STAKEHOLDER CONSULTATION ON CSR

2010 – 2015 Stakeholder Consultation on CSR

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1st (April 2010) | ● Joined EICC | | | | | | |
CSR in General | ● Launched Global Volunteer Day | | | | | | |
2nd (December 2010) | ● Established/Announced Global Labor Policy | | | | | | |
Climate Change Response | ● Established CSR Risk Management System | | | | | | |
3rd (March 2011) | ● Announced Low Carbon Procurement Plan | | | | | | |
Social Contribution to Local Communities | ● Established/Announced Supplier Code of Conduct | | | | | | |
Product Safety/Quality | ● Established/Announced Global Volunteer Day | | | | | | |
5th (November 2012) | ● Implemented Workday Volunteer Program | | | | | | |
Labor/Human Rights | ● Launched Support Program for Startup Social Enterprises in the Environment Sector | | | | | | |
6th (May 2013) | ● Established Business Continuity Management System | | | | | | |
Supplier CSR Risk | ● Launched LG Hope Village | | | | | | |
7th (October 2013) | ● Launched Life's Good Volunteer's Pro | | | | | | |
Stakeholder Engagement System | ● Launched LG Hope Screen | | | | | | |
8th (May 2014) | ● Strengthened Supplier CSR Risk Management | | | | | | |
Open Discussion with Consumers | ● Launched Job-Specific CSR Training | | | | | | |
9th (September 2014) | ● Introduced Product Safety Expert Course to Quality College Curriculum | | | | | | |
Accessibility for Persons with Disabilities in North America | ● Implemented Product Safety Evaluation with Approval System | | | | | | |
10th (July 2015) | ● Established Business Continuity Management System | | | | | | |
CSR in China | ● Launched Committee for Executives based in China | | | | | | |
11th (December 2015) | ● Started Expanding CSR Support System to Overseas Locations | | | | | | |
Social Economy | ● Founded LG Social Campus | | | | | | |

Stakeholder Consultation: Key Progress and Performance

- Joined EICC
- Launched Global Volunteer Day
- Launched Life's Green Class in India
- Established/Announced Global Labor Policy
- Established CSR Risk Management System
- Announced Low Carbon Procurement Plan
- Established/Announced Supplier Code of Conduct
- Expanded Disclosure of Product Carbon Footprint
- Launched Workday Volunteer Program in China
- Expanded Business Continuity Management System
- Launched Committee for Executives based in China
- Expanding CSR Support System to Overseas Locations
- Launched LG Social Campus
Background
In 2010, we launched Stakeholder Consultation to create an opportunity to take stock of our initiatives and performance in CSR and to incorporate the valuable opinions of stakeholders into our sustainability management. Our semiannual Stakeholder Consultation has since been held 11 times, facilitating discussions on all aspects of CSR that are relevant to our business such as the environment, product safety, and accessibility for persons with disabilities. More than 80 experts in various CSR topics from government agencies, academia, NGOs, and international organizations have been invited to the consultations to provide their opinions and insights.

Key Performance
LG Electronics incorporates key stakeholder suggestions into our business operations, follows up on the progress, and communicates the information through the corporate website and sustainability reports. In an effort to broaden the scope of stakeholder engagement, we have expanded Stakeholder Consultation to overseas locations, hosting the event in the U.S. and China. As part of our commitment towards stakeholder engagement, we will continue to develop Stakeholder Consultation as the central component of our stakeholder communication.

As part of our effort for an inclusive and accurate representation of stakeholder interests, we are opening up the program to a broader range of stakeholder groups. For instance, we invited consumers to the 8th session and hosted an open discussion on cause-based or socially motivated products and initiatives. In the 11th session, members of social economy businesses and collegiate social economy clubs were invited and participated as the audience. Our ongoing effort that went into making the program more relevant and effective has been received favorably by stakeholders, creating a consensus that Stakeholder Consultation has become a reliable and transparent communication program unique to LG Electronics.

Future Direction
LG Electronics will continue to expand the scope of stakeholder engagement to overseas, particularly through Stakeholder Consultation. We will explore ways in which we can contribute towards achieving the United Nations Sustainable Development Goals (SDGs) as well as the sustainable development of the global community with the program. As part of our effort to expand the scope of stakeholder engagement, we will reach out to diverse stakeholder groups, including consumers, for their participation in new engagement formats, such as discussions and open talks on sustainability issues.

