



STORY

LS Mtron Sustainability Report 2015 Vol. 07

Be the **ONE***



To us at LS Mtron, sustainability management is a process to change into something new. This change is about preparing for the future in advance, and recognizing risks that we could not identify before and eliminating them and turning them into an opportunity to build trust.

By ceaselessly changing ourselves into something new, we drive our long-term growth as an organization. This is what we have demonstrated over the past seven years through our integrated sustainability management system.

This is why we take a systemic and sustained approach at LS Mtron in advancing sustainability management. Our sixth sustainability management report presents our previous endeavors and our plans for the future to pursue sustainable growth.

Contents

CEO Message	04
Messages from the Management	06
LS Mtron's Global Reach	08
LS Mtron Vision	10
LS Mtron's Growth and Development	12
Distribution of Economic Value	22
What do stakeholders think about and expect from LS Mtron?	24
Materiality Assessment	26

8 Focus Areas

Innovation	30
Quality and Customer Satisfaction	31
Shared Growth	32
Green Management	33
Social Contribution	34
Technology Development	36
Employee Value Enhancement	38
Ethics Management	40

Appendix

Fact & Figures	42
Compliance with the UN Global Compact	45
Company Governance	46
GRI G4 Index	47
Third-Party Assurance	50
Overview of the Report	52

* CEO Message



We will continue to listen to our stakeholder so that we become a reliable and trusted partner marching together toward the future.

Despite the fast changing external environment and the global economic crisis, LS Mtron has been steadily growing. What do you think is behind such growth?

LS Mtron has continued to grow since its foundation in 2008. The sales of KRW 1 trillion in 2009 doubled to KRW 2 trillion in 2015. In spite of the global economic slowdown and many uncertainties, we have expanded the overseas market and produced results. I believe the driving force that keeps us growing is the hard work and dedication of our employees for the global market.

In July 2015, a ceremony was held to proclaim the new vision of LS Mtron for the company's big leap forward. Can you tell us about the new vision?

At a time when a new paradigm is emerging, we are striving to make a better tomorrow. Our employees as well as partner companies and subsidiaries joined the ceremony to proclaim our new vision 'Be the One*'. 'Be the one' means we are committed to becoming the best by working together'. At the same time it means our goals of: outstanding people; best-in-class products; and winning partnership.

How do you realize 'outstanding people, best-in-class products, and winning partnership'? And what is the ultimate goal you strive to achieve?

By encouraging employees to work from the perspective of offering values to customers and by motivating them to continuously improve themselves, we will be able to secure top-notch talent. If we make products which not only meet customer need but also satisfy the desire of customers based our technological prowess and talented employees, customers will make us the number one company. As we fully recognize the growth and development of stakeholders will ultimately lead to our success in the long term, we will actively contribute to customers and local communities, thereby realizing 'winning partnership'. Based on all these efforts, we will achieve KRW 4.4 trillion of sales and 8.8% of pre-tax profit.

Lastly, please tell us about the company's commitment to communicating with stakeholders for sustainability management and about the future plans.

LS Mtron will continue to spare no efforts to communicate with stakeholders in the areas for sustainability management including innovation, quality, customer satisfaction, shared growth, green management, ethical management, social contribution, technology development, and enhanced employee value in order to become a trusted partner. In this regard, we have implemented various communication channels to listen to our stakeholders, which is a starting point of communication. We will continue to listen to our stakeholder so that we become a reliable and trusted partner marching together toward the future.

Vice Chairman & CEO

Ja - Eun Koo

* Messages from the Management

What activities
has LS Mtron
conducted and
what does it
need in order to
achieve sustainable
growth?

Kwang-Won Lee
President & COO



A lot of efforts have been made to meet customer satisfaction and to achieve shared growth with our stakeholders. We were able to achieve a growth in a short period of time by implementing the management policies including 'crisis management' 'producing results in global businesses' and 'speed management'. Now, volatile internal and external management environments are filled with uncertainties and require us to make a fundamental change and innovate in a sustainable way. We will continue to grow our businesses by achieving quality innovation, entering new markets, and finding new customers. Furthermore, we will go further from just meeting the market needs and requirements to moving the hearts of customers with our products thereby driving the changes in the market.

As there is a famous quote that says 'the best way to predict your future is to create it', we will create a better future by continuing our efforts to communicate with our stakeholders and to pursue changes.

Eek-Hee Lee
Senior Executive Vice President & CFO



The most importance factor in order to take the lead in the future market and respond to the changing environment is understanding our stakeholders and proactively managing businesses and risks. As we have conducted activities for sustainability management since 2009, our employees recognize the importance of the activities and link them with their work. These activities conducted in different areas have led us to improve work efficiency and facilitate organizational culture. To communicate with our global stakeholders, the sustainability management report is published in three languages: Korean, English and Chinese. We will continue to pursue sustainability management and conduct business with consistent strategies in the long term to achieve goals instead of focusing on short-term results.

Kyung-Nyung Woo
Executive Vice President
/ Tractor Division



We have conducted activities to strengthen quality and reliability, which is essential for us to be more competitive than other global companies. At the same time, a foundation for cost leadership has been laid by introducing low-cost design technology and by expanding global sourcing. The key tasks for this year are: expanding market coverage by producing results in overseas businesses and creating a new market; developing new products such as eco-friendly tractors and multi-purpose combines; securing competitiveness in quality at the global level; and innovation in productivity. We will continue our efforts by putting customer satisfaction on a top priority.

Hyeon-Koo Lee
Vice President / Chief
Technology Officer



In 2015, we have identified the growth drivers in the areas of tractors and injection molding machines. At the same time, achievement has been made in R&D including new product development in major businesses, and IP license out. This year, our focus is on strengthening design verification technologies to speed up R&D activities and on expanding 'open innovation' by involving research institutes and technological experts at home and abroad. We are also continuing our efforts in nurturing and securing talent with the program of supporting employees to obtaining doctoral degrees and with the industry-academia scholarship system for students. We will continue to invest in R&D and nurture talented human resources so as to lay a foundation for sustainable growth and competitiveness.

Ho-Je Cho
Executive Vice President
/ Electronic Component Division



For domestic electronic component businesses, we are taking a 'business development' sales approach to our captive customers in regard to their flagship models so that we expand the scope of our products used for their flagship models. For overseas businesses, as we have strengthened sales capability and increased the presence of the company in China and other countries, the scope of models have been expanded and new customers have been secured. In terms of products, we are striving to secure top technologies to come up with strategic products, which will help us to earn the position of a first mover. At the same time, we are concentrating our effort on expanding the product portfolio and on securing component technology. Along with such efforts, we will continue the activities to create growth engines for the future by expanding the 'before market' and finding new items.

