

M STORY

Leading Solution, Leading Sustainability

M STORY

LS Mtron opens up a sustainable future to grow and develop along with all stakeholders by consistently raising customer and social values based on innovative products and services. LS Mtron's M Story continues on that opens a new world dreamed by all through transparent and genuine sustainable management.



Cover Story

Just like a cube where planes form space and different spaces form a structure, M Story embodies LS Mtron's strong will in pursuit of mutual development and prosperity based on organic cooperation benefiting all stakeholders.

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This is LS Mtron's 2nd Sustainability Report for 2010

At LS Mtron, we recognize sustainability management as an integral part of our management strategy and thus operate the Integrated Sustainability Management System to meet needs and expectations of various stakeholders from economic, social and environmental aspects. As LS Mtron's 2nd Sustainability Report, this report is to look at achievements in 2010 as measured against the targets set in 2009 and present sustainability management goals for 2011. We aim to publish our Sustainability Report every year.

- Reporting Principles

We use the following 5 principles in reporting our Sustainability Management activities.

- Contents (including appropriate items for disclosure document)
- Commitment (presenting clear statements to stakeholders)
- Comparability (offering quantifiable and thus comparable results)
- Credibility (setting a reporting framework to manage quantitative data)
- Communication (enhancing the ease of access for stakeholders)

- Report Content

This report focuses on the 6 Sustainability Management Focus Areas, which were identified based on stakeholder interest and business impact. Each Focus Area contains achievements for the past one year, mid-term strategic directions and plans for the following year.

- Reporting Period and Scope

This report covers the period from January 1, 2010 to December 31, 2010 (fiscal year 2010) and its quantitative data span two years from 2009 when our 1st Sustainability Report was issued to 2010. With qualitative data, the report partially includes activities up to March of 2011.

This report contains our activities at the head office and four business sites in Korea and partially covers overseas subsidiaries and branch offices. We are to further expand the reporting scope to include all the overseas sites according to our integrated Sustainability Management policy.

- Writing and Assurance Process

This report was written under the supervision of the Sustainability Report Editorial Meeting made up of the Sustainability Management Steering Group and the Sustainability Management Executive Office in accordance with our Sustainability reporting framework and the G3 Guidelines of the GRI (Global Reporting Initiative). This report was assured by an independent external assurance provider in order to ensure reliability of report data and content. The third-party assurance statement is included in this report.

Contact Information

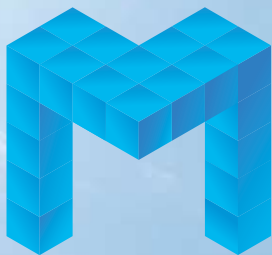
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Sustainability Report Publishing Schedule

Previous report: June 1, 2010
This report: April 20, 2011
Next report: April, 2012



LS Mtron offers top-notch leading solutions to customers based on the world's best-in-class technologies secured in the field of machinery and components.

Our products and services will enrich the life of the mankind, enabling convenient and pleasant experiences.



LOOK FORWARD





Green and Comfortable World
INNOVATIVE TECHNOLOGY PARTNER

Green and Comfortable World

A world created with the products and services of LS Mtron

Innovative

Continuously pursuing the most effective solution

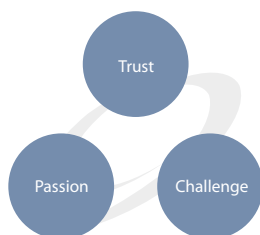
Technology

Creating a world with endless technology development

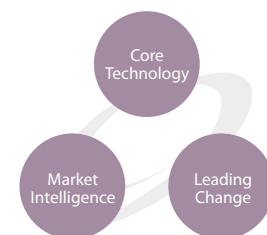
Partner

A true global partner for customers

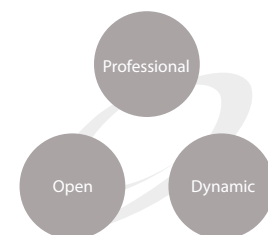
CORE VALUES



CORE CAPABILITIES



GLOBAL HUMAN RESOURCES





BEYOND TECHNOLOGY



LS Mtron believes in the power of machinery that makes people happier.

Our belief as such drives the world to be a better place as we offer
easy-to-use and high-efficiency machinery.



LS Mtron pushes the world forward with smaller, lighter and more
convenient eco-friendly components. You will find the abundance
of key components of LS Mtron in your daily living.



TRUSTFUL PARTNER



Our new business philosophy is in place for us to brace
for a dynamic future of LS as a young enterprise.



Creating outstanding performance and growing further where talents with entrepreneurship
join hands together heart-to-heart based on respect, consideration and trust

LS is... "a strong and reliable partner"

LS people are... "those creating greater performance by harmoniously working together"



We will seek for win-win growth under accountability for sustainable management as well as long-term perspectives on corporate growth.



Chairman Message

Expectations and demand for CSR and sustainable development are recognized by many companies as a new initiative and a challenge. All of us at LS Mtron will jump on this bandwagon as we view the challenge as an opportunity and strive to leap into a world-class company through sustainable management.

Under our management mission to become “a company that is together with customers,” we have made outstanding growth in 2010 despite hardships in the market and the rapidly changing management environment. We were driven by sustainable management we initiated from 2009, and especially in 2010, we strived to align activities among various stakeholders, while specifying sustainable management activities for major functions. As such, the 2010 was a year for us to take one step closer to establishing a performance system where social and environmental value leads to economic growth.

I and the management believe that long-term views on growth and responsibility on sustainable management is the top prerequisite to the most active response to the fundamental changes in the global management paradigm. Therefore, sustainable management of LS Mtron is home to systematic efforts to maximize the value for various expectations and demands, and also the key and opportunities to expand our business which will enable our sustainable economic growth as well as the answer to social, environmental and ethical risks.

We established an environmentally-friendly product development process in 2010 according to the 2009 definition and development guideline on environmentally-friendly products. We will continue to expand the scope of green products in line with specific development objects from 2011. Not only that, we pour all-out efforts to build LS partnerships with various stakeholders by holding the Partnership Day with Partner Companies and conducting social contribution activities. We

will expand our roles and responsibilities as a corporate citizen so that social and environmental value could lead to economic value while win-win development of the community and partner companies could serve as the top priority in our management activities.

Our sustainability report is not only a communication channel with stakeholders but also a window of opportunity to exude our efforts as they are. I hope that this report could enable you to check out our sustainable management performance and you could extend active participation for further improvement in various activities through honest feedback.

Thank you.

Cha-Yol Koo | Chairman

A handwritten signature in black ink, reading "Cha-Yol Koo".

Transparent and genuine sustainable management is the key to continued corporate growth and creation of opportunities.



President Message

The 2010 was a significant year to further facilitate our sustainable management and root down function-specific roles and activities. We especially strived to establish and improve management systems for communication channels to continue to focus on 'communication' in/ outside the Company, actively reflect your voice as stakeholders and reflect them throughout management activities.

We held meetings of the Sustainable Management Steering Group every two months so that the management and employees could be aware of the importance of sustainable management, and all managerial issues could be constantly managed, monitored and improved in daily operation. Our five Subcommittees (i.e. Green Management, Environmentally-Friendly Product, Quality Management and Customer Satisfaction, Social Contribution Activity and Win-Win Partnership) were in operation to ensure the support for business in related teams, manage related issues and strengthen the competency to execute them.

We have begun to reflect sustainable management to the company-wide assessment system and make KPIs for key managerial issues. As such, we have formed and operated a preemptive sustainable management system to ensure fulfillment of roles and responsibilities and systematic performance management.

In order to achieve our mid-and long-term goal to establish a sustainable value chain and expand environmentally-friendly products, we strengthened activities to systematically improve 22 key managerial issues as well as six Focus Areas (i.e., Integrated Sustainable Management, Economic and Social Value Creation, Social Contribution Activity, Green Management, Employee Value Enhancement and Integrated Risk Management). Not only that, we ensured that expectations and demand found through stakeholder dialogue and surveys to be reflected in 22 managerial issues according to their priority.

This second Sustainability Report has a more easily readable format where the plans promised in the previous report and specific plans thereof are placed at the beginning for you to get a glimpse of our performance plans for sustainable management. Moreover, we included a summarized annual report of LS Mtron based on your various feedback, and the UN Global Compact Performance Report, and utilized ISO 26000, the international specification on socially responsible management. Thus, it is full of all the content you as stakeholders are interested in so that its reporting structure and systems could be more efficient.

I believe that transparent and genuine sustainable management is the key to gaining your trust and creating sustainable growth and other opportunities.

Moreover, we will ensure to establish more solid sustainable management systems and carry out more pioneering activities as our future survival strategies, thus striving to enhance our competitiveness in global business. These efforts, furthermore, will drive us to achieve our mid-term goal of achieving revenues of KRW 4 trillion and operating income of 10% by 2015.

Thank you.

Jae-Seol Shim | President and CEO

A handwritten signature in black ink, appearing to read 'js shim'.

LS Mtron-Company Profile

LS Mtron was established in July 2008 with an aim to enhance its global competitiveness and core competencies in the fields of industrial machinery and cutting-edge components.

[Company Overview]

Company Name	LS Mtron Ltd.
CEO	Cha-Yol Koo, Jae-Seol Shim
Type of Business	Manufacturing
Date of Establishment	July 1, 2008
No. of Employees	1,669/4,167 (LS Mtron Ltd./including subsidiaries)
Credit Rating	NICE Investors Service A0 / Korea Investors Service A0
Turnover	KRW 926.3 billion / KRW 1.392 trillion (LS Mtron Ltd./including subsidiaries)
Asset	KRW 871.9 billion
Capital	KRW 466.7 billion, capital adequacy ratio: 53.5%
Debt	KRW 405.2 billion, debt to equity ratio: 86.8%
Main Exporting Markets	USA, China, Europe, South East Asia, Middle East and etc
Business Divisions(Business Areas)	- Machinery Division (Tractor/Air-Conditioning/ Injection Molding/Special Business) - Component Division (Electronic Component/ Electronic Circuit Materials/Automotive Component/ Ultra Capacitor/FCCL)

* As of December 31, 2010.

[Vision]

"Green and Comfortable World

INNOVATIVE TECHNOLOGY PARTNER"

We declared our new vision in March 2009. "Green and Comfortable World" embodies our strong will to create a richer life for customers through our products and services and "INNOVATIVE TECHNOLOGY PARTNER" contains our desire to grow together with customers and contribute to society through continued technology innovation.



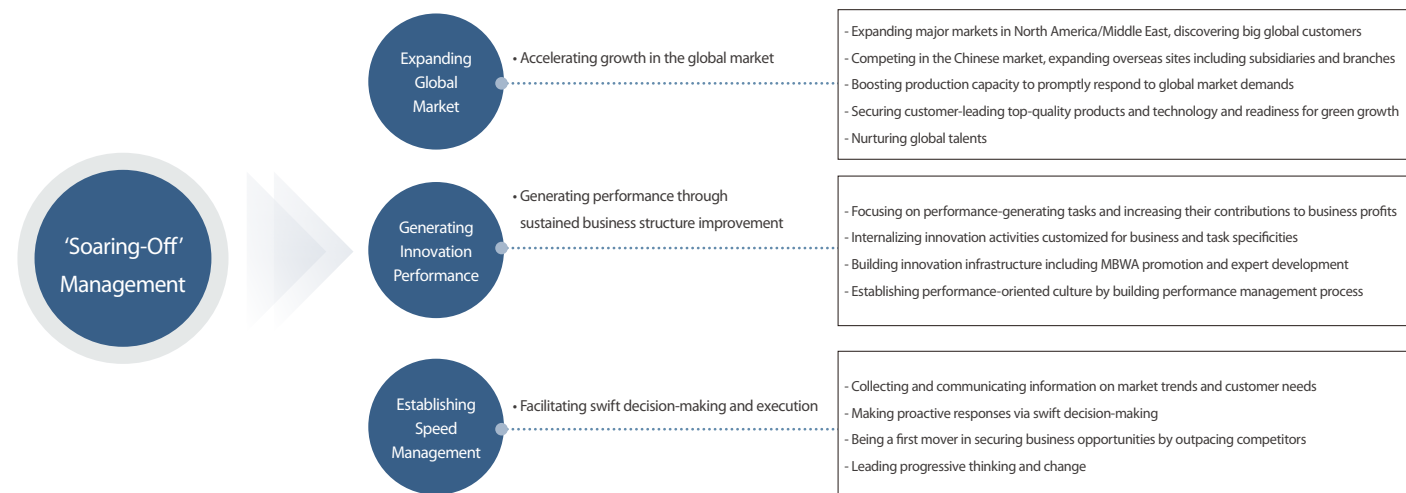
[Management Philosophy]

"Company that Grows Together with Customers"

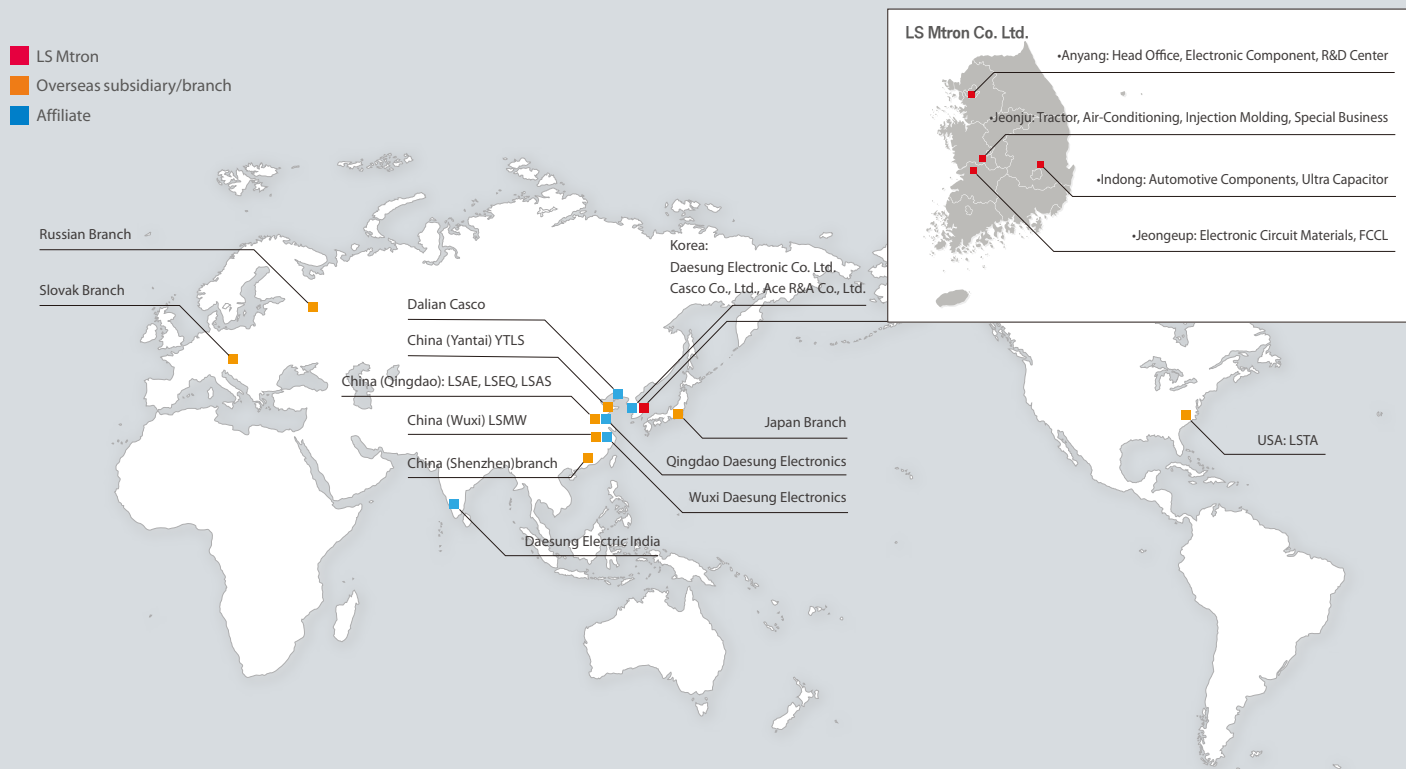
[2015 Goals]

KRW 4 Trillion in Sales and 10% Increase in Operating Profit

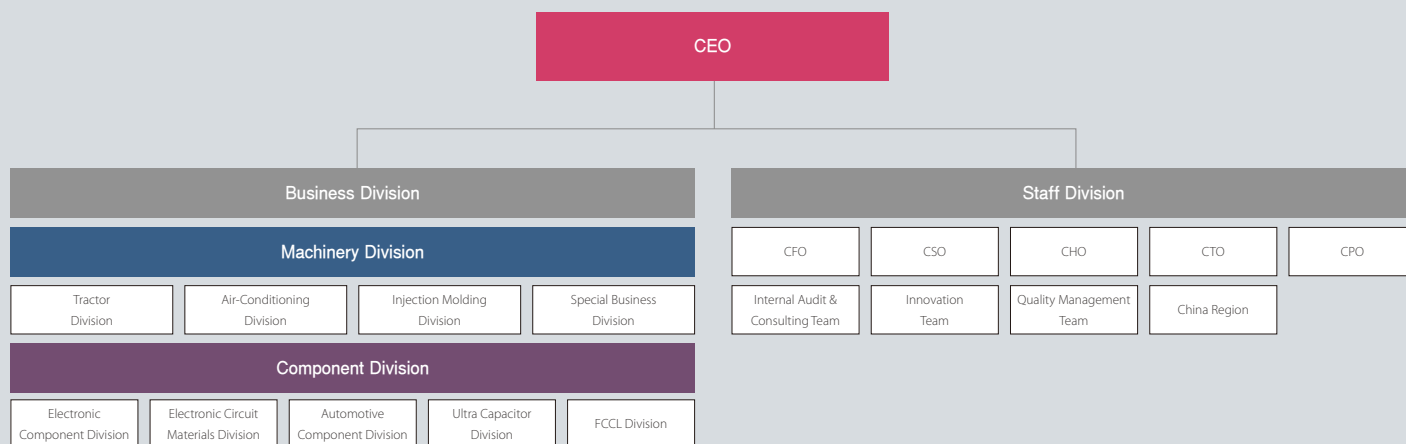
[Management Policy]



[Global Network]



[Organizational Chart]



* As of January 2011.

Our Sustainability Management Initiatives

As a global provider of industrial machinery and cutting-edge components, we are fully aware that we should be moving towards Sustainability Management. This is why we strive to promote environmental protection for future generations as well as sustainable economic growth and self-initiated social development in everything we do at LS Mtron including important decisions made by top management.

Our company-wide framework to set Sustainability Management goals and manage relevant performance is up and running in order to ensure consistency of our Sustainability Management initiatives. In particular, all the participating departments in the Sustainability Management Steering Group meet bi-monthly to establish Sustainability Management strategy directions and share progress made so far. Such activities are communicated to our stakeholders through our Sustainability Reports. This report, our 2nd Sustainability Report, primarily focuses on Sustainability Management achievements in 2010 and goals for 2011.

Sustainability Management Achievements in 2010

Our top priority for the year 2010 was to build the overall framework to push ahead with sustainability management initiatives. We focused on laying the foundation to manage our Sustainability Management activities on a company-wide level including establishment of Sustainability Management policy and system, operation of the Sustainability Management Steering Group, designation of Sustainability Management personnel and department-level leaders, and installation of performance monitoring system. In particular, we identified the 6 Focus Areas of Integrated Sustainability Management, Economic and Social Value Creation(detailed activity domains: Innovation Initiatives Activity, Win-Win Partnership Activity, Customer Satisfaction & Quality Management Activity), Social Contribution Activity, Green Management, Employee Value Enhancement, and Integrated Risk Management. We also selected 22 managerial issues including establishment of action framework in each of these Focus Areas. They are represented in the Sustainability Management Steering Wheel 2010, which shows our Sustainability Management Focus Areas and managerial issues and defines performance assessment criteria for the concerned year, and participating departments carried out activities according to the plans set in 2010.

Achievements in Each Focus Area

In 2010, we selected a total of 40 quantitative indicators in each of the 6 Focus Areas and regularly monitored progress in 22 managerial issues as measured against plans set initially through bi-monthly Sustainability Management Steering Group meetings. Sustainability managerial issues refer to establishment of policies and systems and deployment of regular programs and their progress is classified into achieved, partially achieved and not achieved. We also have 'continuous activity' category for those issues that require sustained initiatives due to their inherent characteristics such as capacity building, monitoring and communication. As for performance evaluation, each department makes their own assessment first of items suggested in the '2009 Sustainability Report' and then the Sustainability Management Executive Office determines their completion level based on performance data. Out of 2010's 53 plans, 37 were completed except for 7 continuous activity items and 8 were partially achieved and 1 not achieved yet. Those partially achieved and not achieved yet plans are part of our 2011 plans and we will endeavor to ensure their completion.

Sustainability Management Steering Wheel 2010



ACHIEVEMENTS IN EACH FOCUS AREA	PAGE
01. Integrated Sustainability Management	22
02. Economic and Social Value Creation	
1. Innovation Initiative Activity	31
2. Win-Win Partnership Activity	35
3. Customer Satisfaction and Quality Management Activity	41

ACHIEVEMENTS IN EACH FOCUS AREA	PAGE
03. Social Contribution Activity	46
04. Green Management	52
05. Employee Value Enhancement	60
06. Integrated Risk Management	70

Key Performance Indicators and 2010 Major Activities in Each Focus Area

01 Integrated Sustainability Management

MAJOR PERFORMANCE INDICATORS	2009 PERFORMANCE	2010 PERFORMANCE	NOTE
Managerial issues selected in each Focus Area	22	22	23 in 2011
No. of SM Steering Group meetings and participants	3 meetings/22 participants	5 meetings/22 participants	
No. of external/internal stakeholders participating in surveys	65/offline surveys	104/94	New Indicators

MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Building Sustainability Management Framework	- Defining SM principles and operation regulations	- Operating SM framework	- Holding 5 SM Steering Group meetings	●
	- Building company-wide SM framework	- Implementing 2010 and materiality test and revising the SM Steering Wheel	- Setting up 5 subcommittees/ holding 5 subcommittee meetings	
	- Conducting 2009 materiality test and creating SM Steering Wheel		- Taking action in 6 Focus Areas and addressing 22 managerial issues	●
	- Developing SM diagnosis model and setting up monitoring system	- Conducting SM diagnostic evaluations (using ISO 26000)	- Holding off-line dialogue by stakeholder group	●
Identifying Roles & Responsibilities in Each Focus Area		- Reviewing company-wide operation regulations	- Conducting common surveys of 198 stakeholders	
	- Designating managers and SM personnel by department	- Performing R&R and reporting outcomes by department	- Completing self-initiated SM diagnostic assessments	●
Promoting SM and Building Employee Consensus	- Identifying roles and responsibilities		- Analyzing 7 core subjects/ 35 issues in ISO 26000	●
	- One round of group training for the SM Steering Group	- Offering company-wide SM training	- Company-wide SM regulations to be listed in the 1st half of 2011	●
		- Adding more channels to make public SM achievements	- Department heads' regular reporting in each Focus Area - 5 times	●
			- Incorporating SM into Strategic Indicators	●
			- SM training (timed with company-wide ethical management training)	●
			- Receiving 4 outside awards in recognition of SM initiatives	●
			- SM achievements covered by various media outlets	●
			- Postings in intranet pop-up	◎
			- Reports in company newsletters / corporate website reorganize	◎

* SM: Sustainability Management

● : Achieved ● : Partially Achieved ○ : Not Achieved Yet ◎ : Continuous Activity

02-1 Economic and Social Value Creation_ Innovation Initiative Activity

MAJOR PERFORMANCE INDICATORS	2009 PERFORMANCE	2010 PERFORMANCE	NOTE
Financial values created by innovation activities	KRW16.8 billion	KRW 21.3 billion	
No. of innovation tasks ¹ performed	98	235	
No. of innovative talents secured	78	178	
No. of innovation activities suggested	16 per head	30 per head	
No. of theme tasks completed by quality circles	113	171	

1. Big Y, 6 Sigma, LPS, VE and etc.

MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Operating Integrated Innovation Framework	- Establishing Mtron 6, the in-house customized management innovation model	- Continuously developing innovation retention methodology	- Developing 7 innovation processes	●
	- Securing 78 key talents by innovation area	- Enhancing organizational operation and communication	- Opening Ullimteo, innovation training center, in May	
Customized Innovation Activities	- Enhancing organizational operation and communication		- Quarterly CEO MBWA(Management By Wandering Around)(4 in total)	
		- Nurturing innovative talents	- Sharing performance and awarding excellent tasks in December	
	- Carrying out customized innovation initiatives	- Expanding innovation activity scope: sales and marketing	- Innovation ideas suggested(30.2 per head, participation rate 100%)	◎
	- LPS ²		- Winning bronze award in National Quality Management Contest (Quality Circle Contest_ Injection Molding Division Heavy Quality Circle)	
	- 6 Sigma	- Focusing on supporting financial performance-related tasks: customized innovation activities	- Securing 178 key talents by innovation theme	●
	- Cost innovation		- Initiating sales innovation, implemented in 5 business divisions	●
	- Site innovation		- Building sales training system and educating 180 employees	●
		- Improving progress verification and monitoring	- Carrying out innovation activities customized for different business divisions (KRW 29.93 billion of annual financial achievement, KRW 21.3 billion of contribution to operating profit)	
			- Big Y: KRW 5.99 billion - LPS: KRW 1.00 billion	●
			- 6 Sigma: KRW1.99 billion	
			- Cost Innovation : KRW 20.95 billion	
			- Building annual verification framework	

2. LPS: LS Mtron Production System

● : Achieved ● : Partially Achieved ○ : Not Achieved Yet ◎ : Continuous Activity

02-2 Economic and Social Value Creation_ Win-Win Partnership Activity

MAJOR PERFORMANCE INDICATORS	2009 PERFORMANCE	2010 PERFORMANCE	NOTE
Dialogue with business partners ¹	15	15	
Investing in win-win partnership programs with business partners ²	KRW 0.94 billion	KRW 1.63 billion	
No. of projects to support innovation activities of business partners	17	33	
No. of business partners whose level of LS Mtron ethical management was examined	183	210	
No. of Q-Partners selected among business partners	18	32	New Indicators
No. of Win-Win Partnership Subcommittee meetings	-	1	New Indicators

1. Regular discussion meetings, business presentations and etc.

2. Management support consultation, training, purchase-conditional projects, public-private joint investment in technology development and etc.

MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Operating Win-Win Partnership Framework	<ul style="list-style-type: none"> Establishing fair-trade agreements with subcontractors Creating a new department in charge Selecting 18 Q-Partner 	<ul style="list-style-type: none"> Integrating SM evaluation factors in business partner assessment and management rules 	<ul style="list-style-type: none"> Building framework to integrate Q-Partner evaluation indicators Matching Q-Partner evaluation cycle and certification period Selecting 32 Q-Partners and ensuring 100 percent cash payments Creating and operating the Win-Win Partnership Subcommittee 	●
Supporting Business Partner in Building Infrastructure	<ul style="list-style-type: none"> Conducting win-win partnership activities Supporting training and consulting Carrying out joint R&D Expanding innovation activities Creating Win-Win Partnership Fund 	<ul style="list-style-type: none"> Running win-win partnership programs 	<ul style="list-style-type: none"> Initiating 3 purchase-conditional projects to develop new products Initiating 3 R&D fund tasks Quality and production training for 105 employees at 67 business partners Completing 15 business partners in management consulting Offering KRW 500 million in direct loans (3 business partners) and KRW 4.2 billion in win-win partnership fund (14 business partners) Making bi-weekly payments to 83 major business partners 	●
Communication with Business Partners	<ul style="list-style-type: none"> Creating channels to collect opinions within integrated purchase system Building channels to communicate business partner-related policies 	<ul style="list-style-type: none"> Building and operating regular communication channels Constantly collecting opinions and improving responses 	<ul style="list-style-type: none"> Holding 15 rounds of regular dialogue Hosting a performance-sharing event with business partners in December Operating win-win partnership bulletin board within integrated purchase management system 	●

● : Achieved ● : Partially Achieved ○ : Not Achieved Yet ⊙ : Continuous Activity

02-3 Economic and Social Value Creation_ Customer Satisfaction and Quality Management Activity

MAJOR PERFORMANCE INDICATORS	2009 PERFORMANCE	2010 PERFORMANCE	NOTE
Business sites with certified quality management system (including overseas sites)	88%	100%	
No. of customer participation and dialogue events ¹	18	18	
No. of quality improvement support events for business partners	-	49	New Indicators
No. of customer and quality management subcommittee meetings	-	1	New Indicators

1. Customer interviews, surveys and major product-related events and etc.

MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Operating Quality Management Framework	<ul style="list-style-type: none"> Declaring QM guidelines Operating ISO 9001, ISO/TS 16949 system 	<ul style="list-style-type: none"> Building QMS² evaluation framework QM certified in overseas subsidiaries Nurturing QM talents QM for business partners 	<ul style="list-style-type: none"> Processes selected for different evaluation targets Evaluation framework being set up (to be completed by August, 2011) LSAE (Chinese subsidiary, tractor division) ISO 9001-certified Talent promotion system being constructed (to be completed by September, 2011) Running 4 training programs for QM talents Diagnose of QM cooperation framework completed of 17 business partners (KSA) 	●
Obtaining Sustained Product Quality Competitiveness	<ul style="list-style-type: none"> Failure cost-goal setting and monitoring Holding quality innovation festival Quality management with business partners-discussion meetings / assessing improvements made 	<ul style="list-style-type: none"> Goal-setting and monitoring of failure cost Building global QM framework 	<ul style="list-style-type: none"> Failure cost goal-setting completed Performance monitoring (monthly) Creating and operating customer and QM Subcommittees Participating in QM-related outside seminars: 4 Product quality improvement activities: 14 Diagnosing quality management framework: 22 Quality diagnosis and improvement guidance-32 business partners, 49 times Aligning overseas subsidiary/in-house QMS: 3/1 	●
Communication with Customers	<ul style="list-style-type: none"> Managing CRM system and VOC 13 product-related events Online training on customer care 	<ul style="list-style-type: none"> Customized customer satisfaction activities by business division VOC collection by business division 	<ul style="list-style-type: none"> Division-specific CS activities/related training: 13 Participating in and hosting product exhibitions/seminars: 16 Conducting CS surveys and sharing results 	●

2. Quality Management System

● : Achieved ● : Partially Achieved ○ : Not Achieved Yet ⊙ : Continuous Activity

03 Social Contribution Activity

MAJOR PERFORMANCE INDICATORS	2009 PERFORMANCE	2010 PERFORMANCE	NOTE
Investments in social contribution activities	KRW 0.23 billion	KRW 0.29 billion	
No. of the Social Contribution Subcommittee meetings	-	1	New Indicators

* The amount of investment for 2009 social contribution activities: Including other costs for social contribution activities e.g. culture and art

MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Establishment of Social Contribution Strategies	<ul style="list-style-type: none"> Establishing a management system for social contribution activities Designating strategies and managers for the sites Planning channels to connect with the community 	<ul style="list-style-type: none"> Establishing social contribution activities for each business site Facilitating performance and releasing it internally and externally Sharing the pending community agenda and social contribution activities 	Creating and operating the Social Contribution Subcommittee	●
			Designating coordinators for volunteering teams for each business site	●
			Establishing the company-wide performance management system	●
Social Contribution Activity Program	<ul style="list-style-type: none"> Domestic social contribution activities Enhancing social community welfare Developing culture/art/sports Volunteering of employees and executives Fostering future talents, etc. 	<ul style="list-style-type: none"> Sustaining domestic social contribution activities Facilitating new social contribution activities abroad 	Establishing and promoting various performance releasing channels	●
			Opening communication channels for stakeholders for each business site - Centered around the Jeonju site (communication channels for other sites in the pipeline)	◎
			Conducting 23 activities e.g. managing and sponsoring programs (KRW 0.29 billion)	●
			Starting LS Mtron's Global Happy Village Campaign (in Vietnam)	●

● : Achieved ◐ : Partially Achieved ○ : Not Achieved Yet ◎ : Continuous Activity

04 Green Management

MAJOR PERFORMANCE INDICATORS	2009 PERFORMANCE	2010 PERFORMANCE	NOTE
Investment to improve green processes ¹	KRW 0.65 billion	KRW 0.76 billion	
Greenhouse gas emissions (CO ₂ tons)	89,250 CO ₂ tons	98,875 CO ₂ tons	
Amount of energy usage	Direct energy	119 TJ	134 TJ
	Indirect energy	1,586 TJ	1,775 TJ
	Total	1,705 TJ	1,909 TJ
Waste water recycling rate	54.8%	65.4%	
Waste recycling rate	80.8%	83.3%	
No. of the Green Management Subcommittee meetings	-	1	New Indicator
Sales of environmentally-friendly products (portion of)	-	KRW 221.1 billion (24%)	New Indicator
No. of the Environmentally-Friendly Product Subcommittee meetings	-	1	New Indicator

1. Investment in facilities and infrastructure for air/waste and climate change response

MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Climate Change Response	<ul style="list-style-type: none"> Identifying the status quo of CO₂ emissions Acquiring the Carbon Footprint Certification Label 	<ul style="list-style-type: none"> Establishing the Greenhouse Gas Inventory / Setting goals to reduce greenhouse gas emissions Developing products with Carbon Footprint Certification Label 	Establishing the Greenhouse Gas Inventory	●
			Identifying potential reduction amounts through energy analysis Setting climate change response strategies and emission targets Reviewing the selection of products for each business site	◐
Developing Environmentally-Friendly Products	<ul style="list-style-type: none"> Setting standards to design environmentally friendly products Paving the way to expand the launch of environmentally-friendly products 	<ul style="list-style-type: none"> Introducing the environmentally-friendly product design process 	Defining the scope of environmentally-friendly products and selecting 23 design factors	●
			Verifying whether or not green design factors have been reflected in product development Reflecting the mid-term technology development road map for the Business Division Creating and operating the Environmentally-friendly Product Subcommittee Achieving the green product sales of KRW 221.1 billion in 2010	●
Operation of Advanced ESH Business Site	<ul style="list-style-type: none"> Certification for integrated ESH corporate management Designated as a Green Company (Jeonju site) Reduction of pollutant emission and activities for local environmental preservation 	<ul style="list-style-type: none"> Building the ESH management system for overseas subsidiaries Reinforcing activities for reduction of pollutant emission 	Supporting the establishment of the ESH management system and conducting diagnosis for overseas subsidiaries	●
			Creating and operating the Green Management Subcommittee Setting company-wide common goal management indicators Establishing a environment safety evaluation system for facility investment	●

● : Achieved ◐ : Partially Achieved ○ : Not Achieved Yet ◎ : Continuous Activity

05 Employee Value Enhancement

MAJOR PERFORMANCE INDICATORS	2009 PERFORMANCE	2010 PERFORMANCE	NOTE
Total No. of executives and employees (LS Mtron / including subsidiaries)	1,472/3,618	1,669/4,167	
No. of newly hired employees (male/female)	167 (145/22)	296 (255/41)	
Female executives and employees	48 (3.3%)	71 (4.2%)	
Handicapped employees	35 (2.4%)	36 (2.1%)	
No. of locally hired employees	833	1,305	Overseas subsidiaries
No. of hours spent on competency development by executives and employees (per year)	145 hours/head	132 hours/head	
No. of participants in ethical management training	916	1,610	
No. of industrial accidents	2 cases (0.127%)	2 cases (0.118%)	
No. of unionized employees	611 (39.9%)	616 (41.1%)	
Communication with employees ¹	-	24	New Indicators
No. of collaborative meetings held for improvement of labor-management relations ²	53	55	

* As of the end of 2010 in Korea, excluding part-time and expatriate workers

1. CEO/business division director meetings, meetings within business sites, etc.

2. Committee meetings to improve participation and collaboration, labor-management working-level meetings, and occupational safety and health committee, etc.

MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Advanced HR Management Systems	· Improving the HR Management Systems (e.g. holders of strong competency)	· Securing and retaining overseas high performers	· 296 recruited including the new and experienced	●
	· Appointing locals for heads of overseas subsidiaries/Employing competent foreign employees	· HR Management System regulation establishment for overseas subsidiaries/branches	· Managing a scheme to retain experienced employees	●
	· Improving the work systems (strengthening the on-site competency)	· Retirement system adoption	· Establishing the LSAE (LS Agricultural Equipment) recruitment regulations and evaluation systems	●
			· Achieved the LSAE, LSMW (LS Machinery) rank systems, wage system	●
Employee Competency Development	· Reinforcing advanced education course for the promoted	· Mid-term and global education program	· Holding the executive/employee seminar (approval rate of 92%)	●
	· Reinforcing employees' foreign language capability	· Advanced education course reinforcement	· Conducting the partial retirement pension system from Jan. 2011	●
		· Employee foreign language capability reinforcement	· 7 employees managing five mid-term courses	●
			· 19 employees managing two global courses	●
Employee Participation and Trust Building	· Regularly operating the Joint Labor-Management Committee/holding events to encourage joint labor-management activities	· Direct communication channel development between management and employees	· 143 employees managing four rank-specific courses	●
	· Periodic review of policies, regular monitoring	· Problem response reinforcement	· Managing 22 courses (130 attendees)	●
		· Establishment of process to report and resolve violations of international labor standards	· Holding CEO/Business Division Head/CHO meetings 24 times	◎
			· Holding the labor-management relationship improvement meetings 55 times, etc.	◎
Employee Welfare, Safety and Health	· Health management program	· Improvement of safety management at overseas subsidiaries	· Setting a counseling room at Jeonju and Jeongeup sites	●
	· Regular work place co-monitoring and improvement activity	· Enhancement of safety training for employees at all levels	· Recruiting professional counselors	●
		· Chemical materials management system improvement	· Appointing Ombudsman commissioners on business sites	●
			· Safety education and training support in overseas subsidiaries	●
			· Conducting company-wide courses for employees at all levels	●
			· GHS response to single chemicals	●

● : Achieved ◐ : Partially Achieved ○ : Not Achieved Yet ◎ : Continuous Activity

06 Integrated Risk Management

MAJOR PERFORMANCE INDICATORS	2009 PERFORMANCE	2010 PERFORMANCE	NOTE
Selecting company-wide risk scenarios (risk issues)	8	14	

MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Identifying Integrated Risks and Introducing Response Framework	· Identifying integrated risk issues	· Identifying and examining integrated risk issues	· Managing major issues based on company-wide SM framework	◎
	· Setting policies and systems	· Supplementing and regularly reviewing policies and systems	· Company-wide risk management and operation framework being set up	●
	· Introducing integrated risk management framework and process	· Exploring risk scenarios	· Reviewing and improving policies in a regular manner	●
	· Identifying responsibilities of departments and high-level managers in charge	· Analyzing scenario feasibility	· Exploring job-related risk scenarios by department-1st phase completed (more than 2 per team)	◐
Educating and Training Employees and Creating Risk Culture	· Carrying out risk-response activities on a daily basis	· Creating risk scenario response manual	· 1st phase risk scenarios being analyzed	◐
		· Conducting risk-response activities on a daily and mid-term basis	· Developing issue-specific manual after feasibility analysis	○
			· Managing issues according to SM framework	●
		· Setting plans for employee training and communication	· Risk scenarios being explored and manuals being developed by department	●
			· Creating employee training plans according to manual	◐

● : Achieved ◐ : Partially Achieved ○ : Not Achieved Yet ◎ : Continuous Activity

Sustainability Management Goals Set for 2011

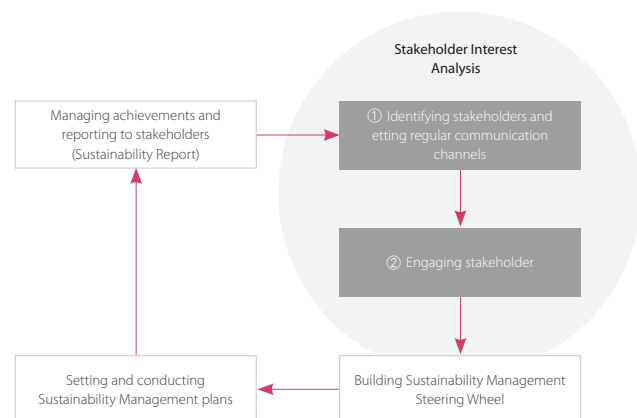
We set Sustainability Management goals for the following year in advance in order to ensure consistency of Sustainability Management strategies and strengthened engagement of employees. The most outstanding change in setting goals for 2011 is that Sustainability Management achievements are integrated into annual strategic indicators. As for indicator weights, 5 sectors that belong to our head office (Staff sector) [CFO (Chief Financial Officer), CHO (Chief Human-resource Officer), CTO (Chief Technology Officer), CSO (Chief Strategy Planning Officer), and CPO (Chief Procurement Officer)] and 2 teams under direct CEO control are given 10 percent each and 9 business divisions 5 percent respectively. This completes the framework to systemically evaluate Sustainability Management activities and will offer an opportunity to encourage employees to consider Sustainability Management as part of their daily operations as well as to enhance corporate executive capabilities.