Key Inputs from Stakeholder Consultation
China was the second overseas location for our Stakeholder Consultation following the U.S. Hosted under the theme of “Corporate Social Responsibility in China and Role of Local Businesses,” experts from social organizations such as the Chinese Academy of Social Sciences and the Red Cross Society of China shared their opinions on the impact of CSR initiatives of LG Electronics China and discussed areas for improvement. The experts commended LG Electronics China for its CSR effort across the areas, while urging us to step up the effort towards improving the lives of vulnerable groups in the country.

The 11th Stakeholder Consultation was held under the theme of “Role of Young Koreans and LG Electronics in Prompting Social Economy” at the LG Social Campus located in Korea University. In promotion of the stable development of social economy, LG Electronics partnered with LG Chem and established LG Social Campus – an office complex offered free of charge to social economy businesses. While the experts commended LG Electronics for diversifying its list of social economy support programs to office space lease, many urged for further effort towards job creation, training support, and networking opportunities.

Key Inputs and Implementation Plan in 2015

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<thead>
<tr>
<th>Discussion Topics</th>
<th>Feedback</th>
<th>Progress &amp; Implementation Plan</th>
<th>Status</th>
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<tbody>
<tr>
<td><strong>The 10th</strong> (Dec. 9 2015, Seoul) CSR System/Policy</td>
<td>Operate “Committee for Executives based in China” Implement programs to promote employee volunteering</td>
<td>Implemented “Workday Volunteer Program” Under review</td>
<td>Implemented (2014-Present)</td>
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<tr>
<td>Signature Social Contribution Program</td>
<td>Develop signature social contribution program</td>
<td>Implemented program offering a day off per 15 volunteer hours Launched “Fun Summer Break with LG”</td>
<td>Implemented (2016)</td>
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<tr>
<td><strong>The 11th</strong> (Dec. 9 2015, Seoul) Office Space Support</td>
<td>Provide young people with space for networking and encouragement</td>
<td>Expanded use of LG Social Campus at Korea University</td>
<td>Implemented (2016)</td>
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<tr>
<td>Talent Development</td>
<td>Support talent development to promote social economy</td>
<td>Established LG Youth Scholarship Program for social economy sector</td>
<td>Under review</td>
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<tr>
<td>Connection with LG</td>
<td>Create jobs for young people in social economy sector</td>
<td>To be reviewed upon launch of LG S.F.</td>
<td>Under review</td>
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</table>
STAKEHOLDER ENGAGEMENT ACROSS VALUE CHAIN

Direction
1) Expand stakeholders access to products and services
2) Engage all groups of stakeholders early in the product development phase

Role
Product R&D that Contributes to Business Performance and Social Advances
LG Electronics leverages our strong competitiveness to develop products and technologies that contribute to addressing social and environmental issues as well as to generate profits. To this end, we engage with a diverse group of stakeholders, including customers, NGOs, academia, and government agencies early in the product development stage to identify their needs through discussions and incorporate them into product development.

Direction
1) Manage supplier CSR risk
2) Contribute to resolving the conflict minerals issue
3) Establish/revise and distribute the Supplier Code of Conduct

Role
Responsible Sourcing and Supply Chain Management
LG Electronics performs CSR risk assessment (labor rights, human rights, ethics management, the environment, safety and health, etc.) on outsourcing companies as well as on our suppliers that provide raw materials and parts to identify potential risks and implement improvement initiatives, through which we aim to support our suppliers and outsourcing service providers overcome limited management resources and capacity and develop competitiveness. LG Electronics closely collaborates with industry peers, business associations, and NGOs as well as with our suppliers to increase the relevance of the assessment questionnaire and the effectiveness of our assessment and training programs.
LG Electronics strongly believes that stakeholder engagement across our value chain not only has a direct impact on our sustainability management performance but also serves as the first step towards building mutually beneficial partnerships with our suppliers and maximizing customer value through the highest quality of products and services. We are striving to build trust-based relationships with our stakeholders through effective engagement across our value chain and fulfill our responsibility as a global corporate citizen by doing our part for the healthy growth of the market ecosystem.

**Role**

**Protection of Customer Rights and Cause-Marketing Programs**
As part of our efforts to fulfill the responsibilities that we have towards customers, LG Electronics places the highest priority on protecting customers’ rights in the marketing and sales of our products. We also develop and run marketing programs that effectively link product sales and charitable giving to provide customers with an opportunity to involve themselves in resolving issues in their communities. In addition, LG Electronics develops the CSR management framework and communicates the concept to employees in order to raise their awareness on CSR issues.