Gi-Bon Koo
Vice President/ Chief
Purchasing Officer



As the low-growth trend has continued globally for a longer period of time, cost competitiveness is more important than ever. It can also be translated that cooperation with competitive supplier partners is necessary to achieve a sustainable growth. In this regard, our division has implemented activities for shared growth by focusing on strengthening the competitiveness of our supplier partners. The solid cooperative relationship with the partner companies that we have established based on such activities will play a critical role for us to achieve a sustainable growth.

Young-Tae Kim
Senior Vice President
/ CF Division



Our CF (copper foil) division is the number one player taking the lead in the global market for battery copper foil. We have continuously developed technologies that have differentiated us from our competitors. As a result, we became the first in producing 6μm battery copper foil; received a quality excellence award from Panasonic, the company that has a very high quality standard; earned royalties from competitors; and had our copper foil approved for Tesla electric cars. We will continue our efforts to lead the market with our products such as: ultra-thin copper foil and high-strength and high-elongation copper foil for the next-generation battery; and wide and long winding copper foil for battery essential for better productivity.

Myoung-Ho Park
Director / Chief Human
Resource Officer

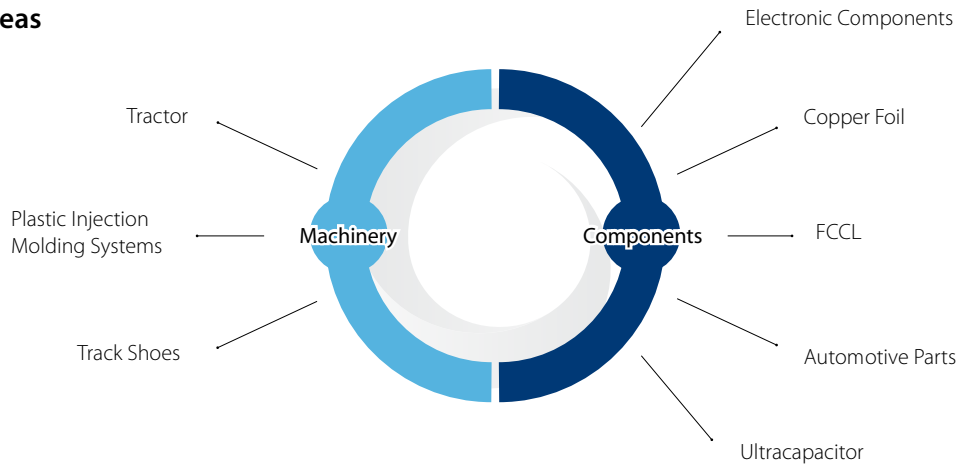


Our focus will be on establishing a foundation for learning so as to help our employees to become the talented workforce. The HR system for technical workers will be reformed. An effort will be made to create an environment where employees study for themselves. In addition, the evaluation system and the reward program will be enhanced by: improving the process of the performance review mainly conducted by a superior; and expanding the scope of the reward program. Such efforts for our competitiveness in HR will contribute to making our product as No. 1 products. Moreover, we will do our best to fulfill a social responsibility by doing volunteer work in rural areas and supporting the children in need so as to become a respected company.

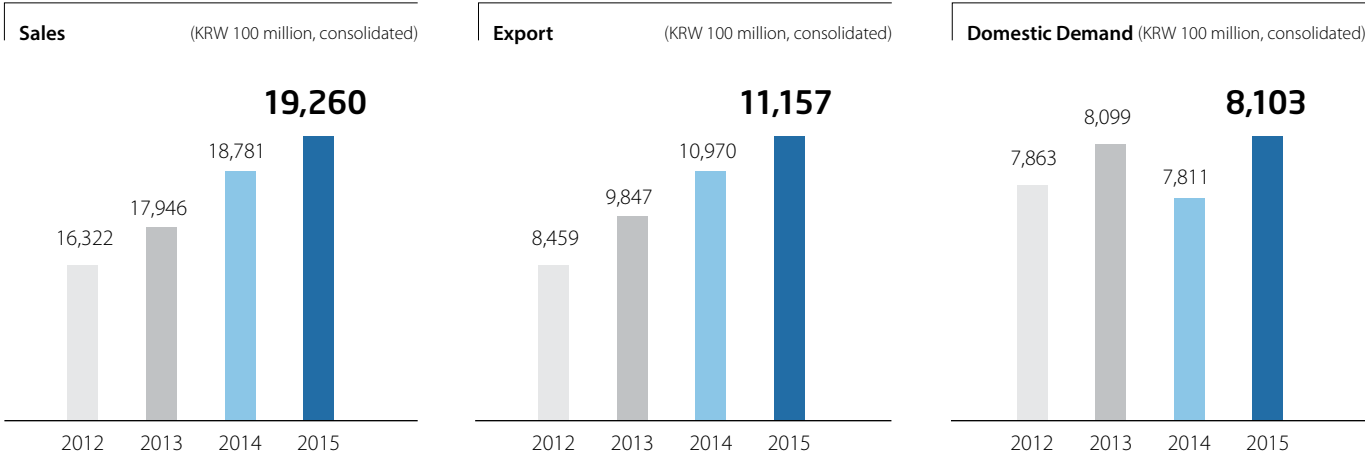
LS Mtron’s Global Reach

We aim to become a sustainable company growing together with all our stakeholders by enhancing value for customers and society with our innovative products and services.