We carried out the 3-phase materiality test (1st phase-internal/external Sustainability Management environment analysis, 2nd phase-stakeholder interest analysis, 3rd phase-business impact analysis) in setting up detailed plans for 2011 Sustainability Management activities and the result was utilized to build the Sustainability Management Steering Wheel 2011. The reason why this year's materiality test process is more streamlined than the previous year is that we believe we have a basic management framework in place to practice Sustainability Management including basic data collection system, newly created Sustainability Management organizations, improved operation system and company-wide Sustainability Management framework. These initial steps, though not included in managerial issues, will be managed and supplemented continuously to appropriately respond to various issues that will be found in future materiality analysis.

[Phase 1: Internal/External Sustainability Management Environment Analysis]

INTERNAL ISSUES	EXTERNAL ISSUES
· LS Mtron vision and mid-term strategy	· Reviewing Sustainability Management-related guidelines and standards
· Decisions by the Sustainability Management Steering Group	· GRI (G3), ISO 26000, UNGC 10 principles and etc.
· Setting future directions according to Sustainability Management principles and regulations	· Researching media coverage of Sustainability Management in the same line of business
· Progress on 2010 Sustainability Management managerial issues	· Opinions from Sustainability Management advisory group
· Finding improvements to be made through in-house Sustainability Management diagnosis	· Sustainability Management trends in competitors and industry leaders
· Stakeholder interest in website	· Sustainability Management-related evaluation indicators used overseas

[Phase 2: Stakeholder Interest Analysis]

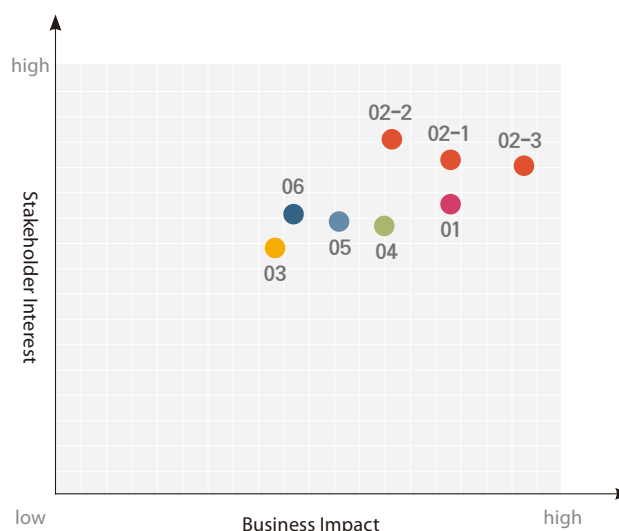


Sustainability Management Implementation Process _ The 2nd phase of materiality test (stakeholder interest analysis) is part of our corporate Sustainability Management implementation process. The Sustainability Management implementation process is a year-long process that is composed of identifying stakeholders, collecting opinions from stakeholders through various communication channels, integrating them into business operations and reporting progress back to stakeholders. In particular, stakeholder interest analysis is the foundation upon which we set our Sustainability Management strategies.

Stakeholder interest analysis is divided into ①identifying stakeholders and setting regular communication channels and ②engaging stakeholders. (For detailed information, you can refer to [managerial issue: Building Sustainability Management Framework _ (page26)].)

[Phase 3: Business Impact Analysis]

Our business impact analysis included issues likely to happen in the mid and long term in the overall management environment in addition to Sustainability Management issues identified through stakeholder interest analysis. It looked at external factors such as SRI (Socially Responsible Investment) landscape at home and abroad and business trends of competitors and industry leaders and internal factors such as improvement tasks found through in-house diagnostic evaluations, division-specific Sustainability Management evaluation indicators, employee surveys, department meetings and top management reviews. In particular, our 2010 in-house diagnostic evaluation items are based upon the result of our analysis of 7 core subjects and 35 issues in ISO 260000 which took effect last November.



[Managerial Issue Comparison between 2010 and 2011]

FOCUS AREA		MANAGERIAL ISSUE	
		2010	2011
01. Integrated Sustainability Management		<ul style="list-style-type: none"> Building Sustainability Management Framework Identifying Roles & Responsibilities in Each Focus Area Promoting Sustainability Management and Building Employee Consensus 	<ul style="list-style-type: none"> Settling up Sustainability Management Framework Improving Sustainability Management Capabilities and Awareness Promoting Stakeholder Engagement
02. Economic and Social Value Creation	02-1. Innovation Initiative	<ul style="list-style-type: none"> Operating Integrated Innovation Framework Customized Innovation Activities 	<ul style="list-style-type: none"> Establishing Communication Culture Producing Substantial Outcomes
	02-2. Win-Win Partnership	<ul style="list-style-type: none"> Operating Win-Win Partnership Framework Supporting Business Partner in Building Infrastructure Communication with Business Partners 	<ul style="list-style-type: none"> Establishing Grow Together with Business Partners Culture Supporting Business Partners in Securing Competitiveness Engaging and Communicating with Business Partners
	02-3. Customer Satisfaction and Quality Management	<ul style="list-style-type: none"> Operating Quality Management Framework Obtaining Sustained Product Quality Competitiveness Communication with Customers 	<ul style="list-style-type: none"> Operating Product Quality Performance Improvement Framework Enhancing Quality Management Capabilities Engaging and Communication with Customers
03. Social Contribution Activity		<ul style="list-style-type: none"> Establishment of Social Contribution Strategies Social Contribution Activity Program 	<ul style="list-style-type: none"> Management of Representative Social Contribution Programs Consistent Involvement in and Support for Community Systematic Management of Volunteering Teams
04. Green Management		<ul style="list-style-type: none"> Climate Change Response Developing Environmentally-Friendly Products Operation of Advanced ESH Business Site 	<ul style="list-style-type: none"> Climate Change Response Expansion of Environmentally-Friendly Products Operation of the Advanced ESH Business Sites
05. Employee Value Enhancement		<ul style="list-style-type: none"> Advanced HR Management Systems Employee Competency Development Employee Participation and Trust Building Employee Welfare, Safety and Health 	<ul style="list-style-type: none"> Advanced Human Resources Management System Employee Competency Development Employee Participation and Respect for Human Rights Employee Welfare, Safety and Health
06. Integrated Risk Management		<ul style="list-style-type: none"> Identifying Integrated Risks and Introducing Response Framework Educating and Training Employees and Creating Risk Culture 	<ul style="list-style-type: none"> Operating Integrated Risk Management and Response Framework Educating and Training Employees and Creating Risk Culture

* For further information on changes in managerial issues, you can refer to respective Focus Area implementation framework.

This Sustainability Report 2010 is based on managerial issues in 2010 and also contains our plans for managerial issues for 2011.

2011 Major Plans in Each Focus Area

01 Integrated Sustainability Management

MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Settling up SM Framework	· Operating SM framework	· Operating the SM Steering Group (bi-monthly, 6 in total) · Running 5 Subcommittees (on a quarterly basis)	Year-round
	· Performing R&R by department and organizing systemic performance management	· Constantly managing R & R of 23 managerial issues · Managing and reporting progress regularly (reporting to the SM Steering Group)	Year-round
	· Conducting SM diagnostic evaluations(using ISO 26000)	· Conducting in-house SM diagnostic assessments(including overseas sites) · Analyzing and diagnosing 7 core subjects and 35 issues of ISO 26000 · Setting SM plans for 2012	Jun. Dec. Dec.
	· Reviewing and improving SM principles and operation regulations in a regular manner	· Reviewing and improving SM principles and operation regulations in a regular manner · Setting relevant company-wide regulations and making system registrations	May
Improving SM Capabilities and Awareness	· Enhancing company-wide SM executive capabilities	· Training all employees to enhance their practical SM capabilities · Offering customized and job-specific SM training	Mar. Sep.
	· Promoting SM consensus and sharing progress	· Increasing channels to release SM achievements · Utilizing intranet and company newsletters / supplementing website continuously	Year-round
Promoting Stakeholder Engagement	· Conducting 2011 materiality test	· Updating SM Steering Wheel according to Focus Area and managerial issue identification · Holding dialogue with core stakeholders · Conducting common surveys of stakeholders	Nov.

* SM: Sustainability Management

02-1 Economic and Social Value Creation_ Innovation Initiative Activity

MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Establishing Communication Culture	· Expanding scope of innovation activities · Vitalizing communication	· Initiating innovation activities of office workers · Supporting innovation activities of affiliates/subsidiaries/business partners · Meetings with CEO · CEO MBWA (Management By Wandering Around) · Communication and PR using SNS ¹ and news letters	Year-round
Producing Substantial Outcomes	· Streamlining operation framework · Enhancing VE activities	· Building company-wide KPI management framework · Enhancing VE activities · Carrying out process VE activities · Promoting CDM ² activities of business partners	Mar. Year-round
		· Improving productivity management framework of financial values	Year-round

1. SNS (Social Network Service) : services to create and strengthen personal connections online. Ex) facebook and twitter

2. CDM (Cost Down Method) : initiatives to reduce costs together with business partners and jointly distribute the savings

02-2 Economic and Social Value Creation_ Win-Win Partnership Activity

MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Establishing Grow Together with Business Partners Culture	· Establishing fair trade culture · Supporting business partners in securing financial stability · Setting business partner assessment system	· Reconcluding win-win partnership agreements with SMEs and fair trade agreements with subcontractors/surpassing the 85-evaluation mark in implementing these agreements · Maintaining the existing system to support financial stability of business partners (100% cash payments to Q-Partners, 100% cash equivalent payments to business partners) · Building online business partner assessment system · Operating the Win-Win Partnership Subcommittee	Year-round
Supporting Business Partners in Securing Competitiveness	· Win-win partnership initiatives · Supporting capability improvement · Offering technology support, quality improvement support and etc. · Building production management system	· Training on capability enhancement-150 business partner employees · Consulting on capability improvement-20 business partners · Exploring 10 project themes for public-private joint investments in technology development · Building production management system of business partners	Year-round
Engaging and Communicating with Business Partners	· Setting and running regular communication channels	· Holding discussions once or twice per quarter by business division · Hosting performance-sharing events with business partners at the end of year	Year-round Dec.
	· Constantly collecting opinions and improving responses	· Launching Q-Partner Consultative Meeting · Operating win-win partnership bulletin board within integrated purchase management system	Year-round

02-3 Economic and Social Value Creation_ Customer Satisfaction and Quality Management Activity

MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Operating Product Quality Performance Improvement Framework	· Cutting quality costs	· Setting quality failure cost targets by business division and directly-invested company	Jan.
		· Performance monitoring	Monthly
	· Continuous quality improvement	· 10 improvements and optimizations of critical/vulnerable systems in each business division	Year-round
		· Product quality improvement activities	
Enhancing QM Capabilities	· Enhancing quality innovation framework	· Diagnosing quality management framework	
		· Performing quality diagnosis of business partners and offering improvement guidance	
	· Nurturing QM talents	· Operating customer and QM Subcommittees	
		· Building QMS (Quality Management System) evaluation system	Aug.
Engaging and Communication with Customers	· Communication with customers	· Setting QM talent promotion system	Sep.
		· Growing quality innovation leaders: 15	Jun.
	· Gathering VOC by business division	· QM training programs: 9	Year-round
		· Setting regular communication channels with customers by business division	Oct.
		· Performing CS activities continuously by business division	Year-round
		· Conducting CS surveys and sharing results	Nov.

03 Social Contribution Activity

MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Management of Representative Social Contribution Programs	· Managing representative programs at home and abroad	· Abroad: Conducting the LS Mtron Global Happy Village Campaign (constructing an elementary school in Vietnam, dispatching the employee volunteering team to Vietnam)	Jun.
		· Domestic: Organizing representative programs	Dec.
Consistent Involvement in and Support for Community	· Continuously supporting and expanding social contribution activities	· Supporting the low-income class and the elderly living alone	Monthly
		· Sponsoring the Jeonju International Film Festival, Jeonju World Sori Festival and Korea Cycle Federation	Oct.
Systematic Management of Volunteering Teams	· Establishing volunteering teams for each business site	· Continuously conducting the One Company One Village (Chudong Village), One Company One School (Bong Dong Elementary School)	Year-round
	· Facilitating employee volunteering activities	· Volunteering in conjunction with community welfare organizations	Year-round
		· Establishing a scheme for the company-wide volunteering teams	Apr.
		· Conducting regular volunteering on each site	Dec.
		· Operating the Social Contribution Subcommittee	Dec.

04 Green Management

MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Climate Change Response	· Verifying and managing the company-wide Greenhouse Gas Inventory	· Conducting the third-party verification for the company-wide Greenhouse Gas Inventory	Year-round
	· Establishing plans to reduce greenhouse gas	· Responding to the greenhouse gas/energy target management system	
Expansion of Environmentally Friendly Products	· Expanding environmentally-friendly products	· Establishing the monitoring infrastructure	
		· Establishing mid-term reduction targets and plans for each business site/division	
		· Fostering specialists on Climate Change	
		· Strengthening reviews upon the R&D PJT Gate Review ¹	Year-round
Operation of the Advanced ESH Business Sites	· Enhanced improvement activities regarding intensity unit of common company-wide environmental indicators	· Reviewing the mid-term green technology development roadmap in business divisions	
	· Supporting the ESH management systems for overseas subsidiaries	· Exploring major green products and technologies and applying for external certifications and awards	
		· Evaluating performance vis-à-vis green product sales targets	
		· Setting plans in green products	
		· R&D investment (KRW 14.1 billion, 48%)/-sales (KRW 382.5 billion, 41%)	
		· Operating the Environmentally-Friendly Product Subcommittee	
		· Setting ways to cut/reduce the total amount company-wide for environmental indicators	Year-round
		· Setting improvement activity plans through environmental impact evaluations and monitoring these plans	
		· Conducting ex-post measures for analysis results in 2010 for overseas subsidiaries	
		· Supporting the establishment of management systems for and conducting reviews for overseas subsidiaries	
		· Operating the Green Management Subcommittee	

1. Meetings where whether or not it is essential to move onto the next stage is decided as the last activity in all stages

05 Employee Value Enhancement

MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Advanced Human Resources Management System	· Securing and retaining overseas high performers	· Securing competent talents by expanding cooperation with universities	Year-round
	· Improving the rank/reward system for overseas subsidiaries	· Improving the support system for industrial scholarship students	Mar.
Employee Competency Development	· Strengthening leadership competency · Strengthening global competency for employees · Strengthening job competency	· Securing and expanding the number of overseas talents	Sep.
		· Introducing the job-based pay through the evaluation of job value for overseas subsidiaries	Year-round
		· Conducting offline training for sustainable management for all employees	Year-round
		· Managing the leadership course for team directors company-wide	Mar.
		· Providing leadership learning materials (for team directors and above)	Year-round
		· Running mid-long and global foreign language course	Sep.
		· Continuously supporting in-house foreign language courses	Year-round
Employee Participation and Respect for Human Rights	· Facilitating the employee participation/communication · Strengthening the respect for human rights · Enhancing conveniences for employees	· Managing two sales service course per sales staff in 2011	Sep.
		· Establishing the education system for company-wide production associates in 2011	Dec.
		· Permanently opening direct communication channels between the management and employees (CEO Seminar, CHO Seminar, communication with heads of business divisions)	Year-round
		· Reflecting the ILO labor standards	Dec.
Employee Welfare, Safety and Health	· Precisely managing risk factors · Strengthening procedures to respond to fire breakout	· Publishing and distributing guidebooks on HR and welfare benefits	Dec.
		· Developing materials for special safety and welfare, and conducting training	Jun.
		· Analyzing process-specific risk factors	Year-round
		· Revising the fire response manual and diagnosing business sites	Dec.

06 Integrated Risk Management

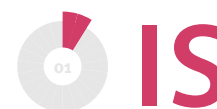
MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Operating Integrated Risk Management and Response Framework	· Building Year-round risk issue management system	· Year-round management of major issues according to company-wide SM framework	Year-round
	· Supplementing and regularly reviewing policies and systems	· Running company-wide integrated risk management framework (SM Steering Group)	
		· Supplementing company-wide integrated risk management policies and systems	Jun.
		· Reviewing and improving relevant policies and systems	
	· Identifying job-related risk scenarios by department	· Exploring job-related risk scenarios and identifying core risks by department	Jul.
Educating and Training Employees and Creating Risk Culture	· Analyzing scenario feasibility	· Analyzing impact and opportunity factors by risk scenario	Aug.
	· Creating response manuals according to risk scenarios	· Creating response manuals of core risk scenarios by department	Nov.
	· Promoting risk culture on a daily basis	· Monitoring risk response activities on a daily basis	Year-round
	· Offering employees practical education and regular training on risk response	· Educating employees according to manual and setting drill plans	Dec.

01. Integrated Sustainability Management



Though looking different, all come from the same roots. The roots release branches, and from branches bloom flowers and leaves.

LS Mtron manages all management activities for flourishing leaves by integrating sustainable management into single branches.



[Declaration]

In operating our integrated sustainability management framework, we aim to strategically incorporate the framework into overall management practices and put in place integrated performance management system. We will strive to fully meet our social responsibilities as a company by providing the greatest-possible values to our core stakeholders including customers.

[Management System]

- Manager in charge: CSO,
- Department in charge: Business Management & Planning Team
(Sustainability Management Executive Office)

[Mid-term Management Directions]

- To operate integrated Sustainability Management framework and managing mid/long-term execution strategies
- To encourage changes in awareness and enhanced executive capabilities amongst employees
- To incorporate stakeholder opinions into business operations

2010 ACHIEVEMENT

IS	2009	2010	● : Achieved ● : Partially Achieved ○ : Not Achieved Yet ⊙ : Continuous Activity	
MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Building Sustainability Management Framework	· Defining SM principles and operation regulations	· Operating SM framework	· Holding 5 SM Steering Group meetings	●
	· Building company-wide SM framework	· Implementing 2010 and materiality test and revising the SM Steering Wheel	· Setting up 5 Subcommittees/ holding 5 Subcommittee meetings	●
	· Conducting 2009 materiality test and creating SM Steering Wheel	· Conducting SM diagnostic evaluations (using ISO 26000)	· Taking action in 6 Focus Areas and addressing 22 managerial issues	●
	· Developing SM diagnosis model and setting up monitoring system	· Reviewing company-wide operation regulations	· Holding off-line dialogue by stakeholder group	●
Identifying Roles & Responsibilities in Each Focus Area	· Designating managers and SM personnel by department	· Performing R&R and reporting outcomes by department	· Conducting common surveys of 198 stakeholders	●
	· Identifying roles and responsibilities		· Completing self-initiated SM diagnostic assessments	●
Promoting SM and Building Employee Consensus	· One round of group training for the SM Steering Group	· Offering company-wide SM training	· Analyzing 7 core subjects/ 35 issues in ISO 26000	●
		· Adding more channels to make public SM achievements	· Company-wide SM regulations to be listed in the 1st half of 2011	●
			· Department heads' regular reporting in each Focus Area - 5 times	●
			· Incorporating SM into Strategic Indicators	●
			· SM training(timed with company-wide ethical management training)	●
			· Receiving 4 outside awards in recognition of SM initiatives	●
			· SM achievements covered by various media outlets	●
			· Postings in intranet pop-up	⊙
			· Reports in company newsletters / corporate website reorganize	⊙

2011 PLAN

IS	2011		
MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Settling up SM Framework	· Operating SM framework	· Operating the SM Steering Group (bi-monthly, 6 in total)	Year-round
		· Running 5 Subcommittees (on a quarterly basis)	
	· Performing R&R by department and organizing systemic performance management	· Constantly managing R & R of 23 managerial issues	Year-round
		· Managing and reporting progress regularly (reporting to the SM Steering Group)	
	· Conducting SM diagnostic evaluations(using ISO 26000)	· Conducting in-house SM diagnostic assessments (including overseas sites)	Jun.
Improving SM Capabilities and Awareness		· Analyzing and diagnosing 7 core subjects and 35 issues of ISO 26000	Dec.
		· Setting SM plans for 2012	Dec.
	· Reviewing and improving SM principles and operation regulations in a regular manner	· Reviewing and improving SM principles and operation regulations in a regular manner	May
	· Enhancing company-wide SM executive capabilities	· Setting relevant company-wide regulations and making system registrations	
	· Promoting SM consensus and sharing progress	· Training all employees to enhance their practical SM capabilities	Mar.
Promoting Stakeholder Engagement		· Offering customized and job-specific SM training	Sep.
		· Increasing channels to release SM achievements	Year-round
	· Conducting 2011 materiality test	· Utilizing intranet and company newsletters / supplementing website continuously	
		· Updating SM Steering Wheel according to Focus Area and managerial issue identification	Nov.
		· Holding dialogue with core stakeholders	
		· Conducting common surveys of stakeholders	

* SM: Sustainability Management

* We completed identifying R & R in each Focus Area and they will be continuously revised and managed.

* Modifications in managerial issues in 2011: Promoting stakeholder engagement(building framework to respond to demands and expectations of stakeholders)

Company-wide Sustainability Management Steering Group

Our Sustainability Management Steering Group is up and running, composed of Sustainability Management managers, 11 department heads and the Sustainability Management Executive Office. The Sustainability Management Steering Group meets bi-monthly to share Sustainability Management practices and explore future Sustainability Management directions. In addition, group members exchange each other's opinions about Sustainability Management activities to put in place a cooperation framework to find weaknesses and make improvements. The group met five times in 2010 and primarily discussed how to settle the Sustainability Management framework and expand Sustainability Management departments as well as environmentally-friendly product development.

Responding to ISO 26000 _ We are responding to ISO 26000, an international standard released in November of 2010 to offer guidance on social responsibility, and plan to strategically utilize it in setting our Sustainability Management initiatives for the future. We internally analyzed 7 core subjects and 35 issues presented in ISO 26000 and intend to address those issues that are likely to have major impact compared to on-going managerial issues in a step-by-step manner.



LS Mtron's Sustainability Management Steering Group meeting

2010 SUSTAINABILITY MANAGEMENT STEERING GROUP-MAIN DISCUSSION ITEMS AND ACTIONS

MEETING	SUPERVISOR/PARTICIPANTS	MAIN DISCUSSION ITEMS	DECISIONS AND ACTIONS	COMPLETION
1st (Apr.)	CFO / Business Management & Planning Team chief and 11 others	<ul style="list-style-type: none"> Building SM management process Reviewing Sustainability Reports Examining 2009 achievements and 2010 plans by department 	<ul style="list-style-type: none"> SM Steering Group meeting schedules finalized (bi-monthly, every odd month) Selecting SM personnel at head office/business sites Head office: team chief and 1 working-level employee Divisions: planning team chief and 1 working-level employee 	<ul style="list-style-type: none"> - May 3
2nd (May)	CFO / Business Management & Planning Team chief and 12 others	<ul style="list-style-type: none"> Enhancing SM executive capabilities and encouraging division engagement Setting plans for stakeholder dialogue Utilizing and publicizing Sustainability Reports 	<ul style="list-style-type: none"> Creating Subcommittees within the SM Steering Group 5 Subcommittees set up Building channels for stakeholder dialogue / holding dialogue Carrying out direct dialogue and surveys (198) 1st distribution of 919 Korean copies and 586 English copies completed Internal-external PR activities timed with report publication Press releases, intranet pop-ups, newsletters and etc. Unifying performance reporting format of the SM Steering Group 	<ul style="list-style-type: none"> May 19 Ongoing Jun. 2 Jun. 14 Jul. 30
3rd (Jul.)	CFO / Business Management & Planning Team chief and 11 others	<ul style="list-style-type: none"> Sharing first-half progress and second-half plans as well as Subcommittee operation plans Exploring risk scenarios by department Setting environmentally-friendly product criteria and mid-term strategic directions 	<ul style="list-style-type: none"> 1st meeting to explore risk scenarios and set up manuals (8 teams and each team leader participated) Running the Environmentally-Friendly Product Subcommittee Deploying divisional mid/long-term technology development roadmap 	<ul style="list-style-type: none"> Sep. 6 through 10 Sep. 3
4th (Sep.)	CFO / Business Management & Planning Team chief and 11 others	<ul style="list-style-type: none"> Strengthening linkages between SM and business operations Signing UNGC and F/U plans according to ISO 26000 release schedule Expanding and establishing environmentally-friendly products 	<ul style="list-style-type: none"> Discussing plans to incorporate CM (Consensus Meeting) index of the review and support divisions in the 2011 Business Planning Guide Actively considered in setting 2011 SM strategies Writing UNGC (COP) report Understanding technology developer Gate Review manual to estimate performance for 2010 	<ul style="list-style-type: none"> Dec. 16 Dec. 27 Ongoing
5th (Nov.)	CFO / Business Management & Planning Team chief and 12 others	<ul style="list-style-type: none"> Sharing methodology to plan and write Sustainability Reports Regularizing SM principles Offering SM training Setting target indicators by SM division Reorganizing roles & responsibilities 	<ul style="list-style-type: none"> Sustainability Report publication schedules finalized Being listed according to company-wide standardization process Company-wide general training and function-specific specialized training Accounting for 10% for 5 division heads at the main office and 5% for business division heads SM target indicators selected Identifying potentially critical issues and allotting work after reviewing ISO 26000 	<ul style="list-style-type: none"> Dec.10 2011 2011 Dec. 16 Dec. 27 2011

* SM: Sustainability Management

1. Building Sustainability Management Framework

We believe that Sustainability Management should be able to lay the groundwork to produce substantial achievements and present long-term directions for a company to pursue. This is why we have our own Integrated Sustainability Management Framework up and running and we are to further settle down the framework by engaging more stakeholders from 2011.

Integrated Sustainability Management Framework

The Sustainability Management Steering Group, Sustainability Management Subcommittees and the Sustainability Management Executive Office have their respective roles and duties in operating the Integrated Sustainability Management Framework and enhancing their linkages with employees' business operations. In particular, 5 Sustainability Management Subcommittees, set up in the 2nd half of 2010, aim to enhance business divisions' Sustainability Management executive capabilities which form the bedrock of stakeholder satisfaction and better performance and they function as an Sustainability Management-related communication channel. Under this overall framework, we operate departments in charge of the 6 Focus Areas of Integrated Sustainability Management, Economic and Social Value Creation, Social Contribution Activities, Green Management, Employee Value Enhancement and Integrated Risk Management and the 2 general areas of Ethical Management and Corporate Governance.

Roles and Duties of Sustainability Management Framework Organizations

Sustainability Management Steering Group

- Structure: Managers in charge, Business Management & Planning Team and 10 department heads, Sustainability Management Executive Office
- Role: Sustainability Management-related decision-making and direction-setting
- Operation: Bi-monthly

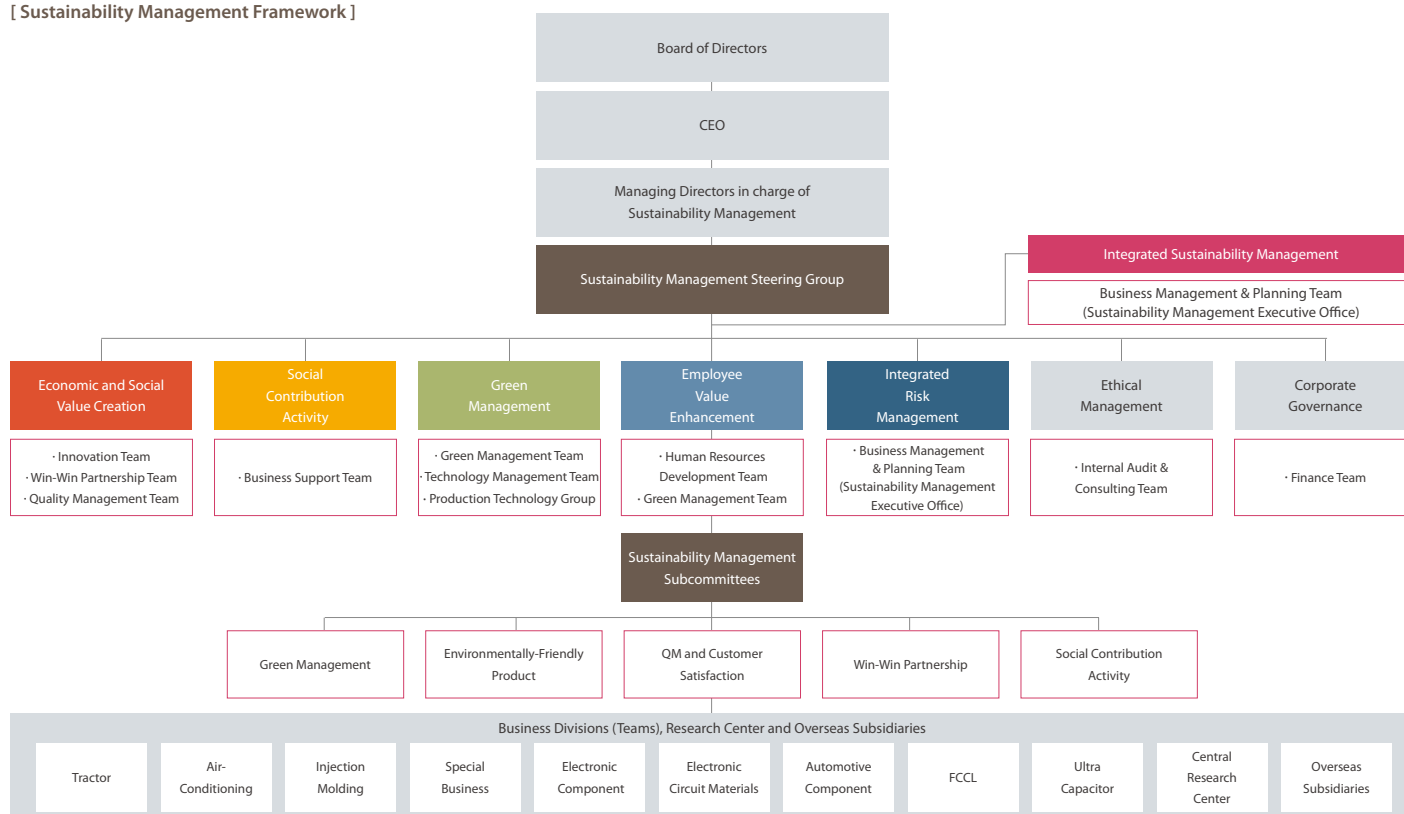
Sustainability Management Executive Office

- Structure: Business Management & Planning Team chief and 2 dedicated employees
- Role: Practical Sustainability Management operations
- Operation: Year-round

Sustainability Management Subcommittees(department in charge)

- Structure: Green Management (Green Management Team), Environmentally-Friendly Product (Technology Management Team), Social Contribution Activity (Business Support Team), Win-Win Partnership (Win-Win Partnership Team), QM and Customer Satisfaction (QM Team)
- Role: Managing and supporting business divisions in enhancing their Sustainability Management executive capabilities
- Operation: Quarterly (increased frequency if necessary)

[Sustainability Management Framework]



Analysis of Stakeholder Interest

Analysis of stakeholder interest is an integral part of our Sustainability Management implementation process and it also plays a core role in conducting materiality tests. The purpose of stakeholder interest analysis is to incorporate expectations and requirements of stakeholders into decisions and activities that are made of management directions. Accordingly, our managerial issues are adjusted through stakeholder engagement and their detailed plans and activities are also reported to stakeholders through various communication channels such as Sustainability Reports.

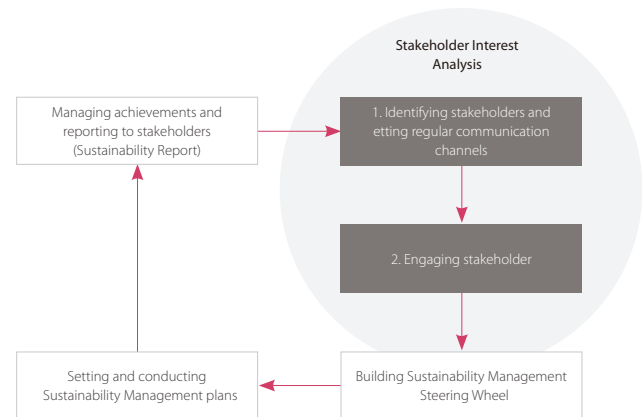
1. Identifying Stakeholders and Setting Regular Communication Channels

Our definition of stakeholders includes all of those people who are related with LS Mtron in terms of management activities both directly and indirectly. We classify them into core and general stakeholder groups to ensure more strategic approaches according to their specificities. Our core stakeholders are customers, employees, business partners, communities and earth/ecology and general stakeholders are investors, NGOs, and central/local governments. We are setting a wide range of dialogue channels to make their voices heard and we aim to explore and establish effective channels to actively integrate their opinions into our business operations.

2. Stakeholder Engagement _ We performed a wide range of activities to increase stakeholder engagement such as discussions, consultations, surveys, affiliations and website initiatives during the year 2010. In doing so, we learned that direct dialogue formats including discussions and consultations are not without their own shortcomings as most of these communication channels have Sustainability Management elements only as an add-on with their previous features staying unchanged. We aim to create separate and regular direct dialogue channels to ensure more comprehensive communication.

Surveying Expectations and Requirements of Stakeholders(period: Aug. 9, 2010~Sep. 30, 2010) _ We carried out surveys of 198 stakeholders including customers, employees, business partners, earth/ecology and communities and industry experts in order to find out their expectations and requirements of ongoing Sustainability Management issues that we are working on and a variety of new issues to be addressed in the future.

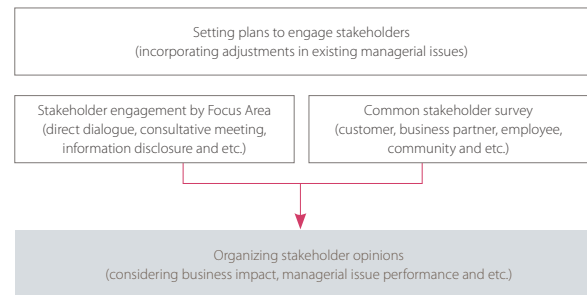
[Sustainability Management Implementation Process]



[LS Mtron Stakeholders]



[Stakeholder Engagement Process]



[Stakeholder Dialogue Channel and Type 2010]

STAKEHOLDER	CHANNEL NAME	TYPE
Consultation	Customer satisfaction survey	Survey
	Voice of Customers (VOC) collection	Website
	Holding product presentation/participating in exhibition	Presentation
Employee	Consultative meeting to promote participation and cooperation	Consultative meeting
	CEO MBWA	Open dialogue
	Discussion meeting to boost employee communication	Discussion meeting
	Complaint resolution committee	Committee
	Labor-management discussion meeting (Anyang/Jeongeup/Indong)	Discussion meeting
	Organizational capability evaluation	Survey
	Working-level labor-management consultation and meeting (company-wide/Jeonju)	Consultative meeting
	Cyber Ombud Sustainability Management	Website
	Industrial health and safety committee and relevant meeting	Committee
Common	Common stakeholder survey	Survey

* The place names refer to locations of our business sites.

STAKEHOLDER	CHANNEL NAME	TYPE
Business Partner	Common stakeholder survey	Survey
	Performance sharing event with business partner	Sharing event
	Regular discussion meeting with business partner	Discussion meeting
	Business partner VOC collection	Website
Community	Local government (Anyang City, Wanju County Office)	Consultation (random)
	One company One school, One company One Village (Jeonju)	Affiliation
	Supporting local cultural and sports event	Donation
Earth/Ecology	Central and local government environmental policy sessions	Presentation
	Green Growth Committee(Jeongeup)	Visit
	The Urban Environment Committee of Local Agenda21 for Anyang City	Committee
	Information about green business	Report
	Environment-related NGOs meetings and environmental technology conferences	Committee
	ESH System	Internal communication

[Surveying Expectations and Requirements of Stakeholders (on a scale of 5, N=198)]

STAKEHOLDER INTEGRATION			
EXPECTATIONS AND REQUIREMENTS	SCORE	EXPECTATIONS AND REQUIREMENTS	SCORE
1. Securing sustained product quality competitiveness	4.50	13. Integrated management of financial and non-financial risks	4.19
2. Supporting business partners in building infrastructure	4.46	14. Transparent and sound corporate governance	4.16
3. Performing customized management innovation	4.44	15. Employee capacity-building	4.14
4. Promoting stakeholder engagement	4.40	16. Responding to climate change	4.11
5. Increasing environmentally-friendly products	4.39	17. Advancing HR system	4.10
6. Fair trade with business partners	4.37	18. Employee health, safety and well-being	4.05
7. Supporting business partners with SM	4.31	19. Promoting SM and creating consensus	4.01
8. Customer engagement and dialogue	4.26	20. Operating advanced ESH sites	3.98
9. Top management's monitoring SM	4.24	21. Employees' social-giving activities	3.55
10. Employee engagement and dialogue	4.24	22. Increasing donations to address local community's current issues	3.49
11. Ethical management(enhancing employee ethics)	4.23		
12. Legal compliance at home and abroad	4.19		

BY CORE STAKEHOLDER GROUP: TOP 3 ISSUES

STAKEHOLD	EXPECTATIONS AND REQUIREMENTS	SCORE
Customer	1. Securing sustained product quality competitiveness	4.80
	2. Promoting stakeholder engagement	4.45
	3. Customer engagement and dialogue	4.40
Employee	1. Employee engagement and dialogue	4.50
	2. Integrated management of financial and non-financial risks	4.47
	3. Employee capacity-building	4.30
Business Partner	1. Supporting business partners in building infrastructure	4.87
	2. Fair trade with business partners	4.63
	3. Securing sustained product quality competitiveness	4.60
Earth/ Ecology and Community	1. Responding to climate change	4.63
	2. Increasing environmentally-friendly products	4.60
	3. Performing customized management innovation	4.53

* SM: Sustainability Management

[Customer]

1. International Exhibition of Machinery, Equipment, Science and Technology for Agriculture
2. Event for customers in the Injection Molding Division

[Business Partner]

3. Discussion meeting to diagnose supply chain QM
4. Discussion meeting

[Employee]

5. Consultative meeting to promote participation and cooperation
6. Discussion meeting to boost employee communication

[Earth/Ecology]

7. Green Growth Committee

[Community]

8. Consultative meeting with village heads in Boseong
9. Partnership for Jeonju International Sori Festival



2. Identifying Roles & Responsibilities in Each Focus Area

Under the integrated Sustainability Management framework, we set mid-term plans in each Focus Area and put them into practice. In 2010, we selected departments in charge with full consideration of different characteristics of managerial issues in each Focus Area and made sure that the Sustainability Management Steering Group is briefed on progress according to specific R & R defined.