**Direction**

1) Expand cause-marketing programs that leverage our products, technologies and infrastructure
2) Develop and run social contribution campaigns that engage consumers and employees

**Role**

**Protection of the Labor Rights and Human Rights of Employees and Protection of the Environment**
LG Electronics monitors the working conditions at its business locations on an ongoing basis and implements improvement initiatives in order to better protect employee rights and improve their working conditions. In addition, we make a wide range of efforts to protect the environment at and around our production plants as well as during the production process. To this end, we actively engage with our internal stakeholders including the labor union and the junior board, while closely collaborating with external stakeholders, such as government agencies, industry organizations, and NGOs.

**Direction**

1) Manage CSR risks at the production sites of LG Electronics
2) Establish/revise and distribute the Global Labor Policy and the EESH Management Policy
3) Expand CSR training to raise employee awareness

**Role**

**Contribution to Addressing Community Issues**
LG Electronics strives to contribute to achieving the United Nations Sustainable Development Goals by helping the underprivileged from underdeveloped nations become self-reliant with our products and technologies. To this end, we seek feedback from government agencies, local residents, academia, and opinion leaders and, based on the opinions collected through this process, join forces with NGOs and international organizations to operate partnership programs. We also provide customers and employees with opportunities to take part in addressing community issues through charitable giving and volunteering.
LG Electronics puts to good use our exceptional capabilities in technology, developing products that advance valuable causes, such as enhancing accessibility. Since 2006, LG Electronics has developed and donated “book-reading” mobile phones for the visually impaired, along with access to the LG Sangnam Library’s “Digital Talking Book Library,” and in 2014 developed a TV that provides audio descriptions of the screen images and replaces sounds with text captions for persons with vision or hearing impairments. As part of our efforts to address local issues with our technology, we also introduced the battery-charged TV and the “ever-cool” refrigerator for the regions that suffer power supply issues.

In 2014, LG Electronics developed a solar-powered refrigerator, donating 20 units to welfare centers located in Kenya and Peru to be used for storing medical and food supplies for children and elderly people. Earlier in 2012, we also developed the mosquito away air conditioner, which features a special ultrasonic wave to chase away malaria-carrying mosquitoes (female Anopheles mosquitoes). LG Electronics has sold over 70,000 units of the air conditioner model in Nigeria, and later released the product in South East Asia, helping communities protect themselves from infectious diseases such as dengue fever and malaria.

LG Electronics engages in a comprehensive range of support programs as part of its efforts to build mutually beneficial partnerships with its suppliers. In 2010, LG Electronics established the Supplier Code of Conduct that sets forth ethical and behavioral standards that must be adhered to by our suppliers. In 2015, we revised the language of the Code to increase clarity and effectiveness, while adopting provisions against placement or recruitment fees charged to employees to establish compliance with changes in international regulations and standards on the practice. The revised code was published in Korean, English and Chinese and made available on our corporate website. We also updated the Master Purchase Agreement to incorporate the revisions. As part of its efforts to build an environmentally responsible supply chain, LG Electronics pursues “green” partnerships with its suppliers through Green Program Plus, gradually expanding the program targets from our first tier suppliers to include second and third tier suppliers as well. We also offer training programs to train green experts and green auditors to further our operational effectiveness. LG Electronics strongly encourages supplier compliance with fair trade (anti-cartel, etc.) requirements, signing the Pledge for Fair Trade and Win-Win Growth with our first and second tier suppliers in 2015 in order to reaffirm our collective commitment towards the goal. To this end, we offer CSR training to our procurement staff and managers from our suppliers.
LG Electronics implements a broad range of CSR risk management programs at all of our production sites, while continually upgrading our programs to accommodate customer requirements as well as international standards such as the EICC Code of Conduct and to ensure that the human rights and dignity of our employees are protected and respected and they are provided with a safe work environment. We conduct CSR self-assessments on all of our production sites on an annual basis to identify potential risks and make improvements, while performing internal or external audits on select production sites. In 2016, we adopted an advanced self-assessment process to increase the accuracy of our assessment and the effectiveness of our improvement efforts.

In order to address the regulatory responses against forced labor, we conducted due diligence survey on our production sites to assess practices on recruitment fees and the working conditions for foreign workers, and implemented necessary measures to ensure that the human rights and dignity of foreign workers are respected and protected. In China, we also performed site inspections to assess CSR risks associated with recruiting workers through staffing agencies, through which we identified inadequacies concerning employment agreements. We have requested staffing agencies to address the issue, while requiring our production subsidiaries to adopt the Master Purchase Agreement with provisions on CSR requirements to ensure compliance by staffing agencies.