Main Business Areas

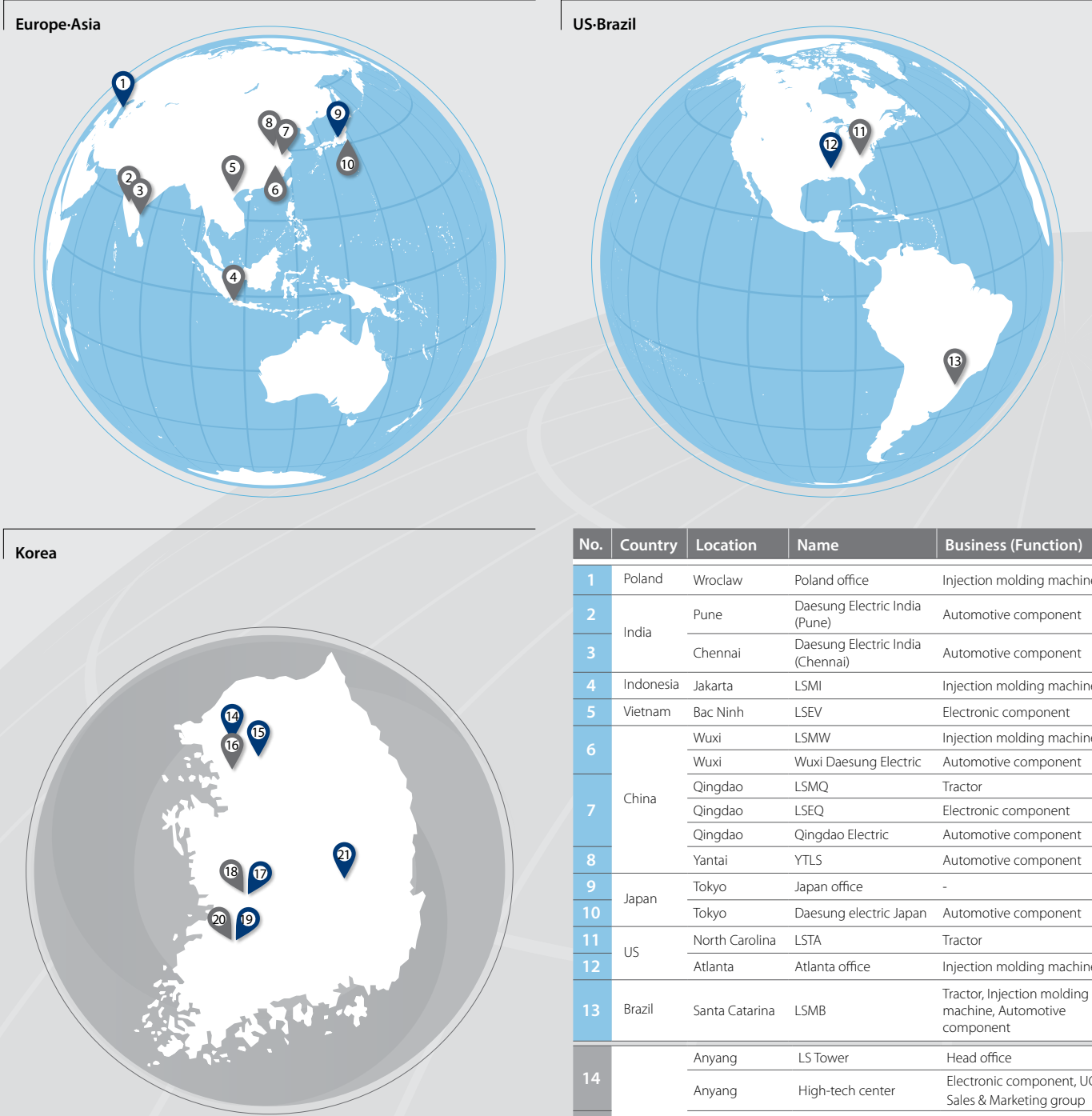


Our main business areas are machinery and components. The machinery business division consists of: tractors; injection molding machines; and special business including caterpillars. On the other hand, the component business division includes: electronic components such as connectors and antennas; cooper foil (CF); FCCL; automotive components including brake hoses; and ultra capacitors (UC).



LS Mtron, which is increasing its presence in the world, is operating **16** overseas locations with its export accounting for **58%** in its total sales revenue and overseas employees occupying **58%** of the total workforce.

📍 LS Mtron / Branch 📍 Subsidiary



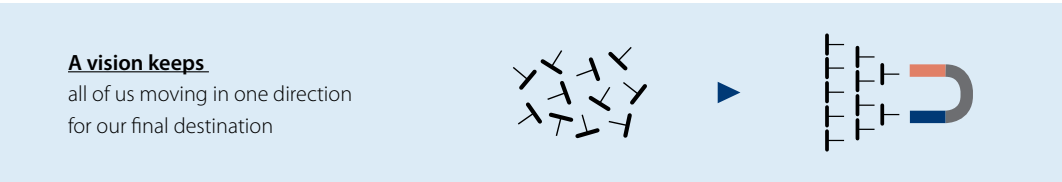
No.	Country	Location	Name	Business (Function)
1	Poland	Wroclaw	Poland office	Injection molding machine
2	India	Pune	Daesung Electric India (Pune)	Automotive component
3		Chennai	Daesung Electric India (Chennai)	Automotive component
4	Indonesia	Jakarta	LSMI	Injection molding machine
5	Vietnam	Bac Ninh	LSEV	Electronic component
6	China	Wuxi	LSMW	Injection molding machine
		Wuxi	Wuxi Daesung Electric	Automotive component
7		Qingdao	LSMQ	Tractor
		Qingdao	LSEQ	Electronic component
	China	Qingdao	Qingdao Electric	Automotive component
8		Yantai	YTLS	Automotive component
9	Japan	Tokyo	Japan office	-
10		Tokyo	Daesung electric Japan	Automotive component
11	US	North Carolina	LSTA	Tractor
12	US	Atlanta	Atlanta office	Injection molding machine
13	Brazil	Santa Catarina	LSMB	Tractor, Injection molding machine, Automotive component
14	Korea	Anyang	LS Tower	Head office
		Anyang	High-tech center	Electronic component, UC, Sales & Marketing group
15	Korea	Gunpo	R&D center	-
16		Ansan	Daesung Electric	Automotive component
17	Korea	Jeonju	Jeonju plant, engine plant	Tractor, Injection molding machine, Special business, tractor engine
18		Jeonju	Nonggaon	Tractor
19	Korea	Jeongup	Jeongup plant	CF, FCCL
20		Jeongup	CASCO	Casting
21	Korea	Gumi	Indong plant	Automotive component

* LS Mtron Vision

LS Mtron vision has been established by reflecting the ideas and opinions of employees on the followings: strong commitment to becoming the number one in the world; aspiration for development and growth; happiness of internal and external stakeholders; and common prosperity.

Why does LS Mtron need a vision?

A British journalist named Napoleon Hill was offered to find a secret to success from Andrew Carnegie, a steel magnate. After he interviewed 507 successful entrepreneurs for 20 years with the help of Mr. Carnegie, he found one thing in common for his interviewees: a definite purpose and persistence to achieve it. As such, those who have a goal in life are living differently from others from three perspectives. Firstly, as they see everything by linking their goals, they can concentrate and efficiently use resources they have. Secondly, clear goals help them to keep motivated and serve as a driving force for them to overcome hardship and difficulties. Thirdly, as they enjoy the process of realizing the goal and feel a sense of accomplishment, they can find the true meaning of life. As such, when an organization has a clear vision of the future and sets goals, it will efficiently utilize limited resources so that all members in the organization will be able to produce and share the result.



