scripts regarding the selected issues prepared by the departments in charge of the relevant tasks were confirmed at the internal review.

**Reporting Principles**
- GRI Standards, UNGC (Global Compact) Index

**Scope and Boundary of Report**
The economic, environmental, and social activities and performance of all the domestic and international business sites of LG Electronics and major suppliers.

**Reporting Period**
Data on fiscal year (January 1-December 31, 2017) (Some of the results include the activities in the first half of 2018.)

**Assurance**
Independent Assurance Statement by a Third Party (DNV GL) (pp.102-103)

**Where sustainability management activities of LG Electronics can be found:**
LG Electronics Corporate Website: http://www.lg.com/sustainability
LG Electronics Annual Report

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### 2017-2018
LG ELECTRONICS
SUSTAINABILITY
REPORT

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Management Philosophy

LG Way
The LG Way articulates our belief in attaining the vision of becoming the “No. 1 LG” through “Customer-Value Creation” and “People-Oriented Management” as the guiding principle for our thoughts and actions as we stay true to the spirit of “Jeong-Do Management” in our everyday practice.

Vision
What we ultimately aspire to achieve through Jeong-Do Management and its two tenets—“Customer-Value Creation” and “People-Oriented Management”—is to become the “No. 1 LG,” a market-leading company recognized and respected by industry peers as well as the broader market.

Management Principles
Our management principles consist of “Customer-Value Creation” that conveys our business objective and “People-Oriented Management” as our operating principle.

Customer-Value Creation
Customer first / Delivery of substantive / Innovation-driven creation

People-Oriented Management
Self-management and creativity / Respect for human dignity / Capability development and actualization / Performance-based reward

Behavioral Mode
Jeong-Do Management expresses our commitment for strengthening our fundamental competitiveness continuously and competing fairly as we base our professional conduct and business practices on the ethical management standard articulated by Jeong-Do Management.

Integrity
Work transparently according to principles and standards

Fair Transaction
Provide equal opportunities and fair treatment in every relationship

Fair Competition
Based on Merit
Improve capabilities with which one can fairly win the competition
Message from the CEO

In celebration of the 60th anniversary of its foundation, LG Electronics seeks to reflect on its founding spirit that enabled it to become a leader in delivering life-changing products by taking on challenges. LGE aims to “Creating a better life with our customers” and emerges as a respected and trusted company that fulfills its social responsibilities.

To our valued stakeholders:

Last year, LGE achieved meaningful results in the midst of a wave of changes. This was because we prepared and executed our plans to create new customer values with our unique products under the slogan “Profitable Growth” and made ceaseless efforts to establish an organization that constantly grows and reform the way we work to prepare ourselves for the future. As we celebrate the 60th anniversary of our foundation, we aim to go beyond survival and discern the changes in trend to evolve into a sustainable company, making fundamental changes in the way we operate our businesses and constantly creating our own values.

Reflecting on the founding spirit that has driven changes in consumer life by taking on challenges, LGE will pursue its goal of “Creating a better life with our customers” and become a respected and trusted company that fulfills its social responsibilities. In our initiative to act on the company’s identity that prioritizes customer value, people, and social responsibility, we will achieve three main tasks:

First, LGE will break out of the box and deliver a differentiated customer value.

We will continuously develop brands that are truly premium by launching leading products designed by finding differentiated customer values and capturing the lead in the market. We will strengthen our main businesses and secure the momentum for our preparation for the future in our path to becoming an unwavering company in spite of any crisis it may face. Bearing in mind that product quality is something that must not be compromised in creating customer values, not only our employees but also our suppliers will lead efforts to achieve the best quality. We will set up a system of virtuous cycles by streamlining our platforms and adopting modular designs, standardization, and common application across all business areas to secure unrivaled product competitiveness and customer values that, together, generate ‘Profitable Growth’. LGE will stay ahead of the competition in its efforts to build a better life by applying future technologies such as AI and big data to all businesses and management decisions, expanding external partnerships, and taking the lead in the era of the fourth industrial revolution by driving the era of convergence.

Second, LGE will foster a young, energetic corporate culture where members can experiment with new ideas and endeavors.

LGE will ensure that its employees make bold attempts motivated by customer values and choose not to give up even when they fail but rise to the challenge. In the process, all members will stay true to the spirit of “Jeong-Do Management” under which they opt to deliver outcome through fair competition instead of resorting to expedients and taking chances.

Lastly, LGE will become a beloved and respected company by carrying out sustainability management activities in fulfillment of its social responsibilities.

LGE will minimize environmental impacts of the production process and fulfill its pledge and carry out activities to create a better society. We will advocate sustainability management that allows our stakeholders to grow together with the company by developing products and technologies geared toward the smart life of our customers and smart businesses, setting up a low carbon and circular economy system as well as sustainable supply chains, creating decent jobs, and addressing local issues through social contribution.

Dear stakeholders,
LG Electronics is confident that it will develop into an everlasting company that goes far beyond the next 60 years, fulfilling its social responsibilities and enjoying the respect and trust of its valued customers. Going forward, we will strive to pursue sustainable practices in the management of all business areas, continue growing, and shape a better future together with its valued customers.

We look forward to your continued support and interest.

Thank you.

May 2018
Vice Chairman and CEO
Seong-Jin Jo
Who We Are

As a global leader in the IT market, LG Electronics provides B2C operations such as home appliances, TVs, and mobile communications devices and B2B operations such as commercial air conditioners and electric vehicle components. LGE is composed of Home Appliance & Air Solution (H&A), Home Entertainment (HE), Mobile Communications (MC), Vehicle Components (VC), and the newly added Business-to-Business (B2B) launched in December 2017.

We are reorganizing our existing core businesses to ensure continuous growth and strengthen future preparations in line with the business environment. At the end of 2017, we established the new B2B Company to reinforce our B2B operations and maximize synergy among our affiliates. We also set up the Convergence Business Development Center to connect products from different companies such as smartphones, TVs, and vehicle components and converge them with AI and IoT.

CORPORATE OVERVIEW

Corporate Overview

As a global leader in the IT market, LG Electronics provides B2C operations such as home appliances, TVs, and mobile communications devices and B2B operations such as commercial air conditioners and electric vehicle components. LGE is composed of Home Appliance & Air Solution (H&A), Home Entertainment (HE), Mobile Communications (MC), Vehicle Components (VC), and the newly added Business-to-Business (B2B) launched in December 2017.

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Where We Operate

Sales by Region and Global Workforce (As of December 31, 2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (Unit: KRW billion)</th>
<th>Number of Employees (Unit: Person)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>20,261.0</td>
<td>37,605</td>
</tr>
<tr>
<td>North America</td>
<td>4,614.5</td>
<td>2,341</td>
</tr>
<tr>
<td>South &amp; Central America</td>
<td>4,422.1</td>
<td>6,747</td>
</tr>
<tr>
<td>China</td>
<td>3,546.3</td>
<td>6,402</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>3,970.0</td>
<td>6,318</td>
</tr>
<tr>
<td>India</td>
<td>3,117.2</td>
<td>1,654</td>
</tr>
<tr>
<td>Europe</td>
<td>3,602.9</td>
<td>4,407</td>
</tr>
<tr>
<td>India</td>
<td>2,553.9</td>
<td>4,509</td>
</tr>
<tr>
<td>CIS</td>
<td>1,680.4</td>
<td>1,661</td>
</tr>
</tbody>
</table>

Total Sales: KRW 61,396.3 billion
Total Number of Employees: 73,773

Global Operation

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (Unit: KRW billion)</th>
<th>Parent Consolidated</th>
<th>Operating Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>20,261.0</td>
<td>KRW 21,305.5 billion</td>
<td>KRW 2,418.3 billion</td>
</tr>
<tr>
<td>North America</td>
<td>4,614.5</td>
<td>KRW 11,203.5 billion</td>
<td>KRW 2,341</td>
</tr>
<tr>
<td>South &amp; Central America</td>
<td>4,422.1</td>
<td>KRW 12,206.5 billion</td>
<td>KRW 2,615</td>
</tr>
<tr>
<td>China</td>
<td>3,546.3</td>
<td>KRW 9,200.3 billion</td>
<td>KRW 2,643</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>3,970.0</td>
<td>KRW 11,203.5 billion</td>
<td>KRW 2,615</td>
</tr>
<tr>
<td>India</td>
<td>3,117.2</td>
<td>KRW 8,200.3 billion</td>
<td>KRW 2,643</td>
</tr>
<tr>
<td>CIS</td>
<td>1,680.4</td>
<td>KRW 4,206.5 billion</td>
<td>KRW 2,615</td>
</tr>
</tbody>
</table>

Business Sites

- Production Sites: 41
- Sales Subsidiaries: 16
- Other: 13
Management Messages

Connectivity is at the very center of LG Electronics’ technological roadmap. Connectivity and software are drastically changing the industry’s supply chains; in particular, AI, big data, IoT, cloud technologies, and related business models are acting as game changers.

LG Electronics is applying connectivity and software technology to existing products to enhance their competitiveness, and also exploring the possibility of applying it to new solutions and service areas. We are also looking for ways to open up various business opportunities, such as AI platform that evolves according to the needs of users, and setting up an open ecosystem for webOS. We will strive to find new opportunities in the rapidly changing business environment and become a sustainable company.

Senior Vice President
Charlie Park
CHO (Chief HR Officer)

LG Electronics is run by the principle of “People-Oriented Management” by providing employees with fair opportunities to show the extent of their capabilities and by rewarding top performers with the best compensations. Under this management principle, we seek to encourage our employees to grow with the company by fully leveraging their abilities, fundamentally enhance the lives of customers by taking on creative and innovative challenges, and ultimately become a company that is loved and respected by society.

In addition, we will enrich not only the lives of our employees but also the overall quality of life of society by reforming the way we work based on work-life balance.

Executive Vice President
Chung-Hak Lee
Business Support Officer

The corporate management paradigm is veering away from one that prioritizes financial values to one that pursues sustainability. LG Electronics is making efforts to promote a healthy business ecosystem as well as sustainability across all management activities related to its products and services.

To accomplish this goal, we have set CSR risk management, valuable social contribution, stakeholder engagement, and CSR change management as the four main tasks to be performed while building a relationship based on trust with various stakeholders through constant communication. A number of rating agencies acknowledged our capability as a sustainable global company. A case in point was our inclusion in the Dow Jones Sustainability World Index for the sixth consecutive year in 2017. LG Electronics will not remain complacent but continue to fulfill its social responsibilities to shape a better future together with its valued customers and make continued efforts for the sustainable future of society.

Home Appliance & Air Solution

With the ultra-premium brand LG SIGNATURE leading its product portfolio, LG Electronics is emerging as the number one electronics company in the world based on its competitive edge in technology and price. We are creating new customer value by constantly releasing differentiated products such as TWINWash and Styler; on top of expanding our revenue from premium products, we are also stepping up our preparations for future businesses like home appliance and AI robots.

H&A Portion of Sales
31.3%

SALES (Consolidated)
19,226.0 (USD 17 billion)
OPERATING INCOME (Consolidated)
1,499.1 (USD 13 billion)

Management Message
President, H&A Company
President - Dan Song

We are living in an era of value competition. Companies do not simply make products but are rewarded by resolving social issues with their products. For their part, customers are also looking for products that affect society in a way that they can empathize with. Thus, LGE seeks to satisfy such needs and stay ahead in the value competition. LGE will be a company that fulfills its social responsibilities in a proactive manner based on its future development road map designed to make life more convenient and comfortable according to the change in lifestyles.
LG Electronics is pioneering the premium TV market driven by its OLED TVs; we established a business structure that generates stable profit by expanding sales in premium products and improving the cost structure. Going forward, we will continue to increase our sales in premium products by reinforcing our product competitiveness and, building on such robust fundamentals, maintain strong profitability.

Home Entertainment

Management Message
President, HE Company
President - Bong-Seok Kwon

LG Electronics strives to deliver unique products that are highly stable, boasting of stunning design with its superior hardware capabilities to enhance customer value ultimately. Moreover, we are focusing on R&D for key technologies to develop next-generation products in various future mobile sectors.

Mobile Communications

Management Message
President, MC Company
Executive Vice President - Jeong-Hwan Hwang

Mobile Communications is playing an integral role in future technology such as convergence, AI, and service solutions, which are important themes in LGE’s future business. In this modern society that is becoming increasingly competitive, LGE plans to boost synergy among multiple operations characteristic of the mobile business and, at the same time, improve its structure to increase profit in a single business unit. Consequently, we will realize customer value and drive advancement in various areas, including convergence of technology and data, and creation of synergies. We will go beyond simply satisfying the conventional needs of our consumers to providing genuine solutions tailored to meet demands of individual customers, in the long run, gaining the trust of customers.
LGE’s infotainment business has prepared future technology in advance to respond to the changing communications environment, including advancements in autonomous driving and connectivity technology, and has pre-occupied the market. In the vehicle components business, the market for which is expected to grow, LGE is strengthening its position as a 1st-tier supplier on the basis of expanded sales of GM’s electric car, Bolt.

Vehicles in the future will be a place where everything is connected, a place where super connectivity is in action. This means that cars will no longer be limited to the car and its components in a traditional sense but act as an integrated, future-oriented hardware combining AI, communications, and software. As a company that evolves together with the automobile industry, LG Electronics aims to create an industrial ecosystem wherein all players prosper based on its competitiveness in basic technology and partnership culture. Moreover, we will develop into a top-tier vehicle component company in the world, leading the move toward future mobility by promoting future-oriented, environment-friendly, and universal values.

Management Message
President, VC Company
President - Woo-Jong Lee

The Business-to-Business (B2B) Company is a business partner that provides cutting-edge products and solutions to customers worldwide. We aspire to achieve success and look to the future alongside our customers with products and solutions tailored to their needs exceeding their expectations.

Building on the market-leading OLED Signage and Video Wall that boasts of the world’s top competitiveness in bezels, LG Electronics is recreating the space of customers while providing new customer value in the energy sector with its high-efficiency solar modules, Energy Storage System (ESS), and Energy Management Solution (EMS). Moreover, we are delivering integrated solutions customized to a given space such as homes, buildings, hotels, and complexes.

Management Message
President, B2B Company
President - Soon-Hwang Kwon
What We Achieved

Financial Performance

SALES (Unit: KRW billion (USD billion))
- **Consolidated**
  - 2015: 56,509.0 (USD 50.0)
  - 2016: 55,367.0 (USD 47.7)
  - 2017: 61,396.3 (USD 54.3)
- **Parent**
  - 2015: 28,368.4 (USD 25.1)
  - 2016: 28,743.2 (USD 24.8)
  - 2017: 31,966.5 (USD 28.3)

OPERATING INCOME (Unit: KRW billion (USD billion))
- **Consolidated**
  - 2015: 1,293.3 (USD 1.09)
  - 2016: 1,337.8 (USD 1.15)
  - 2017: 2,468.3 (USD 2.18)
- **Parent**
  - 2015: -17.5 (USD -0.02)
  - 2016: -290.5 (USD -0.25)
  - 2017: 781.3 (USD 0.62)

* 1USD = KRW 1,131 (2015)/KRW 1,160 (2016)/KRW 1,131 (2017)

Flow of Economic Value (Parent)
- Local communities
- Shareholders
- Customers
- Employees
- Creditors
- Governments
- Suppliers
- Creators

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>28,368.4</td>
<td>28,743.2</td>
</tr>
<tr>
<td>Non-operating Income and Financial Profits</td>
<td>116.2</td>
<td>113.9</td>
</tr>
<tr>
<td>Economic Value Generated</td>
<td>28,120.1</td>
<td>32,037.8</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>29,033.7</td>
<td>31,265.3</td>
</tr>
<tr>
<td>Wages &amp; Fringe Benefit Expenses</td>
<td>3,332.1</td>
<td>3,690.1</td>
</tr>
<tr>
<td>Capital Costs</td>
<td>314.7</td>
<td>62.2</td>
</tr>
<tr>
<td>Taxes &amp; Duties</td>
<td>31.5</td>
<td>32.3</td>
</tr>
<tr>
<td>Donations</td>
<td>14.5</td>
<td>17.1</td>
</tr>
<tr>
<td>Economic Value Distributed</td>
<td>32,078.8</td>
<td>36,407.3</td>
</tr>
<tr>
<td>Economic Value Retained</td>
<td>(3,958.6)</td>
<td>(3,449.5)</td>
</tr>
</tbody>
</table>

Non-financial Performance

Customer
- Defect free services
  - Average time required to complete service (oversea)
  - 2016: 3.7 days
  - 2017: 3.1 days
- Defect recurrence and repeat service rate
  - 2016: 80% → 36%
  - 2017: 36% → 21%

Safety & Environment
- LTIFR*
  - 2015: 0.1
  - 2016: 0.1
  - 2017: 0.16

- e-Waste Collection (Unit: ton)
  - 2015: 115,162
  - 2016: 128,899
  - 2017: 135,974

Supplier
- Supplier Self-Assessment (Unit: EA)
  - 2015: 364
  - 2016: 1,134
  - 2017: 1,764

- RMAP* Conformant smelters (Unit: %)
  - 2015: 68
  - 2016: 81
  - 2017: 84

Community
- Number of Employees participating in Social Contribution Programs
  - 2015: 93,659
  - 2016: 100,081
  - 2017: 103,727

- Community investments (Donations and support for social contribution activities) (Unit: KRW billion)
  - 2015: 401
  - 2016: 263
  - 2017: 417

Employee
- Work Schedule (Korea)
  - Implementation of a 40 hour work schedule* (for office workers, whereas 42 hours a week for line workers)
  - 2015: 7,605
  - 2016: 115,362
  - 2017: 128,899

Labor Relations
- The Labor Union Members
  - 2015: 7,605
  - 2016: 115,362
  - 2017: 128,899

* For Office workers, whereas 42 hours a week for line workers.
GoldStar (Cultural Heritage 562 registered by the Cultural Heritage Administration)

Establishment and innovation (1947~1959)

1947 January... Establishment of Lak Hui Industrial Corp. (currently LG Chem.)
1952 April... Establishment of Dong Yang Electrochemical Industry Corp. (President: In Hoo Koo)
1953 October... Dong Yang Electrochemical Industry Corp. merged into Lak Hui Industrial Corp.
1958 November... Develops Korea’s first domestically produced radio, A-501, bearing the trademark of GoldStar (Cultural Heritage 559 registered by the Cultural Heritage Administration)

Building the country’s basic industries (1960~1969)

1960 March... Develops Korea’s first domestically produced 12-inch fan
1961 July... GoldStar develops Korea’s first domestically produced automatic telephone
1964 March... Completes the construction of the Integrated Electronics Factory in Oncheon-dong
1965 April... GoldStar develops Korea’s first domestically produced washing machine (Cultural Heritage 560 registered by the Cultural Heritage Administration)
1966 August... GoldStar develops Korea’s first domestically produced 16-inch black-and-white TV (Cultural Heritage 561 registered by the Cultural Heritage Administration)
1968 March... GoldStar develops Korea’s first domestically produced room air conditioner
1969 May... GoldStar develops Korea’s first domestically produced washing machine (Cultural Heritage 562 registered by the Cultural Heritage Administration)

Reinforcing internal stability and expanding its business (1970~1979)

1972 August... GoldStar is awarded the Tower of the Advancement in Precision Industry
1976 February... GoldStar breaks the one million mark for TV production
1977 August... GoldStar begins the production of 28-inch color TVs

Entering the global market and development of cutting-edge technologies (1980~1989)

1980 August... GoldStar releases color TVs
1982 July... GoldStar builds a color TV plant in Huntsville, Alabama, USA
1984 January... Changes the corporate identity

Advancement in Precision Industry (1990~1999)

1990 October... GoldStar completes the construction of the Ireland Design Research Laboratory
1992 February... Regarding the management principle, customer value creation and people-oriented management, GoldStar breaks the one million mark for air conditioner production
1996 July... Number of visitors to the Science Hall reaches one million in five years since it opened
1997 September... GoldStar completes construction of the Ireland Design Resarch Laboratory

LG Electronics leads the world market with its innovative products and differentiated technology.

Entering the new millennium, LG Electronics drove the digital TV market and produced mobile phones and home appliances recognized by customers with the world’s best technology and design. Today, LG Electronics aims to become a sustainable company that continues to grow, unwavering despite the crisis it may face going forward. We at LG Electronics are making our utmost efforts to maintain a strong presence in the manufacturing sector and, at the same time, lead the trend in this continuously evolving world.
LG Electronics is striving to contribute to the sustainable future through the fulfillment of corporate social responsibility (CSR), and the goals and plans of LG Electronics are disclosed transparently through the “Sustainability Commitments”. The sustainable steps for “all of us”, LG Electronics will take the initiative.
Sustainability Commitments

Commitments for a Better Life

LG Electronics aims for sustainability management in consideration of the present and future economy, society, and environment based on its management philosophy, “People-Directed Management” and “Customer-Value Creation”. Joint efforts with customers, environmental organizations, suppliers, communities, employees, and other stakeholders must be made to change the future. Through these partnerships, we can participate in the corporate social responsibility activities of the international society, such as governments and NGOs of each country. To this end, LG Electronics plans to contribute to sustainable growth by implementing three commitments and nine Goals on a mid- to long-term basis.

**Promote Intelligent Lifestyle**
- Become a company that delivers “intelligent lifestyle” by expanding green business and launching innovative products for healthy lifestyle while also offering a more convenient and accessible connection between people and things.

**Realize Zero Carbon and Circular Economy**
- Become a company that contributes to circular economy by striving to pursue zero carbon through the reduction of CO2 emissions, development of energy efficient products, removal of harmful environmental effects of products, and management of wastes from all production stages and e-Waste after the use of products.

**Create a Better Society**
- Become a company that plays a leading role in creating a better society by providing support for creating a sustainable business ecosystem throughout the supply chain, creating a safer work place and promoting work and life balance while also improving work efficiency, encouraging employees to participate in volunteer activities, and contributing more to society through the utilization of products and services.

**Establish Intelligent Living Environment**
- Improve the life of customers by providing more easy-to-use products applied with AI and future technology.

**Pursue Healthy Life for Customers**
- Help customers live a healthy lifestyle by launching innovative products with social and environmental changes in mind. (Guarantee a healthy lifestyle tailored to customer needs through the convergence of future technologies (hardware, software, AI, 5G, etc.) in consideration of the society and environment.)

**Expand Green Business**
- Contribute to creating a sustainable society through continuous development of environmentally friendly businesses such as renewable energy and EVs. (Ensure sustainable industrial growth in the areas of renewable energy and EVs that are future oriented, and provide environmental and human value.)