LG Electronics closely collaborates with International Organizations and NGOs to advance valuable causes in the marketing and sales of its products. In 2015, LG Electronics hosted the exhibition Reunion with Korea’s Cultural Heritage, which brought back Korea’s cultural heritage artifacts held by major museums located in six different countries (France, Germany, the United States, Russia, Japan and Canada) by capturing the images of the artifacts and antiques in ultra high resolution and displaying them on the OLED TVs. LG Electronics also operated the OLED “Perfect Black” Gallery during the 2015 United Nations Climate Change Conference (COP 21) in Paris and showcased on OLED TVs the enduring legacy and beauty of over 100 UNESCO World Heritage sites, including Macquarie Island (Australia), the Galapagos Islands (Ecuador), the Cultural Landscape of Bali (Indonesia) and Angkor Wat (Cambodia), which are threatened with destruction by climate change.

In addition, LG Electronics offers health promotion campaign that tour medically underserved regions in Myanmar, Cambodia and Bangladesh and provides free health checks and health-hygiene awareness classes. The health promotion campaign is operated in partnerships with local medical associations, with LG Electronics providing the buses and medical equipment and local medical professionals carrying out health checks and awareness classes. In 2015, we also developed and ran a health promotion campaign program tailored specifically for female workers in Cambodia, with a total of 39,918 individuals benefitting from the program throughout the year.

In 2014, LG Electronics opened a TVET College in Ethiopia to train a technical workforce for the country by leveraging its strength in electronics repair while operating the LG Hope Village program to help local farmers achieve sustainable livelihoods through agricultural productivity improvement.

In Korea, LG Electronics has provided support to social economy organizations in the environmental sector through the LG Social Fund since 2011, offering free financing during their start-up phase and interest-free loans during their growth/maturity phase. Beneficiaries also receive a wide range of management support, including productivity consulting from our Labor Union’s experts in productivity.

LG Electronics also actively participates in international emergency relief efforts for countries and regions hard hit by natural disasters such as hurricanes and earthquakes. In 2013, we offered our solar power generation systems to support the recovery effort for typhoon victims in the Philippines, while donating 2,000 smartphones in 2014 to assist the international Ebola response coordinated by the UN OCHA. After a 7.8 magnitude earthquake struck Nepal in 2015, we also provided smartphones to assist the relief effort.
Materiality Analysis Process
In order to systematically manage CSR issues that our stakeholders find particularly important, LG Electronics performs a materiality analysis based on the Five-Part Materiality Test of AA1000SES, the international standard for stakeholder engagement. (Detailed information on standards and procedures for this analysis is available in our previous sustainability reports and on our corporate website.) [http://www.lg.com/global/sustainability/csr-framework/csr-management-system](http://www.lg.com/global/sustainability/csr-framework/csr-management-system)

2015 Materiality Analysis Results and Implications
In 2015, a total of 263 inquiries were made on CSR issues by external stakeholders, up by 88 cases (approximately 50%) from the previous year. Customer inquiries accounted for the largest share at 75 percent, reflecting the growing requirements for supply chain management across industries (mobile communication, retail, IT, automobile, etc.), which in turn drove an increase in customer inquiries and requirements concerning production environment and supplier management. The issues identified through the previous year’s analysis (2014-2015) were reported to management, and material issues were incorporated into our 2015 corporate-level improvement tasks for sustainability management. As part of our follow-up management efforts, we performed audits and post-audit inspections on the suppliers of our subsidiaries to facilitate their voluntary improvement efforts, while establishing or revising corporate-level industrial safety standards. We also amended our Global Labor Policy, and developed a longer-term strategy for our social contribution programs. Additionally, LG Electronics is continually developing consumer campaigns that aim to empower our communities.