How was the vision established?

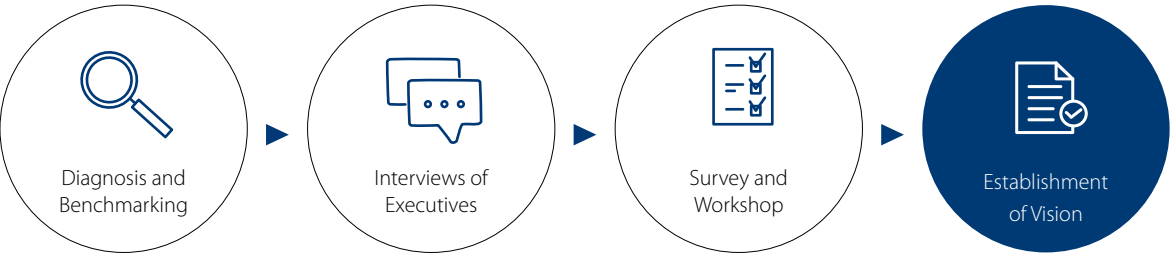
The new project to establish a company vision was launched at the end of February in 2015. In this project, we put a greater importance on considering the ideas and opinions of our employees. It is clear that the opinion of the management is an important factor in creating a vision. However, we believed that only when a vision is something that all members of an organization are willing to follow, we will be able to realize it. Therefore, we decided to focus on listening to all of our employees.

We gathered a wide range of opinions on 'the future of LS Mtron and the desirable organizational culture that our employees dream of' through the channels such as an interview, a survey and a workshop. In the enterprise-wide survey, 90% of 1,900 employees answered the questions such as 'who we are,' and 'values that we can contribute to the society.' The 'vision workshop' was held for 260 employees including 86 team leaders, work group leaders, and team members.

Many employees admitted that it was not easy to set one goal in an organization consisting of different divisions. However, all agreed that they will do their best to lead customers to the success in their businesses.

What is in common among our employees in the survey is the commitment that 'we, as employees, will provide better technology, quality, and speed than our competitors with customers, and contribute to improving their productivity and quality of life.' Based on the opinions and feedbacks we collected, we were able to come up with our new vision.

Process



Outstanding People, Best-in-Class Product, Winning Partnership

Vision

Outstanding People

Individual with world-class competences in the area of his/her role and responsibility

Best-in-Class Product

Products and services with excellent quality and value giving thrills to customers beyond impression

Winning Partnership

Pursue sharing growth with employees, subcontractors, customers and society

Core Value

Ownership

Dedicate themselves heart and soul into the tasks as if the company and businesses are their own.

New-thinking

Pursue positive changes with bright, flexible and innovative thinking.

Excellence

Create customer value with its expertise and insights.

Business Goal

KRW 4.4 trillion of sales and 8.8% of pre-tax profit by 2020

What is 'Outstanding People'?



'Outstanding people' means employees those who are the best in their role and responsibility regardless of their educational background, gender, or region. For example, if there are employees who complete the assembly job quickly with the precise volt torque values, they are the ones.

What is a 'Best-in-Class Product'?



If your family or friends ask you what mobile phone or car they should buy, what would be your answer? It is highly likely that you recommend your favorite product or brand. The rationale behind your recommendation is the trust in the product or brand. What do you think is the best way to have customer loyalty? We believe it is hard work and dedication to customer value and product quality.

What is a 'Winning Partnership'?



Based on a solid partnership, we cooperate with our stakeholders, win in the competition, share the result and grow together.



* **LS Mtron's Growth and Development**

Tractor

All-purpose workers to help farmers from plowing to harvesting

LS MINI - Dominating the Tractor Market with the Core Technology of LS Mtron

In October 2015, the tractor division launched LS MINI, a new concept of an agricultural machine replacing a current tractor. It is a 18 horsepower all-purpose farming machine with workability which is safe, economical, and convenient. While the basic performance and design of tractors are maintained for this new concept of machine, safety functions are strengthened and its price is surprisingly affordable. Every year, more than 400 safety accidents related to farming machines occur in Korea. In this regard, LS MINI will help farmers to drive and work safe with its safety functions including safety belts, side-view mirrors, light bars, and a safety frame. In addition, a surprisingly affordable price in the range of KRW 6 million shows our commitment to contributing to the rural economy by minimizing the burden of farmers. Due to the power steering and forward and reverse pedals to which Hydrostatic transmission (HST) (which is the same as the automatic transmission of a car) is employed, anyone can easily drive LS MINI. This product is ideal for tree-fruit farmers, small and independent farmers, and people who have turned to farming.



- A new concept of an agricultural machine has been launched with its safety functions improved as safety accidents related to farming machines in rural areas are on the rise.
- Due to the power steering and the hydrostatic transmission (HST) just like the automatic transmission of a car, it is easy to operate LS MINI.

LSMB (Tractor_Brazil) - Foundation for Growth Secured despite a Sharp Economic Downturn in Brazil

The tractor market in Brazil in 2015 declined more than 30% from the previous year due to the global economic slowdown and to domestic political issues. As the 2015 sales in LSMB was similar to 2014 despite such difficult situation, its market share grew from 2.9% in 2014 to 4.2% in 2015. Such achievement is the result of proactively responding to external environment by: effectively communicating with customers on the excellence of its products; finding good local business partners; swiftly responding to market requirements; and developing its own financing method (Barter).

- 14 states, 31 business partners, 45 branches
- A financing method (Barter) has been developed on its own to resolve the issue of the belt-tightening policy in the Brazil government.

LSTA (Tractor_US) - Eco-friendly LS Tier4 Engine Model Successfully Entering the US Market and Positioning Itself as a Rising Power

When the US EPA strengthened its emission regulations in 2013, LSTA launched a Tier4 engine model ahead of the competitors. As a result, its sales increased from 10% in 2013 to 40% in 2014 and to 70% of the total sale in the market in 2015 due to the successful market entry of the Tier4 model. Such result can be translated that the technological prowess of LS has been recognized in the US market, one of the most competitive markets in the world. As LSTA achieved the double-digit growth for two years in a row, 2015 was the year for the company to position itself as a rising power in six years since its entry into the small- and medium-sized tractor market in the US. In 2016, LS Tractor USA plans to: launch the Tier4 model in a full range of horsepower; promote marketing activities and increase the brand recognition; and restructure its organization. It will intensify its efforts to achieve a 10% market share in the US by 2020 so as to become a major player in the global tractor market.