Company-Wide Sustainability Management Directions

We have long-term perspectives on where we're headed in pursuing Sustainability Management initiatives on a company-wide level. We believe that we should be moving towards fully meeting our social responsibilities as a corporate citizen and building a business framework with sustained growth capabilities, ultimately realizing our LS Mtron vision. While we focused on creating the overall framework for integrated Sustainability Management in 2010, our top priority in 2011 will be to build assessment framework to produce substantial outcomes and enhance executive capabilities and to expand consensus on Sustainability Management among business divisions. Our next goal is to increase the scope of our Sustainability Management initiatives into overseas subsidiaries and become a globally competitive company.

Incorporating Sustainability Management into Strategic Indicators

We decided to incorporate Sustainability Management into our strategic indicators to fully meet our Sustainability Management responsibilities and encourage voluntary participation of employees. These Sustainability Management-related indicators are to assess performance of managers and division heads in each division, the highest-level domain of our performance evaluation scheme. The Sustainability Management issues that are given top priority in divisions and business divisions during 2011 are reflected in these indicators and detailed evaluation items include building framework on concerned issues and improving management capabilities, considering the inherent nature of sustainability management.

Innovative Technology Partner

to Create a Convenient and Comfortable World

Building Sustainable Business Framework and Value Chain

Leading Solution Leading Sustainability

[Company-Wide Strategic Goals and Sustainability Management Directions by Focus Area]

As for R & R in each Focus Area, you can refer to Overview of SM Initiatives and 2010 Achievements and Plans in each Focus Area [10page].

FOCUS AREA		2010	2011	2012
Company-Wide SM Strategic Goal		<ul style="list-style-type: none"> Building integrated SM management framework Creating SM framework Setting SM implementation infrastructure 	<ul style="list-style-type: none"> Enhancing company-wide SM executive capabilities Building company-wide SM evaluation framework Growing consensus on SM among divisions 	<ul style="list-style-type: none"> Solidifying global SM management framework Encouraging SM at overseas subsidiaries Promoting SM in sales and marketing
Integrated Sustainability Management		<ul style="list-style-type: none"> Identifying mid-term SM managerial issues Running the SM Steering Group and Subcommittees Defining R&R of SM work Publishing Sustainability Reports (every year) 	<ul style="list-style-type: none"> Institutionalizing SM principles and operation regulations Encouraging company-wide SM training and awareness Building SM evaluation framework Diagnosing SM of overseas subsidiaries 	<ul style="list-style-type: none"> Initiating SM activities at overseas subsidiaries Publishing global Sustainability Reports Increasing support for business partners' SM activities
Economic and Social Value Creation	Innovation Initiatives	<ul style="list-style-type: none"> Continuously developing innovation retention methodology Fostering talents and securing capabilities Increasing support for financial performance-related tasks Enhancing performance verification and monitoring 	<ul style="list-style-type: none"> Growing scope of innovation activities Streamlining operation framework Encouraging communication Strengthening performance-oriented innovation structure 	<ul style="list-style-type: none"> Establishing Mtron Way Changing the business modus operandi Settling culture of communication Setting infrastructure for knowledge creation
	Win-Win Partnership	<ul style="list-style-type: none"> Establishing fair trade practices Supporting business partners' infrastructure Creating a cycle of win-win partnership 	<ul style="list-style-type: none"> Online evaluation systems Establishing customized win-win partnership systems Realigning systems to collect ideas from partner companies 	<ul style="list-style-type: none"> Supporting overseas advancement Expanding customized win-win partnership systems Aligning ideas from partner companies
	Customer Satisfaction and Quality Management	<ul style="list-style-type: none"> Improving product quality failure cost Diagnosing product quality cooperation framework with business partners Running Subcommittees on customer satisfaction and QM 	<ul style="list-style-type: none"> Operating quality performance improvement framework Enhancing QM capabilities Promoting customer engagement and dialogue 	<ul style="list-style-type: none"> Building global QM framework Making continuous quality improvements Promoting customer engagement and dialogue
Social Contribution Activity		<ul style="list-style-type: none"> Laying the groundwork for business sites to conduct social contribution activities Running representative social contribution programs overseas 	<ul style="list-style-type: none"> Operating social contribution volunteering group in Korean business sites Developing and launching representative social contribution programs in Korea 	<ul style="list-style-type: none"> Branding representative social contribution programs at home and abroad Initiating voluntary one employee-one social contribution activity program
Green Management		<ul style="list-style-type: none"> Establishing the Greenhouse Gas Inventory Setting mid-term plans for company-wide common goal management indicator Developing the environmentally-friendly product design process 	<ul style="list-style-type: none"> Managing and establishing company-wide environment management indicators Expanding greenhouse gas inventory to overseas subsidiaries Improving the basis for manufacturing eco-friendly products in each business division 	<ul style="list-style-type: none"> Operating integrated global greenhouse gas system Complete renewal of ESH computer system Introducing green purchasing system
Employee Value Enhancement		<ul style="list-style-type: none"> Setting global HR regulations Nurturing key talents (focused on mid/long-term periods) Increasing direct communication channels between management and employees 	<ul style="list-style-type: none"> Introducing job-based pay at overseas subsidiaries Internalizing values among all employees Enhancing task capabilities of employees Setting various channels for engagement and communication 	<ul style="list-style-type: none"> Introducing job-oriented HR system at overseas subsidiaries Improving leadership capabilities of top management and team leaders Establishing framework for employee engagement and communication
Integrated Risk Management		<ul style="list-style-type: none"> Building integrated risk framework Exploring risk scenarios 	<ul style="list-style-type: none"> Establishing risk scenario manuals Increasing education and training according to risk scenarios 	<ul style="list-style-type: none"> Offering regular risk response training and expanding the scope of training into overseas subsidiaries

3. Promoting Sustainability Management and Building Employee Consensus

The most critical prerequisite for practicing Sustainability Management is employees' appropriate awareness of sustainability management. We make sure that all of our employees share clear definitions and directions of Sustainability Management so that they can develop capabilities to respond to stakeholders and increase their satisfaction on their own initiative.

Our Sustainability Management 3T System

Our Sustainability Management 3T System is made up of those elements that are required for our employees to carry out Sustainability Management initiatives. We offer continuous training, evaluation, diagnosis and monitoring so that they can incorporate Sustainability Management into their daily operations.

Building Sustainability Management Awareness

We are engaged in a wide range of activities to increase employees' interest in Sustainability Management initiatives. To this end, we add pop-ups on our intranet to time with publication of Sustainability Reports and continue to offer information on green management activities in company newsletters. We created a new section of Sustainability Management at our corporate website to provide Sustainability Management relevant information to outside stakeholders in addition to our Sustainability Reports.

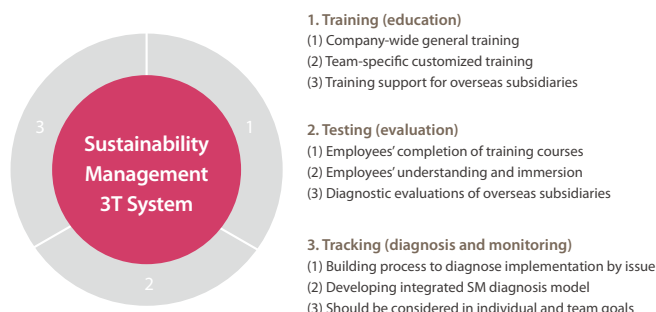
Sustainability Management Training Roadmap

We set Sustainability Management training roadmap in order to improve employee capacity and build consensus on sustainability management. The roadmap is categorized into different stages of building awareness, promoting implementation and establishing corporate culture to ensure systemic education starting from consensus building to job-specific capacity improvement and expansion of Sustainability Management into overseas subsidiaries, thereby assisting mid-term Sustainability Management plans effectively. Our education programs to build the foundation to put Sustainability Management into practice are underway in 2010 and 2011. Our 2010 Sustainability Management training targeted general office workers and technical staff, which was timed with company-wide ethical management training.

Outside Sustainability Management Awards

We declared our company-wide Sustainability Management initiatives by publishing our own Sustainability Report 'The First M Story' in 2009. We received 4 outside Sustainability Management awards in 2010 that recognize our efforts in putting Sustainability Management initiatives into practice. Feedback information that we collected from stakeholders such as outside experts and NGOs were reflected in Sustainability Management implementation strategies for 2011.

[Sustainability Management 3T System]



[Sustainability Management Training Roadmap]




[Outside Sustainability Management Awards]

EVENT	SUPERVISOR	AWARDS
The 5th Sustainability Awards ¹	Ministry of Knowledge and Economy, Small & Medium Business Administration	• Award of excellence, 1st Sustainability Report publication
The 7th LOHAS Management Awards ²	Korea Green Foundation	• Award of excellence in the telecommunication, electronics manufacturing sector
2010 Korea Sustainability Conference	Korean Standards Association	• Korea Sustainability Index (KSI) 1st prize in the electrical, electronics manufacturing sector • Korea Readers' Choice Awards (KRCA) award of excellence, 1st Sustainability Report publication in the manufacturing sector



02. Economic and Social Value Creation

02-1. Innovation Initiative Activity 02-2. Win-Win Partnership Activity 02-3. Customer Satisfaction and Quality Management Activity



Trees with vitality offer joy by bearing rich fruits.
LS Mtron is poised to become a vital tree in harmony with rain,
sunlight and fertilizer while making self innovation,
thus enhancing the stakeholder value with abundant fruits.



02-1. Innovation Initiative Activity

[Declaration]

We pursue customized innovation activities that are focused on enhancing customer satisfaction and producing substantial outcomes through innovative 'think-out-of-the-box' mindset. To this end, we are to share innovative ways of thinking to usher in a new future and establish an innovation culture to become a key driver in creating economic and social values at LS Mtron.

[Management System]

• CEO- Department in charge: Innovation Team

[Mid-term Management Directions]

- To build culture of communication and change management through innovation
- To generate substantial economic values through customized innovation activities

2010 ACHIEVEMENT

IS	2009	2010	● : Achieved ● : Partially Achieved ○ : Not Achieved Yet ◎ : Continuous Activity	
MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Operating Integrated Innovation Framework	· Establishing Mtron 6, the in-house customized management innovation model · Securing 78 key talents by innovation area · Enhancing organizational operation and communication	· Continuously developing innovation retention methodology	· Developing 7 innovation processes	●
		· Enhancing organizational operation and communication	· Opening Ullimteo, innovation training center, in May · Quarterly CEO MBWA(Management By Wandering Around)(4 in total) · Sharing performance and awarding excellent tasks in December · Innovation ideas suggested(30.2 per head, participation rate 100%) · Winning bronze award in National Quality Management Contest (Quality Circle Contest_ Injection Molding Division Heavy Quality Circle)	
		· Nurturing innovative talents	· Securing 178 key talents by innovation theme	●
Customized Innovation Activities	· Carrying out customized innovation initiatives - LPS ² - 6 Sigma - Cost innovation - Site innovation	· Expanding innovation activity scope: sales and marketing	· Initiating sales innovation, implemented in 5 business divisions · Building sales training system and educating 180 employees	●
		· Focusing on supporting financial performance-related tasks: customized innovation activities	· Carrying out innovation activities customized for different business divisions (KRW 29.93 billion of annual financial achievement, KRW 21.3 billion of contribution to operating profit) - Big Y: KRW 5.99 billion - LPS: KRW 1.00 billion - 6 Sigma: KRW1.99 billion - Cost Innovation : KRW 20.95 billion	●
		· Improving progress verification and monitoring	· Building annual verification framework of financial values	

* SM: Sustainability Management

2011 PLAN

IS	2011		
MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Establishing Communication Culture	<ul style="list-style-type: none"> Expanding scope of innovation activities Vitalizing communication 	<ul style="list-style-type: none"> Initiating innovation activities of office workers Supporting innovation activities of affiliates/subsidiaries/business partners Meetings with CEO CEO MBWA (Management By Wandering Around) Communication and PR using SNS² and news letters 	Year-round
Producing Substantial Outcomes	<ul style="list-style-type: none"> Streamlining operation framework Enhancing VE activities 	<ul style="list-style-type: none"> Building company-wide KPI management framework Enhancing VE activities Carrying out process VE activities Promoting CDM³ activities of business partners Improving productivity management framework 	Mar. Year-round Year-round

1. LPS: LS Mtron Production System

2. SNS (Social Network Service) : services to create and strengthen personal connections online. Ex) facebook and twitter

3. CDM (Cost Down Method) : initiatives to reduce costs together with business partners and jointly distribute the savings

* Implementation framework is up and running and will be supplemented and managed continuously.

* Modifications in managerial issues in 2011:

- Establishing culture of communication (facilitating innovation framework)

- Producing substantial outcomes (advancing customized innovation activities)

1. Operating Integrated Innovation Framework

We chose ‘generating performance of innovation activities’ as one of our 3 overarching management policies for 2010 and addressed operation of integrated innovation framework as a managerial issue in order to offer sustainable values to all stakeholders. Our efforts to present company-wide directions for innovation activities and launch division-specific and customized initiatives formed the basis upon which we generate substantial outcomes.

Setting Innovation Initiative Directions and Main Innovation Tasks for 2010

We set 3 directions and 6 tasks in carrying out innovation initiatives with an aim of establishing the foundation to produce substantial outcomes of innovation activities in 2010. Those employees responsible for innovation initiatives are now working under the control of company CEO since the start of 2011 to make sure that company-wide innovation activities are well organized and advanced.

Developing Innovation Activity Retention Methodology

We put in place our own innovation retention methodologies to promote sustained innovative mind-set. We developed a total of 7 innovation courses for spreading our innovation philosophy to new recruits and employees and expanding VE activities. We also opened ‘Ullimteo’, on May 22, our own innovation center intended to nurture talents equipped with LS Mtron’s innovative thinking and executive capabilities.

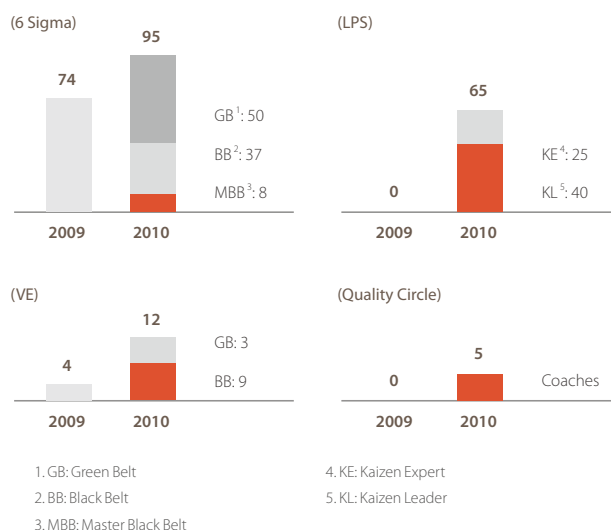
Nurturing Innovative Talents and Securing Capabilities

Nurturing innovative talents play a key role in carrying out innovation initiatives to generate substantial outcomes. We trained 178 innovative talents in each area during 2010 to support various innovation activities, solidifying in-house innovation capabilities. In particular, we produced 8 MBBs in each division as a basis for division-led innovation activities. We also fostered quality circle coaches and quality masters, which brought about participation and change by divisions.

Offering VE Training _ We provided VE (Value Engineering) training to our ultra capacitor business team and central research institute. VE is about outside experts, who are not initial developers, taking part in designing work, analyzing and reviewing economic feasibility of design content and presenting alternatives. VE education and training enabled us to reduce material costs by finding and eliminating unnecessary functions in the designing stage.

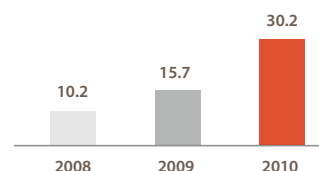
[Number of Problem-solving Experts Trained by Area]

(unit: No. of people)

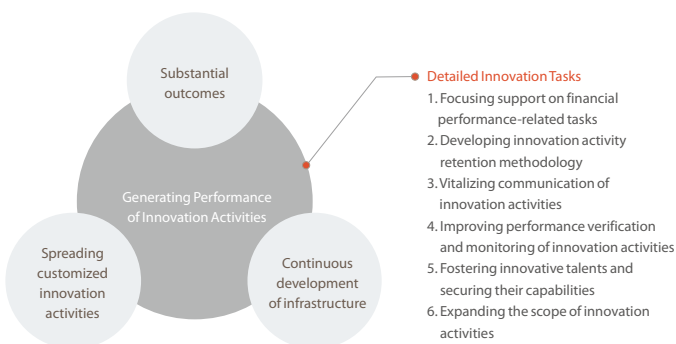


[Suggestions Made per Head]

(unit: No. of cases)



[Innovation Initiative Directions for 2010]



[Innovation Courses Developed in 2010]

ACTIVITY	DEVELOPMENT PROCESS	TARGET	IMPLEMENTATION
Innovation Basics	Immediate Action by all employees	All employees	31st round of training completed
	LSM Innovation Basics (including overseas subsidiaries)	New employees	Experienced employees New employees LSMW (China, Injection Molding System)
LPS ¹	LSMW Immediate Action by team chief	Subsidiary team chiefs	Offering 6-day training
6 Sigma	Easy Sigma	Improvement experts	GB training in the 2nd half
VE ²	VE Introduction	Research center, UC	Offering 2-day training

1. LPS: LS Mtron Production System

2. VE: Value Engineering

Vitalizing Communication of Innovation Activities

We are operating various communication channels to build company-wide consensus and executive capabilities on innovation activities. With CEO MBWA (Management By Wandering Around) run as an innovation initiative meeting, our CEO visits every business site himself once every quarter to encourage innovation leaders and examine on-site innovation activities. As part of our business division innovation activity diagnosis initiatives, six modules including site management and improvement, facility maintenance and production quality were diagnosed of the Tractor, Injection Molding and Electronic Component Divisions. The results were shared in November and were considered in selecting innovation tasks for 2011.

Innovation Activity Kick-off Meeting and Innovation Discussion Meeting _ We hosted an innovation activity kick-off event presenting management policies for 2010 as part of our efforts to facilitate innovation initiatives. The event served as a venue to share innovation initiative directions for 2010 and plans to train improvement experts. The innovation discussion meeting supervised by division heads offered an opportunity to share action plans to make Jeongeup plant a GWP (Great Work Place).

Company-wide Collection of Innovation Ideas _ We award those who make remarkable innovation suggestions to encourage company-wide innovation practices and make innovation and change part of our employees' daily operations. Evaluations are made of the past one year's performance to determine the winner who made the highest number of suggestions including high-quality ideas. The number of suggestions made per head stood at more than 30 on average and the participation rate was 100% in 2010.

Winning Bronze Prize at the 36th National QM Contest _ We took part in the 36th National Quality Management Contest organized by the Ministry of Knowledge and Economy to wrap up QM performance of various industries for the past year and our Heavy Quality Circle in the injection molding system team won the presidential bronze prize for 'reducing processing lead time by improving wind power bedplate technique' in the machinery and metal sector of the Quality Circle Competition section. In addition, Ahn, Hyo-beom from the injection molding system team won the quality master prize and Lee, Young-joon from the tractor quality guarantee team received the Minister of Knowledge and Economy Citation. We will take these achievements as an opportunity to expand on-site QM innovation practices more actively and continue with quality improvement activities down the road.

Holding Mtron 6 Festival 2010 _ We held Mtron 6 Festival 2010 in LS Miraewon in December, 2010. Our directly-invested companies, business partners, overseas subsidiaries, affiliated companies and sister companies gathered together to share and promote best innovation practices and see themselves achievements of our customized innovation initiatives for the past one year. With 230 participants, guest lecture, task presentations by business division, presentations of best suggestions and finally a dinner party took place during the festival.

1. VE Training
2. Innovation Kick-off and Discussion Meeting in Jeongeup Plant
3. Innovation Center 'Ullimteo'
4. Quality Circle Competition Contest
5. 36th National Quality Management Contest
6. Mtron 6 Festival 2010



2. Customized Innovation Activities

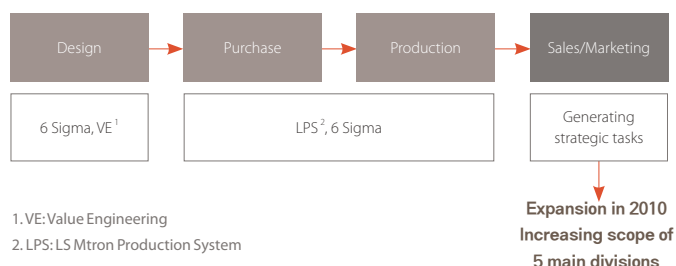
Innovation activities are intended to contribute to generating business performance directly. We offered 'Immediate Action' courses to all employees to firmly establish the groundwork for customized innovation activities in 2010. We recognize these activities as a key driver for LS Mtron's future growth and plan to take aggressive innovation initiatives to improve our business structure in a sustainable manner.

Intensive Support for Financial Outcome-related Tasks

We have innovation experts in each division who carry out a wide range of innovation tasks to generate substantial performance utilizing customized problem-solving methods. Our 2010 innovation activities included 235 tasks per activity category and achieved KRW 29.9 billion-worth task performance and KRW 21.3 billion-worth financial performance, accounting for 47% of operating profit of KRW 44.6 billion, which proves that innovation activities played a role in sustaining our business operations.

Expansion of Innovation Activity Scope

Sales/Marketing _ We expanded the scope of our innovation activities from manufacturing-centered areas such as design, purchase and production to sales and marketing in order to engage all divisions in innovation activities on their own initiative. To improve their sales capabilities of tractor, air-conditioning, injection molding, electronic component and electronic circuit material divisions, we diagnosed their current capacities, selected improvement tasks to be conducted and also focused on building basic capabilities to grow into a Global Top Player.



'Immediate Action' Courses for Sales Staff _ We offered 'Immediate Action' courses to all of our sales representatives. With 180 sales staff participating, those courses intended to improve customer satisfaction further by enhancing trainees' sales capabilities and their understanding of features of B2B marketing as well.

Expansion of and Support for Innovation Activities of Directly-Invested Companies and Overseas Subsidiaries _ We supported directly-invested companies and overseas subsidiaries in carrying out innovation activities in order to expand the scope of our innovation initiatives in 2010. We trained employees of our directly-invested companies on such innovation methodologies as 3R 5S support, VE training and LPS KL and helped the Chinese subsidiary staff with 'Immediate Action' courses for team leaders and training for new comers.

Enhancement of Performance Verification and Monitoring on Innovation Activities

We laid the foundation to set appropriate directions for innovation activities and generate substantial outcomes in 2010. We put in place a system to measure financial and business restructuring performance regularly so that we can take a second look at our activity outcomes and consider them in setting innovation plans for the following year. We also designated FEA (Financial Effect Analyst)s who specialize in performance verification in each division and were able to improve accuracy remarkably.

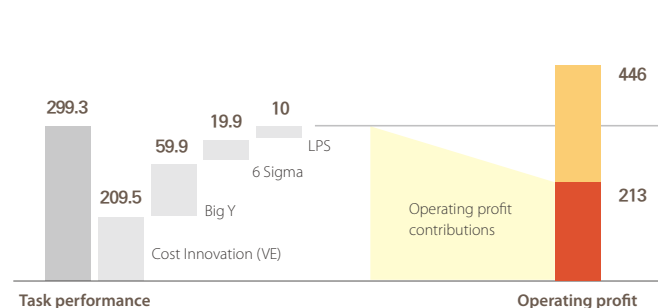
[Performance of Customized Innovation Activities by Division]

(unit : KRW 100 million)

DIVISION (TEAM)	BIG-Y	LPS	6 SIGMA	COST INNOVATION	TOTAL
Tractor	24.0	0.1	7.1	41.9	73.1
Air-Conditioning	7.3	-	-	46.4	53.7
Injection Molding	4.8	3.1	-	34.1	42.0
Electronic Circuit Material	-	-	12.0	38.0	50.0
Electronic Component	20.6	-	-	38.4	59.0
Automotive component	3.2	4.2	-	10.7	18.1
Special Business	-	2.6	0.8	-	3.4
Total	59.9	10.0	19.9	209.5	299.3

[Innovation Activity Financial Performance]

(unit : KRW 100 million)





02-2. Win-Win Partnership Activity

[Declaration]

We will strive to create a virtuous cycle of win-win cooperation to seek joint growth together with business partners via transparent and fair trade and secure competitive capabilities that will ensure our continued survival in the global market.

[Mid-term Management Directions]

- To forge sustainable partnership by ensuring joint growth
- To expand value chain in order to secure competitiveness in the global market
- To promote Sustainability Management engagement and implementation of business partners

[Management System]

· Manager in charge: CPO - Department in charge: Win-Win Partnership Team

[Win-Win Partnership Subcommittee Meeting]

- Purpose: To systemically carry out various activities to establish fair trade culture and seek joint growth with business partners on a company-wide level
- Department in charge (related department): Win-Win Partnership Team (Legal Affairs Team, Finance Team)
- 2010 Records: Setting directions to promote win-win partnership between big companies and Sustainability ManagementEs and compliance of fair trade agreements with subcontractors / Attending Fair Trade Commission's TCP performance measurement presentation, sharing presentation materials and defining R & R accordingly / Discussing development of additional win-win partnership programs / Additionally setting win-win partnership funds with financial institutions

2010 ACHIEVEMENT

WP	2009	2010	
MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES
Operating Win-Win Partnership Framework	<ul style="list-style-type: none"> · Establishing fair-trade agreements with subcontractors · Creating a new department in charge · Selecting 18 Q-Partner 	<ul style="list-style-type: none"> · Integrating SM evaluation factors in business partner assessment and management rules 	<ul style="list-style-type: none"> · Building framework to integrate Q-Partner evaluation indicators · Matching Q-Partner evaluation cycle and certification period · Selecting 32 Q-Partners and ensuring 100 percent cash payments · Creating and operating the Win-Win Partnership Subcommittee
Supporting Business Partner in Building Infrastructure	<ul style="list-style-type: none"> · Conducting win-win partnership activities · Supporting training and consulting · Carrying out joint R&D · Expanding innovation activities · Creating Win-Win Partnership Fund 	<ul style="list-style-type: none"> · Running win-win partnership programs 	<ul style="list-style-type: none"> · Initiating 3 purchase-conditional projects to develop new products · Initiating 3 R&D fund tasks · Quality and production training for 105 employees at 67 business partners · Completing 15 business partners in management consulting · Offering KRW 500 million in direct loans(3 business partners) and KRW 4.2 billion in win-win partnership fund (14 business partners) · Making bi-weekly payments to 83 major business partners
Communication with Business Partners	<ul style="list-style-type: none"> · Creating channels to collect opinions within integrated purchase system · Building channels to communicate business partner-related policies 	<ul style="list-style-type: none"> · Building and operating regular communication channels · Constantly collecting opinions and improving responses 	<ul style="list-style-type: none"> · Holding 15 rounds of regular dialogue · Hosting a performance-sharing event with business partners in December · Operating win-win partnership bulletin board within integrated purchase management system

* SM: Sustainability Management

2011 PLAN

WP	2011	
MANAGERIAL ISSUE	2011 PLANS	SCHEDULE
Establishing Grow Together with Business Partners Culture	<ul style="list-style-type: none"> · Establishing fair trade culture · Supporting business partners in securing financial stability · Setting business partner assessment system 	<ul style="list-style-type: none"> · Reconcluding win-win partnership agreements with SMEs and fair trade agreements with subcontractors/ surpassing the 85-evaluation mark in implementing these agreements · Maintaining the existing system to support financial stability of business partners (100% cash payments to Q-Partners, 100% cash equivalent payments to business partners) · Building online business partner assessment system · Operating the Win-Win Partnership Subcommittee
Supporting Business Partners in Securing Competitiveness	<ul style="list-style-type: none"> · Win-win partnership initiatives · Supporting capability improvement · Offering technology support, quality improvement support and etc. · Building production management system 	<ul style="list-style-type: none"> · Training on capability enhancement-150 business partner employees · Consulting on capability improvement-20 business partners · Exploring 10 project themes for public-private joint investments in technology development · Building production management system of business partners
Engaging and Communicating with Business Partners	<ul style="list-style-type: none"> · Setting and running regular communication channels · Constantly collecting opinions and improving responses 	<ul style="list-style-type: none"> · Holding discussions once or twice per quarter by business division · Hosting performance-sharing events with business partners at the end of year · Launching Q-Partner Consultative Meeting · Operating win-win partnership bulletin board within integrated purchase management system

* The framework is up and running and will be supplemented and managed continuously.

* Modifications in managerial issues in 2011:

- Establishing grow together with business partners culture (advancing win-win partnership framework)
- Supporting business partners in securing competitiveness (increasing support for overall management activities)
- Engaging and communicating with business partners (increasing importance of engaging core stakeholders)

1. Operating Win-Win Partnership Framework

We chose operation of win-win partnership framework as a managerial issue to establish culture of fair trade with business partners and maintain and further develop win-win partnership with them. In particular, our Q-Partner system which is to differentiate our strategic partners to ensure joint growth is taking its firm root in LS Mtron as our own win-win partnership model.

Fulfillment of TCP

We signed the TCP (Triangle Cooperation Program) agreement in October 2009 in order to establish voluntary fair-trade disciplines and win-win partnership framework as well as to promote competitiveness and growth together with our business partners. There were no fair trade violations such as unfair competition or monopolistic activities in 2010.

Q-Partner System

We are fully aware that our own competitiveness comes from our business partners' competitiveness. This is why we are operating the Q-Partner system to find outstanding performers and nurture strategic partners via fair evaluations of our business partners. We selected 32 Q-Partners in 2010, an increase of 14 companies from last year. In 2010, the Q-Partner certification period was shortened from 2 to 1 year to be matched with business partner evaluation periods in order to make the system more effective. We also created two separate certification grades of Platinum and Gold to ensure differentiated support for our business partners. They are eligible for full cash payments and we also assist their improvement activities to make up for their weaknesses including first chance to take part in win-win partnership programs and support for their innovation activities, forming the basis for 'joint growth' culture. Our division heads and employees visit those top performers and hold the Q-Partner Signboard-hanging ceremony.

TCP 3 Major Guidelines

Conclusion of agreement

- Issuing written agreements when they are signed or modified
- Determining and adjusting payment amounts based on reasonable calculation and coordination methods
- Prohibiting unfair payment cutbacks

Selection (listing) and management of business partners

- Ensuring fairness and transparency in selecting and eliminating business partners
- Releasing criteria, procedures and results of business partner selection and elimination
- Offering equal opportunities to participate in bidding process

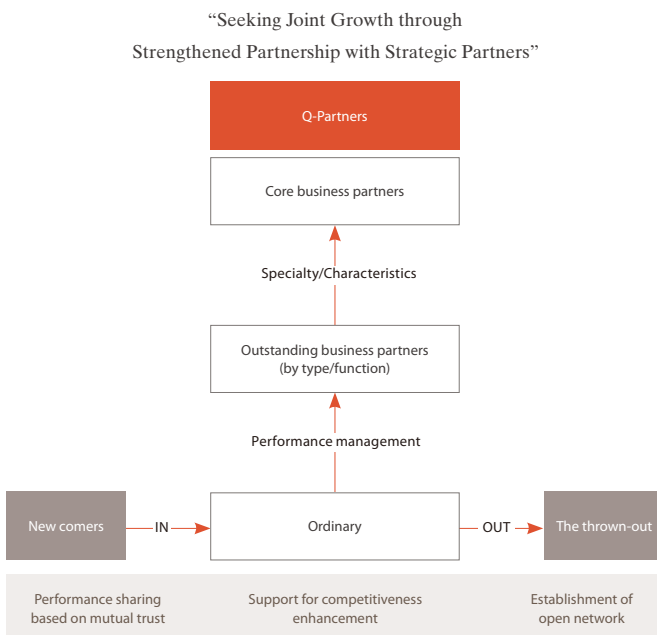
Installation and operation of the in-house Subcontract Review Committee

- Creating the Subcontract Review Committee
- Conducting prior review of agreement conclusions and pricing decisions worth more than KRW 1 billion
- Reviewing criteria and procedures in selecting, listing and eliminating business partners
- Operating a center to receive reports on unfair trade practices



Q-Partner Signboard-hanging ceremony

[Basic Win-Win Partnership Model]



[Win-Win Partnership Directions]

Support for Capability Enhancement <ul style="list-style-type: none"> · Support for employee education and training · Offering training to improve job capabilities · Educating and consulting environment safety · Benchmarking outstanding business partners and etc. · Management and other support · Increasing consulting support · Giving incentives to outstanding business partners · Supporting ethical management and etc. 	Financial Stability of Business Partners <ul style="list-style-type: none"> · Improvement of subcontract payment terms · Maintaining cash-equivalent payment ratios and cash payment condition · Shortening payment deadlines and etc. · Financing(fund) support · Direct offering of LS Mtron · Support in relation with other financial institutions · Expanding bi-weekly payments
Technology Support and Quality Improvement <ul style="list-style-type: none"> · Public-private joint investments in technology development · Purchase-conditional new product development projects 	Opinion Collection and Dialogue Channel Operation <ul style="list-style-type: none"> · Performance-sharing event with business partners · Cooperation meetings and discussion meetings with business partners · LS Mtron Win-Win Partnership Center
Q-Partner System <ul style="list-style-type: none"> · Q-Partner Definition · Quality (company-level quality), Partner (LS Mtron's partners) · Certification Grade: Platinum Partner / Gold Partner · Selection Criteria / Targets: Annual transactions worth more than KRW 300 million and transaction number above 10(accounting for 73% of total transaction amount in 2010) / raw material providers, processing outsources, product companies and facility companies · Evaluation Criteria: Quality, cost, deadline, financial performance, innovation tasks, business management, support for secondary business partners, SM performance and etc. 	

2. Supporting Business Partner in Building Infrastructure

We firmly believe that business partners' competitiveness leads to our own competitiveness at LS Mtron. We provide various support activities to business partners to encourage changes in business structure and their growth as a small but strong global company, which will help us enhance our competitiveness to ensure sustained survival in the global market.

Support for Capacity Enhancement

Consulting for Business Partners _ We launched PMS (Productivity Management System)-OJT consulting projects supervised by the Ministry of Knowledge and Economy and Korea Productivity Center and offered customized consulting services to 13 business partners. Our goal is to set up mid/long-term plans, select phase-specific themes for 3 years, perform tasks and post management, improving those business partners diagnosed at 2~3 PMS levels in 2010 into 4~5 PMS levels.

Capacity Building of Business Partner Employees _ We set up QM and production management training courses with Korea Politechnics in order to find core issues in manufacturing lines via systemic problem-solving techniques in the production and quality fields and to enhance productivity through waste factor improvement and innovation. These courses were taken by 106 employees at 67 business partners. We also provide diverse programs to help business partners in increasing their capacities such as safety training, patent courses, overseas training and CEO special lectures. We will continue to listen to our business partners and lead their capacity building activities by creating the foundation upon which they can grow on their own.

Support for Technology and Quality Improvement

We are carrying out public-private joint investments in technology development and purchase-conditional new product development projects to improve R&D capabilities of our business partners.

Performance in Technology and Quality Improvement Tasks

Public-Private Joint Investments in Technology Development

- Up to KRW 1 billion and 3 years of development period per project
- Creation of KRW 20 billion-worth LS Mtron fund
- Government 50%, LS Mtron 25%, and business partners 25%
- Performance
 - : 2010 (3 projects, total development cost KRW 2.06 billion, on-going)
 - : 2011 (13 projects, total development cost KRW 8 billion, project development under way)

Purchase-Conditional New Product Development Projects

- Up to KRW 0.5 billion and 2 years per project
- Government 55%, LS Mtron 20%, and business partners 25%
- Project process
 - : RFP-making ▶ project support ▶ project implementation
 - ▶ success (purchase)
- Performance
 - : 2008 (2 projects, total development cost KRW 0.6 billion, success)
 - : 2009 (2 projects, total development cost KRW 1 billion, on-going)
 - : 2010 (3 projects, total development cost KRW 2.04 billion, on-going)

Purchase-Conditional New Product Development Projects _ These projects intend to assist SMEs in developing products required by large companies. Small & Medium Business Administration offers up to KRW 0.5 billion in development costs and big companies guarantee purchase of these products.

[Performance of Production and Quality Training for Business Partners]

SUBJECT	TRAINING PERIOD (HOURS)	TRAINEES (NUMBER)
Quality management	Aug. 18~Aug. 20 (21)	23
Production and quality management	Sep. 08~Sep. 11 (30)	25
Production management	Sep. 15~Sep. 17 (21)	24
Quality management	Oct. 11~Oct. 13 (21)	19
Production management	Oct. 20~Oct. 22 (21)	14
Total	5 (114)	105

[Performance Details of Technology and Quality Improvement Tasks in 2010]

PROJECT	PROJECT THEME	TOTAL DEVELOPMENT COST (LS'S INVESTMENTS)
Public-Private Joint Investment in Technology Development	· Development of built-in brake hose fitting · Compact oil cooler for automobile hydraulic steering gear · CAC duct blower molding technology for turbo engines	KRW 1 billion (KRW 250 million) KRW 500 million (KRW 130 million) KRW 560 million (KRW 140 million)
Purchase-Conditional New Product Development Projects	· Development of multi-mode/multi-band built-in chip antenna · Development of resonators for turbo engines · Developing domestic high-efficiency green heat exchanger technology	KRW 700 million (KRW 150 million) KRW 890 million (KRW 290 million) KRW 450 million (KRW 90 million)

Public-Private Joint Investments in Technology Development _ Under the supervision of Small & Medium Business Administration, we took part in creating public-private joint investment fund for technology development of SMEs. LS Mtron, Samsung Electro-Mechanics and Samsung Mobile Display established a fund of KRW 20 billion, respectively, while Korea Aerospace Industries formed a fund of KRW 10 billion. The fund is to be invested in developing those types of technology that are not economically feasible for SMEs and if one proves to be successful, it can secure customers for more than 2 years. The fund will contribute to forging a virtuous cycle of win-win partnership as it will enable our business partners to access HR resources, technology and equipment and also LS Mtron to obtain a stable supply source of high quality products.