2015-2016 Materiality Analysis

### Stakeholder Interest

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<tr>
<th>Important</th>
<th>Very Important</th>
<th>Extremely Important</th>
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<tbody>
<tr>
<td>- Customer Access to Product and Service Information (Cause Marketing)</td>
<td>- Product Stewardship (Assuming Greater Responsibility for Product Defect/Post-Accident Responses)</td>
<td>- GHG Emissions Reduction and Climate Change Responses</td>
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<tr>
<td>- Consumer Education on Product Safety</td>
<td>- Protection of Customers’ Personal Information</td>
<td>- Development of Highly Energy-Efficient (Environmentally-Friendly) Products</td>
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<tr>
<td>- Enhanced Accessibility for the Socially Disadvantaged</td>
<td>- Establishing Fair Trade as Standard Business Practice</td>
<td>- Sustainable Economic Development of Communities</td>
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<td>- Stronger Product Quality Management</td>
<td>- Reducing Water Consumption</td>
<td>- Expanding Social Contribution Programs</td>
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<td>- Preventing Environmental Pollution through Waste and Discharge Reductions</td>
<td>- Raising Supplier Awareness on CSR</td>
<td>- Engagement and Collaboration with Governments, NGOs, International Organizations and Communities</td>
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<td>- Expanding e-Waste Take-back and Resource Recycling</td>
<td>- Preventing Monopolies, Cartels and Corruptions</td>
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<td>- Replacing Hazardous Materials in Products</td>
<td>- Non-Discrimination and Diversity Management Efforts</td>
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<tr>
<td>- Developing Green Businesses and Technologies</td>
<td>- HR Development and Training Opportunities</td>
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<td>- Compliance with Business-Related Intellectual Property Rights</td>
<td>- Family-Friendly Management Policies</td>
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<tr>
<td>- Conflict Minerals Management</td>
<td>- Engagement and Collaboration with Governments, NGOs, International Organizations and Communities</td>
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<tr>
<td>- Transparency in Business Management</td>
<td>- Sustainable Economic Development of Communities</td>
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<tr>
<td>- Protecting Children/Minors from Harmful/Illegal Internet Content</td>
<td>- Conflict Minerals Management</td>
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<tr>
<td>- Business Continuity Management</td>
<td>- Transparency in Business Management</td>
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<tr>
<td>- Reducing Water Consumption</td>
<td>- Customer Access to Product and Service Information (Cause Marketing)</td>
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<tr>
<td>- Promoting Supply Chain Diversity</td>
<td>- Empowering Socially Disadvantaged, i.e. Women and Children</td>
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<tr>
<td>- Measuring the Effectiveness and Impact of Social Contribution Programs</td>
<td>- Contribution to Addressing Global Labor/Human Rights Issues</td>
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2008-2016 Materiality Analysis

Priorities and Issues Identified through Our Material Analysis

In the past decade, LG Electronics has performed a material analysis on an annual basis and shared the results in our sustainability reports. In the customer aspect, “Product Stewardship (Assuming Greater Responsibility for Product Defect/Post-Accident Responses)” and “Product Safety” are the issues that have been consistently raised by our stakeholders since 2008; their scope has now expanded to include “Consumer Education on Product Safety” and “Protection of Customers’ Personal Information.”

For the environment, our stakeholders have found “Reducing GHG Emissions” and “Products with Greener Features” as material issues, which can be expected, given that our primary business discipline is manufacturing. With supply chain management increasingly gaining more importance in the electronics industry, “Fair Trade” and “Enhancing CSR across Supply Chain” still take priority in the fair management aspect, while “Anti Corruption” and “Conflict Minerals Management” are fast emerging as material issues.

Following the adoption of the United Nations Sustainable Development Goals (SDGs), “Measuring the Effectiveness and Impact of Social Contribution Programs” has emerged as a material issue in the community aspect, while stakeholders were found to believe that LG Electronics could empower communities by “Developing Products that Address Local Needs” and “Developing Products and Services for the Poor.” For labor rights and human rights, “Enhancing Labor Relations,” “Promoting Internal Grievance Resolution Mechanisms,” and “Protecting Human Rights” are the issues that have been consistently raised by our stakeholders, with “Preventing Child Labor and Forced Labor” and “Managing Risks Associated with Labor Rights and Human Rights across Supply Chain” gaining importance in this aspect.

Our analysis also found that CSR issues requiring international regulatory responses or reflecting our stakeholder requirements are likely to emerge as material issues.

Future Direction

As part of our ongoing efforts to systematically manage CSR issues, LG Electronics will closely track industry trends and stakeholder interests, including the level of their interest, to perform a material analysis that reflects the latest industry trends and stakeholder interests. Based on the analysis results, LG Electronics will develop corporate-level improvement initiatives and manage material issues accordingly, supported by the concerted efforts of related organizations at corporate headquarters, business companies, and subsidiaries. Our performance will be disclosed clearly to stakeholders through our sustainability report and corporate website.