- The Tier4 engine model, which was launched to respond to the tightened EPA emission regulations, has successfully entered the US market.
- The double-digit growth was recorded for two years in a row in the small- and medium-sized tractor market in the US.

LSMQ (Tractor_China) - Participation in China International Agricultural Machinery Exhibition (CIAME) in 2015

LSMQ joined the 2015 China International Agricultural Machinery Exhibition held in Qingdao from October 26 to 28 in 2015. In this the biggest agriculture machinery exhibition in China, around 1,900 domestic and international companies participated. In the 900 m² sized LSMQ booth, 130 horsepower H-model, 100 horsepower Tier3 P-model, and 55 horsepower U-model tractors and a wide range of implements were displayed and garnered a positive response from visitors. The participation in the exhibition served as an opportunity to promote the key products of LSMQ. In addition, the first LSMQ ceremony was held to award the certificate of a dedicated dealer to 17 dealers in China during the exhibition. As part of the LSMQ mid- and long-term task to strengthen marketing capability in order to become the top 5 company in China with 8% of market share, LSMQ plans to increase the number of dedicated dealers to 80 by 2018 and to 100 by 2020.

- China International Agricultural Machinery Exhibition (CIAME)
- Dedicated dealers (dealers selling more than 50 LS Mtron tractors annually)



Electronic Component

Connectors and Antennas, Essential Elements of Mobile Phones



Foundation for Growth Laid by Providing Proprietary Products and Expanding the Overseas Customer Base

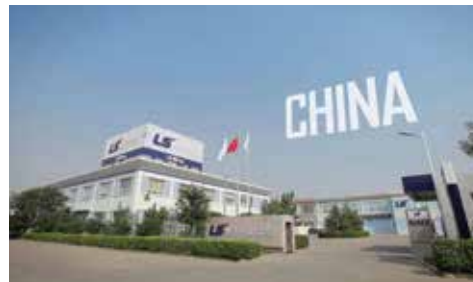
The 2015 performance of the electronic component division, which is in charge of the production and sales of micro connectors for mobile phones and LCD panels, was weak compared to the previous year. It was mainly attributable to difficult business environment and to fierce competition in the market: the sluggish economy of emerging markets such as China led to the slowing down of the global smartphone market and to the stagnation of the panel market; and the pressure of lowering the unit cost due to the weak domestic demand was increasing. Still, there was a bright side as well: an expected result was achieved; the scope of proprietary product sales has been expanded with a 'business development' sales strategy; and a new overseas customer base has been expanded thereby increasing the presence of the company overseas. We will continue our efforts to strengthen the foundation for sustainable growth by: expanding the customer base with a 'business development' sales strategy and customized sales approaches; and strengthening cost competitiveness with market-leading products and innovation activities.

- The sales scope of B2B proprietary products and new m-USB (type-C, waterproof) products have been expanded with a 'business development' sales strategy.
- The overseas customer base has been expanded and the presence of the company has increased with customized sales approaches.

LSEQ (Electronic Component_China) - Competitiveness Secured by Operational Efficiency

In order to secure sustainable competitiveness, LSEQ localized all processes and identified the companies for the dual production for each process. In particular, the participation of a local company in China in the press process has helped to strengthen cost competitiveness and supply capability. Assemblers were also manufactured and managed by a local assembler maker. Existing legacy process management system, settlement by handwriting, and an accounting system were integrated into SAP for management efficiency. At the same time, employees have received trainings on a regular basis to raise awareness and get motivated in the 'waste zero school'. The local sales personnel was increased and a system to support them was established to expand the sales in China. LSEQ continues its efforts to become more competitive by: locally developing technical skill to increase the production of advanced automatic equipment; and localizing half-finished products by introducing injection molding and insert technologies and by utilizing its outsourced infrastructure.

- The dual production system for all processes was established.
- Assemblers have been manufactured and managed by a local assembler maker in China.



LSEV (Electronic Component_Vietnam) - Sales Increased by Customized Sales Approaches; and Low-cost Production Base Established

LSEV completed the construction of a plant in the VSIP industrial complex near Hanoi in October 2014, and started business with Samsung Vietnam in April, 2015. A sales organization with customized sales approaches was set up and support has been provided to the organization to increase the sales in Vietnam. As the scope of products has been expanded, a lot of activities have been conducted: local technical workers were trained through the exchanges between the head office and LSEQ; operational capability for a manual process was secured to respond to new products; a low-cost plant was established by improving productivity and localizing half-finished products based on the low-wage infrastructure. In addition, activities for strengthening operational capability such as acquiring ISO certification and rolling out ERP were conducted as well.



- Business with Samsung Vietnam started and customized sales activities have been conducted.
- Manufacturing capability for new products have been secured and a low-cost plant was built up.
- Operational capability has been strengthened.