**Realize Zero Carbon and Circular Economy**
- Reduce carbon emissions in the production level by 150,000 tons by 2020 compared to the base year 2008. (1 million tons in cumulative reductions)
- “A nil to sludge in carbon management strategy will be established and announced in the 2nd half of 2018.”

**Promote Circular Economy**
- Achieve 100% RMA* (Responsible Mineral Assurance Process) by 2021.

**Establish Sustainable Supply Chain**
- Create a sustainable business ecosystem through CSR management of the supply chain including raw material sourcing.

**Establish Decent and Safe Work Place**
- Improve the level of employee satisfaction by creating a work environment with work and life balance.

**Expand Contribution to the Local Community**
- Contribute to expanding more value for the local community as a global corporate citizen with products and services.

**Promote Circular Economy**
- Achieve 30% Green 3 Star Products by self-assessment of environmentally friendly products by 2020. (In terms of the number of development projects)
- Percent of Green 3 Star Products as of 2017: 45%

**Contribute to creating a sustainable society through continuous development of environmentally friendly businesses such as renewable energy and EVs.**

**Contribute to healthy lifestyle through providing more easy-to-use products applied with AI and future technology.**

**Contribute to creating a circular economy by managing the waste and e-Waste after their production and use.**

**Contribute to creating a sustainable society through continuous development of environmentally friendly businesses such as renewable energy and EVs.**

**Contribute to creating a circular economy by managing the waste and e-Waste after their production and use.**

**Expand Contribution to the Local Community**
- Contribute to expanding more value for the local community as a global corporate citizen with products and services.

**Expand Green Business**
- Contribute to creating a sustainable society through continuous development of environmentally friendly businesses such as renewable energy and EVs. (Ensure sustainable industrial growth in the areas of renewable energy and EVs that are future oriented, and provide environmental and human value.)

**Establish Intelligent Living Environment**
- Improve the life of customers by providing more easy-to-use products applied with AI and future technology. (Create a better living environment by adding more sentimental value to products and services with intelligent connectivity.)

**Pursue Healthy Life for Customers**
- Help customers live a healthy lifestyle by launching innovative products with social and environmental changes in mind. (Guarantee a healthy lifestyle tailored to customer needs through the convergence of future technologies (hardware, software, AI, 5G, etc.) in consideration of the society and environment.)

**Expand Green Business**
- Contribute to creating a sustainable society through continuous development of environmentally friendly businesses such as renewable energy and EVs. (Ensure sustainable industrial growth in the areas of renewable energy and EVs that are future oriented, and provide environmental and human value.)

**Realize Zero Carbon and Circular Economy**
- Reduce carbon emissions in the production level by 150,000 tons by 2020 compared to the base year 2008. (1 million tons in cumulative reductions)
- “A nil to sludge in carbon management strategy will be established and announced in the 2nd half of 2018.”

**Promote Circular Economy**
- Achieve 100% RMA* (Responsible Mineral Assurance Process) by 2021.

**Establish Sustainable Supply Chain**
- Create a sustainable business ecosystem through CSR management of the supply chain including raw material sourcing.

**Establish Decent and Safe Work Place**
- Improve the level of employee satisfaction by creating a work environment with work and life balance.

**Expand Contribution to the Local Community**
- Contribute to expanding more value for the local community as a global corporate citizen with products and services.

**Promote Circular Economy**
- Achieve 30% Green 3 Star Products by self-assessment of environmentally friendly products by 2020. (In terms of the number of development projects)
- Percent of Green 3 Star Products as of 2017: 45%

**Contribute to creating a sustainable society through continuous development of environmentally friendly businesses such as renewable energy and EVs.**

**Contribute to healthy lifestyle through providing more easy-to-use products applied with AI and future technology.**

**Contribute to creating a circular economy by managing the waste and e-Waste after their production and use.**

**Expand Contribution to the Local Community**
- Contribute to expanding more value for the local community as a global corporate citizen with products and services.
Sustainability Commitments

Promote Intelligent Lifestyle

Advanced technology and lots of information are changing many aspects of our lives. In particular, the emergence of various technologies that were developed during the fourth industrial revolution has brought changes to the world, that we have never experienced before. At the heart of all these changes, LG Electronics will create new value through artificial intelligence and connectivity. As technology brings more convenience and comfort to people’s lives, the company has set directions for contributing to the development of hyper connected society where everything can be connected with people through which people can enjoy an intelligent lifestyle.

Our Future with Intelligent Life

Establish Intelligent Living Environment

LG Electronics is convinced that software innovations encompassing platform, cloud, IoT, and AI will bring changes to the industries. As data analysis is becoming more accurate, there will be more individual customer needs, and the value chain in the industry for the production and supply of products will evolve to satisfy individual needs for more convenience. LG Electronics develops AI-based products in order to ensure sustainable growth while coping with the trend of technology development for intelligent connectivity.

LG Electronics launched a global AI brand called “LG ThinQ™” as it aims to “Think from the customer’s perspective and be considerate of them”. The AI brand called “ThinQ” for short creates new value for people’s everyday lives, as ThinQ products learn from people instead of the other way around. It makes it much easier for everyone to use LG products, and offers new smart features such as connection between products.

For instance, “LG WHISEN ThinQ Air Conditioner” is a more advanced series than older version of the AI-based WHISEN learned from the space occupied by a person, as it also learns the temperature, humidity, air quality, living environment, user’s language, and user’s pattern. The air conditioner with AI learns the living environment and customer’s use pattern to turn on and off the air purification and dehumidification functions according to the situation. The “LG Tromm ThinQ Washing Machine” automatically sets the washing course depending on the weather and type of clothes that the family wears most often. With the “LG ThinQ TV”, all the user has to do is say “Find me a movie starring Scarlett Johansson”, and it will search through TV programs, VOD services, and YouTube to find one. One of the most outstanding features of ThinQ products is that they exchange information with each other, and get smarter in the process. All the LG home appliances released from 2017 feature wireless Internet connection for improved user convenience, and the infrastructure for products to share information will continue to be expanded.

The AI of LG ThinQ is open to everything. It’s the result of the company’s three open strategies called “Open Platform”, “Open Partnership”, and “Open Connectivity” for the expansion of the AI ecosystem. LG Electronics endeavors to achieve convergence between AI technologies and services, while also improving the features of its AI platform called “Deep ThinQ”. The “LG OLED TV ThinQ” features Google’s intelligent assistant named “Google Assistance” for improved user convenience and experiences. The “LG ThinQ Hub” features Naver’s AI called “Clova”, which enables smart schedule management and customized content recommendation. LG Electronics plans to collaborate with more Korean and overseas companies in various areas.

The company will also develop products that can be helpful to old and disabled people by making more efforts in robot and AI development. Some people have a limited access to information because they are not familiar with smart devices, and LG devices with AI features can make their life healthier and more fulfilling. For instance, wearable robots can provide convenience for old people and patients under medical care at the hospital. LG Electronics will continue to develop products with AI and voice recognition features that can match the needs of visually impaired or physically disabled customers.

LG Electronics continues to expand the development and sales of health appliances that can help resolve some of the social and environmental issues and protect customers from them while coping with the increasing interest for health and demand for health-related products. Air purifiers, dryers, water purifiers, and clothing care systems are some of LG health appliances that effectively deliver value in the face of a growing interest for health. Improving the living environment such as purifying the air and maintaining clothes clean by removing fine dust particles that can penetrate the skin can go a long way in maintaining a healthy lifestyle particularly in the regions where ventilating the room can be a problem due to a serious level of fine dust particles. Health appliance sales rose by 191.6% in 2017 compared to the previous year. – Korea
Our Future with Green Business

Expand Green Business

Global consumption of renewable energy amounts to 100GW a year, and it’s expected to rise to 300GW by 2030. In addition to environmentally friendly hardware that satisfy the demands of the international society for sustainable development, LG Electronics also developed software technology that enable efficient management of such hardware. LG Electronics will continue to contribute to creating a better world for customers by reducing greenhouse gas emissions and taking initiatives to tackle other environmental issues with its intelligent systems. As a green business leader in the areas of renewable energy and electric vehicles, LG Electronics will continue to contribute to sustainable environmentally friendly growth for the present and future generations through the innovation of smart and green hardware and software.

Solar Power and Applied Products

LGE solar modules boast the world's highest level of efficiency at 21.1%, and their sales reached approx. KRW 1 trillion in 2017. LG Electronics continues to expand its solar power business with its advanced technology. LG Electronics supplies high efficiency solar modules for the Seoul Veranda Solar Generation Project in connection with the Korean government’s Mini Power Plant Support Program as it continues to make efforts to expand the self-sufficient power solution market using solar power at home. The company also developed solar modules for car roof in environmentally friendly vehicles as a climate change response and fine dust particle solution.

LG Electronics also built and is verifying a business model of a "Solar Power Plant with the Participation of Farmers" that can increase profit for farmers and expand renewable energy. The 73kW solar power plant in a 2.93ha of land near Gapyang Cheongpyeong Hydropower Plant in Gapyang in June 2017. The first harvest since the operation of the plant has proven that there aren't any problems in the volume and quality of rice. Over a period of three months, the power plant generated a total of KRW 33,000, or a daily average of 290kWh.

LG Electronics also supplied solar modules for the Chungju Dam Floating Solar Power Plant for the Floating Solar Power Project of Korea Water Resources Corporation. LG Electronics became the first company in Korea to gain a reference at Chungju Dam by signing an MOU with Korea Water Resources Corporation in accordance with the Korean government’s expectations for the expansion of floating solar power plants. As such, the company is making efforts to participate in the upcoming projects to be commissioned by Korea Water Resources Corporation and Korea Rural Community Corporation.

Efficiency of LG Solar Modules

21.1%
LG Electronics implemented a corporate-wide low carbon green management strategy with the goal of delivering customer value by voluntarily reducing its greenhouse gas emissions. The Low-Carbon Green Management Strategy is implemented in four different areas including the reduction of greenhouse gas emissions in the production stage, improvement of energy efficiency in the application stage, further reduction of greenhouse gas and establishment of a management system throughout all the businesses, and fulfillment of more social responsibilities through the promotion of low-carbon culture.

LG Electronics will play a leading role in responding to climate change through continuous reduction of greenhouse gas emissions.

First, strengthen the internal carbon reduction activities through the reduction of greenhouse gas emissions from production stage and improving energy efficiency. LG Electronics invested in gas treatment facilities to reduce the SF6 (sulfur hexafluoride) emitted from the production of high-efficiency solar panels. As a result, it reduced greenhouse emissions by 440,000 tons in 2017 alone, and expects to reduce more than 400,000 tons of greenhouse gas emissions a year by introducing more advanced reduction technologies in the future.

Second, LG Electronics is contributing to the reduction of greenhouse gas emissions from the application stage by consumers by developing high energy efficient products. LG Electronics was recognized for reducing energy consumption by the UN FCCC by selling high efficiency refrigerators in India, and the performance was used to acquired the CER (Certified Emission Reduction) units through the CDM (Clean Development Mechanism). It was the world’s first case of registering a CDM project through the production and sales of home appliances. LG Electronics is also making efforts to fundamentally reduce greenhouse gas emissions in the stage of using products through new green projects such as the production of high efficient solar modules and EV parts as well as the development of battery packs.

Third, LG Electronics helped its suppliers reduce greenhouse gas emissions, and encouraged them to participate in the minimization of greenhouse gas emissions. LG Electronics has been contributing to voluntary energy efficiency improvement and greenhouse gas reduction in the supply chain by supporting energy diagnosis, and transferring greenhouse gas management and reduction technologies in order to control and reduce the greenhouse gas emissions at the suppliers. We are also providing suppliers with education on strengthening energy management.

As addressed at the 2015 Paris Agreement, global climate change is a serious issue and global response to resolve the issue became more important than ever. LG Electronics plans to re-establish its mid- to long-term carbon management strategy that includes the concept of minimizing carbon emissions (or achieve zero carbon) both internally and externally in order to respond to the issues of climate change with a long term view. The new mid- to long-term carbon management strategy will be announced to the stakeholders in 2018. After 2020, the company will fully implement mid- to long-term carbon management strategy and contribute to reducing global greenhouse gas emissions, and fulfill its corporate social responsibility by contributing to resolving the issues of climate changes.
Our Future with Product Stewardship

Reduce the Environmental Impacts of Products

LG Electronics is making efforts to effectively reduce the environmental impact of its products throughout their life cycle including parts production, manufacturing, distribution, use, and disposal, and aims to develop green products in consideration of all the three environmental factors such as human, energy, and resources on a long-term basis. LG Electronics will continue to make efforts to reduce the environmental impact of products by carrying out green partnership activities with suppliers to fulfill its corporate social responsibilities for reducing the environmental impact of its products throughout the stages of development, production, and product launching by considering their environmental aspects.

Achieve 80% Green 3 Star Products through self-assessment of environmentally friendly products by 2030. (in terms of the number of development projects)

LG Electronics has been applying an eco index in order to manage the development goals and performance of its environmentally friendly products. All the products are assessed and managed after being labeled Green 1 Star, 2 Star, and 3 Star in accordance with their level of environmental friendliness. More strict assessment standards will be applied on the environmentally friendly products in order to launch more customer-friendly and environmentally-friendly products. The following plan will be implemented for each of the three environmentally friendly criteria in order to achieve the goals for environmentally-friendly products.

<table>
<thead>
<tr>
<th>Category</th>
<th>Green 1 Star</th>
<th>Green 2 Star</th>
<th>Green 3 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Satisfies energy standards</td>
<td>Satisfies market standards on energy efficiency</td>
<td>Achieves competitive advantages (high efficiency)</td>
</tr>
<tr>
<td>Human</td>
<td>Complies with regulations on hazardous materials</td>
<td>Replaces hazardous substances voluntarily and proactively</td>
<td></td>
</tr>
<tr>
<td>Measure</td>
<td>Complies with regulations on recycling</td>
<td>Oven design features for efficient resource use</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>Leads the market in terms of green features</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Performance and Mid- to Long-Term Goals for the Green Products (Unit: %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Green 1 Star</th>
<th>Green 2 Star</th>
<th>Green 3 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>10</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>2018</td>
<td>20</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>2019</td>
<td>40</td>
<td>60</td>
<td>80</td>
</tr>
</tbody>
</table>

First, as a global corporation, LG Electronics is aware of its responsibility for protecting people’s health and the environment. As such, the company prohibits the use of any hazardous substances in accordance with international environmental regulations such as RoHS and REACH. LG Electronics will continue to reduce the use of or replace chemicals with social issues. (The company continues to manage approx. 1,500 materials in two categories: Level A (Prohibited Substances) and Level B (Controlled Substances).

Second, LG Electronics manages all chemicals used in the products launched by the company through the IT system (HSMS) with the cooperation of suppliers, and confirms/verifies the hazard level of materials to launch safe products. To this end, LG Electronics has its own lab for developing new test methods and certifications.

Energy: Improvement of energy efficiency

First, LG Electronics continues to develop new technologies for energy efficient products in accordance with the TRM (Technology Road Map) by each product group instead of just coping with the energy regulations in each country.

Second, LG Electronics will also make efforts to reduce the indirect emission of greenhouse gas from customers’ use of products by launching high energy efficient products.

Human: Reduce environmentally hazardous factors

First, as a global corporation, LG Electronics is aware of its responsibility for protecting people’s health and the environment. As such, the company prohibits the use of any hazardous substances in accordance with international environmental regulations such as RoHS and REACH. LG Electronics will continue to reduce the use of or replace chemicals with social issues. (The company continues to manage approx. 1,500 materials in two categories: Level A (Prohibited Substances) and Level B (Controlled Substances).

Second, LG Electronics manages all chemicals used in the products launched by the company through the IT system (HSMS) with the cooperation of suppliers, and confirms/verifies the hazard level of materials to launch safe products. To this end, LG Electronics has its own lab for developing new test methods and certifications.

Resource: Improvement of the efficiency

First, LG Electronics will reduce the use of resources by improving the materials and structure in the product development stage and promote the use of recycled materials. LG Electronics will continue to carry out activities aimed at improving the recyclability and ease-of-disassembly, while also reducing the volume and weight of products.

Second, the company will keep reducing the weight and volume of the packaging materials. LG Electronics has been carrying out more activities related to managing the annual goals of each business unit and management of the packaging technology workshop ever since publishing the green packaging Guidelines in 2012. Improvement of products and packaging materials can not only improve the usability of resources but also reduce greenhouse gas emissions in the shipping process.)
LG Electronics is making efforts to create a circular economy in consideration of recyclability from the design phase as in linear economy where resources are simply disposed after use. LGE creates a circular economy by reducing environmental load and limited resources by managing the waste and e-Waste after production and use. As a global corporate citizen, LG Electronics makes efforts to extend the productivity of resources through waste recycling and e-Waste collection in order to achieve the goals for sustainable development.

LG Electronics has been improving the disposal, collection, and treatment processes in order to improve the recyclability of waste from its business sites. LG Electronics aims to create a society where resources are recycled by gradually reducing the use of landfill and incineration in addition to the environmentally friendly treatment of waste at its production sites around the world. LG Electronics will implement the following plans in order to achieve the goal of recycling 95% of the waste from its production sites across the world by 2030.

First, the company will strengthen its monitoring process in order to encourage the business sites to improve the recycling rate. The company will use its own IT system called EESH Portal to calculate and monitor its waste treatment performance to include both the production sites in Korea and all other countries.

Second, the company will hold a regular forum for related staff to share the BP cases of waste treatment at production sites. An environmental manager is assigned at each production site in order to ensure legal and safe treatment of environmental contaminants generated from all production sites. The environmental managers will participate in the regular forum to share their knowledge and techniques with each other.

In order to resolve the issues of environment contamination caused by illegal disposal and transfer of e-Waste between countries, the government of each country, industries, international organizations, consumers, and stakeholders must raise their awareness and cooperate with each other. LG Electronics has the following action plans to collect 4.5 million tons of e-Waste by 2030, while also making efforts to legally collect and treat the electronic products discarded by users after use.

First, the company will establish and run an e-Waste collection and treatment system in order to legally treat e-Waste with the cooperation of the government of each country. To achieve this goal, it is important to hire a reliable recycling company.

Second, LG Electronics will require the recycling companies to prevent illegal burying/incineration, export e-Waste to developing countries, and child/forced labor while conforming to the international health and environmental standards.

Third, the company will contribute to improving conformity to new regulations implemented by a country or government organization by sharing its knowledge and providing technical support in the area.
Our Future with Sustainable Supply Chain

Establish Sustainable Supply Chain

LG Electronics engages in various discussions on building a sustainable supply chain, and makes efforts to improve the work environment across the supply chain. In particular, the company performs a comprehensive assessment of the sustainable competitiveness of its suppliers, and helps them build a self-assessment system with which to develop risk management capabilities. The company participates in resolving various international labor practices, human rights, safety, and environmental issues that can arise in supplying minerals and raw materials. LG Electronics will strengthen partnership with its stakeholders for sustainable win-win growth.

What are LG Electronics’ goals for the future, and how will they be achieved?

1. **Establish 100% RMAP Conformant Smelters by 2021.**

   Although LG Electronics doesn’t directly purchase minerals, it’s still making efforts to fulfill its social responsibilities by trying not to use the minerals mined illegally in conflict-affected areas. More specifically, the company plans to use only the RMAP (Responsible Mineral Assurance Process) conformant smelters for tantalum by 2019, tungsten and tin by 2020, and gold by 2021.

2. **CSR Risk Assessment of all 1st tier suppliers to include 2nd and 3rd tier suppliers by 2020.**

   Aware of the importance of the CSR risk assessment of the supply chain in addition to labor, human rights, environmental, health, and safety management at its suppliers, LG Electronics has been conducting self-assessment of its major suppliers since 2012. After the establishment of a CSR Risk Management System with a multiple language feature in 2017, the company expanded the scope of management to include all 1st tier suppliers. In addition to this, LG Electronics plans to gradually increase the scope of supply chain management to include both sub-tier suppliers in order to better meet its social responsibilities.

   **First**, the company will continue to improve the awareness of suppliers and smelters. In addition to the current on/offline training programs, LG Electronics will also recommend other LG subsidiaries (LG Display, LG Innotek, and LG Chem) and suppliers to use only the RMAP conformant smelters. The company will also visit and encourage the smelters to be conformed.

   **Second**, the company will strengthen cooperation with organizations in Korea and overseas in order to improve the transparency of the supply chain for conflict minerals. As a member of the RMI (Responsible Mineral Initiative) that sets global industrial standards for four conflict minerals and PPA (Public-Private Alliance for Responsible Minerals) Trade where members include the US government and various NGOs, LG Electronics continues to cooperate with the organizations by providing information for the establishment of a global conflict minerals traceability system. LG Electronics also participates in the initiatives for improving the mining environment while cooperating with the TWG (Tin Working Group) that aims to promote sustainable mining in Bangka Island, Indonesia.

   **Third**, in addition to the 3TG, LG Electronics will also participate in the collaborative initiatives to resolve the recent issues regarding cobalt and mica. Recently, used to make batteries, became an international issue because of its association with child labor at cobalt mine sites. For this reason, LG Electronics is making efforts to obtain information on the sourcing origin of cobalt with the help of LG Chem. With the information, LG Electronics is making efforts to prevent child labor by stopping the import of cobalt of unknown origin, and participating in the global initiatives for tracing the origin of cobalt by providing information to the international initiatives such as RMI (Responsible Minerals Initiative) and RCI (Responsible Cobalt Initiative) (LG Chem). LG Electronics also plan to improve the Conflict Minerals Management System with which to trace the origin of the minerals that recently became an issue in addition to the 3TG.

3. **Create a Better Society**

   **Goal 1**

   *Responsible Mineral Use*

   LG Electronics' goal is to use only RMAP conformant smelters by 2021.

   **Goal 2**

   *CSR Risk Assessment*
Establish Decent and Safe Work Place

Our Future with Decent Work Place

LG Electronics is making efforts to create a great work place by providing equal opportunities to its members to demonstrate their skills based on the management philosophy that those with outstanding performance are rewarded accordingly. LG Electronics continues to create a safe working environment based on this philosophy, and makes efforts to provide reasonable working conditions that conform to international standards. In addition to this, the company limits the working hours to 40 hours a week in order to improve the quality of the work conditions and help employees maintain a good balance between work and life, and ultimately improve the employee satisfaction level. The efforts for creating a quality, safe jobs will lead to creative thinking and innovation, which in turn will improve customers’ quality of life and lead to LG Electronics’ earning the trust of the members of the society.

What are LG Electronics’ goals for the future, and how will they be achieved?