Tae-il Machinery: Purchase-conditional new product development project (development of high-speed, high-precision index unit for two-color injection molding machine)

R&D Achievements

- Developing 150 ton-grade and 250 ton-grade index units for two-color injection molding machines(delivery test completed →up and running as of 2010)
- Delivered 3 units to LS Mtron in 2010 (one 150-ton grade unit and two 250-ton grade units)
- 2 joint patent applications
 - : Injection molding machine with stopper-equipped index rotor
 - : Injection molding machine with index rotor materials that enable non-contact rotations

Expected Benefits

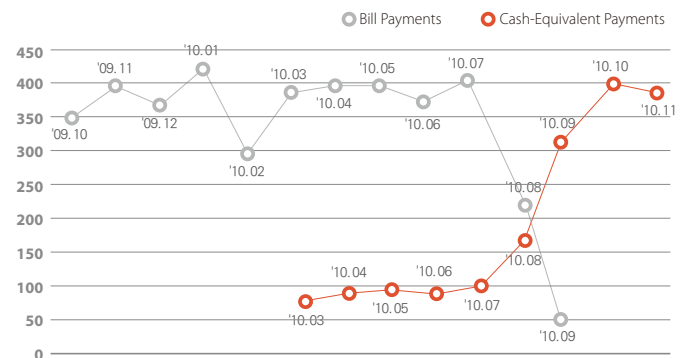
- Obtaining domestic technology to develop 150 ton-grade and 250 ton-grade index units
- Securing design capabilities for 450 ton and above models and test/evaluation technology
- Replacing imports of two-color injection molding machine index units

Financial Stability of Business Partners

We assist our business partners in ensuring their management stability in various ways. Out of the KRW 10 billion-worth LS Win-Win Partnership Fund created in 2010 to help business partners to benefit from favorable interest rates lower than market rates, KRW 4.25 billion was provided to 14 companies. We also shortened bill payment deadlines for subcontractors from 60 to 45 days and are making 100% cash-equivalent payments to ensure financial stability of our business partners.

We made bi-weekly payments to 83 major business partners in addition to Q-Partners in 2010 to improve their cash-flow and are engaged in continuous support programs to help our partners with management stability including emergency management fund loan (once, worth KRW 200 million), facility investment and rentals (3 times, worth KRW 1.2 billion), raw material purchasing agent services (KRW 57 billion).

[Trends in Cash-Equivalent Payments Made to Business Partners] (unit: times)



1. Production and Quality Management Training for Business Partners
2. Inauguration ceremony for purchase-conditional R&D cooperation fund for SMEs
3. Performance-sharing event with business partners: presentation by Tae-il Machinery
4. Injection molding machines equipped with high-speed, high-precision index units



3. Communication with Business Partners

Our definition of sustainability management includes seeking growth and development together with stakeholders. This is why we are building a wide range of engagement channels to exchange opinions with business partners. We will continue to create opportunities to pursue joint growth with our business partners by establishing a culture of engagement and dialogue.

Business Partner Engagement and Dialogue

We are building various dialogue channels at the main office and business sites respectively to exchange views with business partners and to make their voices heard. The number of regular discussion meetings with business partners stood at 15 in 2010. Discussion meetings address win-win partnership program plans in addition to usual discussion items such as quality and supply/demand issues. We will make sure that those consultations and discussions with our business partners serve as a venue to talk about win-win partnership strategies and programs and to contribute to generating practical outcomes.

Sharing Quality Goals _ Our Automotive Component Division held discussion meetings with CEOs from 11 business partners who supply main materials. They shared automobile market prospects, quality goals and production plans for 2010 and in particular, our report on win-win partnership plans and R&D cooperation fund operation garnered keen attention from participants.

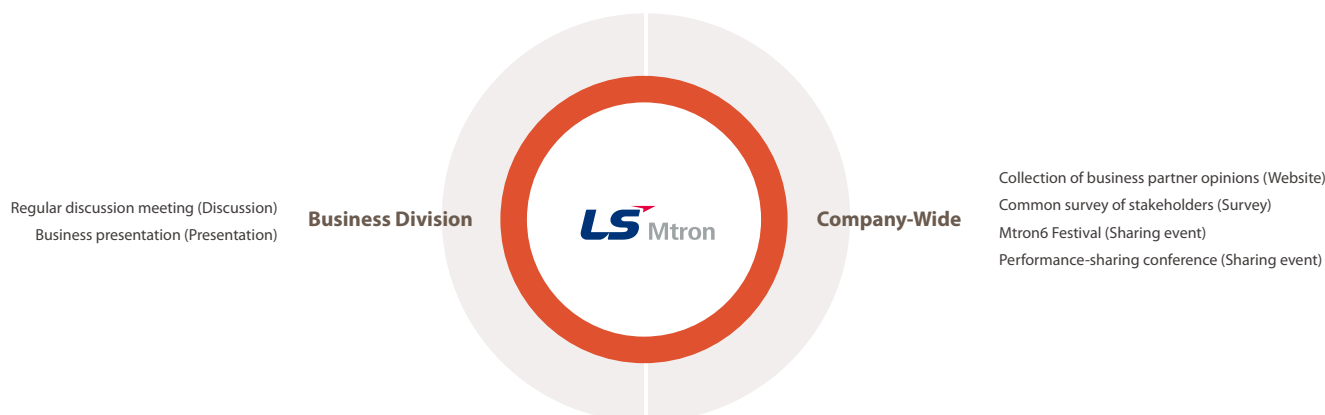
Establishment and Announcement of Win-Win Partnership Plans _ Our Tractor Division utilized discussions with business partners in establishing and announcing win-win partnership plans. The participants, with an aim to enhance capacities of business partners and to support them, analyzed performance by reviewing production results between January and April of 2010 and talked about improvements to be made. They also made 2~4 quarter and mid/long-term forecasts to study future business trends. These meetings served to examine our capacity-building support programs, which are being deployed as part of our win-win partnership initiatives, and their relevant difficulties. In addition, plans were discussed to further expand the scope of innovation expert training courses for business partners.

Win-Win Partnership Online Bulletin Board _ We created our own online bulletin board (<http://eproc.lsmatron.com>) to communicate with our business partners on win-win partnership issues within the integrated purchase system in 2010. The general section deals with changes in our policies and regulations, training courses and consulting services and the business division-specific sections let business partners make suggestions regarding process improvement and R&D issues. Our 2011 plan is to promote the bulletin board and come up with plans to make full use of it.

2010 Performance Sharing Conference _ We hosted the 2010 Performance Sharing Conference with business partners at the Jeonju site. The event, the 2nd of its kind, is taking a firm root as a regular venue to share and spread best innovation practices of business partners and forge consensus of joint growth via Q-Partner certification system.

This year's conference was attended by 120 employees from LS Mtron and business partners and they shared innovation activities of top-performing business partners and deepened their understanding of Sustainability Management and joint growth. The following Q-Partner certification ceremony awarded certificates and prize money to CEOs of 32 Q-Partners selected through internal evaluations.

[Business Partner Engagement Channel]



Common Survey of Stakeholders _ We carried out surveys of our core stakeholders to find out their demands and expectations of LS Mtron in the 2nd half of 2010. As for business partner stakeholders, we surveyed CEOs and officials in charge of business transactions from major business partners that attend our cooperation and discussion meetings and the results were considered in selecting 2010 Sustainability Management managerial issues. We also found out Sustainability Management engagement methods and information disclosure channels favored by these business partners, which will form the basis to carry out customized dialogue with them. Our future plan is to expand engagement methods and information release channels preferred by business partners and perform detailed surveys to make our dialogue with business partners more effective.

[Survey of Sustainability Management Engagement Method Preference]

ENGAGEMENT METHOD	NO. OF VOTES GAINED	PERCENTAGE
Direct suggestions on products and services	27	32
Presenting opinions on online bulletin board (corporate website)	25	30
Participating in surveys	19	22
Attending top management/consultative meetings	11	13
Participating in writing and reviewing Sustainability Reports	2	2
Constant communication via e-mail	1	1

[Survey of Information Acquisition Channel Preference]

INFORMATION ACQUISITION CHANNEL	NO. OF VOTES GAINED	PERCENTAGE
Direct dialogue (discussions)	24	32
Media PR and advertisements	16	22
Website (www.lsmtron.com)	14	19
Sustainability Reports (hard copy)	11	15
Sustainability Reports (e-book)	5	7
Others	4	5

1. Automotive Component Division's discussion meeting with business partners
2. Tractor Division's discussion meeting with business partners
3. 2010 Performance Sharing Conference
4. Awarding Q-Partner certificates



02-3. Customer Satisfaction and Quality Management Activity



[Declaration]

We classify customers as our core stakeholder group and thus aim to provide products that meet expectations and demands of customers by carrying out continued quality improvement activities. Furthermore, we will do our utmost to offer the best possible services so that we can win their heart and trust.

[Mid-term Management Directions]

- To maximize customer satisfaction with customer-oriented management
- To secure quality competitiveness for economic and social value creation
- To increase contact points with customers and improve customer services

[Management System]

- CEO– Department in charge: Quality Management Team

[CS and QM Subcommittees]

- Purpose: To present company-wide directions, set detailed strategies and share information regarding customer satisfaction and quality management in consideration of business division-specific characteristics
- Department in charge (related department): Quality Management Team (Quality Assurance Team)
- 2010 Records: Introducing Sustainability Management activities/Creating and reviewing risk scenarios for CS and QM in each business division and setting directions for improvements/Sharing plans for the 2010 Quality Innovation Festival (schedule, finding failure cases and rewarding achievements)

2010 ACHIEVEMENT

CS	2009	2010		
MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Operating Quality Management Framework	<ul style="list-style-type: none"> • Declaring QM guidelines • Operating ISO 9001, ISO/TS 16949 system 	<ul style="list-style-type: none"> • Building QMS¹ evaluation framework • QM certified in overseas subsidiaries • Nurturing QM talents • QM for business partners 	<ul style="list-style-type: none"> • Processes selected for different evaluation targets • Evaluation framework being set up (to be completed by August, 2011) • LSAE (Chinese subsidiary, tractor division) ISO 9001-certified • Talent promotion system being constructed (to be completed by September, 2011) • Running 4 training programs for QM talents • Diagnose of QM cooperation framework completed of 17 business partners (KSA) 	<ul style="list-style-type: none"> ● ● ● ● ● ●
Obtaining Sustained Product Quality Competitiveness	<ul style="list-style-type: none"> • Failure cost-goal setting and monitoring • Holding quality innovation festival • Quality management with business partners-discussion meetings / assessing improvements made 	<ul style="list-style-type: none"> • Goal-setting and monitoring of failure cost • Building global QM framework 	<ul style="list-style-type: none"> • Failure cost goal-setting completed (January) • Performance monitoring (monthly) • Creating and operating customer and QM Subcommittees • Participating in QM-related outside seminars: 4 • Product quality improvement activities:14 • Diagnosing quality management framework: 22 • Quality diagnosis and improvement guidance-32 business partners, 49 times • Aligning overseas subsidiary/in-house QMS: 3/1 	<ul style="list-style-type: none"> ● ● ● ● ● ● ●
Communication with Customers	<ul style="list-style-type: none"> • Managing CRM system and VOC • 13 product-related events • Online training on customer care 	<ul style="list-style-type: none"> • Customized customer satisfaction activities by business division • VOC collection by business division 	<ul style="list-style-type: none"> • Division-specific CS activities/related training: 13 • Participating in and hosting product exhibitions/seminars: 16 • Conducting CS surveys and sharing results 	<ul style="list-style-type: none"> ● ● ◎

1. Quality Management System

2011 PLAN

CS	2011		
MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Operating Product Quality Performance Improvement Framework	<ul style="list-style-type: none"> • Cutting quality costs • Continuous quality improvement 	<ul style="list-style-type: none"> • Setting quality failure cost targets by business division and directly-invested company • Performance monitoring • 10 improvements and optimizations of critical/vulnerable systems in each business division • Product quality improvement activities • Diagnosing quality management framework • Performing quality diagnosis of business partners and offering improvement guidance • Operating customer and QM Subcommittees 	<ul style="list-style-type: none"> Jan. Monthly Year-round
Enhancing QM Capabilities	<ul style="list-style-type: none"> • Enhancing quality innovation framework • Nurturing QM talents 	<ul style="list-style-type: none"> • Building QMS (Quality Management System) evaluation system • Setting QM talent promotion system • Growing quality innovation leaders: 15 • QM training programs: 9 	<ul style="list-style-type: none"> Aug. Sep. Jun. Year-round
Engaging and Communication with Customers	<ul style="list-style-type: none"> • Communication with customers • Gathering VOC by business division 	<ul style="list-style-type: none"> • Setting regular communication channels with customers by business division • Performing CS activities continuously by business division • Conducting CS surveys and sharing results 	<ul style="list-style-type: none"> Oct. Year-round Nov.

* The framework is up and running and will be supplemented and managed continuously.

* Modifications in managerial issues in 2011

- Enhancing QM capabilities (strengthening overall competency build-up systems for quality enhancement)
- Engaging and communicating with customers (increasing importance of engaging core stakeholders)

1. Operating of Quality Management Framework

We are building our QM system evaluation framework to boost QM performance and every LS Mtron business site is constantly improving and optimizing their QM system. In addition, all of our employees are involved in enhancing their QM capabilities to ensure sustained product quality improvement.

Building QM System Evaluation Framework

We are building our QM system evaluation framework. We aim to select evaluation target process suitable for each business division and apply quantitative evaluation criteria under the framework. The overall framework structure is being constructed based on requirements of such international QM system standards as ISO 9001 and ISO/TS 16949 and the framework will be utilized to measure performance of QM system in each business division and address improvement issues found, contributing to enhancing our quality competitiveness. Evaluation results will be used in such a way that business divisions can benchmark each others' best practices in operating their QM system and generate synergistic effects to improve product quality.

LSAE, ISO 9001-certified _ LSAE (LS Agriculture Equipment Co., Ltd.), our Chinese subsidiary in the Tractor Division, was ISO 9001:2008-certified in October 2010, which proves excellence of its QM system. With this, all of our business sites including overseas sites now have QM system in place.

Promotion of QM talents

In order to ensure sustained enhancement of quality capabilities, we offered two basic and another two professional regular QM courses to some forty staff in charge of development, production and quality assurance in each business division. We also invited outside experts to lecture 200 employees at the Jeonju site on 'changes in QM paradigms and quality innovation trends in businesses'. In addition, we trained 3 quality innovation leaders who are qualified as international QM system certification examiners.

Support for Business Partners in Improving QM Capabilities

Diagnosis of SCQM _ Our Tractor Division, Air-Conditioning Division, Injection Molding Division and Electronic Component Division, together with Korean Standards Association, diagnosed SCQM(Supply Chain Quality Management) of 17 business partners. SCQM is a government-supported project to build a QM cooperation framework between parent companies and business partners and it aims to diagnose 7 sectors of 'Malcolm Baldrige' QM innovation model (leadership, strategic planning, workforce focus, customer focus, process management, measurement, analysis and knowledge management and results). The project served as an opportunity to solidify a cooperative QM framework between LS Mtron and business partners.

Operation of Quality Improvement Groups with Business Partners _ Our Air-Conditioning Division is running quality improvement groups with 3 of its major business partners. Their goal is to ensure stable product quality and delivery of defect-free products for business partners via prevention of customer complaints, stabilization of product quality, improvement of manufacturing process and guidance support, field inspections and re-establishment of component quality inspection system. The division and its three business partners held a launching ceremony to share directions of quality improvement group activities and signed the quality agreements through mutual discussions. We are to initiate field tours and site-specific activities with each business partner to ensure quality improvement in a more concrete manner.

1. Special lecture on 'changes in QM paradigms and quality innovation trends in businesses'
2. Injection Molding Division's C/S Team, training overseas agents
3. LSAE ISO 9001:2008 certificate
4. Tractor Division, training sales and service staff in the 1st half
5. Jeonju site, presentation on SCQM diagnosis results
6. Quality improvement group launching ceremony with business partners



2. Obtaining Sustained Product Quality Competitiveness

We believe that securing quality competitiveness is the fundamental prerequisite in forming lasting business partner relationships and the most important responsibility that we bear as a company for our customers. This is why we continue to review directions to improve quality issues and build a management framework to provide quality products.

Improvement of Quality Failure Cost

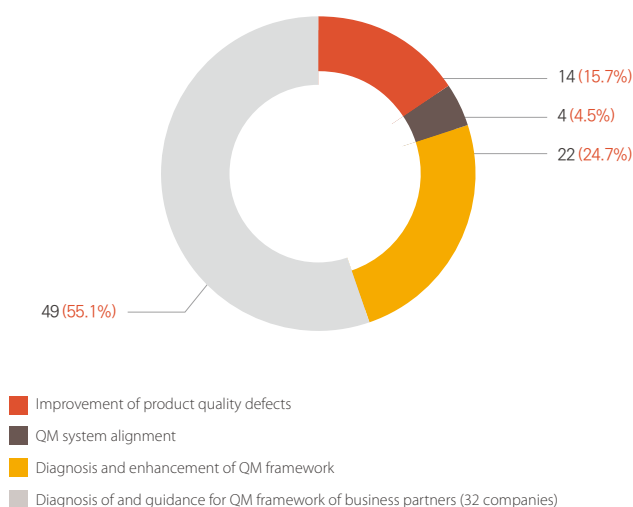
We set targets to cut quality failure costs at the start of every year and seek improvements by regularly analyzing performance of each business division. According to 2010 performance results compared to the previous year, the Tractor Division posted 31% and 97% improvements in losses from customer complaints and internal failure costs respectively and the Automotive Component Division recorded 65% and 87% improvements in losses from customer complaints and internal failure costs respectively.

Sustained Quality Competitiveness

To ensure sustained product quality competitiveness, we are proactively carrying out a wide range of activities including quality defect improvement, diagnosis and enhancement of QM framework, alignment of QM system and diagnosis of and guidance for QM framework of business partners.

[2010 Quality Management Activity Achievements]

(unit: No. of cases)



BUSINESS DIVISION (TEAM)	IMPROVEMENT ACTIVITY
Electronic Component	Addressing filling shortages of semi-finished injection-molded connectors
Automotive Component	Reducing losses from TCI hose cut-off and decreasing defect rates
Ultra Capacitor	Improving quality through process audit and suggestions
Electronic Circuit Materials	Enhancing UCF (Uncoated Copper Coil) yields and switching to environmentally-friendly liquid junctions
Tractor	Boosting assembly quality via process improvement Increasing component quality via technology guidance for LSAE
Air-Conditioning	Cutting hidden costs through quality improvement in business partners

Improvement of Product Safety

Our top priority is customer safety and we do our best to produce and deliver safe products. We consider customer usability to prevent any physical or property damages to our customers due to defective products and seek customer safety by complying with safety regulations at home and abroad throughout the entire cycle from product development and design and to final disposal. We also take into account customers' actual conditions of use and continue to assess and eliminate those factors that could be detrimental to product safety. There were no violations of safety-related legal or corporate regulations or safety claims raised by customers in 2010.

2010 Quality Innovation Festival

We held the 2010 Quality Innovation Festival at our Jeonju site. The event intended to evaluate quality performance for the year comprehensively and establish our own unique QM culture. We shared QM success stories and failures and customer satisfaction survey results, held a exhibition of defective products and offered a special lecture on quality innovation during the festival. The QM award which recognizes the best QM performance for the year was given to the Tractor Division and top-performing individuals and teams in quality innovation were awarded with achievement awards. In wrapping up the festival, we re-confirmed the importance of respecting the fundamentals and principles as a core element of QM and pledged ourselves to enhance management performance through quality innovation in 2011.

2010 Quality Innovation Festival



3. Communication with Customers

We classify customers as our core stakeholder. We led and participated in various programs to satisfy and engage our customers and constantly deployed a wide range of initiatives for them in 2010. We will further expand contact points with customers and become more proactive in making their voices heard and integrating them into our product and service activities down the road.

Customer Satisfaction Survey

In order to evaluate our performance from the perspective of customers and identify and improve any shortcomings, we carried out customer satisfaction surveys of internal and external customers. Survey items included product quality, due date, marketing and service of the Electronic Component Division, Tractor Division, Injection Molding Division and FCCL business team. Overall customer satisfaction level turned out to be about average across all survey items and we plan to do more to promote customer satisfaction and conduct CS surveys in all business divisions in 2011.

Management of Customer Complaints

We receive complaints that customers raise regarding our products in real time and make rapid responses. Queries, consultations and complaints that we gather through our website, call center, fax or offline channels are registered in our ERP (Enterprise Resource Planning) computer system by concerned business divisions and departments or they are addressed offline so that they can be managed immediately. We built channels to communicate customer's direct requirements to employees and are incorporating improvement issues into CS policies. When it comes to highly significant customer complaints incurred by quality defects, they are reported to CEO to ensure swift and appropriate responses and actions.

Customer Information Security

Our information security principles and policies are being deployed in order to enhance customer's trust in our information security activities. We have a dedicated team dealing with information privacy issues and perform reviews and diagnosis regularly to make sure that critical customer information is protected in a systemic and thorough manner. We also offer regular training to raise awareness of security issues.

In particular, our customer information is stored in and managed by the 'IN4CRM' computer system and such information is available only through highly strict compliance of relevant internal policies to make sure in advance that customer information is not stolen, violated or leaked. There were no violations regarding customer information leakage or abuse in 2010.

Training Sales and Service Personnel

We are constantly training our sales and service personnel to encourage a customer-oriented mindset as we are well aware of the importance of customer satisfaction in the rapidly changing market environment. We provided 10 sessions of CS training in 2010, boosting CS-dedicated employees' qualifications and capabilities. In particular, our Injection Molding Division educated overseas agents and employees of its clients as well as LS Mtron staff on new products and shared their best practices in swift claims management and customer response services.

Product Information Provision and Marketing

We offer sufficient information on products that we sell to ensure convenience of customers and prevention of misuse. We are producing and distributing instructions and user manuals on various products that each business division manufactures and posting latest product information on our website constantly to give our customers real-time easy access to the information they want. In addition, each business division hosts presentations/exhibitions and demonstrations for customers on new products in a regular manner. We also perform PR and advertisement activities to enhance consumer awareness of LS Mtron and deliver product information. In doing so, we fully comply with relevant regulations such as the Labeling and Advertising Act and there were no violations regarding advertisements that slander competitors or distribute false or exaggerated information in 2010.

[Customer Complaint Response Process]



[2010 Major Product Information Provision Activities]

DIVISION	ACTIVITIES
Tractor	New T-7000 product presentation New AMT* tractor presentation
Air-Conditioning	Turbo 2000RT-grade demonstration Water-source 3000RT-grade heat pump demonstration

*AMT : Automatic Manual Transmission

Demonstration of Large-Scale Water Source Heat Pump _ Our Air-conditioning Division held a demonstration for the large scale 3000RT-grade water-source heat pump with 70 relevant officials present from Korea District Heating Corporation, Daelim and etc at the Jeonju site. The development enabled us to enter the domestic market for large-capacity heat pumps which was dominated by overseas leaders such as York and Carrier and is expected to replace heat pump imports, laying the foundation for us to take the lead in the domestic new and renewable energy market.

Customer Engagement

We are running customer-specific response channels in each business division to engage more customers. We take part in various exhibitions to offer customers information on products and technology in each of our business divisions and host product demonstrations and presentations regularly to encourage customers to share their views on our products. We also conduct customer-led regular audits to meet the level of product and service quality demanded by customers.

Thank-You Events for VIP Customers _ Our Injection Molding Division hosted thank-you events for company CEOs and VIP customers from related businesses in order to enhance customer satisfaction and maintain/develop partnerships with customers. The event replaced the Korea International Plastics & Rubber Show which we had kept attending as a venue for marketing activities and aimed to get closer to customers in increasing their satisfaction and maintain and further grow partnerships with them. Five such events invited 280 VIPs at our sales offices in Busan, Seoul/Gyeonggi Incheon, central region, Gwangju and Daegu and we will take advantage of those thank-you events as a direct CS channel to bring about positive awareness of and increase interest in our business activities.



03. Social Contribution Activity

A heart to see things as beautiful –
Attitudes to look into tiny details with integrity -
With such a heart and attitudes, LS Mtron always looks around with care,
dreaming of a world to live with our neighbors, society and the nature and
practicing sharing-oriented management.
A forest imbues beauty and comfort because it is where the heart shelters
and imbues energy.





[Declaration]

LS Mtron will actively strive for social contribution activities for the development and growth of the community, while fulfilling corporate social responsibilities. We will also do the utmost to encourage the voluntary participation of employees in volunteering and make the world a beautiful place.

[Mid-term Management Directions]

- To raise the corporate prestige by branding representative social contribution activities
- To promote corporate relationships with the community and build trust
- To raise the CSR mind-set among employees and expand volunteering among employees

[Management System]

- Manager in charge: CHO - Department in charge: Business Support Team

[CS and QM Subcommittees]

- Purpose: Social Contribution Subcommittee meetings are held to initiate the employee participation in and support for representative social contribution programs as the ground of decision-making on overall social contribution activities, share information between the head office and business sites and establish specific directions.
- Department in charge (related department): Business Support Team (divisions related to each business site business-wise)
- 2010 Records: Conducting social contribution activities in 2010 and sharing the 2011 LS Mtron's Global Happy Village Campaign / Establishing a social contribution team at the head office and business sites, and exchanging ideas on boosting teamwork / Exchanging opinions on ways to establish communication channels with the community / Gathering consensus and proposals on the management of a social contribution team

2010 ACHIEVEMENT

SC	2009	2010		
MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Establishment of Social Contribution Strategies	<ul style="list-style-type: none"> - Establishing a management system for social contribution activities - Designating strategies and managers for the sites - Planning channels to connect with the community 	<ul style="list-style-type: none"> - Establishing social contribution activities for each business site - Facilitating performance and releasing it internally and externally - Sharing the pending community agenda and social contribution activities 	<ul style="list-style-type: none"> - Creating and operating the Social Contribution Subcommittee - Designating coordinators for volunteering teams for each business site - Establishing the company-wide performance management system - Establishing and promoting various performance releasing channels - Opening communication channels for stakeholders for each business site <ul style="list-style-type: none"> - Centered around the Jeonju site (communication channels for other sites in the pipeline) 	<ul style="list-style-type: none"> ● ● ○ ○
Social Contribution Activity Program	<ul style="list-style-type: none"> - Domestic social contribution activities - Enhancing social community welfare - Developing culture/art/sports - Volunteering of employees and executives - Fostering future talents, etc 	<ul style="list-style-type: none"> - Sustaining domestic social contribution activities - Facilitating new social contribution activities abroad 	<ul style="list-style-type: none"> - Conducting 23 activities e.g. managing and sponsoring programs (KRW 0.29 billion) - Starting LS Mtron's Global Happy Village Campaign (in Vietnam) 	<ul style="list-style-type: none"> ● ●

2011 PLAN

SC	2010		
MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Management of Representative Social Contribution Programs	<ul style="list-style-type: none"> - Managing representative programs at home and abroad 	<ul style="list-style-type: none"> - Abroad: Conducting the LS Mtron Global Happy Village Campaign (constructing an elementary school in Vietnam, dispatching the employee volunteering team to Vietnam) - Domestic: Organizing representative programs 	<ul style="list-style-type: none"> Jun. Dec.
Consistent Involvement in and Support for Community	<ul style="list-style-type: none"> - Continuously supporting and expanding social contribution activities 	<ul style="list-style-type: none"> - Supporting the low-income class and the elderly living alone - Sponsoring the Jeonju International Film Festival, Jeonju World Sori Festival and Korea Cycle Federation - Continuously conducting the One Company One Village (Chudong Village), One Company One School (Bong Dong Elementary School) - Volunteering in conjunction with community welfare organizations 	<ul style="list-style-type: none"> Monthly Oct. Year-round Year-round
Systematic Management of Volunteering Teams	<ul style="list-style-type: none"> - Establishing volunteering teams for each business site - Facilitating employee volunteering activities 	<ul style="list-style-type: none"> - Establishing a scheme for the company-wide volunteering teams - Conducting regular volunteering on each site - Operating the Social Contribution Subcommittee 	<ul style="list-style-type: none"> Apr. Dec. Dec.

* The framework is up and running and will be supplemented and managed continuously.

* Modifications in managerial issues in 2011:

: Categorizing and managing social contribution programs into representative ones, ones for continued participation and support and employee volunteering activities

1. Establishment of Social Contribution Strategies

We are aware of clear goals and roles to become a global corporate citizen in conducting social contribution activities. We will continue to strengthen our relationships with the community near the head office and business sites at home and abroad and grow into a company that imbues warmth to the world through continued participation and interest in overall social issues.

Directions for Social Contribution

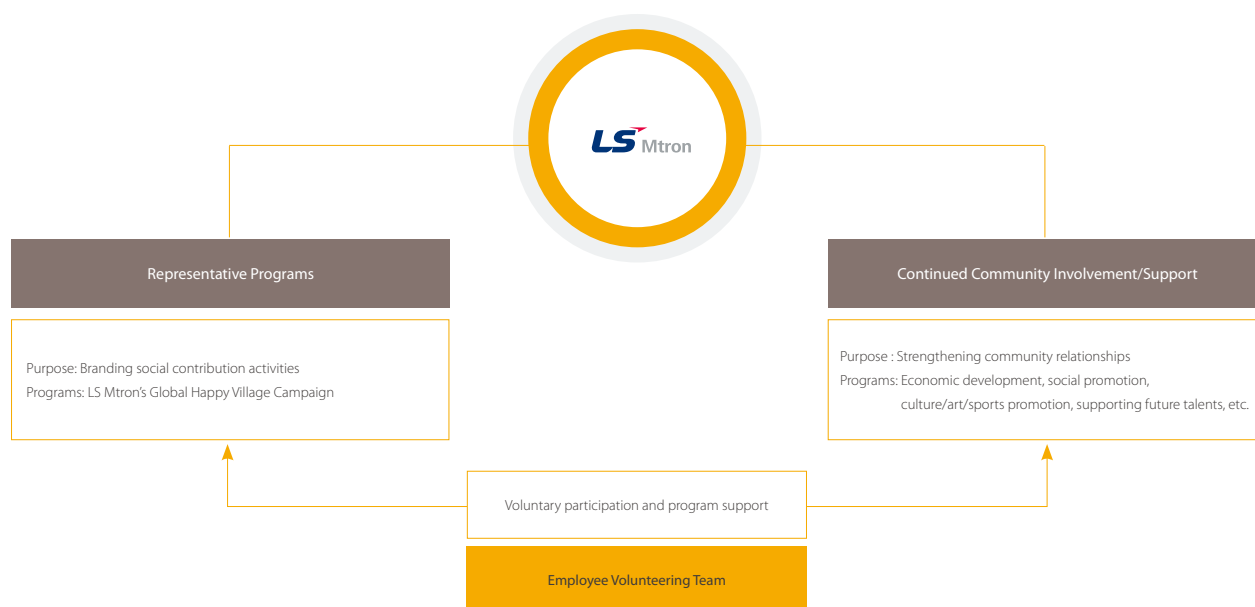
Directions of our social contribution activities are twofold: managing representative programs and community involvement programs. First of all, we run representative social contribution programs to firm our presence as our intangible brand of a global player by running a single program each time. Moreover, we continue to carry out community support for community development and co-prosperity of the community where the head office and each site belongs. In particular, community involvement activities are to explore and manage social contribution activities based on any issues or demand rising from the community.

Systematic Management of the Employee Volunteering Team _ We currently conduct voluntary community work in each site. One of the Managerial Issues for 2011 is systematic management of the employee volunteering team to operate and maintain it company-wide. The volunteering team will contribute to forming close relationships with the community, while raising efficiency in managing representative social contribution activities.

Relationships and Communication with Community Stakeholders

We maintain ethical and transparent relationships with local governments and community organizations. We also share information on pending issues facing each community through negotiating with stakeholders. We secured communication channels with approximately 10 consultative bodies for the head office each site throughout 2010, planning for co-prosperity with the community through such communication.

[Layout of Directions for Social Contribution Activities]



2. Social Contribution Activity Program

We unfold social contribution activities according to the directions we set. In 2010, in particular, we operated representative social contribution programs, while continuously participating in and developing such programs befitting each community's expectations and needs.

Social Contribution Representative Programs

LS Mtron's Global Happy Village Campaign _ Our Global Happy Village Campaign is the global one organized as our representative social contribution program. In order to fulfill our roles as a corporate citizen amid the rapid growth in the overseas market, we decided to supply the cutting-edge educational equipment and materials, while constructing 2 buildings with 9 classrooms in 'Van Phu Elementary School' in the backward region of Tuyen Quang in Vietnam in conjunction with the Good Neighbors. In 2011, we plan to extend our helping hands on construction sites through our volunteering team consisting of our employees and executives in Vietnam, and to unfold various programs such as sports contest, music class and art class. We will do the utmost so that the global charity program could pave the way for us to be a respected company at home and abroad.

Economic Development and Social Welfare Promotion

Boseong Village Headmen's Field Trip to Jeonju Site _ Our Tractor Business Division conducted a field trip to the Jeonju site for all village headmen in Boseong in August. With the presence of the 214-strong team, the event was held to bolster bonding with the community and to offer opportunities for first-hand experiences of the tractor production site. It deepened our ties with the group of village headmen, enabling us to promote our technological prowess to the community.

Sweet Potato Digging Event on Jeonju Site _ We held a farm experience event with sweet potato digging with those in Chudong Village, our sisterhood village, under the One Company One Village campaign as well as our 20 employees and executives and their families on the Jeonju site. This event is to experience farming through the One Company One Village for employees who were transferred to Jeonju so that they could better adapt to their new life and forge bonding among the families.

Support to Foster Future Talents

LS Group Overseas Volunteering Team of University Students _ LS Group overseas volunteering team of university students marking the 6th year is a program offering opportunities for them to experience and volunteer in the impoverished environment in least developed countries, strengthening social responsibilities as a global company. We dispatched our overseas volunteering team of university students near Ho Chi Minh in Vietnam along with major subsidiaries of LS Group and Korea's Red Cross. The 27-strong team were involved in volunteering and cultural exchanges including child education, repairing schools and village facilities, Taekwondo demonstrations and samulnori performance (performed with four traditional Korean percussion instruments) for 11 days from July 27 to August 6. Dispatching university student volunteering teams to least developed countries will continue down the road twice a year during their school vacations.

Support of Culture/Arts/Sports Development

Community Support Programs _ Our annual sponsorship for art and sports aims to enhance the cultural development and a greater quality of life in the community. Jeollabuk-do's iconic cultural festivals, that is, the Jeonju International Film Festival and the Jeonju World Sori Festival are continuous recipients of our support. We strive to raise the brand image by sponsoring community festivals and facilitating co-prosperity with the community.

[LS Mtron Social Contribution Programs]



Employee Volunteering

Sarang Nanumhoe' Picnicking with Yang Ji House _ 22 members of 'Sarang Nanumhoe (love sharing team)' in our Jeonju site, family of our employees and female volunteers went to the COEX Aquarium in Samseong-dong with children at Yang Ji House, a welfare agency for those with cerebral palsy. 'Sarang Nanumhoe' is in sisterhood relationships with 'Da-Ae Community' in Bongdong-eup, and this trip offered a chance to be with children at Yang Ji House with which the sisterhood ties have been underway for 6 years before the team was transferred to the Jeonju site. We will strive to conduct a wide scope of volunteering in various sites beyond the activities of Sarang Nanumhoe.

Special Production Team Volunteering at the Sangroksu Volunteer Team

_ We strive to enhance the environmental protection of the community. Along with the Jeonju Haebalagi (sunflower) Volunteering Team, 6 members at the Special Production Team as part of the Sangroksu Volunteer Team volunteered by cleaning up a park in and near Samcheon 2-dong. The idea was proposed by the Jeonju Haebalagi Volunteering Team in Samcheon 2-dong, which will continuously take place.

Kimchi-Making Event _ Following our briquette sharing event in 2008 and kimchi-making event in 2009, we conducted a kimchi-making event with our employees at the end of 2010. The plant head at the site and the head of the labor union prepared kimchi themselves along with 50 employees at its dormitory at the Jeonju site and offered it to the community. We hope that our small gift with love could warm up the hearts of local residents and enjoy holidays at year-end and the New Year's.

[Economic Development and Social Welfare Promotion]

REGION	MONTH	MAJOR ACTIVITIES
Head Office	Jan.	Sponsoring the Community Chest of Korea
Jeonju	Apr.	Supporting events for federation of people with disabilities
	Apr.	Supporting fields trips to excellent villages in forming sisterhood village relationships
	Aug.	Guiding the Boseong Village headmen for Jeonju site
	Continuous	Managing the One Company One Village produce and operating weekend farms
	Continuous	Supporting the low income class (students at Bong Dong Elementary School and the elderly living alone in Chudong Village)

[Support to Foster Future Talents]

REGION	MONTH	MAJOR ACTIVITIES
Head Office	Jul.	Dispatching LS Group's Overseas Volunteering Team Of University Students
	Oct.	Sponsoring the Global HR Forum
	Oct.	Sponsoring the World Knowledge Forum
Jeonju	May	Extending sponsorships to Chonbuk National University
	May, Sep., Oct.	One Company One School support for Bong Dong Elementary School
China	Nov.	Extending sponsorships to Qingdao U. Tech

[Support of Culture/Arts/Sports Development]

REGION	MONTH	MAJOR ACTIVITIES
Head Office	Mar.	Sponsoring the Korea Cycling Federation
	May	Sponsoring the Hi Seoul Cycling Event
Jeonju	Apr.	Sponsoring Jeonju International Film Festival
	Aug.	Swimming lessons for senior citizens in local communities
	Oct.	Sponsoring the Jeonju Int'l Sori Festival

[Employee Volunteering]

REGION	MONTH	Name of Program	MAJOR ACTIVITIES
Jeonju	Apr.	Sangroksu Volunteer Team	Cleaning up areas around Samcheon 2-dong and serving meals for the elderly living alone
	Jun.	Trip to Yang Ji House (rehab institute for those with cerebral palsy)	Picnicking with children at Yang Ji House in Seoul
	Jun.	Sangroksu Volunteer Team	Visiting Da-Ae Community and volunteering
	Dec.	Kimchi making event	Offering prepared kimchi to the community
Anyang	Mar.	Volunteering at Yang Ji House	Volunteering at Yang Ji House



1	2	3
4	5	6
	8	9


1. Donating a Small Fraction of Salary
- 2, 3. Conducting LS Mtron's Global Happy Village Campaign
- 4, 5. Sponsoring the Hi Seoul Cycling Event
- 6, 7. Forging Sisterhood Relations with Bong Dong Elementary School (One Company One School)
8. Conducting the Love Sharing Volunteering
9. Guiding the Boseong Village headmen for Jeonju site



10	11	12
13	14	15
	16	17

10. Volunteering of Sangroksu Volunteer Team
- 11, 12. Forging Sisterhood Relations with Chudong Village (One Company One Village)
- 13, 14. Dispatching LS Group's Overseas Volunteering Team Of University Students
- 15, 16. Picnicking of Those at the Jeonju Site with Those At Yang Ji House
17. Sponsoring the Jeonju Int'l Sori Festival

04. Green Management

An aerial photograph showing a dense, vibrant green forest. A dark, winding river or stream flows through the center of the forest, creating a sharp contrast with the surrounding foliage. The forest extends to the horizon, where rolling hills are visible under a clear sky.

LS Mtron preserves a forest that gives energy through environmentally-friendly products and advanced ESH management. LS Mtron seeks for an inherent state of the nature that is with beauty and comfort.



[Declaration]

We have continued to reduce energy and greenhouse emissions by setting climate change strategies. We will realize our will as a global leading green company in the industrial machinery and cutting-edge components by expanding the scope of environmentally-friendly products and the green business.

[Mid-term Management Directions]

- To respond to Climate Change through greenhouse gas reduction
- To expand the scope for environmentally-friendly products and green business
- To manage safe and sound environmentally-friendly sites

[Management System]

- Manager in charge: CHO
 - Department in charge: Green Management Team (Climate Change Response, Operation of Advanced ESH Business Site)
- Manager in charge: CTO
 - Department in charge: Technology Management Team (Developing Environmentally-Friendly Products)

[Green Management Subcommittee]

- Purpose: Green Management Subcommittee meetings are held to suggest company-wide directions to respond to climate change and turn business sites green as key issues, set specific strategies and discuss related issues.
- Department in charge (related department): Green Management Team (Win-Win Partnership Team, Facility Management Team, Technology Management Team the rest)
- 2010 Records: Reporting on the Greenhouse Gas Inventory / Discussion on company-wide common environmental indicators and setting directions / Discussing on green strategies and purchases, etc.