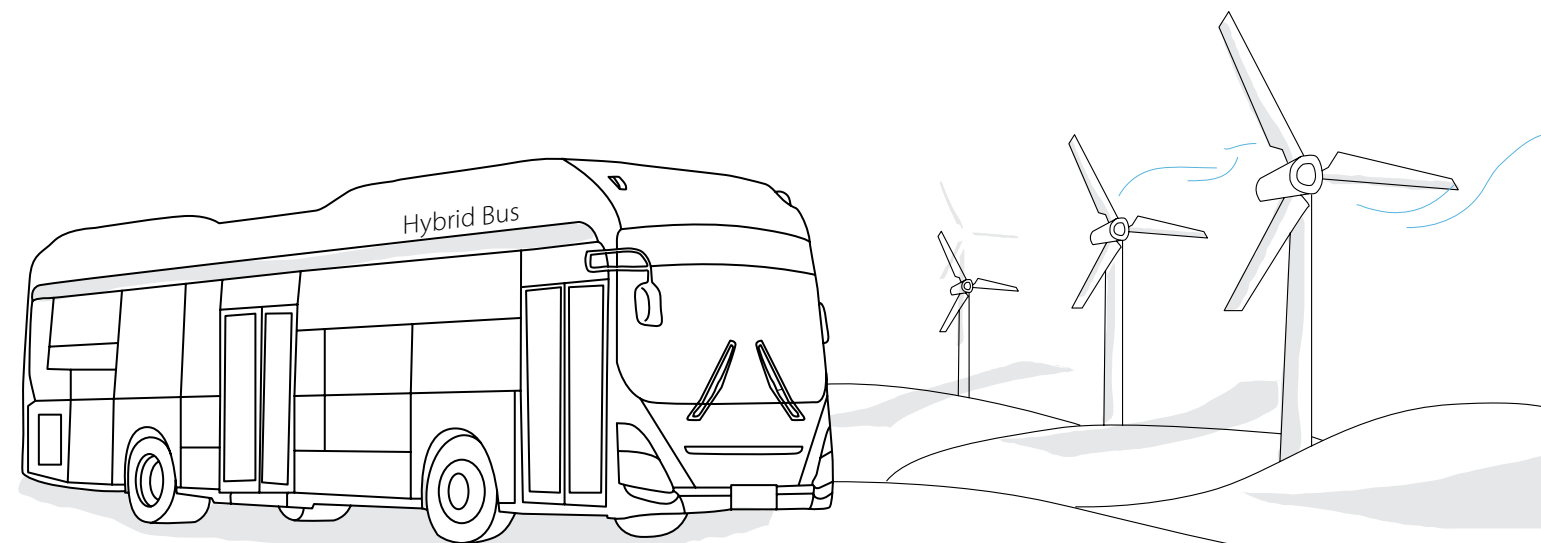
UC

Eco-friendly Energy Storage Device for Windmills, Hybrid Buses, and UPS

Sales Growth Achieved for Three Consecutive Years; and Global Business Partner Secured

The UC division has achieved a growth in sales for three years in a row. Despite the global economic recession and weak investment, we continued our efforts to find a new market and to enhance the competitiveness in our products. As a result, the LSUC brand recognition has been increased not only in the key areas of hybrid bus, industrial devices, and wind power but also in the areas for potential markets such as transportation and heavy equipment. In addition, the division has formed a partnership with global companies including LSIS. An MOU was signed with LSIS to increase the sales of UC in the China market: both companies agreed that LSIS will develop and sell UC-applied products and that LSIS will introduce LSUC to its customers in China and will conduct promotion activities together.

- Sales growth for three consecutive years has been achieved by finding a new market and by strengthening the product competitiveness.
- Partnerships have been formed with with global companies including LSIS.



Injection Molding Machine

Machinery That Makes Plastic Shapes for Automotive Exteriors and Interiors and for Home Appliances

Accelerated Technological Innovation to Enter the Market with Customer-centric Approaches

The injection molding division focused on strengthening the R&D base and on utilizing resources. As a result, we developed: a large-sized new model (1800-ton prototype design) to which a new two-platen clamping unit is applied; and an electric-powered special machine (medium-sized 650/850 tons; injection blow machine). A foundation to move from a manufacturer-centric business model to a customer-centric model has been established by identifying items to drive a future growth such as a smart injection molding machine. A smart injection molding machine enables us: to secure a consistent molding quality and better productivity by controlling a injection machine and peripheral devices including robots based on molding conditions and information; and to remotely control the process from the central control system. Product and technological innovation will continue in order to maximize the customer convenience and satisfaction and to take a leap forward to become the world's number one brand.

- The large-sized new model (1800-ton prototype design) to which a new two-platen clamping unit is applied has been developed.
- An electric-powered special machine (medium-sized 650/850 tons; injection blow machine) has been developed.

LSMI (Injection Molding Machine_Indonesia) - Competitiveness Increased by Swift Delivery

Since LSMI was established as a sales subsidiary in 2014, local agents were set up to expand a sales network in Indonesia. Training was provided to agents internally and at the head office in Korea to improve their sales and technological capabilities. In addition, more swift product supply of LSMI than its competitors has satisfied its customers (as LSMI always keeps its products in stock), and the quick response to component issues raised by customers has made LSMI as a trusted partner. Furthermore, its recognized technological skills have helped LSMI to win a contract such as remodeling an old type of machine, resulting in increasing its presence in Indonesia.

- Local agents were set up to strengthen sales and technological capabilities.
- LSMI has quickly responded to customer requirements by keeping its injection molding machines and components in stock.

LSMW (Injection Molding Machine_China) - Targeting the Mega-sized Injection Molding Market in China

As LSMW continued to intensify its efforts to secure key customers in the China automotive industry, it was able to win contracts worth RMB 80 million with Chinese companies including Shenyang Dao Da, Wuhun An Rui, and Guangzhou Hai Tian and with Korean companies such as DongKwang Tech, Goldline, and KM&I. It plans to expand the customer base not only of Chinese and Korean companies but also of other global companies in China. In line with the trend of a larger-sized injection molding machine, the size of machines has been upgraded and a two-colored injection molding machine has been developed. In the 2015 model, performance and operational convenience have been improved by reducing cycle time by 20% and by upgrading a control system. Internally, quality and assembly productivity have been enhanced. In 2016, it will continue its efforts to develop a mega-sized machine and control quality.

- Key customers in the China automotive industry were secured and a contract for a large-scale project was won.
- A mega-sized line was added and a 1600-ton two-colored injection molding machine has been developed.

Special Business

Caterpillars That Provide Smooth Driving and Mobility with a Combat Car

Competiveness Secured by Developing Caterpillars for Export; and Manufacturing Process Partially Automated

Caterpillars support the weight of mobility equipment for combat such as tanks, armored vehicles and self-propelled artillery, and secure mobility on the rough road. LS Mtron is the one and only caterpillar maker in Korea. We have supplied caterpillars with the Republic of Korea Armed Forces for about 40 years since 1975 and is now diversifying customers at home and abroad. In 2015, the manufacturing process was partially automated by introducing work-purpose robots. A foundation for producing results overseas has been laid by developing 2-body forging type of caterpillars for export for the first time in Korea. We secured credibility as a defense company by acquiring PMS (productivity management system) Level 6 not as a part manufacturer but as an equipment manufacturer. We will continue to develop products for future growth and to proactively enter overseas markets so that we will become one of the leading global companies and take the lead in developing cutting-edge technologies in the defense industry.

- A foundation has been laid to proactively target overseas markets by developing innovative products.
- Manufacturing and quality competitiveness has been secured and credibility has been earned as a defense company.