Goal 1

Create the highest level of safety culture in the manufacturing industry by 2030

LG Electronics is creating safety culture with the participation of all the employees in order to ensure continuous risk management and minimize the number of accidents. LG Electronics’ current level of safety culture is in the second of the four cultural maturity stages as defined by Dupont, which is the Dependent Stage where rules and regulations are at the core of the manufacturing industry to achieve in the area of safety culture. By 2030, so that employees are aware of the importance and value of safety and both the company and employees can work towards creating a working environment where everyone can be safe. Safety culture in the Independent Stage is where individuals recognize safety as personal value and voluntarily secure their own safety. It’s the highest level attainable for the Korean manufacturing industry.

First, the company will conduct an annual survey of safety awareness among employees and develop/implement improvement objectives for employees to develop a safety mindset in order to improve the level of safety culture. The company will continue to offer awareness training for employees, launch campaigns, and carry out improvement activities since the improvement of the cultural level is not temporary but a stage of process.

Second, the scope of safety management system will be expanded to include non-manufacturing sites in addition to the production sites. We plan to select staff of organizations, implement a management index, and distribute an activities guideline for non-manufacturing sites. Furthermore, the company will carry out more activities for visitor safety.

Goal 2

Achieve low CSR risk for all the production sites by 2020

Every year, LG Electronics performs in-depth SAQ on all the production sites in order to achieve an international level of management capabilities for CSR risks (labor/ human rights, health & safety, environment, ethics, and management system). The SAQ was developed by LG Electronics based on the auditing standards of the RBA (Responsible Business Alliance) in 2016 after all the production sites have achieved low risk in accordance with the self-assessment of the RBA performed since 2011. LG Electronics will implement the following plans to achieve low risk level for all of its production sites across the world (over 85% in self-assessment) by 2020.

First, the company will provide better training programs for the improvement of the capabilities of the manager at each business site. We will expand and reorganize the existing global EA/CSR Workshop by region and enhance manager’s level of understanding by providing guidelines on the corporate policy.

Second, LG Electronics will strengthen the validation process and corporate support in order to encourage all the business sites to make actual improvements. The company will create a working environment that conforms to international standards by providing corporate support such as amendment of corporate policy for areas where it’s difficult to make improvements on their own, while also thoroughly assessing the prevailing unreformities in some of the business sites. The company will also perform assessment by a third party for the sake of objectivity.

Low Risk for All Production Sites

100% by 2020

Goal 3

Make fundamental changes in work style through which to improve work efficiency and employee satisfaction by maintaining a good balance between work and life.

LG Electronics aims to improve employee satisfaction by helping them maintain a good balance between work and life, while also improving efficiency by making fundamental changes in work style. The aim is to create great jobs where every employee can make good use of their creativity and professional expertise.

First, the company will continue to reduce working hours per week. The company will create a more efficient working environment by implementing a flexible working hours system (an average of 40 hours a week) in addition to the standard work schedule (8 hours a day, 40 hours a week) in accordance with the characteristics of the organization/job.

Second, the company will continue to make improvements in the corporate culture in order to improve work efficiency. To this end, the company is carrying out various improvement activities such as smart meeting/report, elimination of work with no added value, and no calling after work hours. For instance, the “Voice Mail/Approval Request System” eliminates the need for a meeting in person, and voice record can be used as a simple report instead of a written one. “No Meeting on Monday” is a campaign aimed at focusing on individual goals instead of spending time on the Monday meeting.
Create a Better Society

Our Future with Social Contribution

Expand Contribution to the Local Community

LG Electronics is making efforts to increase social value by providing support to the underprivileged in the local community by using its products and services as a global corporate citizen. To this, opinions of various stakeholders are continuously reflected in the improvement of social contribution program. LG Electronics will make efforts in developing technology that cares, building partnership based on trust, and sharing with others in order to create a better world for the people. The company will continue to create shared value and create a better society through which to earn the love of more customers.

What are LG Electronics’ goals for the future, and how will they be achieved?

Technology that Cares: Resolved social issues by using the company’s technology and products - A total of 300,000 beneficiaries by 2030

LG Electronics utilizes its technology and products in resolving various issues such as environment, poverty, and hygiene in the local community. The company will make the following efforts so that more than 300,000 people can benefit from the programs related to its “Technology that Cares” by 2030.

First, the company will establish a process for identifying social issues by listening to the opinions of the stakeholders. The company will have all the offices adopt the process so that they can carry out social contribution activities on-site by 2030.

Second, the company will select countries that implement CSR strategies every year for in-depth management. LG Electronics has been selecting CSR strategic countries among the emerging markets in consideration of the social and business indexes such as GDP growth rate and UN Human Development Index from 2016. The company will also come up with an index for advanced country for comprehensive selection of CSR strategic countries, and expand social contribution activities in the respective countries.

Third, the company will develop more technologies that care and train people who will spread them. The company will expand cooperation with inside and outside experts in order to apply the technologies related to the fourth industrial revolution such as AI, smartphone apps, 3D printers, and IoT in resolving social issues.

Goal 1

First, LG Electronics will implement a program for creating synergy with other LG affiliates with different expertise in different areas through the local communities in the countries where both LG Electronics and other LG affiliates have started businesses. The IT Library built in Vietnam in 2017 is an exemplary case, and similar efforts will be made in Poland, China, and Mexico.

Second, the company will establish standards for selecting partner organizations by 2020 to be shared with all subsidiaries, and review every year for the win-win growth of partners and LG.

Third, the company will make efforts to ensure transparency in donation in order to become a reliable partner. To this, the company established and implemented internal policy on discretionary power for allocating the donation and social contribution activities since 2018, and will continue to improve the legitimacy and conformance of the donation process.

Goal 2

First, the company will continue to provide institutional support programs for paid leave for voluntary activities on weekdays and talent sharing volunteer group in order to create a culture of sharing.

Second, the company will have all its overseas branch offices participate in corporate sharing programs such as the “Global Volunteer Day” and “Global Blood Donation Campaign” by 2030.

Third, the company will run a Committee for Social Contribution Fund to ensure the transparency of the distribution of donation, while also promoting the culture of donation among employees in order to contribute to the development of the local community.

Goal 3

First, the company will provide institutional support programs for paid leave for voluntary activities on weekdays and talent sharing volunteer group in order to create a culture of sharing.

Second, the company will have all its overseas branch offices participate in corporate sharing programs such as the “Global Volunteer Day on World Environment Day” and “Global Blood Donation Campaign” by 2030.

Third, the company will run a Committee for Social Contribution Fund to ensure the transparency of the distribution of donation, while also promoting the culture of donation among employees in order to contribute to the development of the local community.

LG Electronics shares with the local community for their development and growth with the participation of employees. LG Electronics has the following plans for employees to participate in the sharing activities in all the countries by 2030 based on the Social Contribution Charter announced in 2005.
LG Electronics is not only creating economic value but also performing the CSR through various activities in social and environmental aspects. In the “CSR Fact Book”, our activities and performances in each group are introduced that the current value is created based on the skills and assets accumulated through the business activities in the past and sustainable future of the stakeholders is ensured.
With Our Customers

Customer-centric Service that Delights Customers
LG Electronics incorporates customer insight into enhancing our business processes, promoting a corporate culture that places the foremost value on customers. We are also carrying out various developmental activities, while striving to provide customer-centric service that delights customers by protecting customer’s private information.

Service that Stays True to the Basics
Delivers high quality service through a network of service locations around the world.

Minimized customer inconveniences due to defective products through expedient services.

Reduced the rate of repeat service requests by enhancing repair capabilities and techniques.

A wide range of customer feedback surveys conducted to measure customer satisfaction with our service.

Received a rating of 100.3 points compared to our global competitor in the Customer Satisfaction Index (CSI) survey.

Social Contribution Programs Based on LG Electronics’ Service Capabilities

LG Electronics is operating in various social contribution programs around the world that make good use of our customer service infrastructure and core competencies.

Extending the Heart (Korea)

Free repair service provided to social welfare facilities in Korea on their appliances Preventative appliance check-up and cleaning up of the facility.

Technical Training at LG-KDCA Hope TVEET College (Ethiopia)

Established the LG-KDCA Hope TVEET (Technical and Vocational Education and Training) College in Ethiopia to provide vocational training to young Ethiopians. In 2018, seven students who performed well at the school were invited to Dubai and provided with an opportunity to receive technical training and to experience new culture.

Disaster Relief Activities in Disaster-affected Areas

Deployed relief vehicles to flood-affected areas around the world and repaired damaged appliances. Free laundry and restoration services were provided in some regions.

Great leap forward for accessibility

LG Electronics has been developing the accessibility features of the products considering VOC from the disabled user and associations in U.S., Korea since 2012.

Published the main accessibility features of the products on the websites.

Provided the accessibility service for the disabled users through the customer service center in the US and Korea and we have a plan to expand this service to other countries.

LG Electronics’ website (LG.com) is applied the accessibility level L4 based on the WCAG 2.0.

Achieved CES Innovation Award about Smart TV in 2016 & 2017.

http://www.lg.com/global/sustainability/vision/accessibility

Major Initiatives for Enhancing Accessibility

LG Accessibility Advisory Board Meeting in the U.S.

• Have hosted six yearly meetings since 2013.

• Conducted analysis of regulatory trends and received legal advice on accessibility for people with disabilities.

• Presented accessibility features of LG products (smartphones, smart TVs, smart refrigerators and washing machines) and received feedback VOC from experts within the disability community.

• Accepted advice from American disability groups on LG’s plans and activities to improve product, services and web accessibility.

2017 Information Accessibility Technology (IAT) Conference

• Sponsored an information accessibility technology conference organized by five agencies including U.S. Department of Information and U.S. accessibility research center in November 2017.

• LG Electronics presented user accessibility for voice-activated washing machines.

2017 Korea Electronics Show

• Participated in Korea Electronics Show held in October 2017, organized by Korean Association of Smart Industry and KEA (Korea Electronics Association).

• LG Electronics presented efforts on improving the accessibility of its products and services.

(March 2018)

LG Electronics Efforts for Accessibility

Product Design and Development for Socially Vulnerable People

LG Electronics has been developing the accessibility features of the products considering VOC from the disabled user and associations in U.S., Korea since 2012.

Published the main accessibility features of the products on the websites.

Provided the accessibility service for the disabled users through the customer service center in the US and Korea and we have a plan to expand this service to other countries.

LG Electronics’ website (LG.com) is applied the accessibility level L4 based on the WCAG 2.0.

Achieved CES Innovation Award about Smart TV in 2016 & 2017.

http://www.lg.com/global/sustainability/vision/accessibility

LG Accessibility Advisory Board Meeting in the US.

• Have hosted six yearly meetings since 2013.

• Conducted analysis of regulatory trends and received legal advice on accessibility for people with disabilities.

• Presented accessibility features of LG products (smartphones, smart TVs, smart refrigerators and washing machines) and received feedback VOC from experts within the disability community.

• Accepted advice from American disability groups on LG’s plans and activities to improve product, services and web accessibility.

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Our Efforts towards Enhancing Accessibility

**Vision Features**
- Talkback screen reader for verbal feedback on screen content and changes
- Text-to-speech output that reads out messages
- Control option for resizing and reorganizing screen content
  - "Touch-Zoom" by tapping the screen/Magnifying glass
  - Expandable mouse pointer
- High screen contrast/shade control/black and white screen
  - Call termination with the power button

**Hearing Features**
- Caption support
- LED alert
- Turn off all sounds
- Audio type (Stereo/Mono)
  - Sound Balance (Left/Right)

**Retardation**
- "Touch Assistant": A floating menu that provides access to common features
- "Knock-on" & "Knock" code

**Cognition & Others**
- Limit access to menu options and features (Guest mode)
  - "Touch Control Areas"

---

**Vision Features**
- "TalkBack" screen reader for verbal feedback on screen content and changes
- Minimum screen brightness
  - Screen color adjustment, color inversion, customized calibration
  - Font size control
  - Call termination with the power button

**Hearing Features**
- "Clear Voice" for minimum background noise
  - Caption support

**Retardation**
- Automatic screen activation
  - "Knock" code

**Cognition & Others**
- Smart Label
  - Harmful food alarm
  - InstaView Door-in-Door
  - Wi-Fi Function
  - Temperature adjustment
  - Fast Cooling
  - Power Mode
  - Smart Diagnosis to diagnose issues

---

**Vision Features**
- "Magic Zoom": a single-click access to photo and video zoom in without quality deterioration
- "Hands Free" mode (Spoken alert for incoming calls and text messages)

**Hearing Features**
- "Intuitive control supported by the wheel and pointing gesture"
- Optimum UI offering intuitive icons and easy content reorganization

**Retardation**
- Two quick-Knocks
  - Door Open Hologram (Auto Open door)
  - Auto Open Drawer system

**Cognition & Others**
- Smart Care (Deep Learning) recommends the best washing options based on AI.
  - "Add Laundry" Button

---

**Vision Features**
- Door Alarm
  - The SmartThinQ App tells users the door is open using smartphone sound or vibration

**Hearing Features**
- Push notifications on energy and cycle monitoring, and when washing is done via Smart ThinQ App

**Retardation**
- Conveniently place or take out laundry with higher placement of the Main Wash
  - A larger handle for easier opening and closing of the door
  - A larger opening for easier placement and taking out of the laundry

**Cognition & Others**
- Smart Care (Deep Learning) recommends the best washing options based on AI: "Add Laundry" Button
Protection of Personal Information and Product Security

### BASIC PRINCIPLES ON DATA SECURITY & PRIVACY

| **01 Collection of Information** | We collect a minimum amount of information absolutely needed to proceed our service. We absolutely avoid collecting extra information for future uses. When collecting information, we always inform our customers in advance of the type of information we collect, the purpose of collecting the information, and the retention period for the collected information and obtain their consent. When transferring and storing personal information, we implement all necessary technical, physical and management measures such as access control, access privilege management, maintenance of access logs, and data encryption. We strictly prohibit the use of personal information for purposes other than those we process personal information to a third party, so inform customers in advance and obtain their consent. We destroy the personal information that served its purposes and expired the retention period without delay and ensure that the information is completely destroyed and unrecov- erable. |
| **02 Protection and Management of Personal Information** | Conduct detailed impact assessment on all products to be released in planning and development stages, and establish a system to systemize and automate our process to address problems and control risks. |
| **03 Use of Information** | Information is used with the purpose other than the intended ones. In providing the information to a third party, we inform customers in advance and obtain their consent. |
| **04 Protection and Management of Personal Information** | Conducting impact assessment on all products to be released in planning and development stages, and establish a system to systemize and automate our process to address problems and control risks. |

#### Points to be Addressed Regarding 2017 EU-GDPR

- **01 Granting the Rights of Data Subject**
  - Providing more effective measures to manage personal information of our customers by making improvements to our CS process and reviewing company websites.
- **02 Impact Assessment of Personal Information**
  - Conducting impact assessment on all products to be released in planning and development stages, and establishing a system to systemize and automate our process to address problems and control risks.
- **03 Transparent and Accurate Information Processing**
  - Revising types of documents and contracts, such as information processing notifications, consignment contracts, and standard contracts for cross-border data transfer, according to principles and in a transparent manner.
- **04 Improvement of Management System and Process**
  - Fullfilling our obligation on our responses to violation cases, appointment of a Data Protection Officer (DPO) and main supervisory institutions, and amending our internal policies to facilitate our cooperation with the supervisory institution.
- **05 Reassuring of Personal Information Management System at EU Business Locations**
  - Careful assessment, review, and improvement measures on how personal information is handled at 31 business locations in EU, such as our subsidiaries, branches, and plants under the supervision of the HQ.

### Enhanced Capability to Protect Personal Information in EU and Compliance Control

Conducted detailed inspection on information processing and risk impact assessment, while taking measures to improve shortcomings in the HQ and EU subsidiaries in response to EU’s General Data Protection Regulation (GDPR). Plan to expand technical and managerial protection measures and systemize our process as much as possible. Distributed various promotional materials on GDPR to our LG Electronics subsidiaries starting with online training of all employees in November 2017. Conducted comprehensive training on personal information protection in all business areas for overseas employees to avoid legal and reputa- tional risks.

### LG-SDL Security Measures Taken Per Stage

| **Software Development Lifecycle** | Software development lifecycle
| **Product Development** | Development and enhancement of software products
to improve quality and maintain confidentiality
| **Testing** | Testing of security vulnerabilities with KISA since September 2017.
| **Implementation** | Implement security measures such as access control, access privilege management, and data encryption.
| **Review and certify** | Review and certify information security of final products.

### SW Security Expert Course Schedule

| **March 2018** | Candidate selection and orientation (3 month online training) |
| **December 2018** | Expert training (3 month online training) |

### LG-Smart TV Earns International Certification for Outstanding Information Protection

LG Electronics’ Smart TV platform webOS 3.5 earned Common Criteria (CC) certification, equivalent to EAL2, from IT Security Certification Center (ITSCC) under National Intelligence Service (NIS) in May 2017. This is a first in smart TV wider.

**CC certification** is an international standard evaluating the security level of IT products. If CC certification is granted, the product can be deployed by governments and enterprises around the world including the U.S., Australia, and France. The certification is also recognized by ISO/IEC 27001, a well-recognized international standard for information security management system.

LG Electronics’ webOS 3.5 is a smart OS that secures customer data safety by blocking installation of unauthorized apps, preventing hijacking and falsification of apps, preventing unauthorized system access, and encrypting apps to prevent copying.

### Activities Performed to Protect Personal Information in Products and Privacy of Customers

Established a principle of Privacy by Design to protect all personal information of our customers that are collected via systems, products and apps.

Making efforts to prevent omission of impact assessment on personal information, by establishing Privacy Center system and leaving assessment records. Continuing activities that exercise corporate responsibility.

Performed mandatory assessment of “data protection and privacy compliance” on all systems, products and apps handling customer’s personal information at the early stage of planning and development.

Established a system that requires to record the purpose, scope, and responsibilities of handling personal information contained in all the consign- ment contracts.

Provided in-depth training and management services to prevent the loss, theft, leak, falsification, modification, and/or damage of personal informa- tion that are handled by contractors.

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With the Environment

LG Electronics is committed to operating its business in an environmentally friendly manner under the corporate scheme, Green 2020, in a bid to reduce environmental impact that arise in all the stages of product life cycle. We are also creating a safe workplace by making improvements to the work environment and regularly checking our employee’s health.

EESH Management System

Objectives & Achievements of Green Workplace

Announced the environmental management initiative, Green 2020, which conveys LG Corp.'s commitment towards a greener workplace, greener products and greener new businesses.

Set specific goals under Energy, Environment, Safety, and Health (EESH) categories to implement a safe Working Environment as a corporate framework for green management.

We formulated a EESH Policy rooted in the green principles, which were disseminated to all employees.

After establishing the corporate-level EESH standard system in 2009, we have supplemented the management scheme and environment safety management system (OHSAS 18001, ISO 45001), and energy management systems (ISO 14001, ISO 50001), and established the comprehensive EESH management system (GEARS 3.0). We have been raising the EESH awareness of all employees and systematically overseeing the situation through the GEARS system.

In July 2015, LG Corp. established the LG Safety & Environment Policy and Seven Principles for the Safe Working Environment as a corporate framework for green management.

We formulated a EESH Policy rooted in the green management scheme and environment safety principles, which were disseminated to all employees.

After establishing the corporate-level EESH standard system in 2009, we have supplemented the system on a yearly basis to effectively respond to internal and external risks that are currently changing.

A corporate-level EESH management system was set up in 2010.

We are striving to obtain more certifications on our EESH management system.

- Environment management system (ISO 14001), safety and health management system (OHSAS 18001, ISO 45001), and energy management system (ISO 50001)

CASE / STORY

EESH Awards

Presidential Award in the 16th Korea Safety Award (Gumi A3 Plant)

Award Name: Grand Prize in the 16th Korea Safety Award

Areas Evaluated: Safety management system and safety activities at the Gumi plant

* Outline of Safety Management at Gumi Plant
- Formed a safety management team for chemical substance and gas.
- Made continuous investments on safety management facilities to eliminate potential risks.
- Provided training for various incidents that may actually occur at the plant.

All members were instructed to raise strict safety awareness, and implement activities to promote safety management of users.

Changes in the EESH Audit System

GEARS 2.0 (document-based) GEARS 3.0 (emphasis on work sites) Reviews of evaluation standards in Korea Audits of overseas business sites

2015 2016 2017

2015 2016 2017

GEARS 3.0 System

Calls for a higher level of EESH management standard that exceeds the compliance of laws and regulations.

Evaluation items were revised to place emphasis on identifying risks our production locations.

Conversion in the Audit System in 2017

The evaluation system was converted to minimize the gap between the level of management in Korea and in overseas locations.

Establishment and Dissemination of EESH Policy

EESH Compliance Risk Assessment on All Overseas Production Sites

Global EESH Compliance Risk Management

A global EESH Compliance Risk Management system was introduced in 2014.

All overseas production sites were subject to EESH regulation risk assessment between 2015 and April 2018.

EESH risks was added into our corporate-level compliance risk management category, to set up a system that periodically monitors the status and results of the management system.

An integrated EESH risk management system that reflects the characteristics of business locations in Korea and overseas will be established in 2019.

With this, compliance risk will be reflected in the integrated risk management system.
A corporate-level training on EESH mindset was offered at all the production sites in Asia. We established a disaster prevention capacity building for employees in Yantai, Guangzhou, and safety-related accidents, as well as increase in natural disasters due to climate change and other natural disasters such as terrorist attacks. Hence, we are conducting our BCM System to prepare ourselves against such risks.

Employee EESH Training

- Our employees receive EESH training as well as mandatory training required by the law tailored to the type of work they are engaged in and the position they currently hold.
- We also expanded the system to our overseas subsidiaries and completed the BCM implementation at our Vietnam subsidiary in 2016. Run- och and Taiwan subsidiaries are planned to apply the BCM system in 2018.
- LG Electronics will continue to apply the BCM system to all of our business areas, and set up infrastructure that helps us to be fully accustomed to the BCM system by arranging relevant forums and trainings.

Management of Energy, GHG Emissions and Water Use

LG Electronics considers climate change response as a critical part of our business management. To this end, we carried out our own initiative called “Green 2017”, through which set reduction targets and implement a full range of objectives aimed at improving our performance. We are making efforts to turn climate change into an opportunity by expanding production and sales of energy-efficient products, while developing new energy businesses.

In order to ensure transparency and efficiency of our initiatives, we also have in place internal and external communication systems.

GHG Emissions Reduction Target & Management System

LG Electronics set the mid- to long-term reduction targets for GHG emissions in 2017, and has since continued to engage in activities to reduce emissions. In our efforts to address exacerbating climate change issues, we are reexamining our strategy, and plan to provide the information to our internal and external stakeholders in 2018. We are adhering to the government emissions trading scheme by setting up an energy management system in line with the ISO 50001 requirements.