[Environmentally-Friendly Product Subcommittee]

- Purpose: The Environmentally-Friendly Product Subcommittee spearheads the green product development company-wide and manage the system to enhance the eco-friendliness in the product development process. We seek to lead a global green market in the industrial machinery and cutting-edge products through the expansion of green products.
- Department in charge (related department): Technology Management Team (Research Center of the Business Division, Central Research Center, Green Management Team the rest)
- 2010 Records: Sharing the company-wide status quo on sustainable management / Proposing tasks on developing green products and reflecting green design factors upon the Gate Review / Setting the classification criteria for green products and establishing development criteria

2010 ACHIEVEMENT

GM	2009	2010	●: Achieved ●: Partially Achieved ○: Not Achieved Yet ◎: Continuous Activity	
MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Climate Change Response	· Identifying the status quo of CO ₂ emissions · Acquiring the Carbon Footprint Certification Label	· Establishing the Greenhouse Gas Inventory / Setting goals to reduce greenhouse gas emissions	· Establishing the Greenhouse Gas Inventory · Identifying potential reduction amounts through energy analysis · Setting climate change response strategies and emission targets	●
		· Developing products with Carbon Footprint Certification Label	· Reviewing the selection of products for each business site	●
Developing Environmentally-Friendly Products	· Setting standards to design environmentally-friendly products · Paving the way to expand the launch of environmentally-friendly products	· Introducing the environmentally-friendly product design process	· Defining the scope of environmentally-friendly products and selecting 23 design factors · Verifying whether or not green design factors have been reflected in product development · Reflecting the mid-term technology development road map for the Business Division · Creating and operating the Environmentally-Friendly Product Subcommittee · Achieving the green product sales of KRW 221.1 billion in 2010	●
Operation of Advanced ESH Business Site	· Certification for integrated ESH corporate management	· Building the ESH management system for overseas subsidiaries	· Supporting the establishment of the ESH management system and conducting diagnosis for overseas subsidiaries	●
	· Designated as a Green Company (Jeonju site) · Reduction of pollutant emission and activities for local environmental preservation	· Reinforcing activities for reduction of pollutant emission	· Creating and operating the Green Management Subcommittee · Setting company-wide common goal management indicators · Establishing a environment safety evaluation system for facility investment	●

2011 PLAN

GM	2011		
MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Climate Change Response	<ul style="list-style-type: none"> - Verifying and managing the company-wide Greenhouse Gas Inventory - Establishing plans to reduce greenhouse gas 	<ul style="list-style-type: none"> - Conducting the third-party verification for the company-wide Greenhouse Gas Inventory - Responding to the greenhouse gas/energy target management system - Establishing the monitoring infrastructure - Establishing mid-term reduction targets and plans for each business site/division - Fostering specialists on Climate Change 	Year-round
Expansion of Environmentally Friendly Products	<ul style="list-style-type: none"> - Expanding environmentally-friendly products 	<ul style="list-style-type: none"> - Strengthening reviews upon the R&D PJT Gate Review¹ - Reviewing the mid-term green technology development roadmap in business divisions - Exploring major green products and technologies and applying for external certifications and awards - Evaluating performance vis-à-vis green product sales targets - Setting plans in green products - R&D investment (KRW 14.1 billion, 48%)/-sales (KRW 382.5 billion, 41%) - Operating the Environmentally-Friendly Product Subcommittee 	Year-round
Operation of the Advanced ESH Business Sites	<ul style="list-style-type: none"> - Enhanced improvement activities regarding intensity unit of common company-wide environmental indicators - Supporting the ESH management systems for overseas subsidiaries 	<ul style="list-style-type: none"> - Setting ways to cut/reduce the total amount company-wide for environmental indicators - Setting improvement activity plans through environmental impact evaluations and monitoring these plans - Conducting ex-post measures for analysis results in 2010 for overseas subsidiaries - Supporting the establishment of management systems for and conducting reviews for overseas subsidiaries - Operating the Green Management Subcommittee 	Year-round

1. Meetings where whether or not it is essential to move onto the next stage is decided as the last activity in all stages

1. Climate Change Response

We are fully aware of the severity of climate change resulting from global warming. Thus, we have identified the greenhouse emissions by voluntarily establishing the Greenhouse Gas Inventory, and set mid-long greenhouse gas targets to practice social responsibilities and strengthen the corporate competitiveness.

Establishing the Greenhouse Gas Inventory

In 2010, we established the Greenhouse Gas Inventory according to the international guideline of the 2006 IPCC Guideline as well as the 'Guideline on GHG and Energy Target Management' for all our sites nationwide (Jeonju, Jeongeup, Anyang and Indong), research centers and branches. As a result, we put in place the overall standards including the LS Mtron Greenhouse Gas Guideline and QA/QC Regulations for continued and effective emission source management while computing the past greenhouse gas emissions. We acquired the third-party verification statement from the Korea Energy Management Corporation.

Greenhouse Gas Emissions

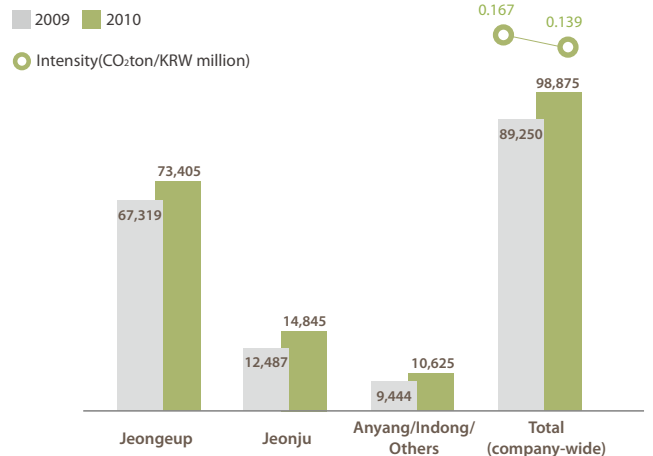
Our greenhouse emissions increased by 10.8% (9,625 CO₂ tons) in 2010 compared to 2009 according to the business growth such as increases in the number of facilities and the amount of product yield. However, the emission intensity against revenues improved by 20% through diverse greenhouse gas reduction activities: improving the old steam traps; adjusting the operation/management of freezers and air conditioners depending on the load; reducing energy usage by replacing old boilers in company residences; reducing the usage of refrigerants and the amount of leakage with greater investment in automatic refrigerant recovery equipment; and continued light/energy saving campaign.

Emission source-wise, indirect emission sources (Scope2) took up most of the emissions with 92.6% (91,552 CO₂ tons) due to electricity purchases as of 2010, while direct emission sources (Scope1) account for 7.4% (7,323 CO₂ tons) consisting of fixed combustion (LNG, etc the fuel source for boilers and gas heat) and mobile combustion.

In 2011, we plan to revise and complement the LS Mtron Greenhouse Gas Inventory management guideline according to the National Guideline on Management of Greenhouse Gas and Energy Targets, while keeping tracks of the status of energy management greenhouse gas emissions to building the inventory for overseas subsidiaries.

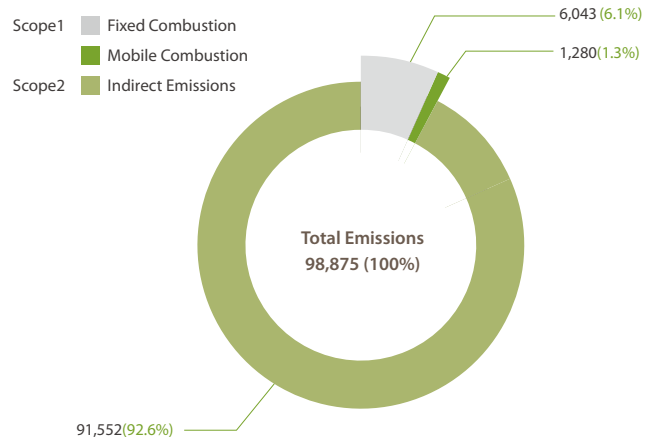
[2009~2010 Company-Wide Emission/Intensity]

(unit: CO₂ton)



[2010 Each Emission Source]

(unit: CO₂ton)



Holding the Green Management Subcommittee



Conducting the third-party reviews for Greenhouse Gas Inventory



Conducting the third-party reviews for Greenhouse Gas Inventory



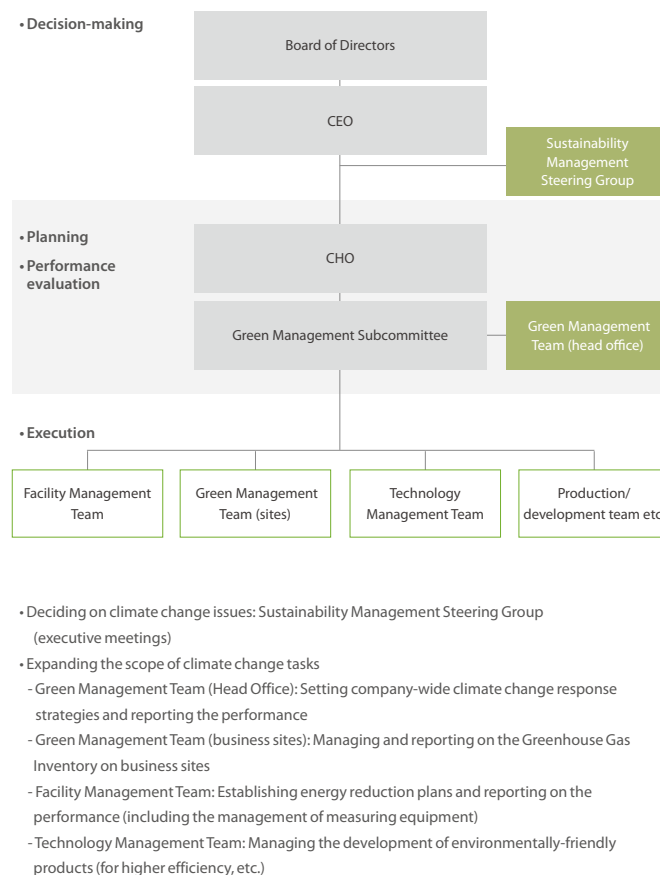
Climate Change Response Strategies and Mid-long Reduction Targets

We established mid-long targets and measures to reduce the greenhouse gas and by operating a task force to set climate change response strategies in 2010 in hopes of company-wide systematic and strategic climate change response. Greenhouse gas reduction strategies are divided into production and product categories. We also plan to reduce the Business As Usual (BAU) by 30% by 2020 by minimizing the energy consumption, maximizing the supply efficiency and introducing new and renewable energies.

To this end, we conducted energy analysis for the Jeongeup site in 2009 and the Jeonju site in 2010 to generate the greenhouse gas reduction technologies. As for the Jeongeup site taking up 75% (67,319 CO₂ tons), of the total greenhouse gas emissions and 73% of the energy usage amount (1,402TJ), it implemented efficient greenhouse gas reduction technologies e.g. improved production process by operating a greenhouse reduction task force and mid-long investment plans in 2011. As for the Anyang site expected to be constructed in 2011, the energy usage amount will be reduced from the source by designing green energy-saving buildings. In the product category, one of the targets is greenhouse gas reduction in green design factors under a goal to raise the product energy efficiency by 30%. We strengthen our investment in development by reflecting energy enhancement targets in the mid-long technology roadmap for each energy usage product category.

We regularly report on climate change issues and make decision accordingly through the Sustainability Management Steering Group under the measures to achieve climate change strategies. While establishing a climate change response unit by expanding and bolstering climate change response tasks in different departments e.g. Green Management Team, Facility Management Team and Technology Management Team. We currently review the greenhouse gas management system (IT system) for efficient performance management of greenhouse emissions.

[Climate Change Response Scheme]

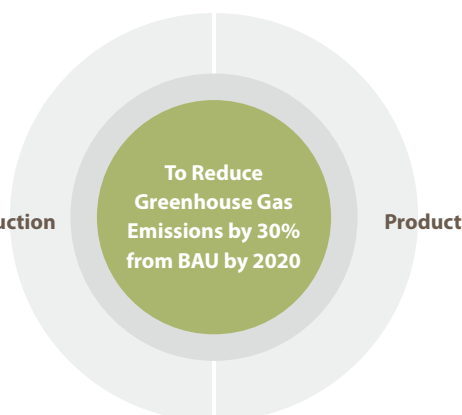


[Climate Change Response Targets]

Goal:
To reduce the greenhouse gas by 30%

Minimizing the energy consumption
Maximizing the efficiency in energy supply
Introducing new and renewable energies

Production



Product

Goal:
To enhance the product energy efficiency by 30%

Enhancing the product energy efficiency
Responding to the climate change market
Developing the climate change market

2. Developing Environmentally Friendly Products

We introduced a green construction process to expand the development of green products. To this end, we defined the scope of green products and selected design factors. Thus, we strive to develop green products and expand sales by reviewing green design factors in the product development stage and reflecting them on the mid-long technology development roadmap.

Our Definition of Environmentally-Friendly Product

We categorize environmentally-friendly products into 23 basic design factors: resources saving (reduction in usage of natural resources, improvement in recycling), reduction of hazardous substances (no use of hazardous substances, reduction of pollutants), reduction of greenhouse gas emissions (increases in energy efficiency and refrigerant environment), other environment impact reduction (reduction in packing materials). Such classification is applied to our green product development strategies and green design standards.

Our Definition of Environmentally-Friendly Product _ We define environmentally-friendly products as those whose core basic design factors have improved by applying the internal standards according to the environmentally-friendly product category, and whose category belongs to the green business.

- * However, excluded if there is only one item with worse scores among major design factor
- * Categorized into the environmentally-friendly product if the product category belongs to the green business
- * Categorized as a green product in case it has been certified for eco-friendliness by an external institution

Environmentally-Friendly Product Development Process

Verifying the Reflection of Environmentally-Friendly Design Factors upon GR¹ (Gate Review) _ We generate environmentally-friendly design factors from the planning stage for product development, and evaluate the development performance by setting the targets for eco-friendliness in the implementation stage.

1. It is a consultative process to verify if it is adequate to move onto the next stage, as the last active of all stages

[Environmentally-Friendly Products Factors]



Environmentally-Friendly Product Development Roadmap

We established mid-term technology development strategies annually. Technologies in our pipeline include; the electricity operation technology and Tier 4 engine to secure a pie in the green market and respond to emissions regulations; the high heat-resistant Charged Air Cooler (CAC) and low-weight plastic ducts for heat stability, low weight and low noise; no-cutting techniques to reduce hose cutting losses as a resources-saving technique; and electric energy-saving technology to raise energy efficiency. We also forge ahead towards the halogen and Be-Cu free technologies to eliminate any usage of environmentally harmful materials. By checking out the roadmap for environmentally-friendly technological development roadmap, we strive to speed up the process of green product development.

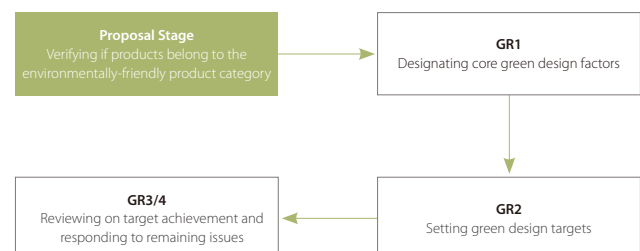
Achievements of Environmentally-Friendly Product Development

Green Business Expansion _ Our environmentally-friendly products took up 24% of all revenues in 2010, which will rise to 41% by 2011. Moreover, 48% of the total R&D investments throughout 2011 will be on developing products with green design factors. Exports (to North America/Europe) of environmentally-friendly tractors with Tier 3 applied will increase (by 42%) are projected along with higher sales of environmentally-friendly copper foil (by 177%) by removing arsenic in the plating process in producing copper foil.

Awards for Developing Environmentally-Friendly Products

We were awarded with the IR 52 Jang Yeong Sil Award by developing environmentally-friendly products in 2010, and selected as the Engineer of the Month. Senior manager Jeong Jin-hi and three others at the Central Research Center for developing a turbo heat pump, a device that supplies heat sources for cooling and heating large areas, leveraging untapped energies (underground water, sea water and waste heat, etc.) for the first time in Korea and second time in the world, and were awarded with the IR62 Jang Yeong Sil Award. Senior executive director Shin Hyeon-cheol was awarded as the Engineer of the Month for contributing to the environmentally-friendly engine development to respond to the emissions regulation (Tier 4) which will start to be applied from 2013.

[Environmentally-Friendly Design Process]



[2010 Major Environmentally-Friendly Products]

TYPE		APPLICATION MODEL	SCOPE OF ENVIRONMENTALLY-FRIENDLY PRODUCTS	MAIN FEATURES
TRACTOR ¹		· Tier3 applied products (to North America/Europe)	· Reduced harmfulness	· Reducing emissions of pollutants · Increased efficiency of engines
AIR-CONDITIONING ²		· Heat Pump	· Saving resources	· Leveraging untapped energies like waste water and sea water, etc. · Reducing CO ₂ emission due to higher efficiency
INJECTION MOLDING ³		· DE/ME/SE-Model	· Reducing greenhouse gas	· Saving energy versus the existing model (25/45/25%)
SPECIAL BUSINESS ⁴		· Special Business	· Saving resources	· Increased product life span versus the existing model
ELECTRONIC COMPONENT	CONNECTOR ⁵	· All products	· Reduced harmfulness	· Complying with the ROHS · Halogen(F/Cl/Br/I/At), Be Free
	ANTENNA ⁶	· All products	· Reduced harmfulness	· Complying with the ROHS
ELECTRONIC CIRCUIT MATERIALS ⁷		· Sold since September 2010	· Reduced harmfulness	· Removing arsenic in plating
AUTOMOTIVE COMPONENT ⁸		· CAC (Charged Air Cooler) HOSE	· Reduced harmfulness	· Complying with the EURO V standards
ULTRA CAPACITOR ⁹		· All products	· Environmentally-friendly business	· Environmentally-friendly business

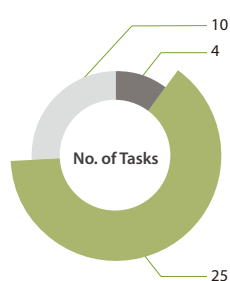
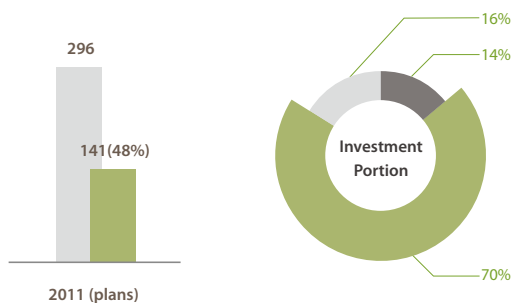


[Portion of R&D Investment in Environmentally-Friendly Products in 2011 (under the 2010 investment plans)]

(unit: KRW 100 million)

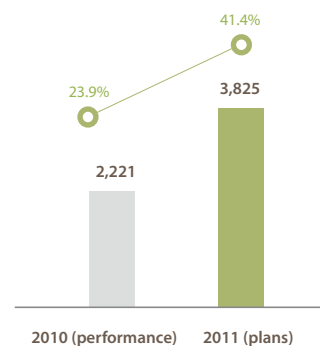
■ Total
■ Eco-Friendliness

■ Saving Resources
■ Reduced Harmfulness
■ Greenhouse Reduction



[Portion of Environmentally Friendly Product Sales]

(unit: KRW 100 million)



3. Operation of Advanced ESH Business Site

We operate the ESH management system for all our sites nationwide to turn them safe, sound and environmentally-friendly, and also the ISO 14001 we acquired for environmentally-friendly management for our overseas subsidiaries. We also strive to prevent pollution and accidents by introducing environmentally-friendly process management and a review system for environment safety for investors.

Company-wide ESH Management System

Following the Anyang site's acquisition of the ISO 14001 certification in 1997, all our sites acquired the ISO 14001 and OHSAS 18001. Since 2009, we have reviewed environmental safety impact factors and improved any drawbacks through the certification screening every year, while having integrated the ESH management system for all sites. As for our overseas subsidiaries, LSEQ (China, Electronic Component) and LSMW (China, Injection Molding System) acquired the ISO 14001, minimizing risks through the regular ESH management system review on an annual basis. We plan to achieve the ESH system set-up for all our overseas subsidiaries including the new subsidiary of LSAE (China, Tractor).

ESH Investment and Management _ We strive to minimize the environmental safety impact resulting from business activities and maximize improvement effects. We have expanded investment in environmental safety and health, and introduced the 'Investment Environment Safety Review' in the investment screening stage. We also conduct environmental safety risk management through investment in materials and facility investment by reviewing in advance pollution and risk factors.

Pre-screening for Environmental Safety _ We conduct environmental safety impact evaluation following the environmental safety pre-screening upon building and transferring facilities and changing materials. We strive to prevent accidents and pollution through an internal management process e.g. identifying if measures were taken based on the pre-screening results.

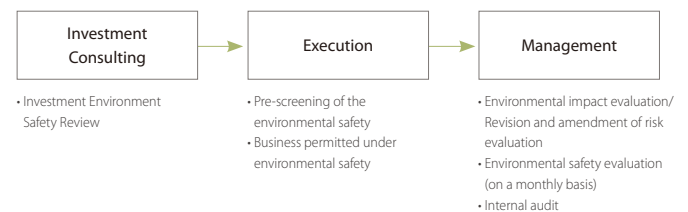
Internal Audit System _ We conduct thorough evaluations and reviews for environmental safety management activities and make improvement after analyzing the status quo and identifying drawbacks. The Green

Management Team in each site does so for first-line departments while the Green Management Team in the head office does for the Green Management Team in each site to secure objectivity in internal auditing. Moreover, we review the status of environmental safety management in all departments on a monthly basis, while imbuing an environmental safety mindset to all employees through awards and prizes.

Green Processing and Management of Pollutant Emissions

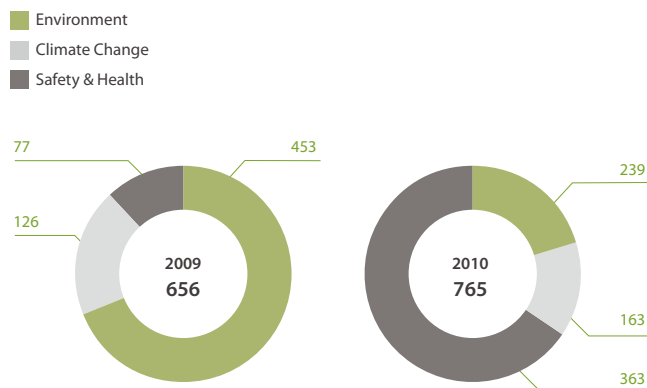
We are engaged in various activities to reduce the emissions of air pollutants, dangerous chemicals and ozone depletion materials by improving the process and prevention facilities and modifying the raw materials used. We continue to increase the waste water recycling rate through efficient operation of the waste water recycling system. The waste water recycling rate in 2010 increased by over 10% year-on-year, which reduced the usage amount of source water. We strive to reduce the source of wastes by improving processes, reuse waste scraps, and increase the waste recycling rate to preserve natural resources. We lead efforts in reduction and reuse of waste by 3 R activities (Reduce, Reuse, Recycle) and implement stricter waste management by improving the waste yard facility and establishing the garbage separation movement. The waste re-

[ESH Investment and Management Process]



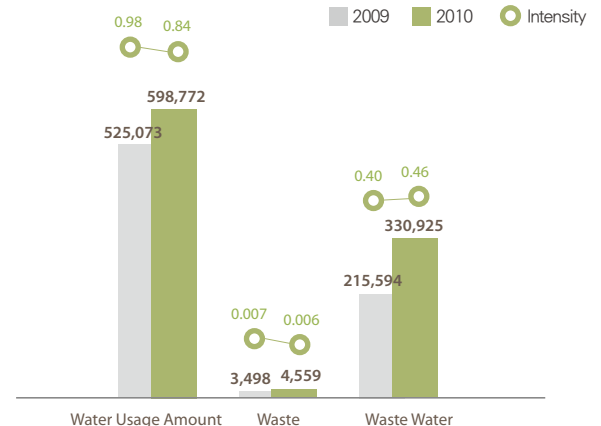
[Investments in Environmental Safety & Health]

(unit: KRW million)



[Water Usage Amount and Waste / Waste Water Emissions]

(unit: CO₂/ton)
(intensity: emissions / revenues¹⁾)



1. Revenues: Based on self-production

cycling rate in 2010 increased by over 83%, and we will meet the target of 85% through process improvement and expansion of recycling items and the scale under the company-wide ‘proposal management system.’

We manage our emitted pollutants under 50% of the legal standards, and all our sites were waived of the basic emission fees in 2010. Thanks to such internal management and accident prevention systems in all sites, we achieved no violation of the environmental regulations in 2010 again from 2009. The amount of water usage and waste increased year on year due to increases in production and facilities in all sites in 2010, the intensity volume dropped thanks to continued management of emission sources and processing. Moreover, we used ozone-depleting materials (HCFC-22, HCFC-123) for refrigerants for some products in producing freezers and air conditioning equipment. The amount of the materials was reduced by 54% to 12.8 tons. We increased the number of products using the HFCtotal, so the usage of the former could be dropped. In 2011, we plan to introduce an environmentally-friendly raw and side materials to minimize the usage of harmful chemicals even from the raw material usage stage.

Copper Recalls _ We continuously conduct activities to reduce pollutants emitted during manufacturing and wastes generated from it. The Jeongeup site has replaced copper with bronze scraps, thus saving the usage of natural resources. In 2011, in particular, we plan to recall copper by investing KRW 1.5 billion, which will save the cost of KRW 800 million per year with the copper recall rate raised from 8% to 90%. The chemical usage rate to treat waste water and the amount of wastes like sludge will plummet due to higher resources recycling rate and reduced waste water (150 tons/day).

Green Growth Committee's Visit to the Jeongeup Site

The Green Growth Committee formed to implement the low carbon green growth strategy as the national agenda paid visit to the Jeongeup site on October 25 2010. This paved the way for building up ties between the stakeholders and the government, while improving the existing systems e.g. having the formation of a special division for green companies to top the agenda.

Environment Protection Activities for Local Community

We promote the “One Company for One River” to protect the local environment regularly on each site. In 2010, we took part in various other campaigns: tree planting in the Iksan Industrial Complex; the National Territory Clean-up Campaign; and a campaign to make villages fire-free with stand-alone detectors. We strive to resolve regional environmental issues by engaging in the community activities e.g. Local Agenda 21.

No-Disaster Sites Achieved

We strive to pour in steady interest and efforts to maintain a sound and safe work environment. The Anyang site and Indong site have been continuously designated as disaster-free sites since their launch in July 2008. In order to achieve our goal of having all our sites disaster-free in the future, we continue to imbue awareness about safety through a disaster-free rally, etc.

Fire Drills

Every year, all our sites conduct simulation training to minimize emergency effects by extinguishing fire or escaping from the zone according to our emergency scenarios. For instance, the Jeonju and Jeongeup sites conducted fire drills in conjunction with the fire station in their region in 2010.

1. Green Growth Committee visiting the Jeongeup site
2. Environment protection activities for local community
3. Disaster-free declaration rally
4. Fire drills at the Jeonju site



1



2



3



4

05. Employee Value Enhancement

Buds grow on rich soil into a tree, which, then, fills up a forest. LS Mtron fosters and supports each and every employee to become a tree that fosters oaks for the future as if they were fresh young buds.





[Declaration]

At LS Mtron, we consider our employees as both core stakeholders and leaders in creating corporate values. We respect their individual human rights, advance the corporate HR system, assist in their capacity-building efforts and establish a corporate culture which ensures participation and dialogue. We also strive to guarantee healthy and safe working environments in order to provide the best possible working conditions to our employees.

[Mid-term Management Directions]

- To advance the HR Management System befitting its global standards
- To secure the corporate competitiveness through stronger employee competency
- To strengthen the labor-management trust and respect for human rights among employees
- To enhance the employee welfare, safety and health

[Green Management Subcommittees]

- Manager in Charge: CHO
 - Department in Charge: HR Development Team (Advanced HR Management Systems, Employee Competency Development, Employee Participation and Trust Building)
- Department in Charge: Green Management Team (Employee Welfare, Safety and Health)

2010 ACHIEVEMENT

EV	2009	2010	●: Achieved ●: Partially Achieved ○: Not Achieved Yet ◎: Continuous Activity
MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES
Advanced HR Management Systems	<ul style="list-style-type: none"> Improving the HR Management Systems (e.g. holders of strong competency) Appointing locals for heads of overseas subsidiaries/Employing competent foreign employees Improving the work systems (strengthening the on-site competency) 	<ul style="list-style-type: none"> Securing and retaining overseas high performers HR Management System regulation establishment for overseas subsidiaries/branches Retirement system adoption 	<ul style="list-style-type: none"> 296 recruited including the new and experienced Managing a scheme to retain experienced employees Establishing the LSAE (LS Agricultural Equipment) recruitment regulations and evaluation systems Achieved the LSAE, LSMW (LS Machinery) rank systems, wage system Holding the executive/employee seminar (approval rate of 92%) Conducting the partial retirement pension system from Jan. 2011 7 employees managing five mid-term courses 19 employees managing two global courses 143 employees managing four rank-specific courses Managing 22 courses (130 attendees)
Employee Competency Development	<ul style="list-style-type: none"> Reinforcing advanced education course for the promoted Reinforcing employees' foreign language capability 	<ul style="list-style-type: none"> Mid-term and global education program Advanced education course reinforcement Employee foreign language capability reinforcement 	<ul style="list-style-type: none"> 296 recruited including the new and experienced Managing a scheme to retain experienced employees Establishing the LSAE (LS Agricultural Equipment) recruitment regulations and evaluation systems Achieved the LSAE, LSMW (LS Machinery) rank systems, wage system Holding the executive/employee seminar (approval rate of 92%) Conducting the partial retirement pension system from Jan. 2011 7 employees managing five mid-term courses 19 employees managing two global courses 143 employees managing four rank-specific courses Managing 22 courses (130 attendees)
Employee Participation and Trust Building	<ul style="list-style-type: none"> Regularly operating the Joint Labor-Management Committee/holding events to encourage joint labor-management activities Periodic review of policies, regular monitoring 	<ul style="list-style-type: none"> Direct communication channel development between management and employees Problem response reinforcement Establishment of process to report and resolve violations of international labor standards 	<ul style="list-style-type: none"> Holding CEO/Business Division Head/CHO meetings 24 times Holding the labor-management relationship improvement meetings 55 times, etc. Setting a counseling room at Jeonju and Jeongeup sites Recruiting professional counselors Appointing Ombudsman commissioners on business sites
Employee Welfare, Safety and Health	<ul style="list-style-type: none"> Health management program Regular work place co-monitoring and improvement activity 	<ul style="list-style-type: none"> Improvement of safety management at overseas subsidiaries Enhancement of safety training for employees at all levels Chemical materials management system improvement 	<ul style="list-style-type: none"> Safety education and training support in overseas subsidiaries Conducting company-wide courses for employees at all levels GHS response to single chemicals

2011 PLAN

EV	2011	2011 PLANS	DETAILS	SCHEDULE
Advanced Human Resources Management System	<ul style="list-style-type: none"> Securing and retaining overseas high performers Improving the rank/reward system for overseas subsidiaries 	<ul style="list-style-type: none"> Securing competent talents by expanding cooperation with universities Improving the support system for industrial scholarship students Securing and expanding the number of overseas talents Introducing the job-based pay through the evaluation of job value for overseas subsidiaries 	<ul style="list-style-type: none"> Securing competent talents by expanding cooperation with universities Improving the support system for industrial scholarship students Securing and expanding the number of overseas talents Introducing the job-based pay through the evaluation of job value for overseas subsidiaries 	<ul style="list-style-type: none"> Year-round Mar. Sep. Year-round
Employee Competency Development	<ul style="list-style-type: none"> Strengthening leadership competency Strengthening global competency for employees Strengthening job competency 	<ul style="list-style-type: none"> Conducting offline training for sustainable management for all employees Managing the leadership course for team directors company-wide Providing leadership learning materials (for team directors and above) Running mid-long and global foreign language course Continuously supporting in-house foreign language courses Managing two sales service course per sales staff in 2011 Establishing the education system for company-wide production associates in 2011 	<ul style="list-style-type: none"> Conducting offline training for sustainable management for all employees Managing the leadership course for team directors company-wide Providing leadership learning materials (for team directors and above) Running mid-long and global foreign language course Continuously supporting in-house foreign language courses Managing two sales service course per sales staff in 2011 Establishing the education system for company-wide production associates in 2011 	<ul style="list-style-type: none"> Year-round Mar. Year-round Sep. Year-round Sep. Dec.
Employee Participation and Respect for Human Rights	<ul style="list-style-type: none"> Facilitating the employee participation/communication Strengthening the respect for human rights Enhancing conveniences for employees 	<ul style="list-style-type: none"> Permanently opening direct communication channels between the management and employees (CEO Seminar, CHO Seminar, communication with heads of business divisions) Reflecting the ILO labor standards Publishing and distributing guidebooks on HR and welfare benefits 	<ul style="list-style-type: none"> Permanently opening direct communication channels between the management and employees (CEO Seminar, CHO Seminar, communication with heads of business divisions) Reflecting the ILO labor standards Publishing and distributing guidebooks on HR and welfare benefits 	<ul style="list-style-type: none"> Year-round Dec. Dec.
Employee Welfare, Safety and Health	<ul style="list-style-type: none"> Precisely managing risk factors Strengthening procedures to respond to fire breakout 	<ul style="list-style-type: none"> Developing materials for special safety and welfare, and conducting training Analyzing process-specific risk factors Revising the fire response manual and diagnosing business sites 	<ul style="list-style-type: none"> Developing materials for special safety and welfare, and conducting training Analyzing process-specific risk factors Revising the fire response manual and diagnosing business sites 	<ul style="list-style-type: none"> Jun. Year-round Dec.

* Modifications in managerial issues in 2011 : Employee participation and respect for human rights (ISO 26000, GRI 3.1, etc. with a greater global focus on human rights)

1. Advanced HR Management Systems

We believe that HR systems play a critical role on an organization's sustainable development and growth. We suggest proper HR requirements to achieve the corporate vision and their individual self-fulfillment, while establishing and managing a fair and rational HR scheme by securing, evaluating, compensating and extending welfare benefits to talents.

LS Mtron's Global Human Resources

Our top priority to realize our vision and fulfill social responsibilities is our employees. We have advanced HR systems to secure befitting our talent global HR resources and for employees to exert their competency to the fullest. Our global HR resources are, first, to secure the top-notch expertise in their field, second, to understand others with an open heart, and third, to initiate work actively and continue to improve it.

Talents · Evaluation · Reward

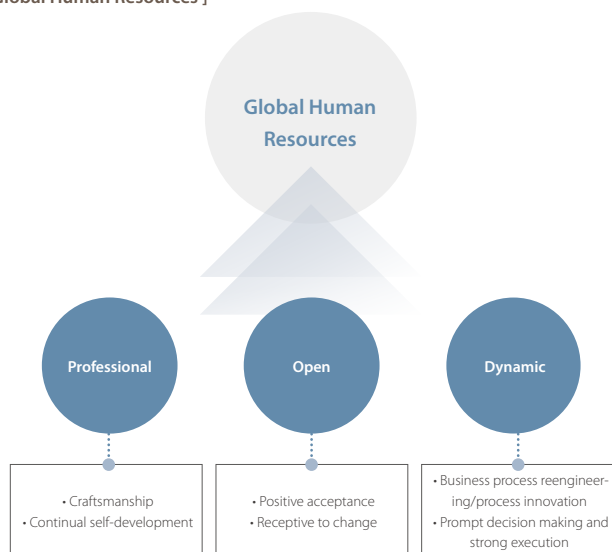
Securing Talents and Creating Jobs _ We conduct campus recruiting and a job fair every year in highly performing universities to secure competent high performers at home and abroad. The total number of new/experienced employees is 296 with over 30% of master's and doctoral degree holders out of 157 college graduates. In particular, the newly recruited came from major countries in the world including China, the U.S. and Japan.

Some of our HR systems to maintain the existing talents and reward their performance are: 'new research recruiting' that evaluates and rewards highly competent researchers; the 'wage band system' that determines wages regardless of years of experience; the 'Sign On Bonus' system that pays extra bonuses upon ad-hoc recruitment; the 'bonus scheme upon the recommendation of employees/executives'; and 'corporate scholarship system.' We will continue to strengthen our HR system to recruit competent high performers, while achieving a higher growth rate.

Employee Evaluation System _ Our employee assessment system (SPCM: Strategic Performance & Competency Management) is performed on all employees across the company and consists of achievement assessment and capacity assessment. First, achievement assessment starts with the establishment of an index (KPI) for effective accomplishments of business strategies, and of continuous communication between assessors and assesses. Competence assessment is to present our core values, define specified job capacities in each job category and thereby induce substantial behavior changes. The competency evaluation results serve as basic data to foster individuals as they present their strengths and weaknesses.

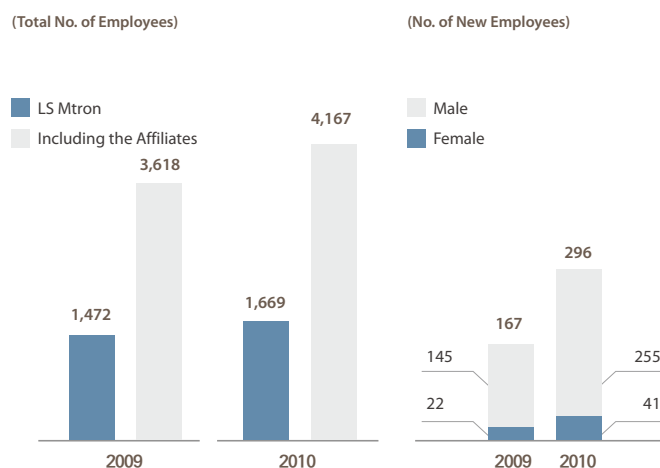
Reward _ Our reward system consists of "fixed pay" which is based on employees' potential and their expected capacities and "variable pay" which is determined by their performance. Fixed salary is applied equally to every employee in the same level, and those who make outstanding achievements are additionally rewarded according to their external and internal achievements. In 2010, our wage raise was above the industrial wage to boost employee morale, while the wage for new employees is above the legal minimum wage regardless of their gender on all our sites. Moreover, we paid incentives and performance-based pay for achieving strong performance so that all our employees could take part in and generate performance in customized innovative activities.

[Global Human Resources]



[Employee Status]

(unit: No. of people)



HR Systems for Talents in Overseas Subsidiaries

We are engaged in numerous activities to advance the HR system in local/overseas subsidiaries. We established more advanced HR systems to respond to revised global regulations and the management and labor environment abroad amid the linkage between the domestic HR systems and overseas subsidiaries/branches. In particular, we have revised regulations in place to reflect the regulations on employment, evaluation and wage of our overseas subsidiaries in China, including, LSAE (LS Agricultural Equipment) and LSMW (LS Machinery) in our HR systems, generating common regulations for all our overseas subsidiaries.