### Trends in Material Issues from 2008-2016 Sustainability Reports

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<td>Customer</td>
<td>· Product Stewardship (Assuming Greater Responsibility for Product Defect/ Post-Accident Responses)</td>
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<td></td>
<td>· Product Safety</td>
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<td>· Protection of Customers’ Personal Information</td>
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<td></td>
<td>· Customer Access to Product and Service Information (Cause Marketing)</td>
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<td>Environment</td>
<td>· GHG Emissions Reduction and Climate Change Response</td>
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<td>· Development of Highly Energy-Efficient (Environmentally-Friendly) Products</td>
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<td>· Reduction of Environmental Impact Associated Production/ Management of Waste and Discharge from Production Sites</td>
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<td>· Replacement of Hazardous Materials in Products</td>
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<td>Supplier</td>
<td>· Establishing Fair Trade as Standard Business Practice</td>
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<td>· Conflict Minerals Management</td>
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<td>· Raising Supplier Awareness on CSR</td>
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<tr>
<td>Community</td>
<td>· Sustainable Economic Development of Communities</td>
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<td>· Expanding Social Contribution Programs</td>
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<td>· Ongoing Engagement with Community</td>
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<td>Employee</td>
<td>· Human Rights Protection, Non-Discrimination and Diversity Management</td>
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<td>· Promotion of Labor-Management Relations and Employee Grievance Resolution Mechanisms</td>
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<td>· Protection of Basic Labor Rights (including Prohibition of Child Labor and Forced Labor)</td>
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<td></td>
<td>· Management of Supply Chain Labor Rights and Human Rights Risks</td>
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Primary | Secondary | Tertiary
### Key Progress and Performance

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<tr>
<th>Area</th>
<th>Material CSR Issues</th>
<th>Background &amp; Implications</th>
<th>Long-term Goals</th>
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</table>
| **Customer** | Product Safety / Protection of Personal Information                                  | 1) New risks emerge as the adoption of new technologies increases  
2) Stakeholder expectations for voluntary efforts by corporations for product safety are growing in breadth and depth  
3) Nations across the globe are implementing increasingly tougher regulations on product safety and protection of personal information  
4) Management’s strong and unwavering commitment towards product safety and protection of personal information                                                                 | 1) Implement quality assessment and management processes early in the product and technology development stage  
2) Establish a prevention / response system against personal or technical data breaches  
3) Make preemptive responses to regulations on product safety and protection of personal data to reduce risks  
4) Raise employee awareness and strengthen accountability                                            |
| **Environment** | Developing Products with Greener Features                                             | 1) Customer interest and demand for greener products are growing sharply  
2) Environmental regulations and international standards on products are growing in numbers and implications  
3) Greener products have the potential to affect positive changes in customers’ lives, such as lower energy bills and improved living conditions | 1) Strengthen internal management standards for greener products  
2) Reduce use-level GHG emissions by improving energy efficiency of products  
3) Increase and improve the disclosure of product carbon footprint information, and reduce GHG emissions throughout a product’s lifecycle  
4) Reduce the use of resources and enhance the e-waste take-back system  
5) Voluntarily remove hazardous or potentially hazardous substances in our products                                                      |
| **Supplier** | Win-Win Growth / CSR in Supply Chain / Conflict Minerals Management                   | 1) Social expectation on win-win growth has increased  
2) Contribute to “Creative Economy” through partnerships that promote innovation  
3) CSR risks in supply chain hurt the company’s reputation  
4) Social issues requiring responses, such as illegal mining, forced labor and child labor, are growing in breadth and depth | 1) Press forward with the Five Win-Win Growth Objectives  
2) Establish supplier CSR risk assessment as a standard process by empowering procurement business functions and subsidiaries  
3) Establish a system that tracks the origin and content of conflict minerals in our products  
4) Establish an early warning system for supply chain CSR risks  
| **Community** | Social Contribution / Sustainable Growth of Communities / Engagement and Collaboration with Communities | 1) Stakeholder demand for business involvement in addressing local issues is growing continuously  
2) Empower communities by leveraging our core competencies  
3) Shift in perspective view social contribution not only as an act of charitable giving but also as a chance to capture new customers and markets  
4) Employee participation in social contribution initiatives leads to an increased sense of pride | 1) Contribute to achieving SOGs that have considerable relevance to our goals, businesses, and core competencies  
First priority: Goals 3, 7, 8, 11 and 12  
2) Develop products and technologies that address local issues  
3) Build partnerships with stakeholders that promote collaboration and mutual trust  
4) Provide our employees with policy support and opportunities to participate in charitable giving and volunteering |
| **Employee** | Corporate Culture / Protection of Labor/Human Rights                                  | 1) Increase employee satisfaction and productivity through support programs for work-life balance  
2) Failure to comply with laws and regulations may lead to damages to consumer confidence and brand image as well as to financial losses  
3) Enhance quality and productivity by protecting the labor rights of our employees | 1) Create a corporate culture that promotes work-life balance  
2) Enhance our systems, processes and programs to better protect the human rights of our employees  
- Diversity management, grievance resolution mechanisms, human rights risk assessment, childcare support programs, etc.  
3) Ensure the integrity of assessment through third-party audits and increase the number of internal audits  
4) Effectively reconcile the EICC requirements and assessment criteria from related internal organizations to increase the effectiveness of the internal assessment |