Reducing GHG Emissions & Expanding Use of Renewable Energy

LG Electronics is reducing energy usage by improving the operational efficiency of production and general facilities, and continually expanding our investments in high-efficiency equipment.
Emissions Trading System

Since LG Electronics was designated as a company subject to the Korean Emissions Trading System in 2014, we have started an offset business to meet GHG reduction targets of the government. Under the emissions trading scheme, businesses can earn CERs by helping suppliers reduce GHG emissions and have the reduction amount recognized as their own performance in GHG emissions reduction.

Expanding GHG Emissions Management

We are developing environmentally friendly cars with our EV components and battery packs, and contributing to the GHG emissions reduction efforts through our new businesses by expanding the solar panel production facilities at the Gumijeong plant. LG Electronics is performing on-site assessment of our suppliers on energy use and introducing reduction measures, by participating in government-funded projects. We also provided energy management training to our suppliers to transfer our knowledge on energy saving.

Management System for Water Resources

In order to reduce water consumption across our supply chain, LG Electronics set reduction targets as part of the Green 2020 initiative and is striving to achieve the target. We plan to reduce water consumption by 20% by 2020 compared to the base year 2007. For this, we keep close track of the amount of water we use and reuse as well as the amount of wastewater discharged at our production and R&D locations in Korea and overseas.

LG Electronics joined the CDP Korea Water Disclosure Program in 2016, and acquired Leadership A-level, in recognition of our efforts in water resource management.

CASE STUDY / LG Electronics-Supplier Emissions Trading Scheme

The Emissions Trading Scheme was implemented by developing eco-friendly products and parts.
We carried out a project that replaces magnesium used in mobile phones with an eco-friendly substitute.
We provided our suppliers with technologies necessary for implementing the project.

[What We Achieved]

The use of SF6, a type of GHG used in our production, is expected to drop by almost half.

CASE STUDY / Contributing to the GHG Emissions Reduction Efforts by Developing Energy Efficient Products

LG Electronics initiated Clean Development Mechanism (CDM) project in India, that aims to acquire carbon credits in exchange for the sales of highly efficient refrigerators.
The project was approved by the UNFCCC in 2013. This was the first among CDM projects to acquire carbon credits through the production and sales of appliances.

[What We Achieved]

Earned 6,094 tons of carbon credits in February 2015.
We expect to obtain 357,000 tons in carbon credits in 2018 after a third-party verification and approval by the UNFCCC.
We also plan to donate a portion of the profits from this project as scholarships to women and children from low-income households.

[UNFCCC: United Nations Framework Convention on Climate Change]

Minimized Environmental Impact on Business Sites

Increasing Recycling Rates of Waste

- Reduced waste through continuous investment in environmental facilities and process improvement, and enhanced recyclability through waste sorting.
- Continued to improve the recycling of waste through improved efficiency in waste sorting by minimizing the volume of waste with compressors installed at the factories for compressing packaging materials.
- Continued to improve the recycling system with which to prevent and minimize the creation of waste, and increased the number of recycled items with the ultimate goal of recycling all the waste.

Strengthening management of Environmental Pollutants

Continue to make environmental investments by regularly inspecting environmental facilities and immediately repairing/replacing old facilities.

Apply higher standards for the air emissions and water pollutants.

Achieve below 50% of the legally allowed emission level.

Enhancing & Expanding EESH Management

Strengthening Chemicals Management

In accordance with our corporate policies for chemical control, we are implementing preliminary screening on all chemicals stored and used at our production sites.

In Korea, we are strictly controlling all chemicals according to LG Chemical Management System (LG CMS) established 2013.

The LG CMS is strictly applied on chemicals directly purchased or imported for R&D purposes as well as for production. We also have in place stringent pre-screening for products delivered by our suppliers.

To ensure safety of our employees, we perform risk assessment on hazardous substance and operate an emergency response process.

All employees at production sites who use hazardous substances are required to receive training on harmfulness of hazardous substance, how to prevent and minimize the creation of hazardous substance, how to handle hazardous chemicals. Researchers receive special safety and health training tailored to their laboratories.
LG Electronics continues to apply more strict work safety standards to ensure employee safety, and makes sure important safety issues and management conditions are reported to the management.

**Upgraded Fire Control System**

LG Electronics is mapping and indexing risks in all production sites and using them as the barometer for risk management. We also set up a Fire Risk Assessment (FRA) that reduces risks by making continued efforts to improve the state of affairs.

We also developed FRA Logic in 2017, which was applied in the plant, and planned to be applied in overseas plants.

**Preventive Measures for Natural Disasters**

LG Electronics created a "Natural Disaster Map", installed seismometers at the business sites in disaster prone areas, and provided a guideline for emergency response.

We also provided natural disaster response guidelines on how to respond to natural disasters at overseas warehouse facilities to strengthen our capability to respond to future disasters.

**Enhancing the Scope of EESH Management**

LG Electronics performs EESH Management of the entire supply chain including warehouses and suppliers in addition to production sites and research centers.

To this end, we established a Warehouse Disaster Prevention and Safety Management System in 2015. Since then, we are conducting assessment on all of our warehouse facilities around the world.

LG Electronics categorizes fire and safety risks in four different levels for risk assessment, and eliminates the third and fourth level risks through collaboration between business divisions, site inspection, and safety consulting.

**Fire Safety Assessment on Suppliers of Overseas Production Subsidiaries**

Internal experts from various fields visit production sites and transfer management knowledge and conduct assessments.

Non-conformances identified in the assessment are subject to periodic inspections to monitor progress.

**Saftey Picture/Poster Competition**

-A safety event with the participation of employees and their families

**Response to Fire Risk Factors**

<table>
<thead>
<tr>
<th>Business Site</th>
<th>Fire Risk Factors</th>
<th>Our Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old cables</td>
<td>Identify sections for cable replacement, issues with insulation, etc.</td>
<td></td>
</tr>
<tr>
<td>Failed initial intervention</td>
<td>Install the sprinkler system.</td>
<td></td>
</tr>
<tr>
<td>Flammable acoustical absorbents</td>
<td>Replace with nonflammable or fire-resistant materials.</td>
<td></td>
</tr>
<tr>
<td>Flammable wall finish</td>
<td>Replace the wall with nonflammable materials when new plants are built or existing plants are remodeled.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lost-Time Injuries Frequency Rate (LTIFR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
</tr>
</tbody>
</table>

**Dissemination of Safety Culture**

LG Electronics is offering a wide range of safety-related activities that aim to encourage employee participation, raise safety awareness, and improving access to safety.

**CASE 1: Activities Aimed at Encouraging Employee Participation**

Safe Practices Campaign (2016)

We set Tuesdays in the first week of every month as a Safe & Environment Day, and conduct assessments.

Non-conformances identified in the assessment are subject to periodic inspections to monitor progress.

**CASE 2: Raising Safety Awareness**

2017 - LG Electronics developed an awareness measuring tool to measure the level of safety awareness.

- We check the level of safety awareness in all business locations, interview our management and employees, and held workshops for working test employees.

2018 - We also developed a safety character and distributed safety-themed cartoons to help employees easily understand and remember.

LG Electronics and all LG affiliates use the same safety stages, and instill a sense of purpose on safety.

**CASE 3: Improving Access to Safety**

LG Electronics developed an application with which employees can report on potential risks when they are outside the city area. The app is currently used in some business locations and is planned to be applied in other sites.

We also create safety education contents aimed at securing safety of outside visitors, which are later provided to them.

**Safety Awareness of LG Employees**

<table>
<thead>
<tr>
<th>Maturity Stage 1</th>
<th>Safety Culture Independent Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Stage 2</td>
<td>Safety Culture Mid to Upper Level in the Korea</td>
</tr>
<tr>
<td>Maturity Stage 3</td>
<td>Safety Culture Top level by 2030</td>
</tr>
</tbody>
</table>

**Enhancing Employee Safety & Health**

LG Electronics is providing annual checkups and operating various health promotion programs for our employee’s health.

We plan to offer a systemic health management programs, not only physical health and improvement of our work environment, but also mental health such as depression.

**Health Rainbow**

Health promotion programs for our employees at Seocho and Yangjae laboratories in Korea.

LG Electronics made efforts to improve its employee’s awareness on health through seven different programs, such as qig smoking, weight loss, improvement of the work environment to prevent musculoskeletal disorders.

LG Electronics also provides other support programs designed to help employees achieve their health goals.

**First Aider Training Program**

LG Electronics offers “First Aider Training Program” taught by experts from the Korea Red Cross.

LG Electronics offers training classes taught by professionals to employees to learn the necessary measures for emergencies and emergency patient.

**Counseling Center**

LG Electronics operates counseling offices at ten business locations in Korea with the help of full-time professional counselors.

The counseling of lie imitates the organization and improves productivity not only dealing with personal stress, but also providing programs on communication within the organization, stress relief and leadership consulting.

The counseling and consultation sessions are strictly confidential.
LG Electronics has established a life cycle assessment (LCA) tool. This tool has been used to assess and improve the environmental impact of various products. The LCA tool has been improved and expanded to include a simplified LCA tool. This tool has been used to assess the environmental impact of specific products, such as TVs, monitors, washing machines, refrigerators, and mobile phones.

LG Electronics has also implemented a number of initiatives to reduce environmental impact, including the use of alternative materials and technologies to replace hazardous substances. These initiatives have resulted in a reduction in greenhouse gas emissions and other environmental impacts.

In addition, LG Electronics has received numerous awards for its sustainability efforts, including the ENERGY STAR Emerging Technologies Award, the ENERGY STAR Emerging Technologies Award, and the ENERGY STAR Emerging Technologies Award.

Despite these efforts, LG Electronics continues to work towards reducing its environmental impact and improving its products. The company plans to continue to improve its environmental performance and to implement new technologies and materials to further reduce its environmental impact.
CASE STUDY // Improvement of Materials and Structure

<table>
<thead>
<tr>
<th>Old Model</th>
<th>New Model</th>
<th>Improvement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FR46C5MCNH</td>
<td>FR46C5SNHN</td>
<td>12%</td>
</tr>
<tr>
<td>8</td>
<td>7</td>
<td>4%</td>
</tr>
</tbody>
</table>

Product Weight (g)  | Types of Plastic Materials (EA) | Number of Components (EA) | Reduction Rate (%) | Weight (g) |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>991</td>
<td>7</td>
<td>314</td>
<td>12%</td>
<td>981</td>
</tr>
</tbody>
</table>

Improvement of Resource Efficiency

Improvement of Materials and Structure

Reinforced material quality and structure improvement activities from the product development stage.

- Collaborated with recyclers to improve recyclability and disassembly.
- Implemented activities in order to reduce product size and weight while improving performance.

Use of Recycled Materials

- Utilized recycled materials through stability and reliability tests.

Amount of PET plastic used (unit: ton)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of PET plastic used</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6,710</td>
<td>26%</td>
</tr>
<tr>
<td>2016</td>
<td>5,202</td>
<td>26%</td>
</tr>
<tr>
<td>2017</td>
<td>1,134</td>
<td>26%</td>
</tr>
</tbody>
</table>

Improvement of Green Packaging

- Develop the Greener Packaging Design guidelines. Reduction of the weight and volume of packaging materials, and improvement of their reusability and recyclability.
- TV, Smartphone etc.

- Developed new packaging materials that include all products.

- Built a database that lists recycled pulp content of the paperstock used for product packages.

- Set goals for each business division and systematic semi-annual performance management.

- Reduction rates of the weight, volume, and space of packaging materials.

- Environmental performance results of the package design of new product models: weight reduction of 1.5%, volume reduction of 2.1%.

CASE STUDY // Green Packaging Improvement Case

CASE 1 _ Development of an open-type washing machine packaging

- Reduced the use and volume of packaging materials with the development and application of open-type (shrink) packaging materials. Development and application of new packaging materials for the same product model.

CASE 2 _ Improved OLED TV packaging

- The product volume has increased, but the use of packaging materials has been reduced through the optimization of packaging structure including relocation of the stand.

LG Electronics Green Program Plus

Under GP Plus, LG Electronics provides our environmentally friendly technology and knowledge to our suppliers, which improves their competitiveness in sustainability management. With this, we expect to respond to global environmental regulations in advance.

Suppliers’ response to regulations for GHG and hazardous substance management.

Conduct preemptive prevention activities to respond to regulations on hazardous material management and global environmental regulations.

2017 Green Expert Training for Suppliers

Program | Session | Trainees | Curriculum
|---------|---------|--------|-----------------
| Green Expert Working Lead Capacity Building | Fourth | Managers & Working Level Staffs from Suppliers | Introduction to Environmental Regulations
| | | | · Management & Analysis Technology
| | | | · Hazardous Substance Management System (HSMS)
| | | | · GHG Emissions Management

Measurement of Hazardous Substances - Practical Application

Fourth | Environmental Inspectors from Suppliers | LGE Standards for Managing Hazardous Substances
| | | · Measuring MMP (Theory)
| | | · Measuring MMP (Practical)

Amount of e-Waste take-back by country (unit: ton)

Europe

- Total cumulative of e-Waste collected/processed.

Australia

- Information on LGE’s e-Waste management are posted on the company’s website.

- Total cumulative of e-Waste collected/processed. (2016 ~)

Total cumulative of e-Waste collected/processed (2016 ~)

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,959</td>
<td>2,404</td>
</tr>
<tr>
<td>2016</td>
<td>2,959</td>
<td>2,404</td>
</tr>
<tr>
<td>2017</td>
<td>2,959</td>
<td>2,404</td>
</tr>
</tbody>
</table>

Green Partnership

Environmental-friendly Management of Supply Chain (Green Program Plus)

Green Program Plus (GP Plus) is an improved version of the Green Program implemented in 2005, designed for suppliers to respond to regulations on hazardous material management.

Training and Technology Support for Suppliers

LG Electronics provided training on compliance to regulations on hazardous substances, eco-friendly expert skill, and GHG emissions management to our suppliers’ environmental management staff as well as our employees in charge of green partnership.

In 2013, we introduced a program to foster experts in charge of collecting data on hazardous substances (Environmental Data Measurement Expert Program). The program is aimed at improving the technical capabilities to manage and measure hazardous substances and ensuring the integrity of the data.

e-Waste Management

LG Electronics provided e-Waste take-back service pursuant to Waste Electrical and Electronic Equipment (WEEE) regulations and local requirements around the world.

As of the end of 2017, LG Electronics offers e-Waste collection and treatment services to customers from 85 regions in 51 countries, and is preparing a response system based on an analysis of the regulations in Hong Kong and Colombia where the regulations are being enforced.

Information on LGE’s e-Waste management are posted on the company’s website.

As the reporting period for e-Waste collection performance varies from country to country, figures for some countries presented in this report are estimates based on the performance from the previous year or the data from the neighboring countries. As such, those figures may be adjusted slightly in the next year’s report.

1) Figures for some European countries are estimates.
2) South America: Brazil, Colombia, and Peru.
We work with approximately 700 indirect suppliers. LG Electronics partners with about 850 companies. A total of KRW 3.1 trillion in indirect purchases. Indirect suppliers are managed separately by the LG Electronics to manufacture products or components, while indirect suppliers provide services other than direct purchases such as advertisement, IT and other services.

Indirect Purchase Performance
Indirect suppliers are managed separately by the General Procurement (GP) department, which is in charge of indirect purchases.

- A total of KRW 3.1 trillion in indirect purchases were made in 2017 from these companies, including about KRW 1.9 Trillion from Korea.
- We work with approximately 700 indirect suppliers in Korea.

Win-Win Growth Initiative
In 2017, company-wide purchases from direct suppliers amounted to about KRW 32 trillion, with 79 percent of the total taking place in the Asian region.

- LG Electronics partners with about 850 companies in Korea and 2,000 companies abroad based on 2018.
- LG Electronics currently manages a list of approximately 5,000 eligible partner companies, and we began new partnerships with 27 companies, including nineteen in Korea and five in China.

Win-Win at LG Electronics
LG Electronics improves the competitiveness of its suppliers by providing them with its management and technical knowhow. In return, the suppliers strengthen LG Electronics’ competitiveness by supplying high quality parts. At the core of the win-win strategy is increasing the size of the pie, not sharing it.

Direction for Win-Win Growth
LG Electronics established the three Philosophies and Five Principles for Win-Win Growth to be shared with its suppliers and applied in the guidelines for mutually beneficial cooperative activities.

1. LG Electronics awards suppliers that have competitiveness, and they provide support that creates profound impact.
2. Establish clear standards for Global No.1 first, then set goals and execute plans accordingly.
3. LG Electronics improves the competitiveness of its suppliers by providing them with its management and technical knowhow. In return, the suppliers strengthen LG Electronics’ competitiveness by supplying high quality parts.
4. Suppliers are a valuable source of LG Electronics’ business competitiveness and partners in innovation.
5. Suppliers are a valuable source of LG Electronics’ business competitiveness and partners in innovation.

Five Principles
Change and Innovation
1. LG Electronics must revitalize discipline first to comply with global level processes and rules.
2. Carefully select suppliers that have competitiveness, and then provide support that creates profound impact.
3. Establish clear standards for Global No.1 first, then set goals and execute plans accordingly.
4. LG Electronics makes long-term and ongoing efforts based on communication and trust.
5. Carefully select suppliers that have competitiveness, and then provide support that creates profound impact.

Win-Win Growth at LG Electronics
LG Electronics improves the competitiveness of its suppliers by providing them with its management and technical knowhow. In return, the suppliers strengthen LG Electronics’ competitiveness by supplying high quality parts. At the core of the win-win strategy is increasing the size of the pie, not sharing it.

Performance of Win-Win Growth
In May 2011, LG Electronics reaffirmed its commitment to mutual growth with suppliers at the “LG Win-Win Growth Camp” and has since set win-win growth initiatives by offering training, financial, and non-financial support to suppliers.

In 2014, LG Electronics provided technical support to suppliers and their support teams (quality, productivity, and technology) to ensure their work efficiency.

LG Electronics was named the “Most Excellent” rating for three consecutive years since 2015 in Fair Trade & Win-Win partnership Assessment by the Korean Commission for Corporate Partnership and the Korea Fair Trade Commission.
In 2018, LG Electronics plans to continuously teach LG Electronics has provided support to its suppliers in support for developing next-generation technology. To enhance their manufacturing competitiveness, the company has offered support for technology development related to the Total Productivity (Production per person/hour) improvement activities.

In 2018, LG Electronics plans to regularly teach about how to improve production line automation and information infrastructure to its suppliers.

Support for developing next-generation technology

LG Electronics provided support to its suppliers in their efforts to improve their productivity and participate in new projects by securing technological capabilities.

Support for the development of new technology and methods

Production of new products through joint development of new injection molding methods and breakdown technology for automatic robot parts with its suppliers.

LG Electronics made its technology patents accessible to SMEs, thereby contributing to improving their R&D capabilities.

Support for the protection of core technology of suppliers

LG Electronics provides an escrow system for technical data for the protection of technology when a new technology is developed with its suppliers, and pays for all the costs of escrow.

Five Principles of Win-Win Growth

Five Principles of Win-Win Growth

Support for building global no. 1 competitiveness

LG Electronics believes that improving the manufacturing competitiveness of its suppliers is important for ensuring our own competitiveness. LG Electronics helps its suppliers improve their fundamental competitiveness through various activities aimed at elevating the level of their quality, productivity, and technology.

Improvement of Suppliers’ Manufacturing Competitiveness

Since 2017, LG Electronics has been helping its suppliers improve their production structure in order for them to enhance their manufacturing competitiveness. A new technology is developed with its suppliers, their R&D capabilities.

In 2016, LG Electronics has provided support for building Global no. 1 competitiveness in relation to the Total Productivity (Production per person/hour) improvement activities.

In 2018, LG Electronics plans to continuously teach how to improve production line automation and information infrastructure to its suppliers.

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Support for the protection of core technology of suppliers

LG Electronics provides an escrow system for technical data for the protection of technology when a new technology is developed with its suppliers, and pays for all the costs of escrow.
Process Innovation
LG Electronics offers various programs for improving communication with its suppliers in order to ensure win-win growth by innovating the internal process.

Enhancing Communication & Resolving Supplier Concerns
Since 2012, LG Electronics has been offering the “Win-Win Grievance Hot Line” dedicated to resolving the difficulties experienced by suppliers through a website for win-win growth. LG Electronics regularly shares information on its safety training programs.

Stronger Win-Win Growth Support for First and Second Tier Suppliers
LG Electronics signed more fair trade agreements with first and second tier suppliers in order to establish a basis for win-win growth and also to create a new order for voluntary fair trade practices. Since 2013, LG Electronics has been offering management, quality, and productivity improvement programs to its second tier suppliers that have signed an agreement after participating in the Industry Innovation Movement launched by the Ministry of Trade, Industry and Energy.

Supplier Online Shopping Mall
LG Electronics made the employee discount shopping mall (http://with.lglifecare.com), which was originally for LGE employees only, accessible to the employees of its suppliers. (Employee care services (personal development, leisure activities, etc.), special discount products, and employee gifts.)

Supplier risk management
In addition to fire apparatus, LG Electronics now also inspects the electrical facilities, chemical products, and other hazardous materials at its suppliers. As a result, its suppliers have improved their fire/safety management quality, and the number of fire accidents has dramatically decreased.

LG Electronics became the first among the subsidies of LG Group to develop a fire/safety management system in order to systematically manage the fire/safety consulting and preventive activities at the suppliers. The system enabled a real-time monitoring of the site consulting and management of improvements, and it’s introduced in some of the safety training programs.

Fair Trade Agreements Signed in 2017
- LGE ↔ First tier Suppliers: 327 Suppliers
- First tier Suppliers ↔ Second tier Suppliers: 756 Suppliers

Support for the Industry Innovation Movement between 2013~2017
Fair Trade Agreements

Supplier Fire/Safety Consulting Results (2015~17)

2017 Supplier CSR Risk Levels by Region

Approach for Suppliers’ CSR Risk
LG Electronics performs annual self-assessments of its suppliers, and also conducts on-site consulting at the suppliers with potential risks.

LG Electronics became the first among the subsidiaries of LG Group to establish a “CSR Management System for Suppliers” in order to cope with the increasing demand for CSR management across the supply chain, and the system is available in different languages for suppliers in other countries to use. LG Electronics reflects the Supplier Code of Conduct in the purchasing agreements signed by its suppliers in order to encourage the suppliers to establish the CSR Management System, and also reflects their level of conformity to CSR requirements in regular supplier evaluation process.

The results of supplier assessments and on-site consulting showed that no critical social issues were caused by suppliers’ CSR violations. The number of suppliers at high risk has also continued to decrease.