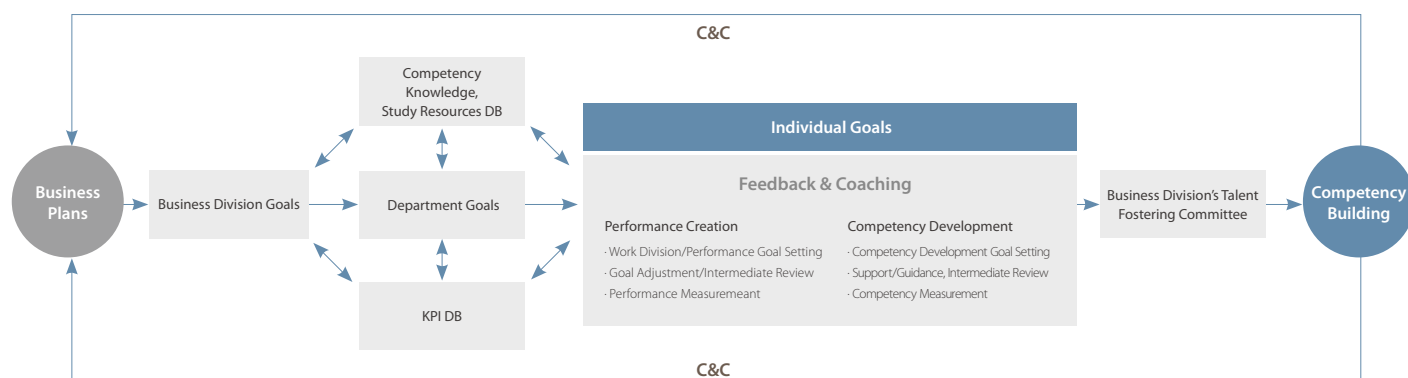
Expansion in Local Recruits in Overseas Subsidiaries _ In order to contribute to the regional development in overseas subsidiaries, we ask vocational schools and universities (Qingdao, Shanghai, etc.) in the region where our business sites lie for recruitment of technicians and general employees, or recruit ourselves through promotion of our own. For technicians, we conduct interviews with heads of production department and QA to identify their work competency, and the selected start working after a week-long training on corporate regulations and products. As for general employees, meanwhile, interviews with heads of overseas subsidiaries/management department/production department and intermediate-level manager at the department in charge are required, and the selected are allocated after a month-long training on corporate regulations and products, and the On the Job Training (OJT). We recruited 1,305 local employees in overseas subsidiaries driven by our business growth (vs. 833 in 2009), among whom include Chinese high-level managers in LSTA (our sales subsidiary in the U.S.) and the Japanese chief director in our Japanese branch office.

Retirement Pension System

With the termination of the existing retirement insurance system at the end of 2010, we adopted a new one on January 1, 2011 to prepare ourselves for the protection of employees' welfare recipient rights and extension of a life span amid the aging trends. Unlike the retirement fund system, the retirement pension system allows employees to choose among one-time benefits or pension benefits, and even employees with frequent job transfers could accumulate their points on end in their individual retirement accounts.

As a result of multifaceted thorough analysis for three months following the formation of a task force to introduce a labor union and a retirement pension system, we designed the most suitable retirement pension system for the current HR systems that can represent interests of various brackets of employees. We conducted seminars on the system for employees in all our sites for two months, over 90% of them agreed to the adoption of the system. We also put in place institutional measures to guarantee the post-retirement lives with the adoption of the retirement pension system, which reaffirmed the trust and cooperation among the labor and the management.

[Performance and Competency Raising System]



* C&C: Communication & Consensus

Sustainable Management Business Evaluation

We decided to reflect sustainable management in the business evaluation in the support sector and business division starting from 2011 in a bid to embody sustainable management to employees' work and induce stronger execution. In other words, the five divisions in the head office organization (staff sector), namely, [CSO (strategic planning), CFO (finance), CHO (support), CTO (technology development) and CPO (win-win cooperation)] and two teams under the CEO are imposed with annual target indicator of sustainable management of 10%, and nine business divisions are with the target of 5%. By establishing an evaluation system according to the sustainable managerial issues according to the R&R, we could reinforce an integrated management system that can induce active company-wide participation.

Diversity and Equal Opportunities

We deeply recognize the importance of diversity and equal opportunity in enhancing employee values. This is a fundamental factor in building an advanced HR Management System and we do not discriminate our employees in recruitment, evaluation and compensation on grounds of gender, nationality, age, religion and physical disabilities.

Given the features of the machinery/component manufacturing, the ratio of female employees and handicapped employees is relatively low, but the former amounted to 71 (4.2%), up by 48, that is, 47%. As for the handicapped, the number stays at 36 (2.1%), a similar level with the last year's of 35. The ratio of the two groups is expected to rise amid active responses to social needs and efforts to improve a working environment. We are to improve our management and business process proactively down the road to ensure diversity and equal opportunity to global standards.

Employee Benefits System

We have various benefit programs for improvement of life and work of employees. They include National Pension, health insurance, industrial accident insurance and unemployment insurance, as well as a wide range of financial support for medical payment, tuition, mortgage loans, family events and leisure. In 2010, we strived to offer greater benefits to employees through more numbers of celebratory holidays, higher incentives for those working on public holidays, medical support for employees and financial housing support. We spent welfare benefits worth approximately KRW 15.92 billion throughout 2010 mostly for tuition fees, fees for celebrations/sorrow and medical support. Specifics on welfare benefits are available in HR Management>HR Systems>Welfare Benefits on our website, <http://www.lsmtron.co.kr/>.

Opening Sports Centers _ We opened a sports center at the Jeongeup site, equipped with facilities, including gym gears, table tennis tables and golf courses to expand the infrastructure for welfare benefits for employees, which will also turn it into a ground of networking.

1. Campus recruitment seminar
2. Training for new local recruits
3. New employee training in subsidiaries in China
4. Opening of sports center at the Jeongeup site



2. Employee Competency Development

We operate diverse competency development programs to enhance individual growth and corporate competency, ensuring to provide equal opportunities for each rank and job type. We figured out shortage in competency through leadership analysis among the leader level, while supporting continued foreign language courses to enhance leadership training and global competency of leaders.

HR Promotion System

Our promotion system has the following hierarchy: Assistant (IV), Assistant Manager (III), Manager/Deputy General Manager (II), General Manager (I), Executive. The HR Promotion System is operated to urge the recruit/deputy to promote to Self Leader, division head/deputy head to Emerging Leader, head to team leader and executive to Business Leader. In 2010, training for the 143 newly appointed amounting in 4 ranks was offered for 132 hours, costing KRW 1,439,920 per head.

Talent Development Program _ We support mid and long-term education programs such as MBA and nighttime graduate school for high performers including managers and those in higher positions. In case of overseas degree programs, total tuition is funded by LS Mtron. We systematically foster key talents as planned through mid-term job training and intensive English/Chinese courses, etc. In 2010, 15 took part in 5 mid-to long-term courses and 19 in two global training courses.

Global Education _ We run rank-specific mandatory courses and various global courses to foster global leaders in tandem with the expanding global market. In 2010, 22 global courses were opened in 2010 to support 130 employees to enhance their foreign language competency anytime. For potential expatriate employees, intensive foreign language courses, and leadership, culture and work training are offered. These activities will continue through 2011.

Work Competency Buildup Program _ We opened four courses (i.e., on sales strategies, branch management, negotiation and proposal) in the second half of the year according to the common training system for sales workforce to enhance marketing competency for sales representatives, and 186 of them were to complete one course of the four. We plan to ensure that they could take two per year by opening courses in the first and second half of the 2011.

[Mid-Long Education Program]

TYPE	PROGRAM	DETAILS ABOUT EDUCATION	2010 (NO. OF STUDENTS)
International	Helsinki MBA	Helsinki University of Business and Economics	-
	New York State University Techno MBA	Seoul School of Integrated Sciences & Techno MBA Technologies+New York State University	2
Korea	Graduate Business Universities in Korea	Graduate schools in Korea	2
	LS MBA	LS MBA	3
	MOT	Metabi Business center researcher Program and New Hampshire University	-

[HR Promotion System map]

Position	Value	Leadership		Duty		Global			Others		
		New	High Performer	Common	Specialty						
I	Organization Development Program TVC ¹ ITC ² Team Building Course	New General Manager Deputy General Manager New Manager Assistants	LS Leader Mid-long Course New York State University Techno MBA/ Graduate Business Universities in Korea/ LS MBA	Job Competency Course Module (12)	Course Roadmap for Each Job	Global Language Course	INTENSIVE English/Chinese	Chinese Camp	Quality Course	Environmental Safety Course	Patent Course
II											
III											
IV											
	Open (New Entry)										

1. TVC: Task Value Creation

2. ITC: Inter Team Cooperation

Company-wide Leadership Buildup Program _ Having recognized the importance of leadership, we will conduct courses focusing on leadership buildup for the leader class. In 2010, we conducted company-wide team director leadership buildup courses at training centers in the head office led by the HR Development Team. Courses targeting 71 team directors and four chief plant officers focused on awareness of roles for team directors and leadership competency buildup. They are on LS Mtron's perception of leaders, coaching development and CEO courses. In the courses, participants made commitment to become genuine leaders to achieve the visions of LS Mtron.



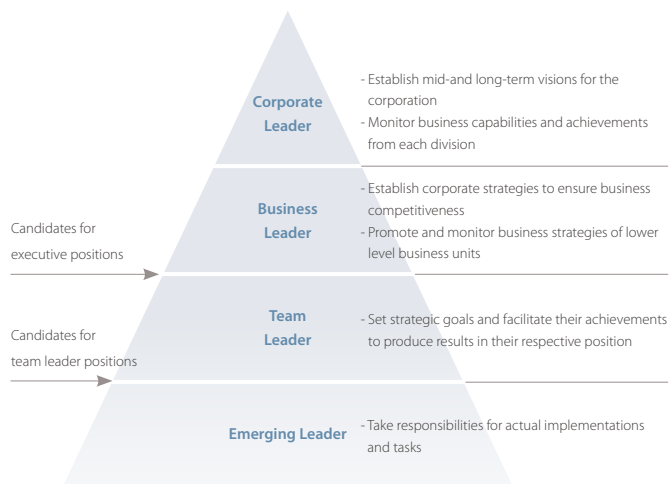
2010 company-wide team director leadership buildup course

Mentoring System _ Our mentoring system is to offer new employees the best possible start in their new jobs and opportunities to grow capacities. We offer a basic course on LS Group, a base course on LS Mtron, mentoring, O/A training, training in overseas subsidiaries, Work Smart course and a vision setting course. The senior-new employee mentoring plays a critical role for working knowledge transfer and new recruits' early adoption to the corporate culture. By doing so, we ensure employee career and expertise management for job competency transfer.

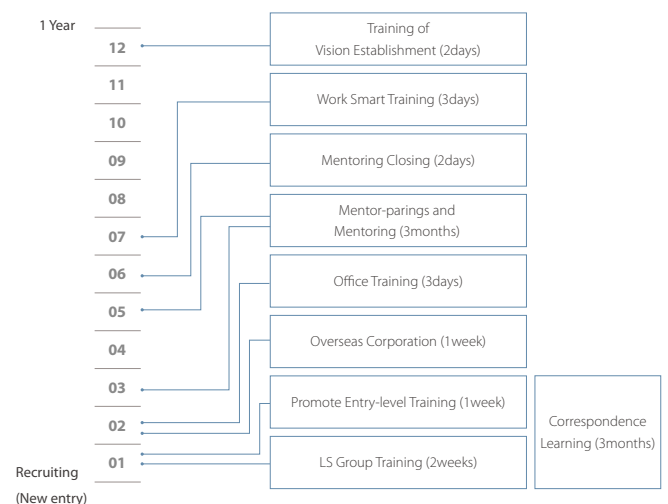


Mentoring ceremony in the first half of 2010

[Leadership Pipeline]



[Training Program]



3. Employee Participation and Trust Building

We strive to reflect ideas of our members on our decision-making process. We conducted various activities to establish a culture of communication in 2010. We expanded the CEO/CHO/Business Division Director seminars for the management-employee communication, accordingly, while conducting cross-department networking and communication campaigns to break down cross-departmental barriers.

Labor-Management Relationship Improvement

We guarantee the freedom of the labor union's activities, and comply with international labor laws including ILO labor standards. Our labor union has 616 members as of December 2010 (i.e., 41.1% of all employees), and their election and decision-making rights are protected. We strive to form a win-win labor-management relationship that creates values beyond a cooperative one based on mutual respect and trust.

First of all, the management and the presiding council of the labor union share business strategy directions through collective bargaining and conferences attended by all employees and cooperation building, and cooperate for stronger corporate competitiveness and greater values for employees. The Business Division discusses its pending issues with the Labor-Management Committee and the Labor-Management Working-level Meeting on opening courses on work skills. Lastly, labor-management trust building conferences are held monthly in each department to share the latest management information, resolve employee grievances and improve the working environment. Such permanent labor-management communication channels and activities enhance their understanding of business management, and resolve individual grievances, thus inducing advanced win-win labor-management partnership.

Improving Grievance Resolution System _ We are to publish regulations and procedures for complaint resolution on our corporate website bulletin board so that all of our employees could understand the process easily and make easy use of it. One person from the corporate side and one from the labor union are appointed for each site as complaint resolution mediators to be open to any related problems or opinions. Recently, a counseling room has been added to the Jeonju and Jeongeup sites, which will hopefully reduce employees' complaints through continued counseling and interest, and will be practiced in all sites befitting the demand of employees.

Notification of Changes _ We are mandated by the Collective Agreement to notify and consult with the labor union or concerned parties when union members are transferred or moved to other departments or major changes take place in business sites such as factory relocation or disposal of facilities. Notices are given on the corporate bulletin board, through personal e-mail or written appointments.

Employees' Human Rights Protection

We conduct various activities to empower employee rights, recognizing the human rights protection of employees as the highest value. We stringently comply with labor-related laws including the Labor Standard Act, and legislate and run job regulations and collective agreements to guarantee and enhance employees' human rights. Employees' rights of organization, collective bargaining and collective action prescribed in Article 33 of the Constitutions are fully guaranteed here, which led to formation of a labor union that strives to protect and empower employee rights.

Human Rights Protection and Improvement Channels _ To guarantee and enhance human rights, the Sustainability Management Executive Office and the HR Division at each business site conduct constant monitoring if employee rights are violated. Systems are in place to report and address human rights violations through Cyber Ombudsman, grievance resolution and counseling services. All-out efforts are on to prevent any recurrence of inhumane treatment and violation of laws in sites, if they occur, through due punishment and disciplines.

Overseas Subsidiaries and Partner Companies' Human Rights Protection _ Not only our domestic business sites but also overseas subsidiaries thoroughly comply with local laws on human rights and labor and international labor regulations. Respect for human rights and the relevant guideline are applied to our partner companies, so if they do not fulfill our requirements, penalties are imposed to rectify their action.

[2010 Employee Participation Activities]

NAME OF CHANNEL	TYPE	2010 CORE ACHIEVEMENTS	NO. OF MEETINGS
Participation and Cooperation Promotion Committee	Conference	Improving the personnel and welfare benefit systems, sharing education plans for all employees, and securing space for leisure in in-house dormitories	8
Labor-Management Working-level Committee (company-wide/Jeonju)	Conference	Expanding the scope of application of occasions of celebration and sorrow and the welfare benefits	22
Labor-Management Meeting (Anyang/Jeongeup/Indong)	Meeting	Conducting specialized training on managing facilities	5
Employee Communication Meeting	Meeting	Sharing various ideas of employees and communication through their participation (new/experienced employees, business site staff/assistants)	11
Industrial Safety Manager Meeting	Committee	Reviewing and improving the work place	20
Grievance Resolution Committee	Committee	Raising inconveniences and grievances	Year-round
Executive Dialogue on Sites	Open Dialogue	CEO/Business division head meetings, meeting at business sites, etc.	24
Corporate Competency Review	Survey	Employee satisfaction and grievance survey	1

Developing More Direct Channels between Management and Employees

Heads of business divisions regularly meet and communicate with their employees to expand the direct management-employee communication channels. For genuine communication and understanding buildup, they not only hold meetings in office but also do movie going, mountain climbing and sea fishing together. As these occasions serve as opportunities to share the management's visions and directions and allow prompt feedback on grievances and ideas raised, employees are greatly satisfied with them.

Employee Satisfaction Survey

Our Joint Labor-Management Committee conducts an employee opinion survey (EOS) of workers and organizational capacity survey of office employees and researchers every October in a bid to measure their level of satisfaction (organizational competency and teamwork). By doing so, we aim to find and address any problems or complaints in our business sites and create a vibrant and motivating workplace for our employees. For those items where satisfaction level declined, we strive to enhance it through various company-wide activities (system improvement and events, etc.).



Participation and cooperation enhancement meeting



Employee meeting



CEO's meeting with new employees

4. Employee Welfare, Safety and Health

Our top priority throughout our management activities is the employee safety and health. Accordingly, we unfold various activities, including risk countering training for prevention of safety accidents, improvement of harmful risk factors, rank-specific training and specialist development. We also prioritize customized health management by operating health enhancement programs and counseling services.

Ensuring Safety and Health Together

We continue to reduce potential risks at our sites through disaster-free rallies and risk countering drills. The Jeonju and Anyang sites, in particular, annually publish a case study booklet with improvements made for harmful risks, achieving over 200 improvements in 2010. We review safety and health issues in all sites and make improvement by holding quarterly meetings at the Industrial Safety and Health Committee. Rewards are given to competent departments by running an environmental safety evaluation system that diagnoses environmental safety status in each department on a monthly basis. We plan to conduct process-specific risk factor analysis and make greater improvement for precision management of risk factors through video taping etc.

Safety Training and Promotion of Manpower _ We operate the Environmental Safety Committee to ensure voluntary environmental safety activities in each department. The committee members in the assistant level actively respond to the management of the environmental safety management system and other environment issues, while attending yearly regular training. As they grow into the heads of their unit, they are expected to contribute to sustainable corporate development with full awareness about environmental safety.

Safety Training and Character Buildup

We conduct environmental safety training for new and experienced employees. We conduct training to remind of environmental safety for new employees who are most likely to experience accidents in their first six months. We also conduct training on local environmental safety laws and for new employees in overseas subsidiaries and environmental safety management measures in overseas subsidiaries in a bid to strengthen environmental safety management there. We publish a monthly environmental safety booklet to share information on environmental safety with all employees and share the latest training materials via the online ESH system. Various training is also held for different ranks to enhance employees' awareness about safety in our Chinese subsidiaries.

In 2011, we plan to develop special safety and health materials to be commonly applied to all sites. Employees that might make critical impact on environmental safety as they deal with environmental facilities and dangerous equipment are categorized into environmental safety experts and are given due qualification through training.

Safety and Health Training for Supervisors

We conducted site supervisor training for environmental safety and health at LS Miraewon organized by the Green Management Team twice this year. In-house/outside instructors were invited to all our sites for lectures unlike the past when the training was commissioned to outside entities for each site. The training taught site managers about the importance of environmental safety, and paved the way for green management to root down in management practices along with consideration of environmental safety as well as production and quality.

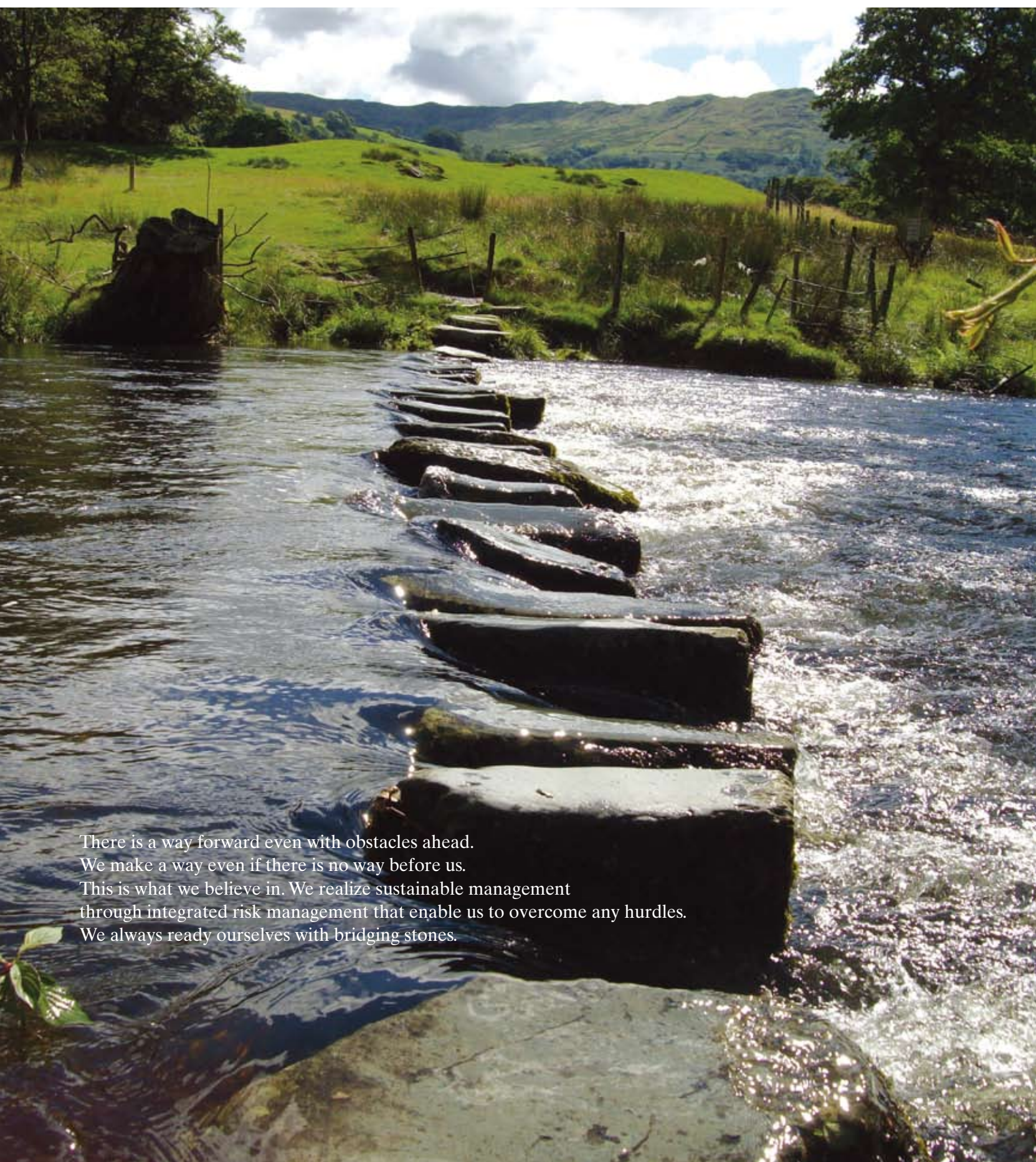
Promotion of Employee Healthcare

We perform general and special medical check-ups for employees and comprehensive check-ups for employees over 35 and their spouses. We also conduct customized health check-ups to enhance our employee health in conjunction with various medical health check-up centers and according to diagnosis types (endoscopy, cardiovascular disease, etc.). For those diagnosed with specific medical conditions, we support them in managing their health appropriately by offering regular medical consultations and internal medical check-ups. We also provide customized health management programs and managing personal health information in the corporate online ESH system. We plan to open 'Love Heart Counseling Room' in Jeonju and Jeongeup sites in January 2011 not only to resolve employee grievances but also to prevent accidents.

1. Environmental safety expert training
2. Safety and health training for supervisors
3. In-house health management room
- 4,5. Activities to improve environmental safety on business sites
6. Poster of the Love Heart Counseling room



06. Integrated Risk Management

A photograph of a river flowing over a series of stepping stones in a lush green landscape. The water is clear and reflects the sky, which is filled with white clouds. The surrounding area is covered in green grass and trees, with rolling hills in the background. The stepping stones are arranged in a line, creating a path for the water to flow over. The water is turbulent as it flows over the stones, creating white foam and splashes. The overall scene is peaceful and natural.

There is a way forward even with obstacles ahead.
We make a way even if there is no way before us.
This is what we believe in. We realize sustainable management
through integrated risk management that enable us to overcome any hurdles.
We always ready ourselves with bridging stones.



[Declaration]

Our integrated risk management and response framework is up and running to address not only financial risks but also Sustainability Management managerial issues with risk management considerations. We will also identify job-specific risk scenarios and set up corresponding response manuals every year to ensure sustained endeavors to establish an company-wide culture of risk response. We aim to visualize risk-related loss costs and opportunity values of our stakeholders, doubling our efforts to improve financial performance.

[Management System]

- Manager in charge: CSO
- Department in charge: Business Management & Planning Team
(Sustainability Management Executive Office)

[Mid-term Management Directions]

- To operate integrated risk management and response framework
- To identify department-specific and job-specific risk scenarios and set up response manuals
- To train employees and build a company-wide culture of risk response

2010 ACHIEVEMENT

RM	2009	2010	●: Achieved ◐: Partially Achieved ○: Not Achieved Yet ⊙: Continuous Activity	
MANAGERIAL ISSUE	2009 MAJOR ACTIVITIES	2010 PLANS	2010 MAJOR ACTIVITIES	ASSESSMENT
Identifying Integrated Risks and Introducing Response Framework	Identifying integrated risk issues	Identifying and examining integrated risk issues	Managing major issues based on company-wide SM framework	⊙
	Setting policies and systems	Supplementing and regularly reviewing policies and systems	Company-wide risk management and operation framework being set up	●
	Introducing integrated risk management framework and process	Exploring risk scenarios	Reviewing and improving policies in a regular manner	◐
Educating and Training Employees and Creating Risk Culture	Identifying responsibilities of departments and high-level managers in charge	Analyzing scenario feasibility	Exploring job-related risk scenarios by department-1st phase completed (more than 2 per team)	◐
	Carrying out risk-response activities on a daily basis	Creating risk scenario response manual	1st phase risk scenarios being analyzed	◐
		Conducting risk-response activities on a daily and mid-term basis	Developing issue-specific manual after feasibility analysis	○
		Setting plans for employee training and communication	Managing issues according to SM framework	●
			Risk scenarios being explored and manuals being developed by department	●
			Creating employee training plans according to manual	◐

2011 PLAN

RM	2011		
MANAGERIAL ISSUE	2011 PLANS	DETAILS	SCHEDULE
Operating Integrated Risk Management and Response Framework	Building Year-round risk issue management system	Year-round management of major issues according to company-wide SM framework	Year-round
	Supplementing and regularly reviewing policies and systems	Running company-wide integrated risk management framework (SM Steering Group)	
		Supplementing company-wide integrated risk management policies and systems	Jun.
Educating and Training Employees and Creating Risk Culture	Identifying job-related risk scenarios by department	Reviewing and improving relevant policies and systems	
	Analyzing scenario feasibility	Exploring job-related risk scenarios and identifying core risks by department	Jul.
	Creating response manuals according to risk scenarios	Analyzing impact and opportunity factors by risk scenario	Aug.
	Promoting risk culture on a daily basis	Creating response manuals of core risk scenarios by department	Nov.
	Offering employees practical education and regular training on risk response	Monitoring risk response activities on a daily basis	Year-round
		Educating employees according to manual and setting drill plans	Dec.

1. Identifying Integrated Risk Management and Response Framework

Our integrated risk management and response framework is up and running to proactively manage risk factors that interact with each other in business activities and to protect values for our stakeholders. The integrated risk response framework is operated organically with our Sustainability Management and in particular, we set up processes within the company-wide Sustainability Management framework to carry out segmented risk management activities and to incorporate risk activities in our employees' daily business operations.

Identification and Examination of Risk Issues on an Integrated Company-Wide Level

We identified core Sustainability Management managerial issues as core risk issues that require strategic management and thus built a framework to form seamless connections between Sustainability Management activities and risk management and response activities. We recognize not just financial risks but also information/technology leakage, health and safety and business-related legal risks as daily managerial issues and are engaged in various initiatives to minimize such risks. We also established an integrated risk management framework to ensure a smooth alignment between company-wide Sustainability Management activities and non-financial risk response activities.

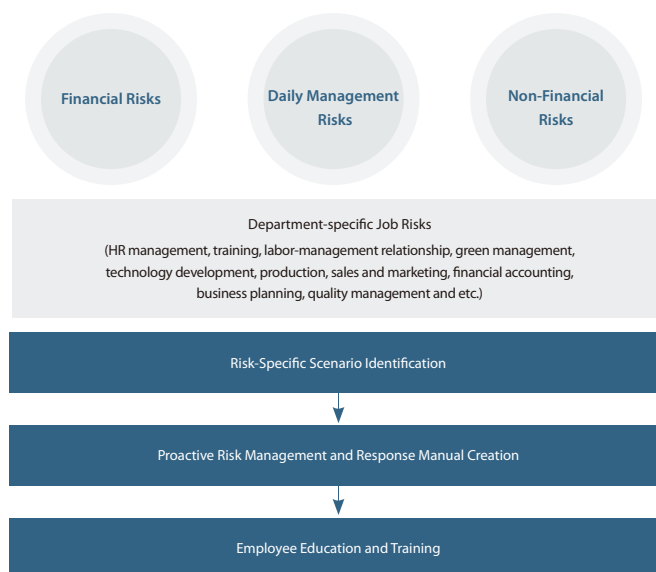
Our top priority in 2010 was to form the fundamental basis to create response manuals by identifying department-specific and job-specific risks and exploring likely risk scenarios accordingly. Our plan for 2011 is to develop proactive risk management and response manuals to address each major risk scenario found in 2010 and completed manuals will be utilized as basic risk management guidelines for regular employee training and drills. Such integrated management process will be operated in a cyclical manner to make sure that new risk-specific scenarios are created and corresponding management and response manuals are developed every year.

Improvement and Regular Review of Risk Response Policy and System

Our Sustainability Management Steering Group serves to carry out regular discussions of risk management and response and they are stipulated in our Sustainability Management principles and operation framework, elevating our risk management activities into policies and systems in their own right. In addition, risk-related R & R and responsibilities for performance management and reporting are allocated to concerned departments according to the integrated risk management framework and this process structure enables assessment and monitoring of risk management activities, ensuring a constant level of risk response activities throughout the year. Our 2011 plan is to enhance visibility of our risk management framework by creating and stipulating proactive management and response manuals based on risk scenarios found last year and relevant policies, systems and manuals will undergo regular reviews and make improvements through Sustainability Management Steering Group meetings.

We will strive to minimize negative impact on stakeholders and business and to visualize risk-related loss costs and opportunity values so that our risk management initiatives can make continuous contributions to financial performance.

[Integrated Risk Management Framework]



Risk Management and Prevention via Risk Management Committee

We set up risk management committees for each accident and risk category based on event analysis of past risk accidents in order to ensure proactive response to potential safety and health-related risks and crisis in each business site. We are building a management framework to enable accident investigations and recovery support in addition to constant accident prevention, monitoring and training.

Discovering Function-Specific and Business Division-Specific Scenarios

In 2010, we formed the foundation to prevent risks in advance that can happen anytime in our daily business operations and thus to minimize loss costs and maximize opportunity values by discovering department-specific and job-specific risk scenarios, moving beyond simply managing and responding to risks in our Sustainability Management Focus Areas. We plan to increase the number of job-specific risk scenarios to manage every year and our goal is not just to identify risk scenarios but also to build an organic job risk management framework that will lead to establishment of proactive risk prevention and management manuals and risk education and training.

Risk Feasibility Analysis

We are building a feasibility analysis framework to identify the most urgent risk issues by discovering major management risks and analyzing business impact, opportunity factors and risk history of each risk item under the integrated risk response process established in 2009. As part of our efforts to create the framework, we are to carry out detailed feasibility analysis in 2011 of various job-specific risk scenarios found in 2010 and determine the top 2 risk scenarios, for which we will create clearly stipulated prevention and management manuals by the end of 2011.

Establishment of Risk Scenario Response Manual

In order to improve usability of risk management manuals and their incorporation into actual business operations, we aim to develop risk response manuals that will enable more proactive risk management by clearly stipulating major job flows in each function and ensuring that potential business-related risks are prevented and managed, rather than focusing on responding to crisis situations.

[Risk Area in Charge]

DEPARTMENT IN CHARGE	MAJOR RISK MANAGEMENT AREA
1 Business Management & Planning Team	1. Analysis of business environment 2. Increasing demand for information disclosure
2 Win-Win Partnership Team	1. Selecting and evaluating business partners 2. Monitoring business partners' performance in ethical management and SM
3 Green Management Team	1. Contaminant leakages 2. Various disasters
4 Technology Management Team	1. Maintaining technology competitiveness 2. Patent issues
5 Innovation Team	1. Measuring innovation performance 2. Disseminating innovation initiatives
6 HR Development Team	1. Improving recruitment management process 2. Ensuring legality in operation of contractors
7 Each Business Division	1. Product performance and quality 2. Managing customers and business partners

Expected Benefits of Creating Prevention and Management Manuals for Each Risk Scenario

- Establishing a framework to manage non-financial risks as well as financial and business risks in an integrated manner
- Standardization of risk response activities by setting reporting levels befitting risk levels and response processes
- Enhancing organizational competitiveness by discovering unpredictable risks in the changing global business environment and making continued responses
- Improving business continuity by constantly managing risks regarding regulations, finance, environment, operation and management

2. Educating and Training Employees and Creating Risk Culture

We continue to include not just financial risks but also leakages of core technology and information, document security, contractual risk management, environment safety-related accidents and risk factors in our company-wide daily management risk issues and put various efforts into proactively managing and responding to these risk issues. At LS Mtron, we firmly believe that this is a highly critical prerequisite in ensuring business continuity and stakeholder satisfaction.

Identification and Examination of Risk Issues on an Integrated Company-wide Level

1. Financial Risk Management Activities _ We understand factors that have grave impact on our business continuity and financial status and identify financial risk issues through internal/external business environment analysis. In particular, we categorize foreign exchange and liquidity risks, raw material prices, changes in government's financial policies including interest rates and increasing demand of business disclosure as core financial risks and manage them constantly throughout the year. In order to minimize these financial risks, we are establishing a framework to enable monitoring and top management review of the financial market on a daily basis and proactive risk responses through early warning system.

2. Prevention of Core Technology Leakages _ We believe that our core technology and relevant information is a critical part of our organizational competitiveness and thus our security management system that covers all of our employees is up and running under strict business security management regulations to ensure security management and monitoring. Our thorough security policies also address external personnel including retirees, business partner employees and visitors. Especially, all of our employees are managed under our security grading system and those who can possibly leak our core technology and confidential information by joining LS Mtron's competitors or starting his/her own company after quitting are managed separately as either a core worker or a critical worker.

3. Prevention of Customer and Personal Information _ We sign confidentiality agreements with former employees, business partners and all the other individuals and organizations who have business relationships with us and make sure that sensitive personal and customer information as well as our core technology and information is not leaked out. Our company-wide ethical norms and SM principles empathize the importance of preventing individual and customer information leakages and we pay a great deal of attention to preventing and managing information leakages through online channels.

4. Maintenance of Document Security and Other Business-related Security _ We classify various documents by importance in using and managing them according to our corporate security management regulations. We also implement the internet real name verification system, blocking and monitoring external e-mail and messenger services and websites and the Security Management Department provides security training more than twice per year and performs security diagnosis of all departments.

5. Prevention of Contractual and Business-related Legal Risks _ Our Legal Affairs Team is offering year-round training and consulting services of legal knowledge required regarding business contracts and activities. We understand contractual and business-related legal risks can have di-

rect impact on our business and also incur immediate loss costs. We also rely on external legal advisors and perform prior reviews of business contracts to enhance the level of legal compliance and response activities and reduce risks caused by insufficient knowledge of legal operations.

6. Prevention and Management of EHS Risks _ We are working on company-wide targets to prevent and reduce ESH risks according to our green management guidelines to establish LS Mtron as a company that is respected for its appreciation of mother nature and life and business management that cares for future generations. To ensure proactive responses to overall ESH issues, we operate the 「Environment Safety Review System」 which takes into account contaminants and risk factors in making facility investment decisions in order to select designs and raw materials with environment safety in mind from the production and introduction stages. When it comes to modification and disposal of any facility or raw materials, we apply the 「Environment Safety Prior Evaluation System」 to promote environmentally-friendly manufacturing process and raw materials. In the product development stage, we make sure that research and development of new products takes into consideration hazardous chemicals, greenhouse gas emissions, recyclability and other environmentally-friendly design factors.

Our management and labor union work together in providing a healthy and safe working environment at business sites by carrying out 「Joint Safety Check」 activities regularly with an aim to prevent accidents. We also offer 「Risk Countering Drills」 and 「Musculoskeletal Disease Prevention Stretching」 programs to raise employee awareness of safety accident prevention, provide special training to qualify those who work on hazardous equipment, and give separate training to new recruits who are most likely to be involved in accidents. In addition, our 「Environment Safety Remind Training System」 is up and running to re-train our employees of safety issues at regular intervals.

[Employee Education/Training and Increased Communication]

We define management responsibilities clearly for each risk issue and manage risks on a daily basis according to the risk management and proactive response framework in order to disseminate an integrated risk management framework and incorporate risk management into our corporate culture. Bi-monthly SM Steering Group meetings serve to share and monitor the status and progress of risk management activities regularly and a wide range of training programs are provided to educate our employees on risk issue-specific management and prevention and to encourage them to practice risk management in their daily business activities. Our Legal Affairs Team takes charge of regular training courses every year on business-related contractual and legal risks as well as various financial risks. When it comes to environment, safety and health risks, emergency drills, risk countering drills, fire drills, environment safety committee member training and other diversified programs are operated.

Corporate Governance

LS Group was transformed into a holding company on July 1, 2008 in order to raise management efficiency of increasingly-expanding affiliates and to achieve a more stable responsibility management system of each business division. LS Cable was split into LS Corporation, the existing holding company, and LS Mtron Ltd. and LS Cable Ltd., the newly created commercial affiliate, which led to strengthened legal and accounting independence and served to establish the right decision-making system and organizational culture for each business. Currently, the holding company possesses 100% of LS Mtron's shares and LS Mtron is not listed on the stock market.

Board of Directorst

Our Board of Directors is the highest decision-making body within the company. The directors fulfill their duty of care and loyalty as a manager in good faith in conformity with commercial laws. The BOD consists of 3 inside directors and 1 auditor and the company CEO serves as the BOD chair. Seven BOD meetings were held in 2010, where 16 matters were deliberated and approved. The compensation for board members is provided within the limits of compensation for directors that were approved by general shareholder meetings.

[Organization of BOD (as of Dec. 31, 2010)]

DUTY	CLASSIFICATION	NAME	GENDER	EXPERIENCES	DUTY
(full/part-time)					
CEO (full-time)	CEO (chairman of the board)	Cha-Yol Koo	Male	· Business management major at Korea University · Former director at LG Corporation · Former vice president at LG Investment & Securities	CEO
CEO (full-time)	President	Jae-Seol Shim	Male	· Mechanical engineering major at Hanyang University · Former vice president at LS Cable	CEO
Director (full-time)	Director	Ki-Won Nam	Male	· Business management major at Korea University · Former director at JS Cable	CFO
Auditor (part-time)	Outside director	Soo-Hong Lee	Male	· Electrical engineering major at Seoul National University · Former professor at Hoseo University	Auditor

[BOD Major Activities]

DATE OF MEETING	AGENDA ITEM	APPROVAL
Feb. 3, 2010	2nd quarter financial statement and 5 other items	Approved
Mar. 9, 2010	Appointing executive officers and 1 other item	Approved
May 25, 2010	Purchasing the anode material business of Carbonix Ltd. and 1 other item	Approved
Jun. 25, 2010	2010 mid-term strategies	Approved
Aug. 30, 2010	Expanding investment in copper foil business	Approved
Dec. 8, 2010	Appointing executive officers and 2 other items	Approved
Dec. 13, 2010	Taking over remaining shares of Daesung Electric	Approved

Stockholder

The number of stocks issued by LS Mtron stands at 9,000,000 as of the end of 2010 and LS Corp. holds 100% of LS Mtron's stocks.