**Background & Implications**

- **Climate Change Response / EESH Management**
  1) Demand for and regulations on voluntary energy / GHG reduction efforts are becoming stronger  
  2) NGOs’ monitoring against EESH risks and consumer awareness on EESH are raising continuously  
  3) Working towards minimizing negative EESH factors in their supply chain has been established as standard practice for the companies that produce and deliver the final products to the market.

- **Win-Win Growth / CSR in Supply Chain / Conflict Minerals Management**
  1) Press forward with the Five Win-Win Growth Objectives  
  2) Establish supplier CSR risk assessment as a standard process by empowering procurement business functions and subsidiaries  
  3) Establish a system that tracks the origin and content of conflict minerals in our products  
  4) Establish an early warning system for supply chain CSR risks  

- **Social Contribution / Sustainable Growth of Communities / Engagement and Collaboration with Communities**
  1) Contribute to achieving SOGs that have considerable relevance to our goals, businesses, and core competencies  
  First priority: Goals 3, 7, 8, 11 and 12  
  2) Develop products and technologies that address local issues  
  3) Build partnerships with stakeholders that promote collaboration and mutual trust  
  4) Provide our employees with policy support and opportunities to participate in charitable giving and volunteering

- **Corporate Culture / Protection of Labor/Human Rights**
  1) Create a corporate culture that promotes work-life balance  
  2) Enhance our systems, processes and programs to better protect the human rights of our employees  
  - Diversity management, grievance resolution mechanisms, human rights risk assessment, childcare support programs, etc.  
  3) Ensure the integrity of assessment through third-party audits and increase the number of internal audits  
  4) Effectively reconcile the EICC requirements and assessment criteria from related internal organizations to increase the effectiveness of the internal assessment.
Major Achievements in 2015

1) Completed group training on quality (Trained 3,382 individuals in 120 sessions)
2) Established a new organization tasked with improving the quality of parts from suppliers
3) Acquired the ISO 10002 Quality Management – Customer Satisfaction Certification for service centers in Korea
4) Assessed risks associated with data privacy based on the OECD Eight Privacy Principles
   (conducted on over 100 overseas subsidiaries)
5) Conducted employee training on protecting personal information
   (completed by 98.5% of Korean employees and 94% of overseas employees)

1) Completely revised the Eco Index to strengthen requirements
2) Received the top honor at the 2015 ENERGY STAR Partner of the Year Awards
   - Sustained Excellence for the second consecutive year
3) Reduced use-level GHG emissions and acquired carbon labels
   - Reduced 41 million tons of GHG emissions associated with product use (compared to baseline year 2007)
   - Product models with carbon certification for 2015: Carbon Footprint Label
     (109 products), Low Carbon Certificate (32 products), Carbon Neutral (one product)
4) Increased the use of post consumer recycled plastics to 6,730 tons
5) Collected and processed 212,496 tons of e-waste
   - Offered the take-back service in 80 regions in 47 countries
     (Korea, Japan, Europe, the United States, Australia, India, Central and South America, etc.)
6) Removed HBCD (brominated fire retardant) entirely from our products for Korean and European markets

1) Reduced production-level GHG emissions by 353,000 tons (Compared to 2008)
2) Increased energy saving facilities and expanded renewable energy purchases
   - Power generated from solar power generation system (Gumi and Changwon): 6,900MWh
   - Renewable energy purchases by office buildings in the United States and Europe → A reduction in 2,770 tons of GHG emissions
3) Improved EESI assessment performance across the board for the third consecutive year
   - 88.0 points for overseas and 97.8 points for Korea
4) Built a water inventory to manage site-level water use and discharge
5) Implemented the new EESI management system and performed EESI compliance risk assessment on the 11 production subsidiaries in China
6) Acquired the ISO 22301 Business Continuity Management Systems Certification (Pyeongtaek, Yantai and Vietnam)