Major progress on CSR Risk Assessment

2011

- Fair trade supplier CSR risk management program in China and East Asian countries which are relatively poor performance in CSR risk management

2014

- Expand our supplier CSR risk management program to China and East Asian countries which are relatively poor performance in CSR risk management

2017

- CSR Risk assessment of all suppliers in Korea and other countries
- On-site consulting for major non-conformances

Table: Supplier Fire/Safety Consulting Results (2015~17)

<table>
<thead>
<tr>
<th>Year</th>
<th>LGE and First tier Suppliers</th>
<th>First tier Suppliers and Second tier Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>278</td>
<td>334</td>
</tr>
<tr>
<td>2016</td>
<td>388</td>
<td>334</td>
</tr>
<tr>
<td>2017</td>
<td>603</td>
<td>209</td>
</tr>
</tbody>
</table>

Table: Supplier Fire/Safety Consulting Results by Region (2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>Low Risk</th>
<th>Moderate Risk</th>
<th>High Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>3</td>
<td>12</td>
<td>83</td>
</tr>
<tr>
<td>Europe CIS</td>
<td>54</td>
<td>42</td>
<td>29</td>
</tr>
<tr>
<td>China</td>
<td>4</td>
<td>31</td>
<td>39</td>
</tr>
<tr>
<td>MEA</td>
<td>5</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Asia</td>
<td>17</td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td>Korea</td>
<td>4</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>176</td>
<td>232</td>
</tr>
</tbody>
</table>
Conflict Minerals Management

**Conflict Minerals Policy**
Systematic management of mineral sourcing by analyzing information on the country of origin of conflict minerals, and information on smelters and refiners. Program for conflict-free sourcing of minerals from 10 conflict-affected countries including the Democratic Republic of the Congo.

- Reinforced the code of conduct and reflected the details of the code in contracts signed with suppliers.
- Established a cooperative relationship with relevant organizations.
- Offered on- and off-line training and online consultation programs.
- Conducted necessary training, collected information, and performed reassessment to enhance data reporting quality, especially among the suppliers with insufficient data quality.

**Improved Conflict Minerals Management System and offered training programs**
Organized a Task Force Team and established the CMMS (Conflict Minerals Management System) in 2013 in order to manage the regulations on conflict minerals.

- Offered on- and off-line training and online consultation programs to domestic and overseas suppliers in order to enhance the suppliers’ awareness of conflict minerals, expedite the data collection process, and improve the quality of the data.
- Expanded collaboration with external organizations such as KITA (Korea International Trade Association) and RMI.
- Established a cooperative relationship with relevant organizations in order to improve the Conflict Minerals Management System. Supported academic events such as seminars and workshops. Helped domestic and overseas suppliers better cope with the regulations on conflict minerals.

**CMMS: Conflict Minerals Management System**

- **3TG data (Origin, Smelter, Refiners etc)**
- **Performed assessment and management based on the standards for risk identification**
- **Conducted necessary training, collected information, and performed reassessment to enhance data reporting quality, especially among the suppliers with insufficient data quality**

**LGE Activities for 100% RMAP conformant smelter use**

- **Due diligence**
  - Join the Steering committee in RMI
  - Join the Working group

**Efforts to expand RMAP**
LG Electronics tries to use 3TG 100% from RMAP conformant smelters with LG Display, LG Innotek, LG Chem.

- Recommendation to Supplier: 100% use for RMAP conformant smelters and refiners
- Recommendation for smelters and refiners to obtain the RMAP conformant
- Shared LG Electronics’ data on new smelters with RMI

**Status of LG Electronics’ RMAP Conformant smelters for 3TG (as of 30th December)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tin (Unit: %)</th>
<th>Tantalum (Unit: %)</th>
<th>Gold (Unit: %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>64</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>87</td>
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</tr>
<tr>
<td>2017</td>
<td>84</td>
<td>10</td>
<td>0</td>
</tr>
</tbody>
</table>

**Implemented a program for sustainable tin mining in Bangka Island.**
Organized a mutual fund with the members of the working group (TWC) and EPRM® for a pilot project for the villagers and local community.

- launched a land reclamation project for alternative livelihood activities.
- Occupational safety program for miners.

**External activities for responsible mineral sourcing**
Management of suppliers for responsible mineral sourcing

- Encouraged suppliers to participate in the due-diligence and audit program for conflict minerals as a member of the RMI Steering Committee.
- Joined the PPA* (Public-Private Alliance) multi-stakeholder initiative for responsible mineral sourcing.
- Joined the industry initiative for the recent issues regarding cobalt and mica in addition to the 3TG.
- Contributed to improving the transparency of the global mineral supply chain by providing origin traceability and data.

Cobalt Supply Chain Management
Acquired information on the origin and conducted due diligence through cooperation between LG Electronics, LG Chem, and smelters.

Macro efforts to eliminate the possibility of child labor by stopping the supply of cobalt from unknown origin.

- Joined the global initiative for tracing the origin of cobalt by providing data to related global initiatives (LG Electronics-RMI, LG Chem-RCI).

LG Electronics plans to add a function to trace the origin of the minerals within the Conflict Minerals Management System.

Activities for the local community in Bangka Island, Indonesia.
LG Electronics has been participating in the working group (TWC) in order to promote sustainable tin mining in Bangka Belitung, Indonesia since 2013.

- TWC achievements include, surveyed the current condition, found solutions, and launched a pilot project with the local government and NGOs in order to resolve the issues of environmental destruction and worker safety at mine sites.
With the Community

Social Contribution Activities of LG Electronics

With “Cooperating Toward a Better Life for All” as the vision for our social contribution initiatives, LG Electronics strives to empower communities with programs that address major social issues and contribute to the longer-term development of communities, as part of our commitment towards “Technology that cares, Trustworthy partner, Sharing and comfort.”

Social Contribution Framework

Visual

Vision

Cooperating Toward a Better Life for All

Goal

Contributed to achieving the SDGs (Sustainable Development Goals)

Strategy

Technology that Cares

Improve the quality of life for everyone with differentiated products and technology.

Trustworthy Partner

Communicate and cooperate with stakeholders based on sympathy.

Sharing and Comfort

Contribute to the local community through honest and voluntary participation.

Stage for SDGs implementation

01 Set the achievement of the SDGs as the main goal of social contribution activities.

02 Analyzed the relationship between the characteristics of the company and SDGs through self-assessment.

03 Set the five SDGs (SDGs 8, 4, 9, 3, 11) as its priority.

04 Selected suitable countries and regions by analyzing their relationship with LG Electronics.

05 Implemented a social contribution program for LG Electronics.

Relevant SDGs

8.3 Create jobs and promote the growth of SMEs through creativity and innovation support.

8.4 Effectively reduced the rate of absence in the training class and unemployed young people.

4.3, 4.4 Provided suitable support in education, vocational training, and college education for finding jobs, better jobs, and business activities.

9.4 Increased financial and technical support for the least developed countries in Africa.

9.5 Improved ICT accessibility.

3.8 Improved health care services, necessary medications, and vaccines.

4.3 Improved the quality of life and on-site training at the service center in UAE.

9.4 Provided space for socio-economic businesses in the area of the environment at the LG Social Campus in Korea and provided financial support.

4.3 Improved the brand image in new markets.

4.3, 4.4 Improved the brand image in new markets.

9.3 Established infrastructure in developing countries.

16.9 Promoted the use of home appliances such as refrigerators, washing machines, and water purifiers.

11.4 Provided mobile clinic services for improving hygiene and public health in Asia.

11.3 Improved hygiene for underserved people in Nigeria by opening free laundry rooms.

11.5 Provided vaccination against Japanese Encephalitis in Indonesia.

11.6 Employed 45 business sites volunteered to participate in local community services to protect World Cultural Heritage sites.

11.7 Played promotional films on World Cultural Heritage sites on the digital board in Piccadilly, London.

LG Electronics and UN SDGs (Sustainable Development Goals)

- UN SDGs play a particular emphasis on the role of the civil society including the private sector as well as expanded partnership between stakeholders in addressing economic, social, and environmental issues.

- As a responsible global corporate citizen, LG has set contributing to the achievement of the SDGs as the main goal of its social contribution activities.

- LG Electronics set a new direction for its social contribution efforts by reflecting the opinions of the management and key stakeholders, and identified five of the 17 SDGs as its priority.

- LG Electronics continuously develops and implements initiatives that contribute to achieving these 5 SDGs, and monitors the progress on a regular basis.

*What are the SDGs?*

The SDGs include the 17 goals and 169 targets to be achieved by the 193 member countries of the UN for the sustainable development of the humanity by 2030.

- *What are the SDGs?*
- Partnership with government organizations
- Improve the awareness by using the company’s advertising channels
- Promotion of World Cultural Heritage sites
- Employees at 45 business sites volunteered to participate in local community services to protect World Cultural Heritage sites
- Played promotional films on World Cultural Heritage sites on the digital board in Piccadilly, London.
Technology that Cares

LG Hope Community (Ethiopia)
Regional development activities aimed at improving agricultural productivity. Built an infrastructure including wells, solar panels, and model farm in Oromiya region (2013-)
Implemented a program for increasing income through horticulture/poultry farming training and cooperative.

LG-KOICA Hope TVET College (Ethiopia)
Established a basis for self-reliance for the youth through technical training.
Opened a vocational school for home appliances/ICT repair (2014-)
Provided the best possible learning experience by dispatching Master Repair Engineers from LG Electronics to provide advanced sessions twice a year and on the site training at the Dubai service center for excellent instructors and students.
Financed a project through a PPP (Public-Private Partnership) with KOICA (Korea International Cooperation Agency).

Technology Education & Competition
CASE 1 _ Competition for the development of apps for the disabled (AT EDUCOM, Assistive Technology Education & Competition)
Invited UAE and Korean college students to an app development competition aimed at improving access to apps by the disabled in the UAE.
Participants included Seoul National University, Qard Center and GEMS (Sharjah City for Humanitarian Services).

CASE 2 _ Solar powered hospital in Pakistan
Installed LG Solar Power panels at the emergency room of a public hospital located on the outskirts of Pakistan suffering from frequent power outages.
Free medical services with World Vision.

CASE 3 _ LG Solar Station in Syria
Provided solar power units to two hospitals in consideration of the characteristics of the region in need of stable power supply.

CASE 4 _Established LG IT Library at vocational schools
Established LG IT Library at vocational schools and elementary schools in Vietnam and Nepal in 2017 (4 vocational schools and 10 elementary schools).

Public Health Promotion Campaign in Asia

01 Selected medically underserved communities in each country
02 Provided free medical checkup services as well as health-hygiene awareness classes that cover various health topics.
03 Launched a health promotion campaign first in Myanmar and expanded the program to include Cambodia and Bangladesh.

LG Social campus
Space Support
Opened LG Social Campus, an environmentally friendly social service with individual units which can be rented for free to social growth businesses.

Support for a total of 100 social economy organizations and businesses in the campus

Financial support
Offered land or interest free loan to the social economy organizations and businesses in the environmental sector with a high chance of public interest and sustainability.

Support for a total of 100
(33 when including businesses that received other types of support)

Improved Employment Rate
8%
Sales Increase
33%

Capacity Building
Consulting for education, seminar, networking, overseas training, marketing, PR, and productivity improvement in the social economic sector.
11-17

Global IT Challenge for the Youth with Disabilities

16 countries participated

CASE Study / Social contribution using “Technology that Cares”

CASE 1 _ Competition for the development of apps for the disabled (AT EDUCOM, Assistive Technology Education & Competition)
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Trustworthy Partner

LG Social Campus, Support for Social Economy Organizations in the Environmentally Friendly Sector (Korea)
An integrated support platform for sustainable growth of social economy organizations established in 2011 by LG Electronics and LG Chem.

LG Hope Screen (USA, UK)
LG Electronics has been lending its marketing assets to international organizations and NGOs for the promotion of their public services free of charge since 2011 in order to enhance the awareness of environmental and social issues among the public.

In 2017, LG Electronics supported the promotion of the UNEP World Environment Day, UNICEF’s UN Leaders’ Summit, and UNESCO World Heritage Sites in Korea introduced by the Cultural Heritage Administration by showing their promotional films on its digital billboards in Times Square, New York and Piccadilly Circus, London.

Global IT Challenge for the Youth with Disabilities
Global IT Challenge hosted by the Korean Society for Rehabilitation of Persons with Disabilities and ESCAP is a competition for the youth with visual, hearing, physical, and mental disabilities held in Vietnam with the participation of the youth with disabilities from 16 countries.

CSR Academy ‘Love Genie’ for College Students (Korea)
Every year since 2014, LG Electronics has been operating Love Genie program, the collegiate CSR Academy, to foster CSR experts and promote social responsibility among college students – the future leaders of our society. In 2017, 32 students were selected.
The academy offers systematic training and mentoring on CSR issues such as labor, human rights, ethics, environment, health & safety and social contribution.
Supported the students as they independently planned and executed CSR projects.
To the teams with the highest performance record, we provided an opportunity to visit our overseas CSR program sites.

Official blog of Love Genie: www.lovegenie.kr
For the past 13 years since the launch of the campaign in 2005, LGE employees have been sharing their talents, and skills with the local community. They organized a pro bono program called “Life’s Good Volunteer pro” in 2015, and have been supporting the activities of non-profit organizations that are in need of professional skills due to their financial and environmental difficulties.

Since 2011, we have also hosted the “Life’s Good Day” event at company cafeterias on a bimonthly basis to offer our employees an opportunity to participate in giving all year round. On the “Life’s Good Day”, a “donation menu” with one of the side dishes missing, is served at the company cafeterias across the country, and the money saved is donated to the local community.

Sharing and Comfort

Life’s Good Volunteer (Korea)

- Supported the webpage development for non-profit organizations
- Talent donation by inspecting and repairing home appliances at non-profit organizations.
- Social Media Campaign
  - Launched the promotion campaign to introduce the Environmental Day through Social Medias in various countries since 2015.
  - The global channel includes social medias in Nigeria, Kazakhstan, Thailand, China, and Jordan in addition to those of Korea.
  - The film was produced by the UNEP (United Nations Environment Programme) to commemorate the World Environment Day, featuring the renowned fashion model Gisele Bundchen and Hollywood actor Don Cheadle who played a role in the movies Captain America and Avengers.

Workday Volunteer Program

A corporate program that gives the employees a paid leave so they can invest one whole day in volunteer activities.

Employees Social Contribution Fund

98.9% of the employees at all the business sites in Korea donate less than KRW 1,000 from their工资 to the Social Contribution Fund.

Use of the Social Contribution Fund

Scholarships for the descendants of the Korean War Veterans in Ethiopia
- App development training for the disabled people in the UAE
- Talent donation by inspecting and repairing home appliances at non-profit organizations.
- Supported the webpage development for non-profit organizations.
- The operations of a soup kitchen carrying out promotional activities.
- Became the first company in Korea to donate solar panels to a historical site by installing solar panels at the Seomjingang History & Culture Hall (The solar panels generate about 35% of the total electricity used at Seomjingang.)

Global Blood Donation Campaign

- Established a solar-powered hospital in Pakistan
- Public Health Promotion Campaign in Asia
- Helped children with disabilities have a memorable day
- Use of the Social Contribution Fund (the Heritage Park Project)

Global Volunteer Day

- Since 2010, LG Electronics designated “Global Volunteer Day” on June 5 in commemoration of the World Environment Day. Employees across the world of LGE participate in environmental and heritage site protection activities with the Labor Union.
- In 2017, more than 5,000 LGE employees across the world have participated in the campaign with the slogan of “Connecting People to Nature”.
- In 2018, LGE employees in Korea have voluntarily organized the Employee Social Contribution Fund and used the fund in their social contribution activities.
- LG Global Volunteer Day
  - Carried out 24-Hour relay environmental protection activities across the world.

LG’s volunteer sites where the sun never sets - 24-Hour relay volunteer activities

- In 2017, LG Electronics carried out the “24-Hour Relay Volunteer Activities” in celebration of the 8th anniversary of the “Global Volunteer Day”.
- LG carried out 24-Hour relay environmental protection activities across the world.
- The “24-Hour Relay Volunteer Activities” began in Ho Long Bay, Vietnam, and then in Kazakhstan, India, Ethiopia, Nigeria, Brazil, Mexico, Australia, and finally in Korea where the volunteer activities were centered on the protection of the cultural heritage at Changdeokgung Palace.
- 300 LGE employees and 1500 participants in nine countries took part in volunteer activities.

Details of activities by country - On YouTube of LG Electronics
- https://channel.lge.co.kr/lg-together/24hour_csr_170605/
Social Contribution_ Global Employee Engagement

Hygiene Services with Love

01. Jordan/Syria
Provided hygiene kits to the underprivileged in cooperation with the ICRC (International Committee of the Red Cross) and Dead Sea Marathon.

Hygiene Services with Love
02. Iran
The LG Science Hall in Tehran, Iran has an electric car racing game, soccer game with robot vacuum cleaners, painter robot, and other LG products for children to experience science and learn the workings of the human body, environment, and science.

Hygiene Services with Love
03. India
LG Science Hall

Children’s Eye Surgery Campaign

04. China
Hygiene Services with Love

Children’s Eye Surgery Campaign

05. Korea
Fund for eye surgery for children with an eye disease and campaign for enhancing the awareness of visually impaired people.

Vacation Together

06. Korea
Every year since 2015, this mentoring program encourages the participation of college students at 50 universities including Peking University who serve as a mentor for children in their hometown during vacation.

“Make Yanjaecheon Stream Sing” at HE Company

07. USA
LG’s Good Experience Happiness

Life’s Good: Experience Happiness
LGE plans to provide technical training for the happiness of more than 5.5 million teenagers in USA by 2021.

The Dust at the Heart, not in the Clothes

08. Colombia
Laundry program for farmers in Salento, a famous producer of coffee.

For the underprivileged in Syria

Support for 13,000 households.

Support for the cost of eye surgery for children in India

300 children a year

Colombia
Support for 380 farming villages

4 tons of clothes were laundered

Quality Consulting by the “Share Love” Volunteers at H&A Company

Employees at H&A Company’s Champion Factory 2 provided quality consulting for small workshops that hire people with disabilities in the local community.

They have contributed to improving the workshops’ productivity by upgrading working conditions, and production and enhancing their quality awareness. The company also holds a regular meeting with the workers with disabilities at the workshops.

“Make Yanjaecheon Stream Sing” at HE Company

Employees at Gangnam R&D Center have repaired and expanded more than 40 nests near Yanjacheon Stream near their office in April.

After repairing and expanding the nests, they continued to check and clean the nests while also carrying out other activities that can actually help preserve the ecosystem of Yanjacheon Stream.

Children’s Eye Surgery Campaign

07. USA
The program is implemented at schools across the USA through partnerships with a number of organizations such as Discovery Education.

The Dust at the Heart, not in the Clothes

08. Colombia
Through the program, 30 LGE Smart Inverter Washing Machines were donated to the local community.

The program is designed to give the farmers some time to take a break from their busy life by saving time in washing their clothes.

Children’s Eye Surgery Campaign

05. Korea
A fund was raised by donating a portion of the sales profit from selling LG products, which covered surgeries for more than 300 people.

“Make Yanjaecheon Stream Sing” at HE Company

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With Our Employees

LG Electronics strives to create value for customers and implement a management system based on respect for people with the corporate philosophy, “LG Way.”

### Key Initiatives for 2018

- **LG Electronics** encourages its departments and employees to innovate for sustainable growth even in a new business environment. It is endeavoring to reshape the HR management system so that every employee can maximize their professional skills.

### Talent Development

**Directions for HR Development in 2018**

- **LG Electronics** aims to train creative and enthusiastic employees by providing them with the optimal learning solution. In 2018, we implemented a number of initiatives including systematic training for future business leaders and high potential employees, helping employees develop professional capabilities, and providing better on-the-job training.

#### Systematic Development of Future Business Leaders and Talented People

- The LG Electronics Assessment Center offers various training programs for employees to create customer value and play a leading role in the market.
- LG Electronics offer differentiated and customized training programs for each different target group.
- LG Electronics has a comprehensive objective systematic training program in order to help employees identify and supplement their weak points while also applying their knowledge and experience.

### Enhancing Employees’ Capability

- **LG Electronics’** has operated the Function College System, in which the employees develop a career road map through the One-on-One Caring System and get trained.

### Improved Customized Training

- LG Electronics is carrying out balanced development activities centered on education for each region including the U.S., MEA, and Europe for human resources development while coping with the rapidly changing global market.

### Function College System

- **Function College System** is a learning platform where employees can develop their skills through a recommended training program.

### Educational Content in e-Library Platform

- **Educational Content in e-Library** provides educational content according to the level of capabilities for the employees to have an opportunity to develop their skills anywhere in the world.

### Key Initiatives for 2018

1. **Preparation for the future in consideration of changes in the management environment and employees**
   - Re-examining HR Systems for the promotion of horizontal, creative, and voluntary corporate culture
   - Changing the seniority-based position ranking system composed of 3 types of positions to a system of 3 types of positions based on the role, capabilities, and performance
   - Improving system of employee performance evaluation to absolute performance evaluation in order to ensure fair and objective evaluation.

2. **Strengthened the relationship between business growth and systematic personal development programs**
   - Established a corporate goal and personal performance management and career development plan through One-on-One Caring System
   - Improved training for talented future business leaders
     - Techno Conference for recruiting talented future global leaders
     - Invited more than 350 talented professionals and students (PhD or master’s degree candidates) and held technology seminars, interviews, and job fairs.
   - Changes in systematic training for future employees
     - Invited more than 300 talented professionals and students (PhD or master’s degree candidates) and held technology seminars, interviews, and job fairs.

3. **Impose work-life balance by making fundamental changes in the work style**
   - Create a corporate culture where employee work-life balance is encouraged
   - Limit working hours to 40 hour a week and implement a flexible work schedule for efficiency
   - Make fundamental changes in the work style through which to improve work efficiency
     - Establish a no-smokey medication request system to expedite the process implement the “No Meeting on Mondays” and “Casual Day” programs in order to help employees focus better on work and create a creative/voluntary corporate culture

4. **Strategic business ventures in a timely manner and helps the organization secure competitiveness**
   - Identification and rotation of talented human resources and support for new growth engines
   - Training tailored to individual and corporate needs necessary to fulfill roles
   - Changed HR System in order to create an active and enthusiastic work environment
   - Regularly award and promote talented employees with outstanding performance
   - Identity and train future business leaders.