Efforts Made to Secure Plastic-based Technology and Enter a New Market

The automotive component division, which makes a wide range of hoses and components for cars, is concentrating its focus on investing new equipment and on developing new products. As the number of eco-friendly and engine-downsizing turbo cars has been on the rise, there is a requirement for cost competitive and light weight components. In this regard, we have set the vision and goal of the division and are working on securing proprietary technology for the development of plastic-based ducts for CAC. In addition, as we have become a supplier for the Hyundai Motor Company based on our technological prowess and mass production experience, we plan to expand the new market.

- Efforts are being made to develop plastic-based assembled ducts.
- We have obtained the status as the supplier for the Hyundai Motor Company.

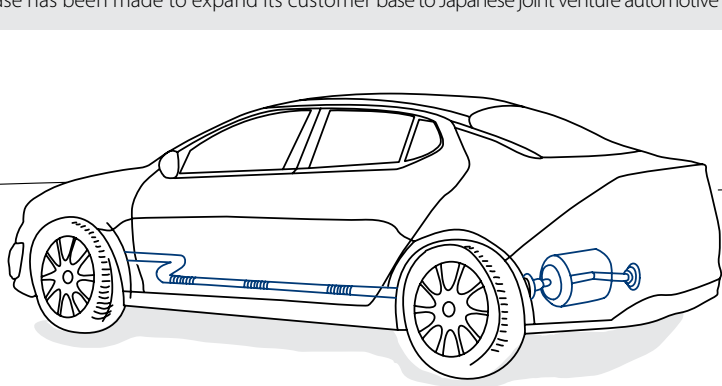
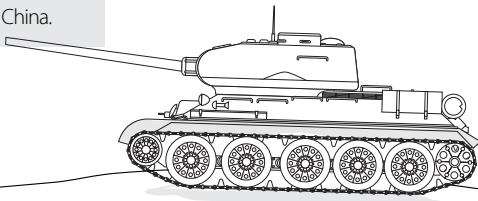
YTLS (Automotive Component_China) - SAIC Motor IP32 Project Won; and Changan Mazda Supplier Status Acquired

After a fierce competition with competitors in China, YTLS won a project on IP31, a prototype car which SAIC Motor is concentrating the focus on its development for 5 to 10 years. Winning this project means the technological prowess of YTLS has been recognized by SAIC. At the same time, it serves as a base for YTLS to become one of major suppliers of SAIC. In addition, we have become a supplier for Changan Mazda to which our competitor Hitachi is also supplying its products to the company. As we have obtained the supplier status for Changan Mazda as well as for FAW Mazda, we will be able to expand our customer base into Japanese joint venture automotive companies in China.

- As YTLS won a SAIC project on a major car model, it is expected to win more contracts.
- A base has been made to expand its customer base to Japanese joint venture automotive companies in China.

Automotive Component

Rubber Hose, the Pathway of Air or Liquid



CF

Battery Copper Foil Used for the Batteries of Electric Vehicles and IT Devices

Leading a Battery CF market with New Products

The CF division has been focusing on developing new products which meet the current and future requirements in the secondary battery industry since it developed 6μm battery copper foil for the first time in the world in 2013. In this regard, we have produced results in production technologies such as copper plating recipe and roll to roll technology. CF with enhanced material properties including high-strength CF and high-elongation CF was developed and its production started in 2015. We are working on the development and commercialization of 5μm CF, which will lead the trend of ultrathin CF. We are also intensifying our efforts to develop 4 μm CF, and working on 7 μm CF for flexible PCB (FPCB). In addition, we received a quality excellence award from Panasonic, one of our customers, and earned royalties from competitors in other countries. As such, we are conducting development activities based on our technological prowess as a global top player in the battery CF area.

- The first company in the world that has developed 5μm battery copper foil.
- CF with enhanced material properties (SU-battery copper foil and T-battery copper foil) has been developed.
- The development of ultrathin CF for flexible PCB (FPCB) is underway.