1) Rated “Most Excellent” in Fair Trade & Win-Win Partnership Assessment in Korea
2) Conducted a CSR risk assessment on suppliers
   - EICC self-assessment (264 suppliers), CSR audit (12 of the 7 high-risk suppliers)
   - Inspections on the suppliers of our Chinese subsidiaries: quick survey for 669 suppliers and site inspection for 19 suppliers
3) Included provisions requiring compliance with the Supplier Code of Conduct in the Master Purchase Agreement
4) Incorporated the percentage of CSR-certified smelters in our supply chain to 68 percent
5) Enhanced the data accuracy of the conflict minerals management system (information on smelters and the origins)
   - Conducted training for 658 employees from 539 suppliers in Brazil, Mexico and China
6) Conducted training for 658 employees from 539 suppliers in Brazil, Mexico and China

1) Established a new framework and guidelines for our social contribution programs
2) Expanded the social contribution programs that leverage our products and technologies
   - Training program for web accessibility app development, solar-powered libraries, OLED “Perfect Black” Gallery, etc.
3) Partnered with government agencies, international organizations, buyers, municipalities and academia to engage in social contribution programs
   - Emergency relief efforts for Nepal (United Nations and buyers), LG Social Fund (Ministry of Employment, Ministry of Environment and academia), etc.
4) Our employees participated in volunteer events at 89 locations in 48 countries
   (90,000 employees in 2015, cumulative)

1) Expanded employee care programs through a wide range of initiatives, i.e. working style improvement, grievance resolution mechanisms, female employee day, etc.
2) Revised and distributed the Global Labor Policy and implementation guidelines
   - Incorporated revisions to the EICC Code of Conduct and toughening international regulations against forced labor
3) Conducted the EICC self-assessment: all of our production locations (39) were rated to be at low risk
4) Third-party Audit three cases (Mexico, Pune and Nanjing Washing Machine Production)
5) Performed internal CSR risk audit on six production subsidiaries in China
6) Conducted a workshop for CSR managers at production sites in Korea and overseas

Future Directions

1) Train internal experts in quality / product safety
2) Continuously strengthen product quality and safety management system
3) Assess data privacy risks at our business sites and supplier and implement improvement initiatives to build site-level management capacity

1) Assess and manage the environmental performance of our products with the Eco Index
   - Increase the share of “Green 3 Star” products to 80 percent by 2020
2) Reduce GHG emissions associated with product use
   - Reduce 60 million tons of GHG emissions by 2020, compared to baseline year 2007
   - Reduce GHG emissions by 400 million tons between 2008 and 2020
3) Increase the use of recycled packaging materials and implement a green packaging development process at the business company level
4) Expand the e-waste take-back service to include a large number of countries
5) Expand target product groups for removing hazardous substances

1) Reduce 150,000 tons by 2020, compared to baseline year 2008
2) Reduce production-level water use (Intensity target per revenue)
   - Reduce 20 percent of water use by 2020 compared to the base year 2007 (intensity target per revenue)
3) Expand the implementation of the global integrated EESI management system to include overseas subsidiaries
4) Enhance the EESI management capacity of overseas subsidiaries across the board
5) Manage supply chain EESI risks

1) Expand support programs to include second and third tier suppliers
2) Manage supply chain CSR risks based on the EICC standard
   - Conduct supplier CSR risk assessment on a regular basis and implement improvement initiatives
   - Perform CSR audits on a set percentage of suppliers rated to be at high risk (Over 25%)
3) Continuously upgrade the regulatory response system for conflict minerals
   - Enhance the integrity and reliability of the data for the conflict minerals management system
   - Expand our response system to fully address toughening regulations

1) Contribute to achieving the United Nations SDGs
2) Develop and distribute products and technologies that address local issues
3) Develop and operate social contribution programs based on engagement and collaboration with stakeholder groups
4) Expand programs that facilitate charitable giving and volunteering by employees

1) Establish a corporate culture that promotes work-life balance and communication
2) Strengthen CSR risk management for all of our production sites
   - Bridge the gap in the results (non-conformances) between self-assessment and audit (including third-party audits)
   - Facilitate site-level independent CSR risk management at production sites in Korea and overseas by enhancing the management capabilities of CSR managers
3) Strengthen responses to regulations on labor rights and NGOs’ monitoring efforts