5. **Intensive training programs for future leaders and high potential employees**
   - Strategic business ventures: in a timely manner and helps the organization secure competitiveness
   - Identification and rotation of talented human resources and support for new growth engines
   - Training tailored to individual and corporate needs necessary to fulfill roles
   - Changed HR System in order to create an active and enthusiastic work environment
   - Regularly award and promote talented employees with outstanding performance
   - Identity and train future business leaders.

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   - Identification and rotation of talented human resources and support for new growth engines
   - Training tailored to individual and corporate needs necessary to fulfill roles
   - Changed HR System in order to create an active and enthusiastic work environment
   - Regularly award and promote talented employees with outstanding performance
   - Identity and train future business leaders.

7. **Improve skills through a comprehensive objective systematic training program by improving the effects of training with the participation of all the employees depending on the necessity, regardless of time and space**

8. **Voluntary study clubs where the members can discuss the recommended training program by the employee**
   - Consulting for solving problems with technical experts
   - Job-specific training program for employees to develop the skills that can be immediately applied at work in order to ensure the fundamental and capabilities necessary for strategic projects.
   - Improvement of practical skills by developing and studying the training contents based on skill and training source platforms.

9. **Provide online training system for each business type according to the level of work capabilities**
   - Promote the learning system based on a flexible and training source platform.

10. **Provide an Environment for Self-Directed Learning**
    - 2 Departments: Human Resource Development
    - 9 Courses: Enhanced Development / Essential Development

### CASE STUDY / Employee Training System

- The First Corporate College certified by the Ministry of Employment and Labor in Korea
- Curriculum designed to provide advanced training for both current and future employees
- More than 530 employees
- More than 9,800 participants in the program

### Training Support for New/Strategic Business

- Job-specific training program for employees to develop the skills that can be immediately applied at work in order to ensure the fundamental and capabilities necessary for strategic projects.
- Improve practical skills by developing and studying the training contents based on skill and training source platforms.
- For new growth engines.

### Promoting Continuous On-the-Job Training

- Job-specific training at actual work sites related to the business
  - Regular training based on core application technology using Cell
  - Consulting for solving problems with technical experts and project teams at the company for the R&D and strategic technology areas
  - Voluntary study clubs where the members can discuss various work-related topics and find solutions.
- Promotion of regular training system designed to improve the effects of training with the participation of all the employees depending on the necessity, regardless of time and space.

### LG Electronics’ CSR Roadmap for 2017-2018

- **LG Electronics’** CSR Roadmap for 2017-2018 focuses on the following key areas:
  - **Environment**: Reducing emissions and waste, promoting energy efficiency, and supporting sustainable development projects.
  - **Society**: Supporting education, arts, and culture, and contributing to social and community development.
  - **Governance**: Enhancing corporate governance, promoting ethical business practices, and fostering a sustainable business model.

- **EIP (Early Identified Pool)**: This program aims to identify and develop the next generation of leaders.
- **EnDP (Entrepreneurship Development Program)**: This program supports employees in starting their own businesses.
- **Employees’ Self-Development**: Program designed to promote employees’ personal and professional growth.
- **Product/Part Supplier Education Program**: Program aimed at improving the capabilities of suppliers.

- **First-time Team Leaders**: Program designed to support new team leaders.
- **First-time VPs**: Program designed to support new vice presidents.
- **First-time Managers**: Program designed to support new managers.
- **New Employees**: Program designed to support new employees.

- **Training Goals for 2018**
  - **Innovation**: Focus on developing innovative solutions to address global challenges.
  - **Sustainability**: Incorporate sustainability principles into business operations and decision-making.
  - **Global Competitiveness**: Enhance competitiveness in a rapidly changing global market.

### LG Electronics’ CSR Fact Book 2017-2018

- **Overview and Sustainability Commitments**
  - Detailed information on LG Electronics’ sustainability initiatives and goals.
  - Data on environmental performance, social responsibility, and governance.

- **Cases and Practices**
  - Real-world examples of how LG Electronics has implemented its sustainability initiatives.

- **Appendix**
  - Additional resources and information regarding LG Electronics’ sustainability efforts.
Corporate Culture

LG Way

- With the LG Way as the common value shared by every member of the organization, LG Electronics strives for a strong organization and the happiness of employees.

Improvement of the Work Style

Upgraded Quarterly Meeting

- Quarterly meeting where the CEO and employees can freely ask and answer questions.
- The meeting is held in a casual manner so that the CEO and employees can remove the barrier and better understand each other.
- The CEO tells his management philosophy to the employees and asks them to implement it.

No Meeting on Mondays

- There are no meetings presided by directors or team leaders so that the employees can focus on their work.
- Do away with weekend working for the employees because there is no need to prepare for the Monday meeting during the weekend.

Voice Mail - Approval Request System

- Added the "voice recording" function in the intranet and approval request system, thereby saving time for creating documents for the meeting or report.

Casual Day

- Mondays and Fridays are designated the "Casual Days" under the slogan, "No more formality! Keep the formality to the minimum!"
- Contribute to improving productivity by wearing casual clothes and focusing more on the work.

Work Talk

- Communicate with the supervisors about the individual objectives/work plan and progress on a regular basis as a performance management tool based on SOW.
- Methods for voluntary management by the employees instead of having performance management performed by the supervisor.

OWW (Way Of Working) Bulletin Board

- Open and manage a bulletin board where LG Electronics employees can freely post their opinions, through which to create a culture where they can choose to make changes.

Quarterly meeting where questions are freely asked, answered, and discussed.

LG Electronics’ Organizational Culture

LG Way

- Promote happiness among the employees
- Strong Organization

Cases of Voice Mail - Approval Request System in Application

- In case of a simple approval request such as a report after a business trip and meeting, when submitting a report on the progress of something for which a detailed report has already been submitted, when the email/approval request was written in text, but additional verbal explanation is necessary, when leaving a comment on approval while working outside, traveling, and on a business trip.

WOW Bulletin Board Management Process

1. Opening and Management of WOW Bulletin Board
2. Employees voluntarily propose ideas to change the organization
3. The opinions are reviewed, answered, and processed by the relevant team.

Balance Between Work and Life

- Support for balance between work and life for the employees through various programs and activities.

Index Subsidary: Open Day

- The purpose of this program is to throw open the door to welcome employees’ family and have some quality time with children with the help of various events at the business site.

Indonesia Subsidiary: Family Day

- Congratulatory and appreciation events at local amusement parks for the employees and their family.

China Subsidiary: Family Day

- Help the employees and their children have a memorable day by offering them with various programs.

Labor Relations

- The term "Labor -Management Relationship" was coined by LGE to demonstrate the company’s endeavors to create a common value by having both the employees and the management play their role based on trust and respect instead of using the more common term, "labor-company relationship", which can have negative implications such as confrontation and vertical relationship.
- The LGU Labor Union has the employees at each business site as its members in accordance with the collective agreement and Labor Agreement.

Working Hours Committee

- A consultative group within the company in order to better cope with the problems that can arise by implementing the 40 hours a week work schedule.

Implementation of a 40 Hours a Week Work schedule

- For office workers, whereas 52 hours a week for line workers.

<table>
<thead>
<tr>
<th>LG Electronics’ Organizational Culture</th>
<th>Cases of Voice Mail Approval Request System in Application</th>
<th>Labor Relations</th>
<th>Balance Between Work and Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>In case of a simple approval request such as a report after a business trip and meeting, when submitting a report on the progress of something for which a detailed report has already been submitted, when the email/approval request was written in text, but additional verbal explanation is necessary, when leaving a comment on approval while working outside, traveling, and on a business trip.</td>
<td>Maintain the Labor -Union Agreement.</td>
<td>Support for balance between work and life for the employees through various programs and activities.</td>
</tr>
<tr>
<td>Representative of each organization</td>
<td></td>
<td>No labor disputes on collective bargaining agreement.</td>
<td>Index Subsidiary: Open Day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agreement on collective bargaining agreement.</td>
<td>Indonesia Subsidiary: Family Day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agreement on the revised pay and WO regulation (monthly account purchase, etc.)</td>
<td>China Subsidiary: Family Day</td>
</tr>
<tr>
<td>McGrew</td>
<td></td>
<td>Employee grievance resolution team for office workers.</td>
<td>Help the employees and their children have a memorable day by offering them with various programs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A separate system for accepting the ideas of non-labor members.</td>
<td>Labor Relations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grievance resolution performance of the Junior Board System</td>
<td>The term &quot;Labor -Management Relationship&quot; was coined by LGE to demonstrate the company’s endeavors to create a common value by having both the employees and the management play their role based on trust and respect instead of using the more common term, &quot;labor-company relationship&quot;, which can have negative implications such as confrontation and vertical relationship.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Resolved without appeal)</td>
<td>The LGU Labor Union has the employees at each business site as its members in accordance with the collective agreement and Labor Agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Extended period for family medical leave application and post-holiday travel for other important family occasions.)</td>
<td>Once a year, the management and Labor Union discuss the current issues including labor conditions through a number of channels in addition to the official committee meeting for collective bargaining agreement. In-depth discussions and negotiations with the Labor Union take place immediately after a major change in the business.</td>
</tr>
</tbody>
</table>

7,605 Employees

For 29 years

March 2018

6 Cases

4 Grievances Resolved

For office workers, whereas 52 hours a week for line workers.
**CSR Risk Management**

**CSR Risk Management Program**

LG Electronics has operated a CSR risk management program for all production sites since joining the Electronic Industry Citizenship Coalition (EICC) in 2010. The EICC changed its name to the Responsible Business Alliance (RBA) in 2017.

**Selection of Assessment Targets & Self-Assessment**

Has implemented the RBA Self-Assessment Questionnaire (SAQ) as an assessment tool since 2011. Introduced In-depth SAQ (iSAQ), an internally developed self-assessment tool based on the RBA Validated Audit Program (VAP) in 2016.

- Opened a self-assessment system, PU-SRM, in 2017 and conducted self-assessments at our production sites and suppliers.
- Assessment questions revised into about 100 questions, reflecting the RBA VAP Manual 6.0 and RBA CoC 6.0, in 2018.

Self-assessments conducted in two non-production sites in the US, and improvements made by reflecting the Supplier Code of Conduct in the Master Purchase Agreement of logistics companies, and established the North America Safety Council. Plans to begin production in two production sites in the US in the later half of 2018, and will place emphasis on training of managers at new business sites.

Plans to expand the CSR Risk Management Program conducted at outsourcing companies and non-production sites, including call centers and logistics companies.

**In-depth SAQ Assessment**


- Assessed 11 production sites.
- Assessed four production sites.
- Assessed five production sites.
- Assessed six production sites.
- Assessed eight production sites.

**In-depth Self-assessment Results**

- **2017 In-depth Self-assessment Results**
  - Total: 37 locations
  - Average: 922 issues
  - Completed: 115 issues

**2017 Regional Risk-level by Risk Area**

- **Korea**
  - Total: 7 locations
  - Average: 196 issues
  - Completed: 14 issues
- **China**
  - Total: 6 locations
  - Average: 68 issues
  - Completed: 6 issues
- **American**
  - Total: 9 locations
  - Average: 63 issues
  - Completed: 5 issues
- **MEA**
  - Total: 5 locations
  - Average: 24 issues
  - Completed: 9 issues

**2017 Regional Risk-level by Risk Area**

- **Korea**
  - Total: 7 locations
  - Average: 196 issues
  - Completed: 14 issues
- **China**
  - Total: 6 locations
  - Average: 68 issues
  - Completed: 6 issues
- **American**
  - Total: 9 locations
  - Average: 63 issues
  - Completed: 5 issues
- **MEA**
  - Total: 5 locations
  - Average: 24 issues
  - Completed: 9 issues

**Third-party Audit Results in 2017**

- **Non-conformance by Category (Unit: EA, %)**
  - **Labor**
    - Average score: 37.9%
  - **Management System**
    - Average score: 14%
  - **Health & Safety**
    - Average score: 27%

**2017 Improvement Cases**

- **CASE 1 _ Improved the Wage Deduction Process for Lateness**
  - Different penalties for lateness are applied in all production sites, such as warnings and deduction of wages.
  - Some sites made excessive wage deductions compared to the actual time employees worked (e.g., 10 minutes idle).
  - Now, an equal wage deduction system is applied under the principle of “Get paid for as much as you worked”.

- **CASE 2 _ Revised EMPLOYMENT Contract for Student workers**
  - Some production sites in China employ student workers from vocational schools (over 18 years of age).
  - When hiring a student worker, three parties (the school, student, and company) sign an employment contract. The student workers work under the same conditions as regular new hires, but working conditions (wages, working hours, etc.) are not specified in the contract.
  - Now, a separate contract specifying working conditions must be signed between the student worker and the company.

**Third Party Audit**

- **Taking voluntary third-party audits as part of the initiatives to ascertain the integrity of the audits and enhance CSR risk management capabilities at production sites.**
- **Takes a total of eight third-party audits following requests from customers, two of which were RBA 3rd-party audits.**
- **Production subsidiaries where non-conformances were identified were required to address the issues immediately.**
- **Plans to increase third-party audits at production sites in Korea and overseas.**

**Improvement Initiatives & Ongoing Monitoring**

- **Made efforts to address CSR issues identified through CSR self-assessment, on-site evaluations, and third-party audits.**
- **Issues that identify at multiple locations or that require corporate-level supervision are addressed as mid-to long-term initiatives and constantly monitored in joint efforts with relevant departments.**

**Awareness Campaign & Other Initiatives**

- **Training for the management, including incoming subsidiary presidents and FSE candidates, are reinforced for effective CSR risk management.**
- **Continually engaging in awareness initiatives such as assigning a contact point for CSR risk management in each site.**
- **Held a four-day global labor-management/CSR workshop with the labor relations department in 2017. A total of 29 participants shared CSR information on the latest assessment criteria and best practices.**
- **LG Corp. offered CSR auditor training programs in China, and trained 12 HR and procurement staff members from production subsidiaries in China.**
Corporate Governance

The BOD's Responsible Business Management

LG Electronics is operated based on the system of responsible business management through the Board of Directors and professional executives for enhanced corporate transparency to strengthen our business competitiveness in Korea and abroad, and maximize the shareholder and corporate value.

Establishment of Responsibility Management System by Professional Executives

Launched LG holding company, LG Corp., and resolved the issue of cross-shareholding structure among affiliates.

Established a system in which the holding company is responsible for investments and LG Electronics can focus on value enhancement and its existing businesses without the need to be concerned with investments.

Implement BOD-centered management based on the responsible business management system.

Board of Directors & Independence

The Board of Directors is comprised of seven members including four outside directors.

They have a three-year tenure during which directors carry out their duties independently, free from any influence of major shareholders and management.

To improve transparency and independence, the majority members of the Board of Directors must be outside directors (at least 57%).

A control division and a person in charge is put in place to ensure fair trade and to review the board's actions and their relationship with the company.

The directors, executive directors and employees of the corporation which has a significant interest in the relevant company serves as directors and executive directors.

Grounds of Ineligibility for Outside Directors

- Directors, executive directors and employees who are engaged in the regular business of the relevant company, or directors, executive directors and employees who have engaged in the regular business of the relevant company within the last two years
- The principal, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person
- Directors, executive directors and employees of the corporation, in cases where the largest shareholder is a corporation
- The spouses, lineal ascendants, and lineal descendants of directors, auditors, and executive directors
- The directors, executive directors and employees of a corporation which has a significant interest in the relevant company, such as business relations with the company
- Directors, auditors, executive directors and employees of another company for which directors, executive directors and employees of the relevant company serve as directors and executive directors

Board Members (As of March 2018)

<table>
<thead>
<tr>
<th>Category</th>
<th>Name</th>
<th>Position</th>
<th>Last Appointed</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-executive Director</td>
<td>Da-Hee Kim</td>
<td>Vice Chairman</td>
<td>2018. 03</td>
<td></td>
</tr>
<tr>
<td>Inside Director</td>
<td>Seong-Jin Jo</td>
<td>Representative Director &amp; CEO</td>
<td>2018. 03</td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td>David Jung</td>
<td>Representative Director &amp; CEO</td>
<td>2017. 03</td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td>Chang-Woo Lee</td>
<td>Professor, Business Administration, Seoul National University</td>
<td>2018. 03</td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td>Joo Hyun Choi</td>
<td>Former CEO, Health &amp; Beauty Korea Ltd</td>
<td>2018. 03</td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td>Dae Hyang KIM</td>
<td>Fremas Asia, Pacific CVC, SC Plastics</td>
<td>2018. 03</td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td>Yong Ho Baek</td>
<td>Professor, Ewha Womans University</td>
<td>2017. 03</td>
<td></td>
</tr>
</tbody>
</table>

2017 Board Activities

<table>
<thead>
<tr>
<th>Number of Assemblies</th>
<th>8 Meetings in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance Rate</td>
<td>100% Average attendance rate of directors</td>
</tr>
<tr>
<td>Resolutions</td>
<td>Outside director was reelected at the end of the term in March 2018</td>
</tr>
</tbody>
</table>

Evaluation Criteria for Directors and Executives

- Evaluated comprehensively in various performance aspects, upon which the appropriate level of compensation is determined and awarded.
- Comprised entirely of outside directors to maintain complete independence from the company and management.
- Recommendations for directors, auditors, executive directors, and employees of the relevant company.
- Rights to request business report of the company (subsidiary)
- Rights to request investigation on the company’s (subsidiary) business and financial status
- Rights to request for convening general meetings
- Rights to request for convening general meetings
- Evaluation & compensation

Composition

- Conducts audits on corporate accounting and management
- Reviews and makes decisions on the agenda, delegated by the board and other management issues.
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- Comprised entirely of outside directors to maintain complete independence from the company and management.
- A total of five Audit Committees were held, and a total of 12 agendas were handled in 2017 (Briefed 4 agendas, Approved 8 agendas).
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Compensation

Compensation for board members is made in accordance with the guidelines pertaining to board compensations as and approved by the AGM.

They are evaluated comprehensively in various aspects, upon which the appropriate level of compensation is determined and awarded.

Outside directors are comprised of outstanding people equipped with excellent expertise and experience in a given field to secure management professionalism and efficiency.

Outside directors are provided with opportunities to take active part in management via training programs, etc.

Board Activities

- The board makes recommendations, evaluations, and supervision of major business management issues and business activities.
- Outside directors in particular serve as objective supporters by keeping management in check.
- The board is briefed on CSR issues and initiatives to ensure board members are closely attuned to and fully engaged.

Outside directors are provided with opportunities to fully engage in management activities by visiting our global business sites.

Evaluation & Compensation

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Compliance Risk Management

LG Electronics Compliance Risk Management

LG Electronics newly established a Compliance Team in 2008 and has operated a corporate-level compliance management system ever since. We adopted compliance as a key performance indicator to create a corporate culture that promotes full compliance.

Purpose of the Compliance Committee

Compliance issues are discussed in the committee where top management managers are fully engaged. It helps to spread compliance culture to each organization and to mitigate risk substantially.

The number of committees held were increased voluntarily in Companies and Subsidiaries in 2017 where mandatory items and internally-developed items were discussed.

Compliance Key Performance Indicator(KPI)

Key Performance Indicator(KPI) links the result of each organization’s compliance management activities to performance evaluation since 2016.

The 2017 KPI is the indicator designed to evaluate the degree of maturity ad achievement of the compliance program operation.

Composition of the Compliance Risk Management Organization

<table>
<thead>
<tr>
<th>Business Division</th>
<th>Compliance Team</th>
<th>Compliance Manager</th>
<th>Subsidiary Compliance Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Owner</td>
<td>Risk Owner</td>
<td>Risk Owner</td>
<td></td>
</tr>
</tbody>
</table>

Status of Compliance Managers

Number of Compliance Managers: 149
Number of Risk Owners: 514

Status of Compliance Committee Meetings

Company-level Compliance Committee: 4 meetings
Subsidiary-level Compliance Committee: 3 meetings on average

Composition of the Compliance Committee

Corporate-level Compliance Committee (2011 ~)
Members of Top Management Meeting Heads of HQ Risk Owner

Company/Subsidiary-level Compliance Committee (2012 ~)
Lead of the organization and managers in charge of compliance
Risk Owners and other working-level employees

Compliance Control System

- Compliance Policy
- Code of Conduct
- Standards for Each Compliance Risk
- Compliance Risk Management Standards
- Compliance Activity Guidelines

Compliance Survey

<table>
<thead>
<tr>
<th>Functions</th>
<th>Target</th>
<th>Respondents</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Staff</td>
<td>Korea</td>
<td>23,594</td>
<td>25,419</td>
</tr>
<tr>
<td></td>
<td>Overseas</td>
<td>17,947</td>
<td>15,232</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>41,541</td>
<td>40,651</td>
</tr>
</tbody>
</table>

Online Compliance Training in 2017

<table>
<thead>
<tr>
<th>Completion Rate (%)</th>
<th>Number of Training Targets</th>
<th>Number Completed</th>
<th>Number Not Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>90.4%</td>
<td>49,499</td>
<td>43,289</td>
</tr>
<tr>
<td>Korea</td>
<td>90.2%</td>
<td>29,649</td>
<td>27,346</td>
</tr>
<tr>
<td>Overseas</td>
<td>90.4%</td>
<td>19,850</td>
<td>17,254</td>
</tr>
</tbody>
</table>

Online Pledge for Compliance

- I hereby pledge to recognize the risks related to the violation of various rules that I may face in performing my duties and fully comply with rules by observing the following:
  1. Shall always put into practice company’s management principles with an appropriate measure when it is difficult to make judgements regarding compliance.
  2. Shall comply with the laws and regulations of all countries in which we operate.
  3. Shall faithfully follow company’s compliance policies and procedures related to LG Electronics Code of Conduct and work.
  4. Shall request an advice from supervisors and responsible divisions and make appropriate measures when it is difficult to make judgements regarding compliance with rules.
  5. Shall report suspicious actions deemed to be in violation of the Code of Conduct and company policies.

Offline Compliance Training for Employees with Certain Positions or Certain Duties

<table>
<thead>
<tr>
<th>Training for New Team Leaders</th>
<th>Number of Sessions Resolved</th>
<th>Number of Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Training for New Hires with Experience</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Training for FSE Candidates</td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

Online Training Offered to Compliance Managers in Korea and overseas

Number of Trained Compliance Managers: 149

Commitments to raise employee awareness on compliance

Compliance Survey conducted annually since 2005
Employee awareness on compliance is measured to grasp elements that deter compliance and to improve the situation

Corporate Level Open Source Compliance Workshop

With the increased usage of open source in products, complying with mandatory rules for open source license is getting more important.

Workshops for working-level employees and developers are held on a quarterly basis starting 2011 facilitated by CTO Open Source Part.

Compliance training and Online Pledge of Compliance

Online and offline trainings are provided on topics of compliance requirements, roles and responsibilities of employees, non-compliance cases, and code of conduct, etc.