[List of Stockholders (as of Dec. 31, 2010)]

Stockholder	Type of Stock	No. of Stocks	Value (KRW 1 million)	Stockholding Ratio
LS Corp.	Registered common stock	9,000,000	45,000	100%

Sustainability Management Management and Responsibility

Our Sustainability Management Steering Group, supervised by top management officers, was newly created in 2010 to serve as a top decision-making body for Sustainability Management activities. Officers in charge are responsible for operating the SM Steering Group and managing Sustainability Management principles and operation regulations.

Significant Changes in Company Management _

- 1) Conclusion of the contract to supply 2,500 tractors (2010~2011) to CNH in March of 2010
- 2) Conclusion of the contract to install large scale turbo heat pump products (3000 RT-grade) to combined heat & power plants in March of 2010
- 3) Acquisition of the anode material business of Carbonix Ltd. In June of 2010
- 4) Hand-over of the anode material business to POSCO CHEMTECH in September of 2010
- 5) Approval to purchase remaining shares of Daesung Electric in December of 2010

[Process for Internal Stakeholders to Participate in Decision-Making]



* For more information on the process for internal stakeholders to participate in decision making, please refer to 67page.

Ethical Management

We believe that ethical management serves as a foundation for us to meet economic, environmental and social responsibilities under the sustainability management value framework. Fair and ethical relationships with a wide range of stakeholders are the critical prerequisite for us to establish our identity as a company that satisfies expectations and requirements of stakeholders. We carried out various activities to improve executive capabilities of ethical management including revision of ethical standard teaching materials and continued operation of the Sinmungo complaint reporting system in 2010.

Operation Guidelines of Ethical Management



Enhancement of Executive Capabilities

Ethical Management Education for Employees _ We educate our employees on ethical management every year to improve their executive capabilities. In 2010, we offered introductory courses for new and experienced recruits and company-wide offline training on corporate ethical standards. The introductory courses were attended by 140 and the company-wide off-line training was provided to 1,610 (completion rate 99%) including all employees (including overseas affiliate employees and expatriate workers) and part-time workers, utilizing revised teaching materials.

Increase Company-Wide Awareness of Business Ethics _ Our corporate intranet is regularly updated with postings on ethical management and various efforts to enhance employees' awareness of ethics are going on including sworn statements to practice ethical management standards signed by employees after company-wide offline training on ethical standards. Whenever ethical managerial issues occur such as ethical management training, relevant information is communicated via corporate bulletin board and ethical management section of the corporate website.

Operation of Reporting System

Our Ethical Management Executive Office receives reports on unethical activities including violations of ethical standards from stakeholders constantly and ensures that informant confidentiality is thoroughly protected. Our Sinmungo system serves as a channel for stakeholders to make suggestions and critical comments honestly on overall management activities and 13 such reports were made including 7 on product quality and 6 on process improvement and other issues in 2010. The results were confirmed and fully communicated via happy calls to concerned parties.

We also operate the Clean Company System for voluntarily reporting any kind of bribery activities. In 2010, 3 such reports were made and they were dealt with according to relevant regulations and preventive measures were taken as well.

Evaluation of Ethical Management Levels

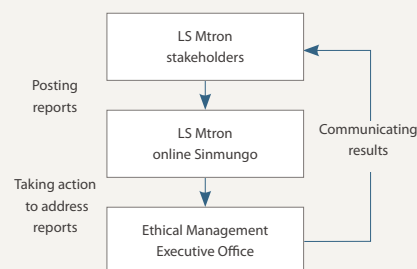
Our ethical management performance is evaluated by our business partners every year. The outcome is utilized to make and implement plans to enhance employees' awareness of ethical management and their capabilities to practice ethical standards. In 2010, 210 business partners were surveyed and the result was posted at our corporate bulletin board, encouraging our employees to understand ethical management and put it into action.

[Online Sinmungo]



* LS Mtron's Ethical Management website:
<http://ethics.lsmtron.com>

[Procedures for Reporting Ethical Management Violations]



Business Activities Highlight 2010

Our main business is classified into the Machinery Division made up of Tractor, Air-conditioning, Injection Molding and Special Business Divisions and the Component Division composed of Electronic Component, Electronic Circuit Materials, Automotive Component, FCCL, and Ultra Capacitor Divisions. We strive to achieve the highest-level of product quality and technology competitiveness in each business division, realize our Vision 2015, and to become Innovative Technology Partner for a convenient and comfortable world. We are to pursue 'Soaring-Off Management' in 2011 to take the level of our business activities a notch higher.

1.

February 2010

We signed a contract to install a co-generation plant in Anyang/Bucheon and a large-scale turbo heat pump. The latter is a renewable energy facility to recycle the waste heat from frozen water into the heat source for the community, whose construction will be completed in November 2010. Annual source energy reduction of KRW 1.7 billion and CO₂ reduction of 9,740 tons will be achieved.

3.

August 2010

Investment of KRW 46 billion was made for electric thin films as the core material for secondary cells – the first step to pave the way to dominate the electric thin film market by 2015 through advance investment amid the market growth potentials. By expanding the electric thin film production two-fold, we plan to actively respond to higher demand from domestic corporate customers and foreign large-scale customers.

5.

December 2010

By additionally acquiring Daesung Electric's Delphi equity worth 49.5%, we now own 100% of the company, enabling us to intensively foster auto components. We plan to extend support for Daesung Electric to leap forwards as the world's top 100 auto component makers with revenues of KRW 1 trillion by 2015.

2.

April 2010

We signed a contract to supply tractors worth USD 200 million to CNH, the world's second-largest agro-machinery maker. Under the agreement to supply 20,000 units by 2013, the two companies forged 'strategic partnership,' paving the way to create synergies in bilateral global marketing.

4.

October 2010

We completed the construction of a state-of-the-art tractor plant with the annual production volume of 20,000 units in Qingdao in China. This will enable us to establish a full line-up production system in the Chinese market capable of absorbing 230,000 units per year, and launch high-function products, possibly achieving revenues of KRW 300 billion in China by 2015.

Agreement to install turbo heat pumps at co-generation plants



Signing a CNH tractor supply contract



Completed the construction of a tractor plant in Qingdao



Business Profile

Tractor Division

Growing into a World-Class Brand for Agricultural Machinery

Our Tractor Division touts key technologies and expands overseas marketing through continuous R&D as the world-class brand for agricultural machinery.



1



2

[Business Overview]

- Detailed usage: Farming
- Annual production capacity of 20,000-Jeonju plant, Qingdao plant
- Rapid growth of more than 30% in overseas markets
- Full line-up from compact to large tractors
- Cutting-edge production facility and world-class design and quality
- Customer: general farmers and trusted farming companies

MODEL	MAIN FEATURES
R-EZ SHIFT ¹	<ul style="list-style-type: none"> • 43~53 HS (compact tractor) • Our proprietary patented technology used to combine mechanic efficiency and electrical convenience • Equipped with electric motor, going forwards and backwards without clutch operation
PLUS ²	<ul style="list-style-type: none"> • High-efficiency transmission and high fuel efficiency • Widest steering angle of equivalent models, which minimizes turning radius, and outstanding workability • R&D underway to respond to North America's Tier 4 exhaust gas regulations to be implemented in 2012

Air-Conditioning Division

Leading the Freezing/Air-Conditioning Industry from Turbo Freezer for Nuclear Power Plants to Individual Heating/Cooling Systems

Our Air-Conditioning Division is a leader in the freezing/air-conditioning sector and provides total solutions of air-conditioning systems covering fan coil units, cooling towers, and thermo-hygrostats as well as turbo freezers, absorption chiller-heaters and air conditioners.



1



2



3

[Business Overview]

- Detailed usage: Cooling/heating for buildings and plants
- Total solutions of air-conditioning systems including freezers and air-conditioners
- Leading the development of environmentally-friendly products such as R-140 a GHP
- Providing 2500 RT-grade turbo freezers to the Motor City Project, the largest of its kind in the Middle East
- Developing high-pressure double turbo freezer, which boasts the largest capacity among 3000 RT-grade freezers in Korea

MODEL	MAIN FEATURES
LTP/LTX ¹	<ul style="list-style-type: none"> • Highest efficiency among equivalent models (COP 6.38) • Energy-saving environmentally-friendly product that uses various energy sources such as water heat and ice thermal storage
LDF-N ²	<ul style="list-style-type: none"> • World's highest efficiency (COP 6.44) • Subminiature size available in the industry, which leads to significant space-savings • Using low CO₂/NO_x burners
LSGP ³	<ul style="list-style-type: none"> • Using environmentally-friendly R410A refrigerants • 50% operation cost cut compared to electric type • Customized GHP system, which is suitable for air-conditioning, and chiller units

Injection Molding Division

Providing Highly Productive Environmentally-Friendly Injection Systems in the Plastic Molding Sector

Our Injection Molding Division, based on its 40-year history in leading the Korean injection machine industry and technical expertise, is manufacturing 30 to 4,500 ton-grade injection molding machines.



[Business Overview]

- Detailed usage: Plastic molded products
- Forty years of history, manufacturing 30 to 4,500 ton injection molding machines
- Manufacturing 30 to 550 ton electromotive injection machines, which are high-efficiency and environmentally-friendly products
- Producing super-large injection machines and hybrid injection machines
- Exporting to 50 countries of the world

MODEL	MAIN FEATURES
LGE-II SERIES (ELECTROMOTIVE TYPE) ¹	<ul style="list-style-type: none"> • Precision location control with high-power, high-response AC servomotor • Energy/operation cost saving: electricity cost cut by two thirds compared to hydraulic type • Productivity gains with parallel action deployment: 20% reduction in cycle time compared to hydraulic type
LGH-S SERIES (HYDRAULIC TYPE) ²	<ul style="list-style-type: none"> • More than 20% cut in machine space with two-platen, new clamping-unit mechanism • Load-sensitive P/Q precision control: more than 30% energy saving compared to previous models • Productivity improvement with parallel action deployment: 30% decrease in cycle time compared to previous models

Special Business Division

State-of-the Art Technical Expertise that Leads the Advancement of the Global Defense Industry

The Special Business Division has been a supplier to the Korean military for more than 30 years with advanced technical expertise, starting with the domestic development of caterpillars in 1975.



[Business Overview]

- Detailed usage: Defense industry
- Supporting loads of 13~15 tons of tanks, armed vehicles and self-propelled artillery
- Developing proprietary caterpillars for all combat vehicles being deployed in Korea
- Using design technology for light and highly durable products

MODEL	MAIN FEATURES
1	<ul style="list-style-type: none"> • Caterpillars for tanks primarily used by the Korean military • Improving intensity, safety and economic feasibility of caterpillars
2	<ul style="list-style-type: none"> • Caterpillars for armed vehicles to be used by Korean combat infantry • Ensuring high-speed mobility and water trafficability via light-weight technology

Electronic Component Division

Alpha and Omega of the Future Ubiquitous Era

Our Electronic Component Division manufactures core components such as connectors and antennas for cutting-edge devices including mobile phone, TFT-LCD/PDP and various electronic devices with our accumulated technology and expertise.



[Business Overview]

- Detailed usage: Connector (for mobile phones and display), antenna (mobile devices, RFID, and DMB)
- Providing connectors of world-class quality and in conformity with various standards
- Producing antennas for mobile devices, RFID and DMB
- Offering core components that require advanced technology

MODEL	MAIN FEATURES
GT05Q-40S-H10-M-E3000 ¹	<ul style="list-style-type: none"> • Size: 26.25×4.0×1.0 (mm) • EMI protection is provided by covering with metal shell • Used for MCX cable, and pull-bar structures
GB042 SERIES ²	<ul style="list-style-type: none"> • 0.4mm Pitch & 1.0mm Height • Dual contact point structure, Ni-Barrier used • Used for LG Electronics' mobile phones
KU2800 (DOMESTIC) ³	<ul style="list-style-type: none"> • Used for LG Electronics' domestic phone NFC • Securing the adhesiveness twice as strong as the existing FPCB products • Securing a distance of visibility for SPEC among domestic companies • Inducing low cost, high functions and high workability

Electronic Circuit Materials Division

Core Materials to Lead the Electronic Circuit and Secondary Battery Sector

With its core technologies including electrodeposited-plating, the Electronic Circuit Materials Division is producing foils and special copper foils, making cutting-edge electronic devices smaller and multi-functional.



[Business Overview]

- Detailed usage: Copper foils for PCB and Secondary Battery Sector
- To be a global top provider of special electrolytic copper foil by 2015
- Securing highly functional/highly reliable foil manufacturing technology
- Investing KRW 46 billion in 2010 to tap into the copper foil market

MODEL	MAIN FEATURES
LSU-STN 12UM	<ul style="list-style-type: none"> • General foil / thickness 12 ~ 70 μm • Used for producing CCL and PCB
LSB-STN	<ul style="list-style-type: none"> • Copper foil / thickness 8 and 10 μm • Used for cathode current collectors of lithium ion batteries
LSB-FXN	<ul style="list-style-type: none"> • Special foil / thickness 12, 18, and 35 μm • Used for FCCL and FPC

Automotive Component Division

Automotive Rubber Hose Products that Ensure Top Quality and Safety

The Automotive Component Division provides automotive rubber hose products such as brake hose, power steering hose and general hose.

[Business Overview]

- Detailed usage: Rubber hose for automobiles
- Developed ultralow expansion break hose
- Newly expanded the CAC (Charged Air Cooler) hose line for the 1st time in Korea
- Supplying to global automobile manufacturers as a Tier 1 supplier



MODEL	MAIN FEATURES
BRAKE HOSE ¹	<ul style="list-style-type: none"> · Used for wiring in brake system · Satisfying SAE and DOT3,4 standards · Size: 1/8, 3/16 in (hose inside diameter)
POWER STEERING HOSE ²	<ul style="list-style-type: none"> · Used for automobile steering apparatus · Excellent thermal/pressure resistance · Outstanding absorptiveness of pulsatile pressure, which leads to lower interior noise
CHARGED AIR COOLER HOSE ³	<ul style="list-style-type: none"> · Used for connecting various component of intercooler · Using environmentally-friendly fluorine and silicon · Korea's first-ever environmentally-friendly production line that conforms with EURO V standards

Ultra Capacitor

Ultra Capacitors that Lead the Green Energy Market

Ultra capacitors are highly reliable energy storage devices that will take the lead in the future energy market. Our ultra capacitors are used as an energy source for power back-up, auxiliary power and momentary and peak power compensation, where high energy efficiency and power density and long-term reliability are critical requirements.

[Business Overview]

- Detailed usage: Automobiles, electricity facilities, heavy equipment and wind power generation
- Main applications: peak power compensation, back-up power, battery substitutes in storing renewable energy
- High-power(vs. battery), high-efficiency(vs. capacitor)
- Maintenance and repair unnecessary (recharge and discharge only after more than 1 million cycles or expected life span of more than 10 years)



MODEL	MAIN FEATURES
LSUC 002R8L 0350F EA LSUC 002R8P 3000F EA	<ul style="list-style-type: none"> · Rated voltage: 2.8V~3.0V (EDLC world's top-level) · Superb temperature characteristic(-40~60 degrees), low internal resistance · Balancing and overvoltage protection mechanism in each cell

FCCL

Core Material that Leads the Display Sector

Our FCCL (Flexible Copper Clad Laminate) Division succeeded in mass-producing this core component for mobile phones and display devices for the first time in Korea and third in the world. The division, with its diversified line-up in place, is further expanding its business into double-side plated products and semi-additive products.

[Business Overview]

- Detailed usage: Used for wiring among electronic components in the telecommunications sector and equipped in FPD LCD
- To be a global top provider of special electrolytic copper foils and sputter type FCCL products by 2015
- Sputter type FCCL for LCD COFs that enable creation of fine patterns
- Securing monthly capacity of 117km² in 2011 due to increased speed of PL film plating process and additional investment in construction of the 4th plating machine



MODEL	MAIN FEATURES
NR_156	<ul style="list-style-type: none"> · Enabling fine-pitch and light-weight components, using cutting-edge semi-additive · High-grade products with outstanding reliability, etchability and bendability: LCD COF (Chip On Film), mobile phone COF and HDD

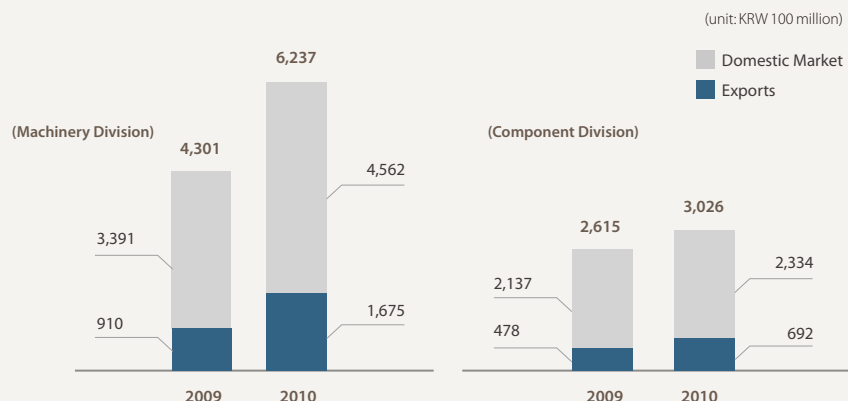
Financial Performance

Our Business Performance

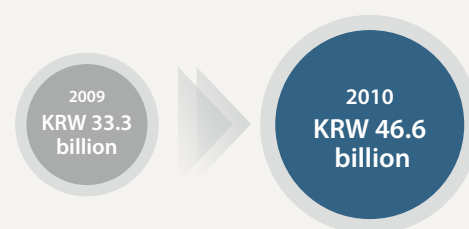
The year 2010 was deeply meaningful in that we laid the foundation for soaring off as a company, increasing our revenue by more than 30% from the previous year. The Tractor Division achieved 1,000 units of monthly production for the first time in last October and raised its annual production to 11,000 units as well. The division also built its production base in Qingdao, China, last October, establishing a foothold to take over the Chi-

nese tractor market. Our connector business doubled its production capacity from the previous year and the Injection Molding Division is now equipped with production capacity worth KRW 13 billion in sales per month. We also decided to invest KRW 46 billion in expanding foil production facilities, whose market is expected to post rapid growth in the future.

[Revenue Status]



[Operating Profit]



Revenues and Entry Volumes by Region

(unit: KRW 100 million)

Category	2009	2010
Revenues by Region		
Korea	5,544	6,895
China	395	513
North America	325	630
Europe	219	419
Asia (excluding China)	210	772
Others	222	34
Total	6,015	9,263
Entry Volumes by Region		
Korea	3,044	5,374
Japan	366	496
China	304	415
Europe	268	236
Others ¹	-	58
Total	3,952	6,579

Economic Value Creation and Distribution

(unit: KRW million)

Category	2009	2010
Economic Values Created		
Revenue	691,514	926,314
Non-operating income	32,492	22,945
Product and service expenses ²	(524,745)	(746,992)
Other expenses ³	(56,578)	(30,771)
Depreciation expenses ⁴	(37,855)	(45,011)
Economic Values Distributed		
Labor expenses (employees) ⁵	88,045	109,894
Taxes and public dues (government) ⁶	3,824	5,462
Donations (community)	230	297
Capital expenses (creditors)	12,729	10,832

1. USA, South East Asia, India, Australia, Middle East and etc.

2. All product and service expenses for business operations

3. Non-operating expenses excluding interest expenses and donations

4. Total depreciation expenses and amortization expenses of intangible assets included in cost of sales and expenses for sales administration

5. Combination of salary, retirement payments and benefits

6. Combination of taxes, public charges and corporate taxes

* Amount of investment for social contribution activities in 2009: Including other costs for social contribution activities e.g. culture and art

Condensed Financial Statements

Short Balance Sheet

(unit: KRW)

3rd period: As of Dec. 31, 2010
2nd period: As of Dec. 31, 2009

Subject	3rd period	2nd period
I . Liquid Assets	383,449,236,888	329,223,496,469
(1) Quick Assets	269,455,985,975	231,176,871,041
(2) Inventory Assets	113,993,250,913	98,046,625,428
II . Non-current Assets	488,508,401,568	461,136,890,170
(1) Investment Assets	143,535,531,840	126,265,135,322
(2) Tangible Assets	288,847,081,796	279,921,046,696
(3) Intangible Assets	35,325,413,769	35,026,744,726
(4) Other Non-current Assetst	20,800,374,163	19,923,963,426
Total Assets	871,957,638,456	790,360,386,639
I . Current Liabilities	264,086,701,361	306,309,095,350
II . Long-term Liabilities	141,132,212,872	40,837,248,298
Total Liabilities	405,218,914,233	347,146,343,648
I . Capital	45,000,000,000	45,000,000,000
II . Capital Surplus	426,255,349,484	426,255,349,484
III . Other Comprehensive Income	989,085,240	1,079,937,977
IV . Deficit	5,505,710,501	29,121,244,470
Total Capital	466,738,724,223	443,214,042,991
Total Liabilities and Capital	871,957,638,456	790,360,386,639

Short Profit And Loss Calculation

(unit: KRW)

3rd period: Jan. 1, 2010 – Dec. 31, 2010
2nd period: Jan. 1, 2009 – Dec. 31, 2009

Subject	3rd period	2nd period
I . Sales Turnover	926,313,936,453	691,513,670,825
II . Cost of Sales	745,378,095,537	557,031,347,577
III . Gross Margin	180,935,840,916	134,482,323,248
IV . Costs for Sales and Administration	136,371,370,941	101,194,668,465
V . Operating Profit	44,564,469,975	33,287,654,783
VI . Non-operating Revenue	22,945,208,441	32,492,181,094
VII . Non-operating Expenses	41,901,147,547	69,424,823,699
VIII . Net Profits before Corporate Tax(Loss)	25,608,530,869	(3,644,987,822)
IX . Corporate Tax Expenses	1,992,996,900	570,224,441
X . Current Net Profits(Loss)	23,615,533,969	(4,215,212,263)
XI . Profits and Loss Per Share	2,624	(468)

Sustainability Management Guidelines

SUSTAINABILITY MANAGEMENT PRINCIPLES AND ACTION GUIDELINES

I. Purpose

The SM (Sustainability Management) Principles and Action Guidelines cover basic principles to ensure systemic implementation of our SM initiatives and lay the foundation to provide stakeholders including customers with the best value as a global leader in the machinery and component business.

II. Integrated SM Management System

1. Establishment of Policy

1.1 Integrated SM Framework

In order to ensure systemic implementation of sustainability management, the Sustainability Management Steering Group, a Board of Directors and top management level body, serves as a top decision-making group and company-wide SM management responsibilities lie with managers in charge within the company.

1) SM Steering Group

This is an company-wide consultative group to deploy SM initiatives and its main roles are as follows.

- (1) Discussing directions and strategies to practice SM
- (2) Identifying company-wide SM issues and discussing ways to improve each SM issue
- (3) Publishing Sustainability Reports and holding dialogue with stakeholders
- (4) Supplementing SM-related policies and systems

2) Sustainability Management Executive Office

The SM Executive Office is the supervising body for SM initiatives and its main roles are as follows.

- (1) Setting SM directions, strategies and education plans
- (2) Diagnosing and evaluating company-wide SM activities
- (3) Supervising the SM Steering Group
- (4) Publishing Sustainability Reports
- (5) Creating and managing SM-related policies

1.2 Stipulation of Relevant Policy

SM-related operation policies, systems and issue-specific implementation policies must be stipulated and actively disseminated to ensure their company-wide application and deployment.

1.3 Regular Review and Improvement

Policies set in relation with SM must be reviewed on a quarterly basis and revised if their modification and supplementation is needed.

2. SM Materiality Test

The SM Executive Office, in charge of practical SM matters, performs SM materiality tests every year through stakeholder engagement in order to understand stakeholder interest and business impact, which form the basis for building SM strategies.

3. Regular Diagnosis and Monitoring

LS Mtron's in-house SM diagnosis model, which includes all SM-related global standards, is utilized to conduct regular diagnosis once a year and continued monitoring is carried out by the SM Steering Group.

4. Company-wide Education and Consensus Building

Company-wide education plans are set and executed every year to promote sustainability management and to build consensus among employees.

5. Sustainability Reporting Framework

Team leaders and their working-level employees who belong to departments in relation with SM Focus Areas identified through materiality test are obliged to report progress made and improvements to be made to the SM Steering Group via business-division level cooperation in order to ensure appropriate response to and improvement of SM issues.

5.1 LS Mtron SM Focus Area and Relevant Departments

- 1) Integrated SM Management: SM Executive Office

- 2) Economic and Social Value Creation: Win-Win Partnership Team, Quality Management Team, Innovation Team

- 3) Social Contribution : Business Support Team

- 4) Green Management: Green Management Team, Technology Management Team

- 5) Employee Value Enhancement : HR Development Team

- 6) Integrated Risk Management: SM Executive Office

6. Operation of Subcommittees

Subcommittees were created to boost executive capabilities in each SM Focus Area and to encourage proactive participation of each business division. They should report progress made and future improvements to the SM Steering Group.

6.1 SM Sub-Committee and Supervising Department

- 1) Green Management : Green Management Team
- 2) Environmentally-Friendly Product : Technology Management Team
- 3) Win-Win Partnership : Win-Win Partnership Team
- 4) Social Contribution: Business Support Team
- 5) Customer and Quality Management : Quality Management Team

III. Stakeholder Dialogue and Fulfillment of Promise

1. Stakeholder Dialogue

Regular and official dialogue opportunities created by building dialogue channels with core stakeholders and setting annual dialogue plans are utilized to review SM Focus Areas, determine future implementation directions, add more Focus Areas and modify existing ones and promote participation in writing Sustainability Reports.

1.1 Identification of Core Stakeholders and Responsibility to Respond

Stakeholders are identified through analysis of social interest and impact on LS Mtron's business and the following roles and responsibilities to respond to them should be performed.

- 1) Customers : Customer satisfaction, increased customer responsibilities(product quality, product liability, customer safety and etc.) and etc.
- 2) Business partners : seeking win-win growth through partnership, enhancing fair trade relationship and etc.
- 3) employees : building employee capacity and improving their working conditions, protecting their human rights and complying with labor regulations and etc.
- 4) Local community : engaging and developing local communities, social philanthropic activities and etc.
- 5) Earth/Ecology : managing and reducing impact of products and processes on the environment, promoting environmentally-friendly products and services, responding to climate change and controlling GHG emissions and etc.

1.2 Improvement of Stakeholder Dialogue

As for annual plans to hold dialogue with core stakeholders, the first phase is to gather information on expectations and requirements of stakeholders, the second phase to set goals and detailed plans and then stakeholder dialogue is conducted via direct dialogue or surveys, which is followed by the results summarized and incorporated in setting next year's directions and plans.

2. Expansion of SM Disclosure

In addition to publishing the Sustainability Report every year to fulfill promises with stakeholders and provide critical information, more information is to be disclosed on the company's financial and non-financial performance on the corporate website.

IV. Management of Non-Financial Risks

LS Mtron strives to systemically manage and respond to not just financial risks but also non-financial risks including SEE (Social, Environmental, Ethical) risks. Every SM Focus Area is considered as a core risk issue and company-wide response is ensured through the integrated risk management framework of the SM Steering Group.

Apr. 1, 2010

LS Mtron CODE OF CONDUCT

Chapter 1. Responsibilities and Obligations

LS Mtron always respects the customers' opinions and creates value helpful for winning the customer's trust.

1. Respect for Customers

- You shall hear the customers' opinions and think that the customers' demands are always valid.
- You shall set customer satisfaction as the top standard of judgment and action.

2. Providing Credible Information

- You shall not spread or provide invalid information to the customers.
- You shall not hide information that the customers should know.
- You shall not slander third party products or compare them with without grounds.

3. Response to Customers

- You shall keep our promises with the customers.
- If a customer makes a request for after-sales services or product exchange/refund, you shall make a response promptly.

4. Offer of Value to Customers

- You shall provide the best products and services by continuing to develop technologies and to improve product quality.

5. Protection of Customers' Interests

- You shall protect the customers' properties as if they were your own and you shall not use them indiscriminately.
- You shall not use or disseminate without permission any information you may obtain.
- You shall not engage in unethical actions that may affect the customers' interest.

Chapter 2. Basic Ethics of Employees

If an employee breaks the corporate ethical standard, it could be the cause of a disciplinary measure including but not limited to discharge or filing a suit with the court.

1. Prohibition of Unjust Action Using Position or Duty

- You shall not accept or demand a promise of recruitment after quitting the job from a person concerned while working.
- You shall not make an agreement for personal business nor make transactions (e.g., borrowing property and loans) with the person concerned.
- A boss shall not implicitly or explicitly order or demand the team or his or her staff to do his or her personal business.

2. Valid and Fair Reporting

- You shall not mislead the decision of a boss or a relevant team by fabricating documents or coefficients or reporting invalid information.

3. Ethical Behavior

- You shall not perform unethical or immoral behavior that may hurt the honor of LS Mtron.
- You shall not foster distrust in a team or engage in behavior that may affect the sound environment of the team by fabricating or spreading rumors.

4. Prohibition of Behavior that Negatively Affects Corporate Interests

- You shall not directly operate or finance an company that may negatively affect corporate interests.
- You shall not participate in the operation of companies or subcontractors related to the job nor finance them without prior discussion.
- You shall not be employed by a competitor or a subcontractor concomitant to your period of employment with LS Mtron, consult, or give advice that may do damage to the interests of LS Mtron.
- If you are employed by another company, you shall inform LS Mtron of the fact and discuss the issue with LS Mtron.

5. Prohibition of Sexual Harassment

- You shall not engage in behavior that may do emotional or physical damage to other people.
- You shall not sexually harass another employee regardless of your position; you shall not cause difficulties in maintaining employment status nor develop a stain on character.

6. Self-Development

- You shall make efforts for self-development in order to become good resource in this era of globalization.
- You shall make efforts to become the best expert in your job.

Chapter 3. Fair Competition (with Competitors)

LS Mtron conforms to the relevant laws of the country while performing business activities all over the world and secures advantage in fair competition.

1. Obtaining and Using Valid Information

- You shall not obtain information on or a trade secret of competitors in an unjust manner.
- You shall not leak information on competitors even if the information is obtained justly.

2. Securing Advantage in Competition Justly

- You shall not steal or infringe on tangible or intangible assets of any and all fields owned by competitors.
- You shall not libel competitors through advertisement.

3. Prohibition of Consultation

- You shall not consult with competitors on sales prices, conditions, and/or regional distribution.
- You shall not organize or join an unjust conference or consultation organization with a business contact in the same industry.

4. Conforming to Laws and Commercial Customs

- In any and all domestic and overseas business activities, you shall conform to the relevant laws of the country and its transactions customs.
- You shall conform to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of OECD and the Korean law of preventing bribery in international business transactions.

Chapter 4: Fair Business Transaction (Subcontractors)

Equal opportunities for making any business transactions should be ensured. Joint growth is pursued by creating a relationship based on mutual trust and cooperation through transparent transactions.

1. Selecting a Business Contact through Fair Procedure

- You shall establish and enforces rules and systems on the procedure of selecting a business contact so that a business contact can be selected or registered pursuant to fair appraisal criteria.

2. Fair Business Transactions and Appraisal

- You shall report fairly the results of business transactions appraised to the business contact and apply them to the next transaction.
- You shall apply a sound suggestion for the improvement and innovation of business transactions to actual works.
- If you use the technologies or other properties of a business contact, you must get approval from the business contact to do so.
- If the business contact is damaged due to a fault of LS Mtron, LS Mtron shall compensate the damage.
- You shall not perform any unjust action prohibited by the regulations relevant to fair transactions.

3. Clean Transactions

- You shall not receive or demand economic profit such as money and other articles, services, treats, or other benefits.
- You shall not solicit by using special relationships such as family, birthplace, or alma mater and shall not apply external pressure by using a position at work.
- You shall not hinder the business activities of a subcontractor by using information on and technologies of the subcontractor gained during business transactions without prior or explicit approval.

4. Support to Subcontractors

- You shall establish and conform to a guideline for supporting subcontractors in order to cultivate them.
- The said guideline shall set forth the qualifications, rights, and obligations of subcontractors and include the operation standards for support including but not limited to technical support and management guidance.

Chapter 5: Corporate Responsibilities for Employees

LS Mtron respects any and all employees as individuals and treats them fairly depending on their abilities and performance. LS Mtron also tries to allow employees to show their creativity fully.

1. Cultivation of Talent Employees

- You shall establish, support, and activate the systems required to cultivate employees into autonomous, original talent.
- A boss shall give advice and guidance to the staff by taking the aptitude and abilities of all concerned into consideration under the determination to cultivate the staff into active and strong talent.

2. Treat Employees Based on Abilities and Performance

- You shall provide employees with opportunities for improving their abilities fairly and not differentiate between them depending on academic background, gender, age, or birthplace.
- You shall establish, inform, and conform to criteria for evaluating the abilities and performance of employees in order to create an environment of fair competition.

3. Free Speech

- You shall establish systems required for employees to make suggestions and to express difficulties freely.

4. Responsibilities for Health and Safety

- You shall take measures required for the health and safety of employees.
- You shall take safety measures required in places of work where there are hazardous or harmful objects.

Chapter 6: Responsibilities for Country and Society

LS Mtron shall grow into a sound company through rational business operations to contribute to the rich life of the Korean public and to the growth of society.

1. Prohibition of Immoral and Antisocial Business Activities

- You shall not engage in activities that may negatively affect the national economy or that may not be fit for the culture of Korea.

2. Contribution to the Growth of Korea and Society

- You shall provide anyone with equal employment opportunities regardless of academic background, gender, or place of birth.
- You shall make a tax return in good faith and pay the tax owed.
- You shall accept reasonable demands from local residents regardless of their station in life and you will make every effort to satisfy the demand.
- You shall guarantee and encourage participation of employees in sound volunteer services.

3. Protection of Shareholder Interests

- You shall respect the shareholder's right to know, reasonable demands, suggestions, and formal decisions.
- You shall not purchase and sell stocks by using internal information or information on other companies obtained while working.
- You shall not do damage to the interests of minority shareholders to protect the interest of majority shareholders.

4. Protection of the Environment

- You shall prohibit business activities that run counter to the protection of the environment and make investments for the prevention of pollution and contamination.
- You shall actively engage in activities for the protection of the environment and conform to regulations relevant to environmental protection.

QUALITY POLICY

It is policy of LS Mtron to recognize customers as fundamental base, and do its best to get an impression from its customer by providing superior and customer satisfactory products and services to its customers.

To achieve this, all staffs are committed to performing following responsibilities and obligations:

- The Quality is our top priority and we will achieve top quality competitiveness by participating in consistent innovation.
- We will fulfill and understand the Quality Management System of the company.
- We will observe the principles and basics and achieve Zero Customer Dissatisfaction by consistent improvements.

In order to fulfill Quality Policies smoothly, head of Quality Management and Quality Assurance Division will be independent of cost price and deadline for payment and will maintain and improve quality system by having authority and responsibility as an agent of Quality Management.

Dec. 18, 2008

GREEN MANAGEMENT POLICY

We recognize Green Management as a core strategic part of our business, respecting values of nature, life and future generations. We seek to be a leading SM company respected by the community and the industrial machinery and components sectors.

1. Continuous Improvement and Information Disclosure

We operate under internally strict standards as well as related domestic and international regulations, develop continuously improvement activities and regularly disclose information therein.

2. Reducing Greenhouse Gas Emissions and Developing Environmentally-Friendly Products

We minimize the use of hazardous substances and reduce greenhouse gas emissions as well as expand development and purchase of environmentally-friendly and safe products.

3. Building Safe and Healthy Environment as well as Preventing Hazards

We prevent hazards in business activities and make efforts to promote safe and healthy working environment, as well as employees health conditions.

4. Win-Win Green Management and Corporate Social Responsibility

We support win-win green management for local communities and business partners and actively fulfill corporate social responsibility with transparent management activities.

(revision) Apr. 1, 2010

Global Network (Domestic)

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778 Jeonju 3 Industrial Complex, Yongnam-ri, Bongdong-eup,
Wanju-gun, Jeollabuk-do, 565-904, Korea
Tel : +82-63-279-5114 / Fax : +82-63-279-5954

JEONGEUP SITE

938 Jeongeup 3 Industrial Complex, Taegok-ri, Buk-myeon,
Jeongeup, Jeollabuk-do, 580-812, Korea
Tel : +82-63-530-4114 / Fax : +82-63-530-4118

ANYANG SITE

555 Hogye-dong, Dongan-gu, Anyang, Gyeonggi-do,
431-831, Korea
Tel : +82-31-428-4114 / Fax : +82-31-428-4033

INDONG SITE

643 Jinpyeong-dong, Gumi, Gyeongsangbuk-do, 730-735,
Korea
Tel : +82-54-710-5702 / Fax : +82-54-710-5890

R&D CENTER

555 Hogye-dong, Dongan-gu, Anyang, Gyeonggi-do,
431-831, Korea
Tel : +82-31-688-5303

SALES DEPARTMENTS

Jung-san bldg. 5 floor, 1026-8 Sanbon-dong 1, Gunpo,
Gyeonggi-do, 435-845, Koera
Tel : +82-31-450-3260

SUBSIDIARIES OF THE AFFILIATES

Daesung Electric Co., Ltd.

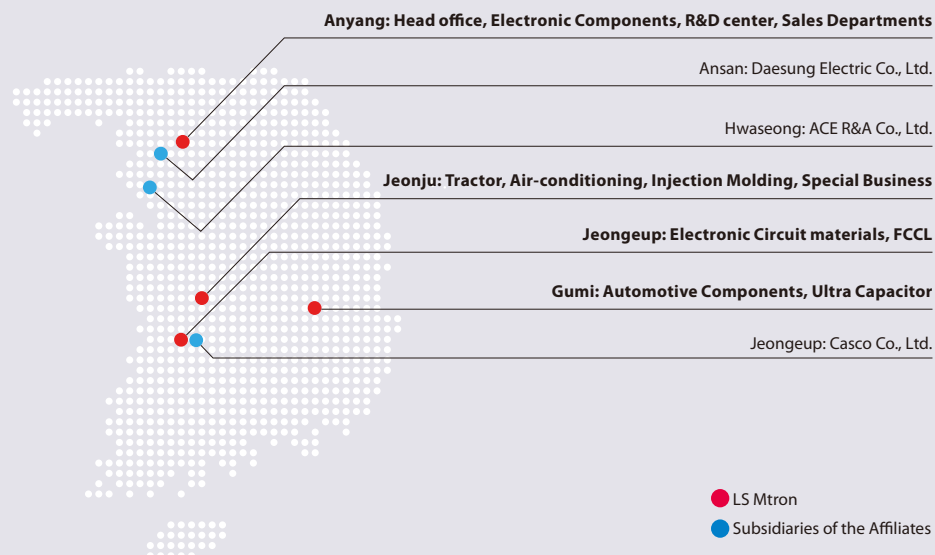
743-5, Wonshi-dong, Danwon-gu, Ansan, Gyeonggi-do,
Korea
Tel : +82-31-494-1141 / Fax : +82-31-495-4887

Casco Co., Ltd.