The Online Pledge of Compliance is collected at the end of training.
Jeong-do Management

“Jeong-do Management” is LG’s unique guideline for employee conduct, based on our commitment towards fair competition and ethical management practices. Building on our strong conviction, LG Electronics distributed the Code of Ethics and established a Whistleblower System to ensure that our employees’ and suppliers’ conduct is in line with Jeong-do Management.

The Code of Ethics

The LG Code of Ethics sets the tone and direction for ethical management practices, and is comprised of the “Code of Ethics,” the public declaration of our ethical values, and the “Guidelines for Practice,” which provides employees with practical guidelines for their conduct.

The Code of Ethics underwent six rounds of amendments since it was first introduced in 1994. Distributed to 120 offices worldwide.

Whistleblower System

Established as a means to report any violation of Jeong-do Management by LG employees.

Operation of the Jeong-do Management Portal, the online whistleblower system (http://ethics.lg.co.kr), a mobile reporting system, and Win-Win Growth website to receive reports.

Voluntary Reporting System

Direct prohibition on employees receiving any gifts (cash and/or valuables) interested parties. Gifts received in unavoidable circumstances must be reported and returned.

If returning the gift is not possible, employees must donate it to charity and send an official letter signed by an LG Electronics executive to the party which provided the gift and their company’s CEO, requesting that such gift-giving not be repeated, along with documented proof of the donation.

An auction is held for gifts that could not be returned or donated, and the entirety of the proceeds are directed to our social contribution programs.

History of LG Electronics’ Jeong-do Management

<table>
<thead>
<tr>
<th>Year</th>
<th>Type of Cases Reported (Unit: EA, %)</th>
<th>Number of Cases Reported (Unit: EA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Corruption and Irregularities 7.1%</td>
<td>462</td>
</tr>
<tr>
<td>2020</td>
<td>Complaints (Customer Complaints, Supplier Grievances, etc.) 63%</td>
<td>546</td>
</tr>
<tr>
<td>2017</td>
<td>Major Disciplinary Action 60.5%</td>
<td>523</td>
</tr>
</tbody>
</table>

Actions Taken After Internal Inspections

Disciplinary Dismissal/Advisory reassignment 7% Other (HR issues, Unfair Trade, etc.) 28%

Number of Cases Reported (Unit: EA)

<table>
<thead>
<tr>
<th>Year</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>462</td>
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<td>523</td>
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<table>
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<td>523</td>
</tr>
</tbody>
</table>

2017 Status of Employee Training on Jeong-do Management

| Suppliers | 157 |
| Employees | 8,783 |

Web-based Jeong-do Management Counseling Center

Provides one-on-one counseling for inquiries on Jeong-do Management.

Provides counseling through channels such as in-person, phone calls, or e-mails to improve accessibility.

Frequently asked questions are put together and shared with all employees. Also, included in various training programs.

Informant Protection and Ethics Helpline

We do not disclose the ID of the informant or any information suggesting it without the consent of the informant.

The reporting system is protected by a safe security system, and handling of reports is carried out in a confidentiality oath.

Information on the informant to be protected

- Personal identity
- Evidence provided by the informant or information collected in connection with the report
- Content that may allude to the person to be consulted
- Follow-ups on the result

Any adverse effect on the information resulting from the company’s failure to protect such information will be compensated.

Training and Awareness Activities

Regular training for full familiarization with Jeong-do Management.

Provides examples of violations of compliance cases on company bulletin or the Jeong-do Management Portal to prevent recurrences.

Periodic distribution of the Jeong-do Management Newsletter to raise employee’s awareness.

Actions Taken to Address Supplier Grievances

<table>
<thead>
<tr>
<th>Type of Supplier Grievances</th>
<th>Number of cases Reported (Unit: EA, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>supplier grievances</td>
<td>157</td>
</tr>
<tr>
<td>ecstatic</td>
<td>8,783</td>
</tr>
</tbody>
</table>

Type of Inquiries Made to the Jeong-do Management Counseling Center

<table>
<thead>
<tr>
<th>Year</th>
<th>Type of Inquiries Made to the Jeong-do Management Counseling Center (Unit: EA, %)</th>
<th>Number of cases Reported (Unit: EA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Corrupting/Conscience Cash Gifts 25%</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td>Business Expenses 22%</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td>Other (HR issues, Unfair Trade, etc.) 23%</td>
<td>289</td>
</tr>
<tr>
<td></td>
<td>Total 12.2%</td>
<td>248</td>
</tr>
</tbody>
</table>
Fair Trade

Fair Trade Compliance

LG Electronics is fully committed to fair competition and fair trade to practice the "LG Way," the guiding principle for our thoughts and actions. We have the Fair Trade Compliance Program for routine monitoring against non-compliance. We are also communicating the top management’s strong commitment toward fair trade compliance, while providing action guidelines and regular employee awareness training to prevent legal violations and establish strong partnership with our internal and external stakeholders.

- Communicated management’s message against forming a cartel and provided online training.
- Provided additional training for employees whose business functions are naturally more vulnerable to the risks of antitrust infringements.
- Carried out surprise inspections of our major business locations both Korea and overseas to prevent employees from making contact with competitors.
- Updated and revised the cartel prevention manual to raise employee awareness and prevent non-compliance.

Fair Trade and Unfair Labeling & Advertising

Put together cases on violations of the Act on Fair Labeling and Advertising, and conducted employee training based on the findings to prevent noncompliance.

Subcontracting Practices

- Provided regular training on subcontracting transactions to ensure fair, transparent subcontracting transactions and promote a healthy business ecosystem between conglomerates and SMEs.
- Conducted regular inspections and performance reviews to improve the subcontracting process.

Materiality Analysis

Stakeholder Consultation on CSR

CSR Data

EESH · Quality Certification

Memberships/Awards & Recognition

Independent Assurance Statement

GRI Standards Index

UNGC Index
Materiality Analysis

LG Electronics performs an annual materiality analysis to reflect the expectations of stakeholders and issues of interest in management activities. In 2017, LG Electronics conducted a materiality analysis to understand how stakeholders perceive the importance of sustainability issues.

**Materiality Analysis Process**

1. **Step 1: Materiality Analysis**
   - LG Electronics developed a pool of 12 issues that were identified from a review of sustainable management standards and indexes such as the GRI Standards, ISO 26000, DJSI, SASB, and RBA.

2. **Step 2: Issue Analysis**
   - A media research, benchmarking of similar industries, and professional assessment were performed based on the issue pool, and internal activities and performances were identified through interviews with the current LG Electronics manager.

3. **Step 3: Materiality Analysis**
   - The media, benchmarking, internal assessment, and stakeholder consultation meetings were reflected in the issues to assess the level of materiality of issues that are of interest to LG Electronics in 2017.

4. **Step 4: Identification of Core Issues**
   - Developed a pool of 12 issues as a result of the materiality assessment and determined the level of report including the scope, boundary, and period.

**Sustainability Commitments**

LG Electronics selected 12 core issues as a result of a materiality analysis. The selected core issues are reflected in LG Electronics’ management activities, and the details are provided in this year’s LG Electronics report as shown below.

**Key Stakeholder Interest**

LG Electronics has different categories of stakeholders including Shareholders/Investors & Assessment Agencies, Consumers & Media, Customers, Suppliers, Employees, Industry Peers, Academia & Opinion Leaders, Central & Local Governments, and NGO & International Organizations. In 2017, LG Electronics received a total of 789 inquiries and demands of external stakeholders for sustainable management and CSR, which is about three times more than the previous year. A majority of the inquiries and demands were about environmental and supplier issues, as 287 of them were about environment and 262 about suppliers. These are the results of improved awareness of corporate social responsibilities and reflecting the stakeholders’ demands for sharing transparent information on sustainable management activities and performance. LG Electronics listens to stakeholders’ inquiries and demands, and plans to fully reflect them in its sustainable management activities.
Stakeholder Consultation on CSR at LG Electronics

LG Electronics listens to its stakeholders’ opinions and reflects them in its management activities in order to ensure sustainable business growth. Starting from 2018, LG Electronics has been holding Stakeholder Consultation Meetings where stakeholders share their opinions on the company’s management activities. The meeting is participated by a number of experts in various areas such as human rights, environment, and local community as well as LG Electronics managers related to the areas of business, who share their ideas on how to build a better future for the company. In 2017, two Stakeholder Consultation Meetings were held with the topics of sustainable management initiatives and accessibility for the disabled, with the participation of more than 10 external experts for each topic for a more in-depth discussion.

Stakeholder Consultation Meetings in 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic</td>
<td>Accessibility for the Disabled (5G Accessibility Advisory Board Meeting in U.S., 2017)</td>
</tr>
<tr>
<td>Participants</td>
<td>NCAM (2): Geoff Freed (Director, WGBH), Donna A. Danielewski (WGBH)</td>
</tr>
</tbody>
</table>

Major Details

1. Analyze and get legal advice on the trends of the U.S. accessibility regulations for the disabled
2. Introduce the main features of LG products (smartphones, smart TVs, washing machines, and other smart products) and listen to the VOC with disabilities
3. Consult associations for the disabled in the U.S. on accessibility improvement plans and activities in 2018.

<table>
<thead>
<tr>
<th>Time and Location</th>
<th>Sep 11th, 33FL, LG Twin Tower (West Wing), Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic</td>
<td>Sustainable Management Initiatives</td>
</tr>
<tr>
<td>Participants</td>
<td>Ten experts including Director Jeong Mingu (Former member of the British Standards Institution), Asst. Mgr. Lee Daeyoung (International Economic Affairs Bureau, Ministry of Strategy and Finance), Prof. Kim Jaegu (Business Administration, Myongji University), and Chief Roh Jaeseong (Business Institute for Sustainable Development, Korea Chamber of Commerce and Industry)</td>
</tr>
</tbody>
</table>

Major Details

2. Develop initiatives that LG Electronics must take in the areas of economy, business, and industry.
3. Consult associations for the disabled in the U.S. on accessibility regulations for the disabled
4. - NCAM (2): Geoff Freed (Director, WGBH), Donna A. Danielewski (WGBH), (6th LG Accessibility Advisory Board Meeting in U.S., 2017)
5. Accessibility for the Disabled

Stakeholder Consultation Meetings 2017

CSR Data

The scope of the 2017-2018 Sustainability Report of LG Electronics includes all the business sites in Korea and abroad. However, there should be any changes in the scope of the report, the relevant site/region is specified in the report accordingly. Economic, social, and environmental data are collected from each of the relevant divisions.

Economic Data

Summary of Consolidated Statements of Income

<table>
<thead>
<tr>
<th>Year</th>
<th>14th Year (2015)</th>
<th>15th Year (2016)</th>
<th>16th Year (2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>56,298,088</td>
<td>55,287,099</td>
<td>51,306,264</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>43,635,985</td>
<td>43,096,209</td>
<td>46,701,599</td>
</tr>
<tr>
<td>Gross profit</td>
<td>12,662,103</td>
<td>12,190,890</td>
<td>14,604,665</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>11,480,754</td>
<td>12,008,077</td>
<td>12,500,517</td>
</tr>
<tr>
<td>Operating income</td>
<td>1,181,349</td>
<td>1,182,813</td>
<td>2,104,148</td>
</tr>
<tr>
<td>Financial income</td>
<td>722,086</td>
<td>920,094</td>
<td>1,014,508</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>388,684</td>
<td>394,515</td>
<td>431,114</td>
</tr>
<tr>
<td>Gain (loss) from equity method</td>
<td>215,214</td>
<td>186,775</td>
<td>87,047</td>
</tr>
<tr>
<td>Other non-operating income (expenses)</td>
<td>1,096,391</td>
<td>1,083,640</td>
<td>2,494,008</td>
</tr>
<tr>
<td>Profit (loss) before income tax</td>
<td>2,468,018</td>
<td>2,462,850</td>
<td>2,580,655</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>492,585</td>
<td>505,436</td>
<td>480,701</td>
</tr>
<tr>
<td>Net profit (loss) for the year</td>
<td>1,975,433</td>
<td>1,957,414</td>
<td>2,099,954</td>
</tr>
</tbody>
</table>

Summary of Consolidated Statements of Financial Position

<table>
<thead>
<tr>
<th>Year</th>
<th>14th Year (2015)</th>
<th>15th Year (2016)</th>
<th>16th Year (2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>16,397,613</td>
<td>17,590,968</td>
<td>19,174,983</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>3,992,348</td>
<td>4,372,520</td>
<td>4,759,659</td>
</tr>
<tr>
<td>Inventories</td>
<td>4,012,958</td>
<td>4,759,505</td>
<td>5,208,248</td>
</tr>
<tr>
<td>Other current assets</td>
<td>4,015,103</td>
<td>4,767,560</td>
<td>5,208,248</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>19,312,283</td>
<td>20,504,920</td>
<td>22,623,991</td>
</tr>
<tr>
<td>Investments in jointly controlled entities and associates</td>
<td>3,992,348</td>
<td>4,372,520</td>
<td>4,759,659</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>16,882,917</td>
<td>18,536,918</td>
<td>19,809,354</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,475,381</td>
<td>1,761,055</td>
<td>1,975,637</td>
</tr>
<tr>
<td>Net property, plant, and equipment</td>
<td>1,385,039</td>
<td>1,389,503</td>
<td>2,102,243</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>3,480,684</td>
<td>2,688,062</td>
<td>2,752,297</td>
</tr>
<tr>
<td>Total assets</td>
<td>36,512,862</td>
<td>37,855,269</td>
<td>41,220,599</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>16,397,613</td>
<td>17,590,968</td>
<td>19,174,983</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>3,992,348</td>
<td>4,372,520</td>
<td>4,759,659</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>8,350,734</td>
<td>8,744,330</td>
<td>9,210,891</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>25,230,479</td>
<td>24,488,827</td>
<td>26,547,275</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>14,689,433</td>
<td>13,356,742</td>
<td>14,673,322</td>
</tr>
<tr>
<td>Total shareholders equity</td>
<td>14,689,433</td>
<td>13,356,742</td>
<td>14,673,322</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>10,335,918</td>
<td>15,184,344</td>
<td>15,604,727</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>4,192,226</td>
<td>4,168,218</td>
<td>4,628,395</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>1,204,105</td>
<td>1,204,105</td>
<td>1,204,105</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>1,900,733</td>
<td>1,599,581</td>
<td>1,599,581</td>
</tr>
<tr>
<td>Total equity</td>
<td>16,584,433</td>
<td>15,356,342</td>
<td>16,873,044</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>36,512,862</td>
<td>37,855,269</td>
<td>41,220,599</td>
</tr>
</tbody>
</table>

* For more details, please refer to our annual report available on our corporate website: http://www.lge.com/gk/company/corporate/financial/annualreport/18148001&locale=US&lang=en
Direct economic value generated and distributed

<table>
<thead>
<tr>
<th>Classification</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>28,988.4</td>
<td>28,743.2</td>
<td>31,995.5</td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>8,830.1</td>
<td>8,269.0</td>
<td>9,899.1</td>
</tr>
<tr>
<td>Dividend and interest payments</td>
<td>274.6 (interest)</td>
<td>256.4 (interest)</td>
<td>211.1 (interest)</td>
</tr>
<tr>
<td>Tax</td>
<td>3,440.2</td>
<td>508.4</td>
<td>608.6</td>
</tr>
<tr>
<td>Interest on loans (acquisitions and support for social contribution activities)</td>
<td>40.1</td>
<td>26.3</td>
<td>41.7</td>
</tr>
</tbody>
</table>

Defined benefit plan obligations and other retirement plans

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Amount</td>
<td>KRW billion</td>
<td>1,965.2</td>
<td>2,128.5</td>
<td>2,341.2</td>
</tr>
<tr>
<td>Expected Ratio</td>
<td>%</td>
<td>85</td>
<td>90</td>
<td>87</td>
</tr>
<tr>
<td>The assets to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them</td>
<td>KRW billion</td>
<td>1,838.8</td>
<td>1,926.4</td>
<td>2,183.1</td>
</tr>
<tr>
<td>Percentage of salary contributed by employee or employer employee or employer</td>
<td>Rate</td>
<td>185</td>
<td>105</td>
<td>165</td>
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</tbody>
</table>

Financial assistance received from government

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax relief and tax credits</td>
<td>KRW</td>
<td>0</td>
<td>5,849,817.279</td>
<td>10,384,886.547</td>
</tr>
<tr>
<td>Subsidies</td>
<td>KRW</td>
<td>12,293,133.39</td>
<td>12,833,157.642</td>
<td>15,278,112.378</td>
</tr>
<tr>
<td>Investment grants, research and development grants, and other relevant types of grant</td>
<td>KRW 100 million</td>
<td>4,859</td>
<td>16,390</td>
<td>14,714</td>
</tr>
<tr>
<td>Aid</td>
<td>KRW</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Royalties</td>
<td>KRW</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Royalty holidays</td>
<td>KRW</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Financial incentives</td>
<td>KRW</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other financial benefits received or receivable from any government for any operation</td>
<td>KRW</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Ratios of standard entry level wage by gender compared to local minimum wage

<table>
<thead>
<tr>
<th>Classification</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>364 (Office Workers)</td>
<td>337 (Office Workers)</td>
<td>314 (Office Workers)</td>
</tr>
<tr>
<td>Female</td>
<td>366 (Office Workers)</td>
<td>331 (Office Workers)</td>
<td>314 (Technicians &amp; Engineers)</td>
</tr>
</tbody>
</table>

Environmental Data

Energy consumption within the organization

<table>
<thead>
<tr>
<th>Classification</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-renewable sources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>272</td>
<td>335</td>
<td>311</td>
</tr>
<tr>
<td>Gas</td>
<td>95</td>
<td>70</td>
<td>111</td>
</tr>
<tr>
<td>Liquefied PetroleumGas (LPG)</td>
<td>212</td>
<td>192</td>
<td>166</td>
</tr>
<tr>
<td>Solar Power</td>
<td>1.86%</td>
<td>1.86%</td>
<td>1.86%</td>
</tr>
<tr>
<td>Water power</td>
<td>156</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Renewable sources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity (Korea)</td>
<td>2710.2</td>
<td>2710.5</td>
<td>2710.5</td>
</tr>
<tr>
<td>Electricity (Overseas)</td>
<td>3039.9</td>
<td>3039.9</td>
<td>3039.9</td>
</tr>
<tr>
<td>Energy purchased</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steam</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biomass</td>
<td>367</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>Coal (Overseas)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LNG (Overseas)</td>
<td>117</td>
<td>53</td>
<td>117</td>
</tr>
<tr>
<td>LNG (Korea)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (Korea)</td>
<td>151</td>
<td>151</td>
<td>151</td>
</tr>
<tr>
<td>Others (Overseas)</td>
<td>151</td>
<td>151</td>
<td>151</td>
</tr>
<tr>
<td>Others</td>
<td>93</td>
<td>93</td>
<td>93</td>
</tr>
</tbody>
</table>

Water withdrawal by source

<table>
<thead>
<tr>
<th>Classification</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water</td>
<td>KRW</td>
<td>KRW</td>
<td>KRW</td>
</tr>
<tr>
<td>Water from another organization</td>
<td>1,072</td>
<td>1,240</td>
<td>4,540</td>
</tr>
<tr>
<td>Public or private water supply</td>
<td>1,072</td>
<td>1,240</td>
<td>4,540</td>
</tr>
<tr>
<td>Total</td>
<td>2,144</td>
<td>2,480</td>
<td>11,084</td>
</tr>
</tbody>
</table>

Water recycled and reused

<table>
<thead>
<tr>
<th>Classification</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of water recycled by the organization</td>
<td>KRW</td>
<td>KRW</td>
<td>KRW</td>
</tr>
<tr>
<td>Surface water</td>
<td>740</td>
<td>301</td>
<td>245</td>
</tr>
</tbody>
</table>

Safety Data

<table>
<thead>
<tr>
<th>Classification</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incident (No. of case)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fatality (No. of case)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Annual list of injuries and accidents

<table>
<thead>
<tr>
<th>Classification</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost Time Injuries Frequency/Rate (Number of lost-time injuries x 1,000,000 / Total hours worked in accounting period)</td>
<td>0.90</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td>O/R*</td>
<td>0.55</td>
<td>0.35</td>
<td>0.35</td>
</tr>
</tbody>
</table>

Footnotes:
1) The list of injuries and accidents includes all incidents of injuries x 1,000,000 / Total hours worked in accounting period.
2) O/R: Occasional or minor injuries (Number of occurrences of accidents x 1,000,000 / Total hours worked in accounting period)
Appendix CSR Fact book
Overview Sustainability Commitments CSR Fact Book

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GHG Emissions (Scope 1/2)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct GHG emissions</td>
<td>Korea</td>
<td>1,888 tons of CO₂e</td>
<td>2,308 tons of CO₂e</td>
<td>2,666 tons of CO₂e</td>
</tr>
<tr>
<td>(Scope1)</td>
<td>Overseas</td>
<td>2,795 tons of CO₂e</td>
<td>2,721 tons of CO₂e</td>
<td>2,721 tons of CO₂e</td>
</tr>
<tr>
<td>Indirect GHG emissions (Scope2)</td>
<td>Korea</td>
<td>1,888 tons of CO₂e</td>
<td>2,308 tons of CO₂e</td>
<td>2,666 tons of CO₂e</td>
</tr>
<tr>
<td>(Scope2)</td>
<td>Overseas</td>
<td>2,795 tons of CO₂e</td>
<td>2,721 tons of CO₂e</td>
<td>2,721 tons of CO₂e</td>
</tr>
<tr>
<td>Total (Scope1 + Scope2)</td>
<td>Korea</td>
<td>3,785 tons of CO₂e</td>
<td>4,986 tons of CO₂e</td>
<td>5,330 tons of CO₂e</td>
</tr>
<tr>
<td>(Scope3)</td>
<td>Overseas</td>
<td>5,520 tons of CO₂e</td>
<td>5,447 tons of CO₂e</td>
<td>5,447 tons of CO₂e</td>
</tr>
<tr>
<td>GHG emissions intensity</td>
<td>Korea</td>
<td>1,888 tons of CO₂e</td>
<td>2,308 tons of CO₂e</td>
<td>2,666 tons of CO₂e</td>
</tr>
<tr>
<td>(Scope3)</td>
<td>Overseas</td>
<td>2,795 tons of CO₂e</td>
<td>2,721 tons of CO₂e</td>
<td>2,721 tons of CO₂e</td>
</tr>
</tbody>
</table>

*Data is subject to change according to the results of an assessment by a third party.

*Assessment: Production sites at home and abroad are assessed by a third party.

*Target Business Sites: 18 sites in Korea (Production, office, and R&D), 51 sites abroad (Production and office)

*Assessment: Emissions from rental buildings and business trips by employees are assessed by a third party.

*Distribution and commuting of employees in Korea are excluded from the greenhouse gas statement and report from 2016.

Assessment: Production sites at home and abroad are assessed by a third party.

*Assessment: Production sites at home and abroad are assessed by a third party.

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Air emissions

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen Oxide (NOx)</td>
<td>Korea</td>
<td>7.4</td>
<td>8.9</td>
<td>11.1</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>156.9</td>
<td>162.6</td>
<td>181.3</td>
</tr>
<tr>
<td>SOx (Sulfur Dioxide)</td>
<td>Korea</td>
<td>3.5</td>
<td>4.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>47.9</td>
<td>48.9</td>
<td>49.3</td>
</tr>
<tr>
<td>VOCs (Volatile Organic Compounds)</td>
<td>Korea</td>
<td>3.1</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>52.1</td>
<td>58.5</td>
<td>58.7</td>
</tr>
<tr>
<td>Dust</td>
<td>Korea</td>
<td>1.6</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>25.4</td>
<td>28.5</td>
<td>30.1</td>
</tr>
</tbody>
</table>

Wastewater quality

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>COD (Chemical Oxygen Demand)</td>
<td>Korea</td>
<td>0.0065</td>
<td>0.0065</td>
<td>0.0065</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>0.0065</td>
<td>0.0065</td>
<td>0.0065</td>
</tr>
<tr>
<td>T-N (Total Nitrogen)</td>
<td>Korea</td>
<td>5.0</td>
<td>6.6</td>
<td>7.0</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>7.0</td>
<td>8.6</td>
<td>9.1</td>
</tr>
<tr>
<td>T-P (Total Phosphorus)</td>
<td>Korea</td>
<td>0.4</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>0.4</td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Air emissions (Unit: ton)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen Oxide (NOx)</td>
<td>Korea</td>
<td>7.4</td>
<td>8.9</td>
<td>11.1</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>156.9</td>
<td>162.6</td>
<td>181.3</td>
</tr>
<tr>
<td>SOx (Sulfur Dioxide)</td>
<td>Korea</td>
<td>3.5</td>
<td>4.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>47.9</td>
<td>48.9</td>
<td>49.3</td>
</tr>
<tr>
<td>VOCs (Volatile Organic Compounds)</td>
<td>Korea</td>
<td>3.1</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>52.1</td>
<td>58.5</td>
<td>58.7</td>
</tr>
<tr>
<td>Dust</td>
<td>Korea</td>
<td>1.6</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>25.4</td>
<td>28.5</td>
<td>30.1</td>
</tr>
</tbody>
</table>

Waste by type and disposal method

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total weight of hazardous waste</td>
<td>Korea</td>
<td>5.2</td>
<td>5.2</td>
<td>5.2</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>20.2</td>
<td>20.2</td>
<td>20.2</td>
</tr>
<tr>
<td>Total</td>
<td>Landfill</td>
<td>25.4</td>
<td>25.4</td>
<td>25.4</td>
</tr>
</tbody>
</table>

Water discharge by quality and destination

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total weight of non-hazardous waste</td>
<td>Korea</td>
<td>5.2</td>
<td>5.2</td>
<td>5.2</td>
</tr>
<tr>
<td>Total</td>
<td>Overseas</td>
<td>20.2</td>
<td>20.2</td>
<td>20.2</td>
</tr>
<tr>
<td>Total</td>
<td>Landfill</td>
<td>25.4</td>
<td>25.4</td>
<td>25.4</td>
</tr>
</tbody>
</table>

Significant spills

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Spills</td>
<td>Cases</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Volume of Spills</td>
<td>Tons</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Non-compliance with environmental laws and regulations

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total monetary value of significant fines</td>
<td>Cases</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### Social Data

#### The number of employees by region

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit 2015</th>
<th>Unit 2016</th>
<th>Unit 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>73,773</td>
<td>57,280</td>
<td>73,176</td>
</tr>
<tr>
<td>North America</td>
<td>13,843</td>
<td>12,397</td>
<td>13,175</td>
</tr>
<tr>
<td>Central and South America</td>
<td>10,368</td>
<td>10,706</td>
<td>10,869</td>
</tr>
<tr>
<td>Europe</td>
<td>15,567</td>
<td>15,836</td>
<td>15,918</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>4,704</td>
<td>4,390</td>
<td>4,390</td>
</tr>
<tr>
<td>India</td>
<td>5,903</td>
<td>5,092</td>
<td>9,976</td>
</tr>
<tr>
<td>Korea</td>
<td>2,575</td>
<td>1,718</td>
<td>5,831</td>
</tr>
<tr>
<td>Total</td>
<td>57,597</td>
<td>44,914</td>
<td>57,176</td>
</tr>
</tbody>
</table>

#### New employee hires and employee turnover

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit 2015</th>
<th>Unit 2016</th>
<th>Unit 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Gender</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Age</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Number of newly hired employees by employment contract</td>
<td>66.6</td>
<td>78.6</td>
<td>70.1</td>
</tr>
<tr>
<td>Permanent Male</td>
<td>54.0</td>
<td>56.7</td>
<td>56.7</td>
</tr>
<tr>
<td>Permanent Female</td>
<td>46.0</td>
<td>43.3</td>
<td>43.3</td>
</tr>
<tr>
<td>Temporary Male</td>
<td>65.1</td>
<td>34.9</td>
<td>34.9</td>
</tr>
<tr>
<td>Temporary Female</td>
<td>34.9</td>
<td>65.1</td>
<td>65.1</td>
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</tbody>
</table>

#### Parental leave

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit 2015</th>
<th>Unit 2016</th>
<th>Unit 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of employees that received parental leave</td>
<td>79.5</td>
<td>91.7</td>
<td>92.7</td>
</tr>
<tr>
<td>Male</td>
<td>79.5</td>
<td>91.7</td>
<td>92.7</td>
</tr>
<tr>
<td>Female</td>
<td>79.5</td>
<td>91.7</td>
<td>92.7</td>
</tr>
<tr>
<td>Number of employees that were entitled to parental leave</td>
<td>54,003</td>
<td>16,326</td>
<td>16,392</td>
</tr>
<tr>
<td>Male</td>
<td>54,003</td>
<td>16,326</td>
<td>16,392</td>
</tr>
<tr>
<td>Female</td>
<td>16,326</td>
<td>16,392</td>
<td>16,392</td>
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</tbody>
</table>

#### Incidents of discrimination and corrective actions taken

<table>
<thead>
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<th>Unit 2015</th>
<th>Unit 2016</th>
<th>Unit 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of incidents of discrimination</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tbody>
</table>

#### Diversity of governance bodies and employees

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit 2015</th>
<th>Unit 2016</th>
<th>Unit 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of the members of the Board of Directors in accordance with the Diversity Category</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Male</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Female</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Number of employees according each Diversity Category</td>
<td>54,985</td>
<td>53,845</td>
<td>54,137</td>
</tr>
<tr>
<td>Male</td>
<td>54,985</td>
<td>53,845</td>
<td>54,137</td>
</tr>
<tr>
<td>Female</td>
<td>53,845</td>
<td>54,137</td>
<td>54,137</td>
</tr>
</tbody>
</table>

#### Security personnel trained in human rights policies or procedures

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit 2015</th>
<th>Unit 2016</th>
<th>Unit 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incidents of violations involving rights of indigenous peoples</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
## Operations that have been subject to human rights reviews or impact assessments

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of countries and business sites where the company operates.</td>
<td>Countries/business sites</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>The number of business sites subject to assessment of human rights or evaluation of the impact of the human rights by country</td>
<td>Business sites</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>The number of business sites subject to assessment of human rights or evaluation of the impact of the human rights by country.</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
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</tbody>
</table>

## Employee training on human rights policies or procedures

<table>
<thead>
<tr>
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<th>Unit</th>
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<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of hours of employee training on the Human Rights Policy and procedures related to the business.</td>
<td>By Function</td>
<td>2,578</td>
<td>2,585</td>
<td>2,589</td>
</tr>
<tr>
<td></td>
<td>By Business Unit</td>
<td>525</td>
<td>542</td>
<td>545</td>
</tr>
<tr>
<td></td>
<td>By Job Role</td>
<td>727</td>
<td>942</td>
<td>947</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3,313</td>
<td>3,929</td>
<td>3,930</td>
</tr>
</tbody>
</table>

*Statistics does not take the size of employees who assessed or on the Human Rights Policy and procedures, but the number of companies assessed or evaluating the human rights factors.

## Negative social impacts in the supply chain and actions taken

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of suppliers identified as having significant actual and potential negative social impacts.</td>
<td>Suppliers</td>
<td>862</td>
<td>1,253</td>
<td>1,334</td>
</tr>
<tr>
<td>Number of suppliers assessed for social impacts. (Suppliers that have performed self-assessment by year.)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Number of suppliers identified as having significant actual and potential negative social impacts</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of suppliers that were screened using social criteria</td>
<td>%</td>
<td>862 (100)</td>
<td>1,253 (95)</td>
<td>1,334 (92)</td>
</tr>
<tr>
<td>Number of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

## Operations with local community engagement, impact assessments, and development programs

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social impact assessments, including gender impact assessments, based on a participatory process.</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Local community development programs based on local communities' needs, actions taken to build stakeholder confidence in LG</td>
<td>LA</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Proportion of senior management hired from local community</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Proportion of impacts addressed with local community or potential negative social impacts with which relationships were terminated as a result of assessment</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New suppliers that were screened using social criteria</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

## Assessment of the health and safety impacts of product and service categories

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of significant product and service category for which health and safety impacts are assessed or improvement</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

## Incidents of non-compliance concerning marketing communications

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incidents of non-compliance with regulations resulting in a fine or penalty</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Incidents of non-compliance with regulations resulting in a warning</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Incidents of non-compliance with voluntary codes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

## Incidents of non-compliance concerning the health and safety impacts of products and services

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
<td>Incidents received from outside parties and substantiated by the organization</td>
<td>0</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Incidents from regulatory bodies</td>
<td>Complaints</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Incidents from local governments, APAC, FDA, or Jee of customer data</td>
<td>Incidents</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

## Incidents of non-compliance concerning marketing communications

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incidents of non-compliance concerning the health and safety impacts of products and services</td>
<td>Incidents of non-compliance with regulations resulting in a fine or penalty</td>
<td>0</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Incidents of non-compliance with regulations resulting in a warning</td>
<td>Incidents</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Incidents of non-compliance with voluntary codes</td>
<td>Incidents</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

---

### Communication and training about anti-corruption policies and procedures

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication and training about anti-corruption policies and procedures</td>
<td>Number of senior employees who were screened using anti-corruption policies</td>
<td>7 (100)</td>
<td>8 (100)</td>
<td>7 (100)</td>
</tr>
<tr>
<td></td>
<td>Number of employees who received a notice or training</td>
<td>Members (%)</td>
<td>7 (100)</td>
<td>8 (100)</td>
</tr>
<tr>
<td></td>
<td>Number and ratio of workers who received a notice or training</td>
<td>Senior employees</td>
<td>28,547 (92)</td>
<td>27,346 (92)</td>
</tr>
<tr>
<td></td>
<td>Number and ratio of suppliers who received a notice or training</td>
<td>Workers</td>
<td>17,954 (90)</td>
<td>16,066 (90)</td>
</tr>
<tr>
<td></td>
<td>Number and ratio of workers who received a notice or training</td>
<td>Senior employees</td>
<td>1,238 (12)</td>
<td>1,204 (12)</td>
</tr>
<tr>
<td></td>
<td>Number and ratio of suppliers who received a notice or training</td>
<td>Workers</td>
<td>7,599 (40)</td>
<td>5,808 (38)</td>
</tr>
</tbody>
</table>

## Confirmed incidents of corruption and actions taken

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmed incidents of corruption and actions taken</td>
<td>Number of corruption cases</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total number of confirmed incidents in which employees were dismissed or disciplined for corruption</td>
<td>None</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total number of confirmed incidents in which employees were dismissed or disciplined for corruption resulting in a fine or penalty;</td>
<td>None</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total number of confirmed incidents in which employees were dismissed or disciplined for corruption resulting in a warning</td>
<td>None</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total number of confirmed incidents with penalties</td>
<td>None</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

## Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</td>
<td>Number of legal measures taken on the violation of laws and regulations on fair competition and monopoly</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
## EESH Quality Certification

### At all production sites (As of January 10, 2018)

<table>
<thead>
<tr>
<th>Region</th>
<th>Subsidiary</th>
<th>Country</th>
<th>City</th>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>South America</td>
<td>LGEMI</td>
<td>Mexico</td>
<td>Mexico City</td>
<td>Environmental Management (ISO 14001)</td>
</tr>
<tr>
<td></td>
<td>LGEMR</td>
<td>Mexico</td>
<td>Reynosa</td>
<td>Health and Safety (ISO 14001)</td>
</tr>
<tr>
<td></td>
<td>LGEMU</td>
<td>Mexico</td>
<td>Monterrey</td>
<td>Energy (ISO 14001)</td>
</tr>
<tr>
<td></td>
<td>LGESP T</td>
<td>Brazil</td>
<td>Sao Paulo</td>
<td>Business Continuity Management (ISO 22301)</td>
</tr>
<tr>
<td></td>
<td>LGESP T</td>
<td>Brazil</td>
<td>Brasilia</td>
<td>Quality (ISO 14001)</td>
</tr>
<tr>
<td></td>
<td>LGESP T</td>
<td>Brazil</td>
<td>Caruaru</td>
<td>Certification (ISO 14001)</td>
</tr>
<tr>
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<td>LGEMI</td>
<td>Poland</td>
<td>Warsaw</td>
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</tr>
<tr>
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<td>Russia</td>
<td>Moscow</td>
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<td>Rostov-on-Don</td>
<td>Energy (ISO 14001)</td>
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<td>Gumi</td>
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<td>Cairo</td>
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<td>Kazakhstan</td>
<td>Almaty</td>
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<td>China</td>
<td>Ningbo</td>
<td>Energy (ISO 14001)</td>
</tr>
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<td>LGEMI</td>
<td>China</td>
<td>Shenzhen</td>
<td>Business Continuity Management (ISO 22301)</td>
</tr>
<tr>
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<td>Shenzhen</td>
<td>Quality (ISO 14001)</td>
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<td>Shenzhen</td>
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<td>China</td>
<td>Shanghai</td>
<td>Health and Safety (ISO 14001)</td>
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<td>China</td>
<td>Ningbo</td>
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<td>China</td>
<td>Nanning</td>
<td>Environmental Management (ISO 14001)</td>
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### Awards & Recognition

**Date Awarded** | **Awards & Recognitions** | **Awarded by**
--- | --- | ---
February 2017 | 31 awards including the Best Mobile Phone Award at the MWC 2017 | Groupe Speciale Mobile (Global System for Mobile Communications)
March 2017 | 31 design awards at the IF Design Award and 1 Gold Prize | German Design Council
August 2017 | Received the EISA Award | European Imaging and Sound Association
August 2017 | 29 awards at the IDEA.2017 | Industrial Designers Society of America
September 2017 | Included in the Dow Jones Sustainability World Index for six consecutive years | S&P Dow Jones Indices, S&P/纠DSAM
October 2017 | Gold Tower Industrial Award at the National Productivity Award | Korea Productivity Center
December 2017 | Presidential Award and Memory Award for the LG Airport Robot Vacuum at the 2017 Design Award | Ministry of Trade, Industry and Energy (Korea), Korea Institute of Design Promotion
January 2018 | 70 awards including the CES Best of the Best Awards 2018 | US Consumer Electronics Association
April 2018 | Grand Prize at the Milano Design Award 2018 | Milano Design Week
April 2018 | 2 Best of the Best Awards at the Red Dot Award | Red Dot
INDEPENDENT ASSURANCE STATEMENT

Introduction

LG Electronics Inc. (“LG Electronics”) commissioned DNV GL Business Assurance Korea Ltd. (“DNV GL”), part of DNV GL Group, to undertake independent assurance of the 2017-2018 LG Electronics Sustainability Report (the “Report”). The directors of LG Electronics have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of LG Electronics in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client is true as of our review have been prepared in good faith.

Scope of assurance

The scope of assurance includes a review of non-financial data and sustainability activities and performance data over the reporting period from 1st January to 31st December 2017. This also includes:
• Evaluation of the adherence to the Accountability Principles set forth in the AAD000 Accountability Principles Standard (APS) 2008;
• Review of the process for determining material topics for reporting, the management approach to material topics and the process for generating, gathering and managing the data and the information in the Report.

Basis of our opinion

We performed our work using AAD000(2008) and DNV GL’s assurance methodology (VeriSustain™, Version 5) which is based on our professional experience, international best practices. We provide Type 1 and the moderate level of assurance, and we applied the Type 2 for the selected data. The assurance was carried out from May and till June 2018. The site visits were made to the headquarters of LG Electronics in Seoul and Pongyangkang production site. We undertook the following activities as part of the assurance process:
• Interviewed representatives from the various departments;
• Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
• Reviewed the materiality assessment report.

Limitations

The engagement excludes the sustainability management, performance and reporting practices of LG Electronics’s subsidiaries, suppliers, contractors and any third parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcements disclosed at the website of Korea Financial Supervisory Service (http://dart.fss.or.kr) as well as LG Electronics’s website (http://www.lge.co.kr). Economic performance including financial data was verified against internal documents of LG Electronics and financial statements audited by auditors. The assurance team reviewed data collection and calculation processes for economic performance. The baseline data for Environmental and Social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement. The Board of LG Electronics has sole responsibility for the integrity of the Report. In performing the assurance work, our responsibility is solely towards the management of LG Electronics in accordance with the terms of reference agreed on.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly address the adherence to the Accountability Principles in AAD000(2008) nor is prepared ‘in accordance’ with GRI Standards Core option. Further opinions with regards to the adherence to the Principles are made below:

Principle of Materiality

The Report helps stakeholders understand LG Electronics’ sustainability management by explaining LG Electronics’ three major sustainability management goals: promoting an intelligent lifestyle, realizing a carbon neutral and cyclical economy, and implementing a better society. LG Electronics’ three major sustainability management goals are subdivided into 9 major tasks, each of which is setting specific goals. In addition, the Report presents key performance and relevant examples for 2017 on key sustainability issues during the reporting period. This is considered to be an effort to balance the sustainability management performance of LG Electronics.

In addition, the conclusion on the report quality is as follows:

Principle of Responsibility

DNV GL has evaluated the adherence to the GRI Accountability Principles as described above by applying Type 1 methodology. The reliability of the selected data including water consumption, waste volume, and air pollutant emissions are tested with Type 2 methodology. DNV GL has interviewed the data owners in order to figure out the data control process and verified the selected data against the relevant documents and records. DNV GL also conducted in-depth review and trace the business ethics management process. Data owners in LG Electronics can explain the source of data and data handling processes and demonstrate to trace the consolidated data back to the raw data set in a reliable manner. The assurance team has not noted any intentional error or misstatement regarding the selected data.

Competence and Independence

DNV GL applies its own management standards and compliance policies for quality-control, in accordance with ISO/IEC 17021-1:2011 – Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL has provided LG Electronics’ 2017 greenhouse gas emission verification. In our opinion, this does not affect the independence or impartiality of our work.

In Kyoon Ahn

Country Representative

DNV GL Business Assurance Korea Ltd.
## GRI Standards Index

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http://www.lg.co.kr/lgekor/company/sustainability/system.do

*http://www.lg.co.kr/lgekor/company/sustainability/index.do

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*AppendixCSR Fact book Overview Sustainability Commitments CSR Fact Book Appendix Appendix CSR Fact Book
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Test Principles

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<td>Principle 1: Businesses should support and protect the protection of internationally proclaimed human rights; and</td>
<td>Based on our management philosophy “People-oriented Management,” LG’s respect and commitment with the standards, laws and regulations established by international organizations and institutions such as the Universal Declaration of Human Rights by the United Nations to ensure fundamental human rights and labor rights of employees as well as those of our suppliers.</td>
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<td>Principle 2: make sure that they are not complicit in human rights abuses.</td>
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<td>Labour Standards</td>
<td>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</td>
<td>LG continues its efforts to establish a corporate culture that values the diversity of our employees and promotes creativity and autonomy. Owing to its efforts, LG is leading an exemplary labor management relationship, reaching an agreement in collective bargaining and wage negotiations without labor dispute for 15 consecutive years (as of March 2018) and declaring “Zero Social Responsibility” (ZSR) hunter. Additionally, LG joined the Electronic Industry Citizenship Coalition (EICC), established an enterprise-wise policy for protecting labor rights across the supply chain and amended Water Purchase Agreement accordingly.</td>
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<td>Environment</td>
<td>Principle 7: Businesses should support and encourage a precautionary approach to environmental challenges;</td>
<td>LG strives to contribute to the society’s sustainable growth by minimizing negative environmental impacts from our business activities. LG made great strides in improving energy performance and carbon disclosure in development of greener products. The company also surpassed its GHG reduction targets across product cycles while being highly recognized by the Carbon Disclosure Project (CDP) Korea for its efforts toward promoting low-carbon culture. LG strengthened the integrated EESH (Energy, Environment, Safety, and Health) certification system and global EESH audit system at all production sites. LG is currently participating as a member of the steering committees represent Korean companies at Caring for Climate.</td>
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<td>Principle 10: Businesses should act against corruption in all its forms, including extortion and bribery.</td>
<td>LG’s “Jeong-Do Management” is a guiding principle for all action taken by employees. To help our employees remain true to the spirit of “Jeong-Do Management,” LG established Code of Ethics and Conduct Guidelines. LG also applies the same standard to all suppliers and business partners. LG maintains and distributes code of ethics handbook and requiring employees and suppliers to sign a pledge for “Jeong-Do Management.” Additionally, LG maintains the ethics category in CSR risk management program to monitor its business sites and supplier ethics management systems.</td>
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GRI STANDARDS _ENVIRONMENTAL PERFORMANCE (GRI 300)

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<td>Water discharge by quality and destination</td>
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<td>Water by type and disposal method</td>
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GRI STANDARDS _SOCIAL PERFORMANCE (GRI 400)

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<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>N/A</td>
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<td>GRI 418</td>
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<td>New employees and employee turnover</td>
<td>N/A</td>
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Current Conditions of the Establishment of LG Electronics’ Sustainability Report

2006-2010

· Publish LG Electronics’ 60th Anniversary Report
· Establish and Provide Mid- to Long-Term Sustainability Commitments
· Apply GRI (Global Reporting Initiative) Standards

2011-2014

2015-2017

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Reddot Branding (02-584-0418)

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