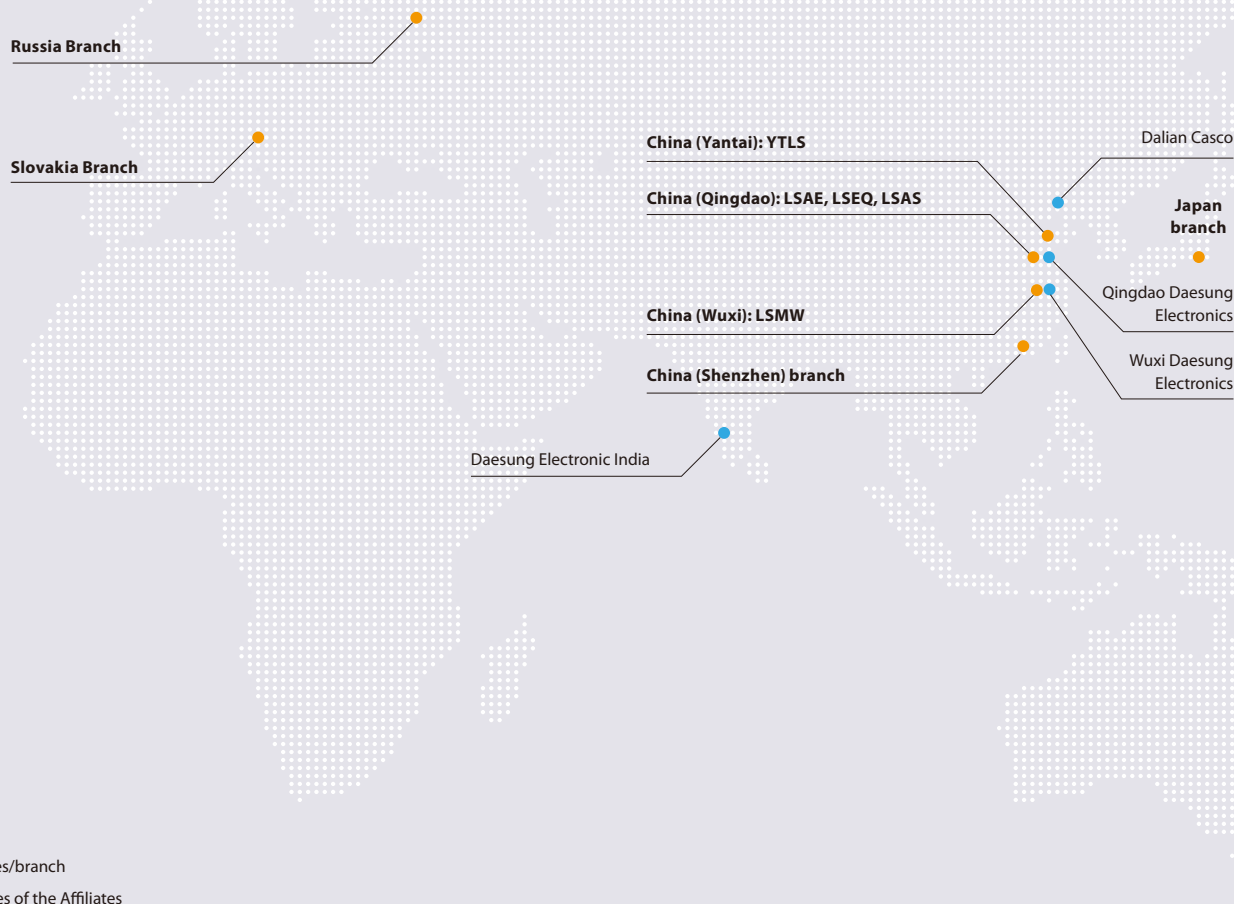
938, Taegok-ri, Buk-myeon, Jeongeup, Jeollabuk-do,
Korea
Tel : +82-63-570-6114 / Fax : +82-63-570-6198

ACE R&A Co., Ltd.

265-7, Suchon-ri, Jangan-myeon, Hwaseong,
Gyeonggi-do, Korea
Tel : +82-31-359-1860 / Fax : +82-31-359-1899



Global Network



OVERSEAS SUBSIDIARIES

LSAE (LS Agricultural Equipment (Qingdao) Co., Ltd.)

Yu-Huangling Industrial Area, Xiazhuang, Chengyang District, Qingdao, China 266109

Tel: +86-532-8096-5618 / Fax: +86-532-8096-5616

LSMW (LS Machinery (Wuxi) Ltd.)

LS Industrial Park, Xin Mei Road, National High-tech Industrial Development Zone, Wuxi city, Jiangsu Province, China 214028

Tel: +86-510-8299-3888 / Fax: + 86-510-8299-3889

LSEQ (LS Electronic-Devices (Qingdao) Co., Ltd.)

Yu-Huangling Industrial Area, Xiazhuang, Chengyang District, Qingdao, China 266109

Tel: +86-532-8096-2200 / Fax: +86-532-8096-2288

LSTA (LS Tractor USA.LLC)

PO BOX 70. 6900 Corporation Parkway, Battlebord, NC 27809

Tel: +1-252-984-0700 / Fax: +1-252-984-0701

YTLS (YanTai Leading Solution Auto Parts Co., Ltd.)

No.79 Changjiang Road, Development Zone of YanTai, Shandong Province, China

Tel: +86-535-695-5701 / Fax: +86-535-695-5726

LSAS (LS Air-Conditioning System (Shandong) Co., Ltd.)

Yu-Huangling Industrial Area, Xiazhuang, Chengyang District, Qingdao, China 266109

Tel: +86-532-8096-5502 / Fax: +86-532-8096-5577



USA: LSTA

LS Mtron broadens its business scope by operating subsidiaries and branches overseas including China and the USA as well as Korea.

We will enrich the lives of customers worldwide as an innovative technology partner that unfolds a convenient and pleasant world.

OVERSEAS BRANCHES

RUSSIA

Leninsky Prospekt 113/1, E711, Moscow, Russia, 117198
Tel : +7-495-662-3811~4 / Fax : +7-495-662-3811

SLOVAKIA

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Room 501~502, Youse Building, No.6013 Shennan Road, Futian District, Shenzhen City, China 518040
Tel : +86-755-8204-7830 / Fax : +86-755-8204-7793

JAPAN (Branch Offices)

DNI-Mita Bldg 11F, 3-43-16 Shiba, Minato-ku, Tokyo, 105-0014, Japan
Tel : +81-3-3457-8331 / Fax : +81-3-3457-1560

OVERSEAS SUBSIDIARIES OF THE AFFILIATES

Qingdao Daesung Electronics Co., Ltd.

No.775, 308 State Road, Li Cang Qu, Qingdao, China
Tel : +86-532-8768-4221 / Fax : +86-532-8769-0776

Wuxi Daesung Electronics Co., Ltd.

Tuanjie Road, Xishan Economic Development Zone,
Wuxi City, Jiangsu Province 214101, China
Tel : +86-510-8826-4001 / Fax : +86-510-8826-4005

Daesung Electric India Private Ltd.

No. 118, Ramancherry Madura, Pudur Village,
Tiruvallur Taruk, Tiruvallur District,
Tamil Nadu State, India
Tel : +91-44-2769-3333

Dalian Casco Co., Ltd.

35#, Main Street, Gushan, Economic & Technical
Development Zone, Dalian, China
Tel : +86-411-3922-3161 / Fax : +86-411-3922-3168

Major Quantitative Indicators

GREEN MANAGEMENT

Category			Unit	2009	2010
Main raw materials ¹	Copper		ton	12,896	16,617
	Carbon and rubber			724	931
	Synthetic resin			86	101
Water ²	Consumption	Industrial	ton	422,385	522,943
		Residential		69,864	55,643
		Underground		32,824	20,186
		Total		525,073	598,772
Contaminant emission	Air	Dust	kg	5,634	4,790
	Water	COD		4,100	7,378
		SS		2,677	4,271
Waste water	Volume discharged		ton	215,594	330,925
	Volume recycled			287,528	391,662
	Recycling rate		%	54.8	65.4
Waste	Volume discharged	Industrial	ton	3,312	4,225
		Hazardous		186	344
		Total		3,498	4,569
	Recycling rate		%	80.8	83.3
Ozone depletion materials	HCFC materials v		kg	28,050	12,760

1. The data come from combining consumptions of main raw materials at our Jeongeup, Anyang and Indong sites.

2. The water used at our Korean business sites come from the Han River, Mangyeong River and Nakdong River.

* No significant leakages of hazardous materials took place during 2010 and we fully comply with the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal.

EMPLOYEE VALUE CREATION

(unit: No. of people)

Employment Type by Region								
Category	Jeonju	Jeongeup	Anyang	Indong	Research Center	Sales Departments	Head Office	Total
Office staff	324	90	145	40	88	99	86	872
Technical staff	382	90	93	47	1	11	1	625
Part-timer	65	36	28	17	3	5	18	172
Total	771	216	266	104	92	115	105	1,669

Employment Type by Age							
Category	20's	30's	40's	50's	Above 60's	Total	
No. of employees	175	636	451	382	25	1,669	

* No. of Retirees: 78

LEGAL COMPLIANCE

Category (Domestic)	2009	2010
Penalties and non-financial sanctions imposed due to violations of environmental regulations	None	None
Legal actions taken for unfair competition and monopolistic activities (price fixing and etc.)	None	None
Violations regarding product-related customer health and safety	None	None
Violations regarding product-related information disclosure (labeling and etc.)	None	None
Violations regarding marketing and communication	None	None
Violations regarding customer information security	None	None
Violations regarding supply of other products	None	None

GOVERNMENT SUBSIDIES

We are receiving both direct and indirect financial support from the government for performing national research projects, which is translated into KRW 9.01 billion in cash(KRW 3.97 billion for 2010, KRW 1.54 billion for pre-2010 periods and KRW 3.5 billion for technology expenses redemption). Total government subsidies that we got for the year 2010 alone stand at KRW 13.94 billion.

Awards / Membership

AWARDS

Category	Date	Ceremony	Host	Details (relevant department)
Company	Apr. 14	Designation of Green Company	Ministry of Environment	Green company designation document (Jeonju site)
	May. 19	The 45th Day of Invention	Korea Intellectual Property Office	Minister of Knowledge and Economy commendation (technology and management team)
	Jun. 17	North Jeolla Province Quality Management Competition	North Jeolla Province Governor	Quality Management Award (Innovation Team, Labor-Management Support team) Award for Quality Circle Activity Excellence (Injection Molding Production Team)
	Sep. 30	Commendation for Corporate Community Philanthropy	North Jeolla Province	Commendation for corporate community philanthropy (Labor-Management Support Team)
	Oct. 13	The 5th Sustainability Awards	Ministry of Knowledge and Economy, Small & Medium Business Administration	Grand Prize in the 1st Sustainability Report Publication section
	Nov. 05	The 7th LOHAS Management Awards	Korea Green Foundation	Award of Excellence in the telecommunications, electronics sector
	Nov. 16	2010 Korea Sustainability Conference	Korean Standards Association	Korea Sustainability Index 1st Prize in the Electrical, Electronics Manufacturing sector Korea Readers' Choice Awards Award of Excellence in the 1st Sustainability Report Publication of the Manufacturing sector
	Nov. 23	The 36th National Quality Circle Competition	Daejeon Metropolitan City	Presidential Bronze Award (Injection Molding Team)
	Apr. 21	The 43rd Day of Science	Ministry of Education, Science and Technology	Citation for those contributed to promoting science and technology
	Oct. 21	The 13th MFAFF Science and Technology Awards	Ministry of Food, Agriculture, Forestry and Fisheries	Grand Prize of Science and Technology
Individual employee	Nov. 23	The 36th National Quality Management Competition	Korean Agency for Technology and Standards under MKE	Citation of the Minister of Knowledge and Economy Quality Master
	Dec. 15	Technology CEO Awards	Ministry of Education, Science and Technology	Prize of the Minister of Education, Science and Technology

MEMBERSHIP

Federation of Korean Industries, Korea Chamber of Commerce & Industry, Korea Refrigeration/Air-Conditioning Industry Association, Korea City GAS Association, Korea Agricultural Machinery Industry Cooperative, Korea Defense Industry Association, Korea Printed Circuit Association, Green Company Council, Korea Industry Safety Association, Korea Synthetic Resin Processing Machinery Industry Cooperative

Independent Assurance Statement

SCOPE AND OBJECTIVES

Adrian Henriques (the auditor) undertook independent assurance of the LS Mtron 2010 Sustainability Report (the Report).

The assurance was guided by AA1000APS. The auditor provided Type 1 assurance, covering evaluation of adherence to the AA1000APS principles of inclusivity, materiality and responsiveness. The level of assurance was moderate.

RESPONSIBILITIES OF THE DIRECTORS OF LS Mtron AND OF THE ASSURANCE PROVIDERS

The directors of LS Mtron have sole responsibility for the preparation of the Report. This statement represents the auditor's independent opinion and is intended to inform all of LS Mtron's stakeholders in a balanced way.

The auditor was not involved in the preparation of any part of the Report.

BASIS OF OPINION

This statement is based on an analysis of LS Mtron's 2010 Sustainability Report, supported by:

- visits to the Anyang headquarters and the Jeonju site
- the review of supporting documents
- interviews with management and with those involved in the preparation of the report.

FINDINGS

REPORT SCOPE & STAKEHOLDER INVOLVEMENT

All key areas of sustainability impact are covered to some degree by the main areas of management described in the Report: integrated management, social and economic value, social contribution, green management, employee value enhancement and risk management. It is also welcome to see that the Report describes a corporate governance initiative, including anti-bribery measures. Important policies, such as the Code of Conduct for employees and its Green policy, are set out in the Appendices.

Future reports would be enhanced by including information on the sustainability performance of its supply chain, particularly for that part located overseas. It would also be helpful to provide further analyses of performance by business.

The material issues covered by the Report have been identified through stakeholder engagement. It is encouraging to see that during 2010 LS Mtron engaged more directly with its stakeholders rather than relying entirely on third parties.

Overall there is extensive coverage of activities in all major impact areas and of the related management processes. However while this report provides helpful examples of innovations and environmentally-friendly products, there is a need for greater clarity on what the criteria are for determining what counts as an 'innovation' or as an 'environmentally-friendly product'. In addition, although environmentally-friendly products account for a significant proportion of overall products, it would be helpful to assess the environmental friendliness of the mainstream product portfolio.

PERFORMANCE

In most areas reported performance is moving in the right direction.

A more balanced workforce by gender has been identified by management as a key area for improvement. While there has been a significant increase in the proportion of female managers, the overall level is low. Furthermore, the proportion of female employees throughout the company is also low. Since LS Mtron operates in industries which make it challenging to address this issue effectively, the commitment to addressing it is welcome. It is also welcome to see that overseas operations deliberately work to ensure that recruitment focuses on local workers, rather than relying entirely on a Korean workforce. It is encouraging to see the improved performance in the area of social contribution or philanthropy. There are also plans to further increase activities in this area.

The effective management of the business has led to an overall decrease in carbon dioxide intensity (emissions relative to revenue). Such a company-wide intensity measure is appropriate for a diverse portfolio of businesses. Nevertheless, the absolute amount of carbon dioxide and other wastes discharged into the environment is increasing, as a result of LS Mtron's rapid revenue growth. It would therefore be helpful to develop and report indicators that directly measured the environmental efficiencies of the various manufacturing processes, reflecting the specific characteristics of each business site and division.

In general the Report provides a wealth of performance information across all areas of its business and impacts. However while the target-setting process is described in some detail, in some areas, the targets themselves are not reported. It would be useful to report targets alongside achievements for previous years wherever possible. Finally, to fully assess performance, LS Mtron's achievements will need to be benchmarked against appropriate external companies.

CONCLUSION

This is LS Mtron's second sustainability report. It is encouraging that the thoroughness of sustainability management established in its first report has been maintained – and that it has been accompanied by significant commercial success. This report contains a more comprehensive review of its business and records the integration of sustainability ambitions into its core business strategy. It also provides a GRI Index and a UN Global Compact Communication on Progress.

To further build successfully on this foundation in the future, consideration should be given to developing and reporting LS Mtron's overall vision for sustainability and how the company is progressing towards it. In this connection, priority should be given to the major businesses: tractors and copper foil production.

This report appears to reflect LS Mtron's sustainability performance well and that performance is good in most areas. The overall direction of LS Mtron's journey towards sustainability, however, needs to be better defined both in terms of the vision and of detailed performance targets.



A stylized handwritten signature in black ink, appearing to read 'A. Henriques'.

Adrian Henriques | www.henriques.info

(2009 ~ date) Chair of UK committee on ISO 26000

(2002 ~ date) Visiting Professor of Accountability and CSR,
Middlesex University Business School

(1999 ~ date) Member of ACCA Social and Environmental Committee

(2002 ~ 2011) AccountAbility, Member of Technical Committee on Standards

(2000 ~ 2006) AccountAbility, Council Member

Communication on Progress (COP)

We joined the UN Global Compact on September 2, 2010 and comply with 10 principles in 4 areas of human rights, labour standards, environment and anti-corruption. All employees and executives at LS Mtron will spearhead creating a fair and transparent society by complying with the UN Global Compact on the four areas, and fulfilling duties and actions required for a corporate citizen.

The Ten Principles	LS Mtron policies	LS Mtron activities 2010	Page
HUMAN RIGHTS			
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	· Code of Conduct, Chapter 2: Basic Ethics of Employees	· Channels for human rights protection and empowerment	67
Principle 2: make sure that they are not complicit in human rights abuses.	· Business Partner Ethics Implement Special Contract	· Company-wide employee training on ethical management	77
		· Designating special terms and conditions to practice ethical acts for partner companies	Enacted from 2011
LABOUR STANDARDS			
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	· Collective Agreement	· Established a labor union at LS Mtron (2008)	67
Principle 4: the elimination of all forms of forced and compulsory labour;	· Code of Conduct, Chapter 5: Corporate Responsibilities for Employees	· Held various cooperative channels for labor-management improvement	67
Principle 5: the effective abolition of child labour; and,		· Appointing managers for grievance resolution for each site	67
Principle 6: the elimination of discrimination in respect of employment and occupation.		· Extending support for HR systems for overseas subsidiaries	63
ENVIRONMENT			
Principle 7: Businesses should support a precautionary approach to environmental challenges;	· Green Management Policy	· Establishing the Greenhouse Gas Inventory	54
Principle 8: undertake initiatives to promote greater environmental responsibility; and	· Clause 2. Reducing greenhouse gas emissions and developing environmentally-friendly products	· Setting climate change response strategies and greenhouse gas reduction goals	54
Principle 9: encourage the development and diffusion of environmentally-friendly technologies.	· Clause 3. Building safe and healthy environment as well as preventing hazards)	· Defining the scope of environmentally-friendly products and designating design factors	56
	· Clause 4. Win-win green management and corporate social responsibility)	· Reflecting environmentally-friendly products to the mid-long technology development roadmap for business divisions	56
	· Code of Conduct, Chapter 6: Responsibilities for Country and Society	· Setting company-wide ESH common goal management indicators	57
		· Establishing evaluation systems for safety of facility investment environment	57
ANTI-CORRUPTION			
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	· Code of Conduct,	· Company-wide employee training on ethical management	77
	· Chapter 3: Fair Competition (with Competitors)	· Operating reporting systems on ethical management	77
	· Chapter 4: Fair Business Transaction (Subcontractors)	· Designating special terms and conditions to practice ethical acts for partner companies	Enacted from 2011
	· Chapter 6: Responsibilities for Country and Society		
	· Business Partner Ethics Implement Special Contract		

GRI and ISO 26000 Index

GRI G3		DISCLOSURE ITEMS	RESPONSES OF LS MTRON	PAGE	ISO 26000
PROFILE					
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	CEO Message	6~7	6.2 Organizational governance
	1.2	Description of key impacts, risks, and opportunities.	CEO Message, LS Mtron's Management Principles, Integrated Risk Management	6~7, 8, 70~74	
Organizational Profile	2.1	Name of the organization.	LS Mtron Ltd.	-	-
	2.2	Primary brands, products, and/or services.	Business Profile	79~82	-
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	LS Mtron-Company Profile	8~9	6.2 Organizational governance
	2.4	Location of organization's headquarters.	LS Mtron-Company Profile	8~9	-
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	LS Mtron-Company Profile, Global Network	8~9, 89~91	-
	2.6	Nature of ownership and legal form.	Corporate Governance	76	-
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	LS Mtron-Company Profile, Financial Performance	8~9, 83	-
	2.8	Scale of the reporting organization	LS Mtron-Company Profile	8	-
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	Corporate Governance	76	-
	2.10	Awards received in the reporting period.	Awards	93	-
Report Parameters	3.1	Reporting period.	Report Overview	3	-
	3.2	Date of most recent previous report.	Report Overview	3	-
	3.3	Reporting cycle.	Report Overview	3	-
	3.4	Contact point for questions regarding the report or its contents.	Report Overview	3	-
	3.5	Process for defining report content.	Report Overview	3	-
	3.6	Boundary of the report.	Report Overview	3	-
	3.7	State any specific limitations on the scope or boundary of the report.	Report Overview	3	-
	3.8	Basis for reporting that can significantly affect comparability from period to period and / or between organizations.	Report Overview	3	-
	3.9	Data measurement techniques and the bases of calculations.	Report Overview	3	-
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	2009 investment amounts for social contribution activities	83	-
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods.	Corporate Governance	76	-
	3.12	Table identifying the location of the Standard Disclosures in the report.	GRI and ISO 26000 Index	97~102	-
	3.13	Policy and current practice with regard to seeking external assurance for the report.	Assurance Statement	94~95	7.5.3 Verified
Governance, Commitments, and Engagement	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance	76	6.2 Organizational governance
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Corporate Governance	76	
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance	76	
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Corporate Governance	76	
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	Corporate Governance	76	
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance	76	
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Corporate Governance	76	
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Sustainability Management Guidelines	86~88	
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	Building Sustainability Management Framework-Company-wide SM Steering Group, Framework	24~25	
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Building Sustainability Management Framework-Incorporating SM into Strategic Indicators, Corporate Governance	28, 76	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Green Management Guideline, Climate Change Response	88, 54~55	
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Joining the UN Global Compact	96	
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	Membership	93	
	4.14	List of stakeholder groups engaged by the organization.	Sustainability Management Goals Set for 2011, LS Mtron's stakeholders	16~17, 26~27	
	4.15	Basis for identification and selection of stakeholders with whom to engage.	Sustainability Management Goals Set for 2011, identifying stakeholders, regular access to communication channels	16~17, 26~27	
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Sustainability Management Goals Set for 2011, Stakeholder Dialogue Channel and Type 2010	16~17, 26~27	
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Building Sustainability Management Framework-stakeholder participation	26~27	

● Fully Reported ◐ Partially Reported ○ Not Reported N/A Not Applicable

GRI G3		DISCLOSURE ITEMS	RESPONSES OF LS MTRON	APPLI- CATION LEVEL	PAGE	ISO 26000
ECONOMIC		Disclosure on Management Approach			31, 35, 41, 78	· 6.2 Organizational governance · 6.8 Community involvement and development
Economic Performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Financial Performance	●	83	· 6.8 Community involvement and development · 6.8.3 Community involvement · 6.8.7 Wealth and income creation · 6.8.9 Social investment
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Climate Change Response, Developing Environmentally-Friendly Products	●	54~55, 56~57	· 6.5.5 Climate change mitigation and action
	EC3	Coverage of the organization's defined benefit plan obligations	Advanced HR Management Systems-Retirement Pension System	●	63	-
	EC4	Significant financial assistance received from government	Government Subsidies	●	92	-
Market Presence	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Advanced HR Management Systems-Reward	●	62	· 6.4.4 Conditions of work and social protection · 6.8 Community involvement and development
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Entry Volumes by Region	◐	83	· 6.6.6 Promoting social responsibility in the value chain · 6.8 Community involvement and development · 6.8.5 Employment creation and skills development · 6.8.7 Wealth and income creation
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Advanced HR Management Systems-Expansion in Local Recruits in Overseas Subsidiaries	●	63	· 6.8 Community involvement and development · 6.8.5 Employment creation and skills development · 6.8.7 Wealth and income creation
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Social Contribution Activity Program-various social contribution activities Operation of Advanced ESH Business Site- community environmental preservation activities	●	46~51, 59	· 6.3.9 Economic, social and cultural rights · 6.8 Community involvement and development · 6.8.3 Community involvement · 6.8.4 Education and culture · 6.8.5 Employment creation and skills development · 6.8.6 Technology development and access · 6.8.7 Wealth and income creation · 6.8.9 Social investment
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Supporting Business Partners in Building Infrastructure- various win-win programs Social Contribution Activity Program-various social contribution activities	◐	37~38, 46~51	· 6.3.9 Economic, social and cultural rights · 6.6.6 Promoting social responsibility in the value chain · 6.6.7 Respect for property rights · 6.7.8 Access to essential services · 6.8 Community involvement and development · 6.8.5 Employment creation and skills development · 6.8.6 Technology development and access · 6.8.7 Wealth and income creation · 6.8.9 Social investment

● Fully Reported ◐ Partially Reported ○ Not Reported N/A Not Applicable

GRI G3		DISCLOSURE ITEMS	RESPONSES OF LS MTRON	APPLI- CATION LEVEL	PAGE	ISO 26000
ENVIRONMENTAL		Disclosure on Management Approach	Green Management		53	· 6.2 Organizational governance · 6.5 The Environment
Materials	EN1	Materials used by weight or volume.	Major quantitative indicator- amount of major raw materials	◐	92	· 6.5 The Environment
	EN2	Percentage of materials used that are recycled input materials.	Operation of Advanced ESH Business Site- reusing waste scraps and adoption of a copper recovery system	●	59	· 6.5.4 Sustainable resource use
Energy	EN3	Direct energy consumption by primary energy source.	Major Performance Indicators for Green Management	●	14	
	EN4	Indirect energy consumption by primary source.	Major Performance Indicators for Green Management	●	14	
	EN5	Energy saved due to conservation and efficiency improvements.	Climate Change Response- greenhouse gas reduction activities	◐	54~55	
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Developing Environmentally-Friendly Products- 2010 Major Environmentally-Friendly Products	◐	56~57	
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Climate Change Response- greenhouse gas reduction strategy setting	◐	54~55	
Water	EN8	Total water withdrawal by source.	Major quantitative indicator- water usage	●	92	
	EN9	Water sources significantly affected by withdrawal of water.	Major quantitative indicator- water usage	●	92	
	EN10	Percentage and total volume of water recycled and reused.	Major quantitative indicator- waste water recycling	●	92	
Bio Diversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not Applicable	N/A	-	· 6.5 The Environment · 6.5.6 Protection of the environment & biodiversity, and restoration of natural habitat
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not Applicable	N/A	-	
	EN13	Habitats protected or restored.	Not Applicable	N/A	-	
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not Applicable	N/A	-	
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not Applicable	N/A	-	
Emissions, Effluents, and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight.	Climate Change Response- greenhouse gas emissions	●	54	· 6.5 The Environment
	EN17	Other relevant indirect greenhouse gas emissions by weight.	Climate Change Response- greenhouse gas emissions	●	54	· 6.5.5 Climate change mitigation and action
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Climate Change Response- establishing the Greenhouse Inventory	◐	54	
	EN19	Emissions of ozone-depleting substances by weight.	Operation of Advanced ESH Business Site- waste reduction	◐	58	· 6.5 The Environment
	EN20	NOx, SOx, and other significant air emissions by type and weight.	Major quantitative indicator- emission of pollutants	●	92	· 6.5.3 Prevention of pollution
	EN21	Total water discharge by quality and destination	Major quantitative indicator- waste water	●	92	
	EN22	Total weight of waste by type and disposal method.	Major quantitative indicator- waste	●	92	
	EN23	Total number and volume of significant spills.	Major quantitative indicator- No case reported	●	92	
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Major quantitative indicator- No case dealt	●	92	
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Lack of direct/indirect impact on the business	N/A	-	· 6.5 The Environment · 6.5.4 Sustainable resource use · 6.5.6 Protection of the environment & biodiversity, and restoration of natural habitat
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Developing Environmentally-Friendly Products - defining environmentally-friendly products and establishing the design process, 2010 Major Environmentally-Friendly Products	●	56~57	· 6.5 The Environment · 6.5.4 Sustainable resource use · 6.6.6 Promoting social responsibility in the value chain · 6.7.5 Sustainable consumption
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Lack of performance measurement	○	-	· 6.5 The Environment · 6.5.4 Sustainable resource use · 6.7.5 Sustainable consumption
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Operation of Advanced ESH Business Site- No case reported	●	59	· 6.5 The Environment
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Climate Change Response- greenhouse gas reduction strategy setting	●	54~55	· 6.5 The Environment · 6.5.4 Sustainable resource use · 6.6.6 Promoting social responsibility in the value chain
Overall	EN30	Total environmental protection expenditures and investments by type.	Operation of Advanced ESH Business Site- investment amount in environmental safety and health	◐	58	· 6.5 The Environment

● Fully Reported ◐ Partially Reported ○ Not Reported N/A Not Applicable

GRI G3		DISCLOSURE ITEMS	RESPONSES OF LS MTRON	APPLI- CATION LEVEL	PAGE	ISO 26000
LABOR PRACTICES AND DECENT WORK			Employee Value Enhancement	●	61	· 6.2 Organizational governance · 6.4 Labour Practices · 6.3.10 Fundamental principles and rights at work
Disclosure on Management Approach						
Employment	LA1	Total workforce by employment type, employment contract, and region.	Major quantitative indicator- region-specific employment type	●	92	· 6.4 Labour Practices · 6.4.3 Employment and employment relationships
	LA2	Total number and rate of employee turnover by age group, gender, and region.	Major quantitative indicator- retirement status	◐	92	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Advanced HR Management Systems-employee welfare benefits	●	64	· 6.4 Labour Practices · 6.4.3 Employment and employment relationships · 6.4.4 Conditions of work and social protection
Labor/ Management Relations	LA4	Percentage of employees covered by collective bargaining agreements.	Employee Participation and Trust Building- status of labor union subscription	●	67	· 6.4 Labour Practices · 6.4.3 Employment and employment relationships · 6.4.4 Conditions of work and social protection · 6.4.5 Social dialogue · 6.3.10 Fundamental principles and rights at work
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Employee Participation and Trust Building- notification on changes	●	67	· 6.4 Labour Practices · 6.4.3 Employment and employment relationships · 6.4.4 Conditions of work and social protection · 6.4.5 Social dialogue
Occupational Health and Safety	LA6	Percentage of total workforce represented in formal joint management- worker health and safety committees that help monitor and advise on occupational health and safety programs.	Employee Welfare, Safety and Health- operating the Industrial Safety and Health Committee in each site	◐	69	· 6.4 Labour Practices · 6.4.6 Health and safety at work
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Major performance indicator for Employee Value Enhancement	●	15	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Employee Welfare, Safety and Health- operating employee health enhancement programs	●	69	· 6.4 Labour Practices · 6.4.6 Health and safety at work · 6.8 Community involvement and development · 6.8.3 Community involvement · 6.8.4 Education and culture · 6.8.8 Health
	LA9	Health and safety topics covered in formal agreements with trade unions.	Employee Welfare, Safety and Health- operating the Industrial Safety and Health Committee in each site	◐	69	· 6.4 Labour Practices · 6.4.6 Health and safety at work
	LA10	Average hours of training per year per head by employee category.	Employee Competency Development- training hours and investment cost per head	●	65	· 6.4 Labour Practices · 6.4.7 Human development and training in the workplace
Training and Education	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Employee Competency Development- employee training programs: global, job, core talents fostering	●	65~66	· 6.4 Labour Practices · 6.4.7 Human development and training in the workplace · 6.8.5 Employment creation and skills development
	LA12	Percentage of employees receiving regular performance and career development reviews.	Advanced Human Resources System- employee evaluation system (SPCM system available)	●	62	· 6.4 Labour Practices · 6.4.7 Human development and training in the workplace
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Advanced Human Resources System- diversity and equal opportunities	●	64	· 6.3.7 Discrimination and vulnerable groups · 6.3.10 Fundamental principles and rights at work · 6.4 Labour Practices · 6.4.3 Employment and employment relationships
	LA14	Ratio of basic salary of men to women by employee category.	Advanced Human Resources System- equal application for the same rank	●	62	· 6.3.7 Discrimination and vulnerable groups · 6.3.10 Fundamental principles and rights at work · 6.4 Labour Practices · 6.4.3 Employment and employment relationships · 6.4.4 Conditions of work and social protection

● Fully Reported ◐ Partially Reported ○ Not Reported N/A Not Applicable

GRI G3		DISCLOSURE ITEMS	RESPONSES OF LS MTRON	APPLI- CATION LEVEL	PAGE	ISO 26000
HUMAN RIGHTS		Disclosure on Management Approach	Employee Value Enhancement	●	61	· 6.2 Organizational governance · 6.3 Human Rights
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rightsscreening	Lack of process to identify related materials	○	-	· 6.3 Human Rights · 6.3.3 Due diligence · 6.3.5 Avoidance of complicity · 6.6.6 Promoting social responsibility in the value chain
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Q-Partner System	●	36, Enacted from 2011	· 6.3 Human Rights · 6.3.3 Due diligence · 6.3.5 Avoidance of complicity · 6.4.3 Employment and employment relationships · 6.6.6 Promoting social responsibility in the value chain
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including thepercentage of employees trained.	Ethical Management- Company-wide Employee Ethical Management Training	●	77	· 6.3 Human Rights · 6.3.5 Avoidance of complicity
Non-Discrimination	HR4	Total number of incidents of discrimination and actions taken.	Employee Participation and Trust Building- No case reported on discrimination, improvement in grievance resolution responses, response channels to human rights protection and enhancement	●	64, 67	· 6.3 Human Rights · 6.3.6 Resolving grievances · 6.3.7 Discrimination and vulnerable groups · 6.3.10 Fundamental principles and rights at work · 6.4.3 Employment and employment relationships
Freedom of Association and Collective Bargaining	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Employee Participation and Trust Building- guaranteeing the freedom of assembly and collective bargaining	●	67	· 6.3 Human Rights · 6.3.3 Due diligence · 6.3.4 Human rights risk situations · 6.3.5 Avoidance of complicity · 6.3.8 Civil and political rights · 6.3.10 Fundamental principles and rights at work · 6.4.3 Employment and employment relationships · 6.4.5 Social dialogue
Child Labor	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Employee Participation and Trust Building- improvement in grievance resolution responses, response channels to human rights protection and enhancement	●	67	· 6.3 Human Rights · 6.3.3 Due diligence · 6.3.4 Human rights risk situations
Forced and Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Employee Participation and Trust Building- improvement in grievance resolution responses, response channels to human rights protection and enhancement	●	67	· 6.3.5 Avoidance of complicity · 6.3.7 Discrimination and vulnerable groups · 6.3.10 Fundamental principles and rights at work
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Ethical Management- Company-wide Employee Ethical Management Training	●	77	· 6.3 Human Rights · 6.3.5 Avoidance of complicity · 6.4.3 Employment and employment relationships · 6.6.6 Promoting social responsibility in the value chain
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not Applicable	N/A	-	· 6.3 Human Rights · 6.3.6 Resolving grievances · 6.3.7 Discrimination and vulnerable groups · 6.3.8 Civil and political rights · 6.6.7 Respect for property rights

● Fully Reported ◐ Partially Reported ○ Not Reported N/A Not Applicable

GRI G3		DISCLOSURE ITEMS	RESPONSES OF LS MTRON	APPLI- CATION LEVEL	PAGE	ISO 26000
SOCIETY Disclosure on Management Approach			Social Contribution Activity Win-Win Partnership	●	47, 35	· 6.2 Organizational governance · 6.6 Fair Operating Practices · 6.6 Community involvement and development
Community Corruption	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Social Contribution Activity Program -various social contribution activities	◐	46~51	· 6.3.9 Economic, social and cultural rights · 6.6 Community involvement and development · 6.8.5 Employment creation and skills development · 6.8.7 Wealth and income creation · 6.6.7 Respect for property rights
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption.	Lack of Performance Measurement	○	-	· 6.6 Fair Operating Practices · 6.6.3 Anti-corruption
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Ethical Management- Company-wide Employee Ethical Management Training	●	77	
	SO4	Actions taken in response to incidents of corruption.	Ethical Management-Responses to Management Ethics Violations	●	77	
Public Policy Behavior	SO5	Public policy positions and participation in public policy development and lobbying.	Not Applicable	N/A	-	· 6.6 Fair Operating Practices · 6.6.4 Responsible political involvement
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not Applicable	N/A	-	· 6.8.3 Community involvement
Anti-Competitive	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Supporting Business Partners in Building Infrastructure- no case of violation reported, Fulfillment of TCP	●	36	· 6.6 Fair Operating Practices · 6.6.5 Fair competition · 6.6.7 Respect for property rights
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Major quantitative indicator- no penalties for violation, compliance	●	92	· 6.6 Fair Operating Practices · 6.6.7 Respect for property rights · 6.8.7 Wealth and income creation
PRODUCT RESPONSIBILITY Disclosure on Management Approach			Customer Satisfaction and Quality Management		41	· 6.2 Organizational governance · 6.6 Fair Operating Practices · 6.7 Consumer Issues
Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Obtaining Sustained Product Quality Competitiveness- complying with product lifecycle safety laws and regulations at home and abroad	◐	43	· 6.3.9 Economic, social and cultural rights · 6.6.6 Promoting social responsibility in the value chain · 6.7 Consumer Issues
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Obtaining Sustained Product Quality Competitiveness- no case of violation reported	●	43	· 6.7.4 Protecting consumers' health & safety · 6.7.5 Sustainable consumption
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Communication with Customers- expanding channels to provide product information, e.g. instruction, manual, web-site, demonstration, etc.	◐	44~45	· 6.7 Consumer Issues · 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Communication with Customers- no case of violation reported	●	44	· 6.7.4 Protecting consumers' health & safety · 6.7.5 Sustainable consumption · 6.7.6 Consumer service, support and complaint and dispute resolution · 6.7.9 Education and awareness
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Obtaining Sustained Product Quality Competitiveness-sales and service training Communication with Customers- Customer Satisfaction Survey, showcase, demonstration, etc.	●	42, 44~45	· 6.7 Consumer Issues · 6.7.4 Protecting consumers' health & safety · 6.7.5 Sustainable consumption · 6.7.6 Consumer service, support and complaint and dispute resolution · 6.7.8 Access to essential services · 6.7.9 Education and awareness
Marketing Communication	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Communication with Customers- complying with related laws e.g. advertisement act	●	44	· 6.7 Consumer Issues · 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Communication with Customers- no case of violation reported	●	44	· 6.7.6 Consumer service, support and complaint and dispute resolution · 6.7.9 Education and awareness
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Communication with Customers- no case of violation reported	●	44	· 6.7 Consumer Issues · 6.7.7 Consumer data protection and privacy
Compliance	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Obtaining Sustained Product Quality Competitiveness, Communication with Customers- no penalties for violation	●	44, 45	· 6.7 Consumer Issues · 6.7.6 Consumer service, support and complaint and dispute resolution

GRI Application Level

Our 'Sustainability Report 2010' contains each of the criteria to qualify for GRI-G3 Application level A+ and therefore, we make a self-declaration Level A+ for this report. The entire report contents and reporting process were reviewed by an independent external assurance provider.

We did not apply the GRI G3 Sector Supplements to this report as the requirements cover only a small portion of our business activities.



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