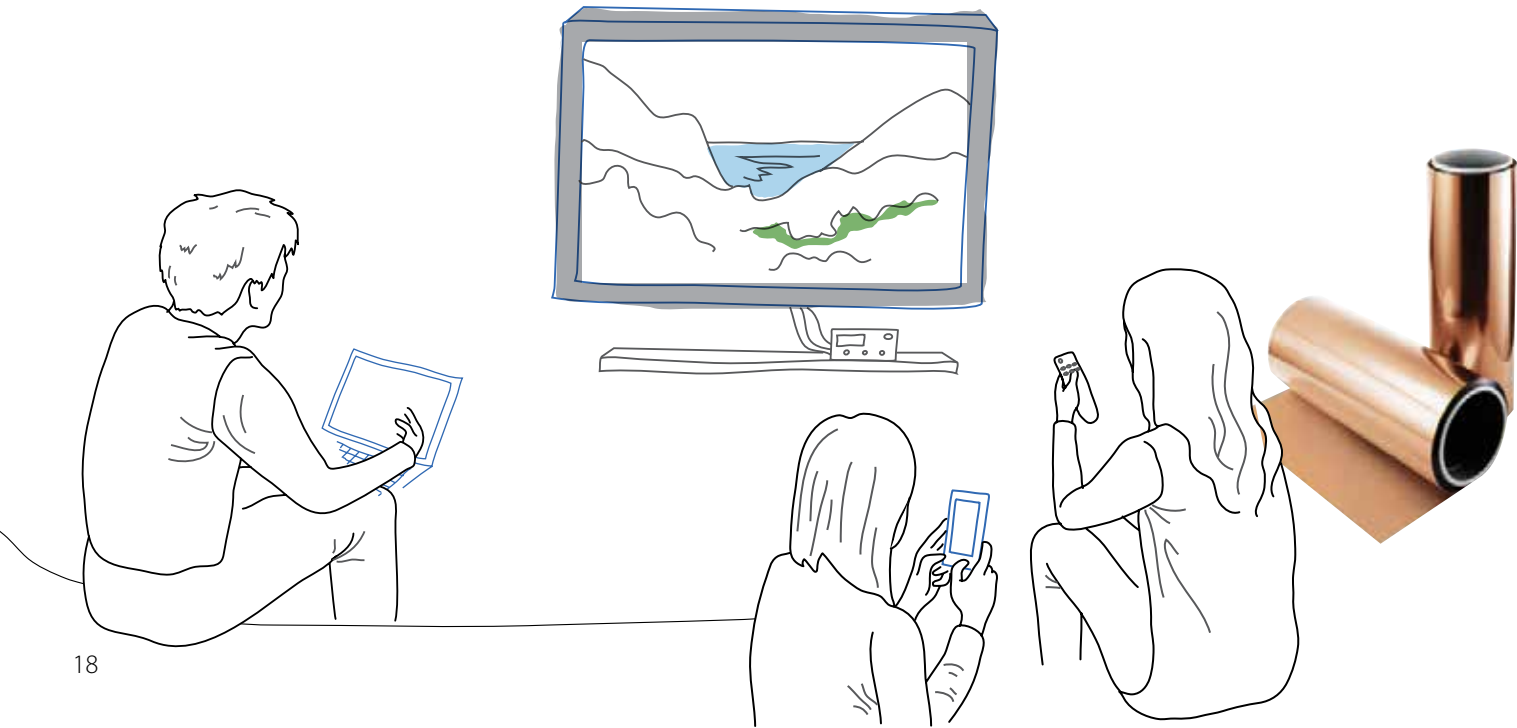
FCCL

FCCL Used in FPCB for the Electronic Components of TVs and Mobile Phones

Development of Thin Film Materials to Respond to the Expansion of Flexible Devices

The sputter-type FCCL is a technology-intensive product and it is manufactured and sold only by three companies in the world. Our product, which accounts for 30% of the global market share, has been registered as the ‘world’s best products’ by the Korean government. This year, in particular, we have maintained a steady growth despite the sluggish display sector at home and abroad. Recently, an increasing number of our products are supplied to Japanese and Chinese companies as well as Samsung and LG. As the use of two-sided materials is on the rise due to the emergence of flexible devices such as smartphones and smart watches, our customers have increased their investment in new lines. In this regard, we have completed the development of two-sided semi-FCCL and proceeded to get an approval from the customer. Next year, we aim to increase the sales of FCCL for flexible devices so as to strengthen its position as the world’s top product.

- The next-generation two-sided FCCL for smartphones has been sold to the customer.
- Functional film materials have been locally produced and innovative products have been developed.



Daesung Electric Co., Ltd (Subsidiary)

A Company Manufacturing Switches, Relays and Other Electronic Components of Cars

Making a High-value Added Business Portfolio and Speeding up Globalization

The HMI market is being dominated by a small number of companies such as Kostal, Valeo, and Alps. In addition, a barrier to entry is high due to customer relationship, quality and SCM. Daesung Electric has maintained a stable customer portfolio focusing on leading companies such as GM and Nissan and on companies in emerging markets (China and India) including Geely and TATA. At the same time, the company has nurtured high-value added businesses by product modularization and integration and by unit cost innovation. As for the BCS business, a sales team focusing on China was set up to expand the business into emerging markets such as China and Iran. In regard to the MC business, the company is concentrating on maximizing profitability based on manufacturing technology in processing, molding and automation equipment by expanding its global business in the areas of ABS coil & housing and relays: as the company won a KRW 200 billion worth of contract from the world’s biggest steering manufacturer, the production of ABS coil & housing has started. Deasung Electric have seven overseas locations accounting for 51% of total business and it will increase the percentage to 54% by 2018 by adding locations in countries such as Mexico, China, and India. As for the eco-friendly self-driving car market, the company has developed a (H)EV product group consisting of VESS, and 48V converters. In April 2016, the company won a KRW 50 billion of contract to supply switches to a global self-driving car manufacturer.



- The production of ABS coil & housing has started as the company won the contract from the world’s biggest steering manufacturer in the US.
- The market for a (H)EV product group consisting of VESS, 48V converters, and resolvers has been expanded.
- The company has entered the self driving car market by winning a contract from a global self driving car maker in the US.

CASCO Co., Ltd (Subsidiary)

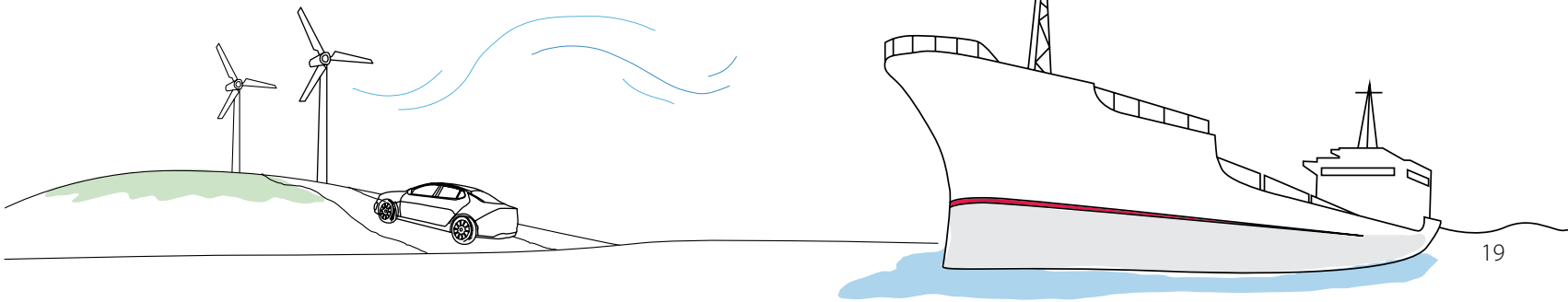
A Mega-sized Casting Product Maker from Ship Engines to Gas Turbine and Windmill Components

The First Company in Korea That Developed TC3, a Third-generation Low Wind Speed Power Generation Component





CASCO is the first company in Korea that has developed TC3 (hub, main frame, and hub spacer), a highly-efficient component for a low-wind-speed wind power generator. The blade diameters of component materials is larger than that of existing blades in the TC3 wind power generator for more efficient power generation. As a result, the low-wind-speed wind power generator has more than 30% of power generation efficiency than the existing wind power generators as it utilizes wind as much as possible at a low wind speed. As the TC3 wind power generator component is designed considering its endurance even in high-speed wind such as a typhoon, the durability and stability of the TC3 wind power generator component are critical. It is fair to say that the TC3 development is the result of the technological prowess of the company as an casting specialist and the result of the efforts made though its R&D team. The components are expected to drive the expansion of the wind power generation complex on the ground in Korea as it helps to secure high power generation efficiency even in the area where there is not enough wind resource. In this regard, CASCO is expected to gain a competitive edge over its competitors such as Chinese companies in the domestic market for wind power generator components.



- The development of TC3 shows the technological capability of CASCO in large-sized wind power generator components.



* LS Mtron's Growth and Development

Category		Main Outcomes in 2015		Main Plans in 2016		Mid- and Long-term Growth Points	
 Tractor	Head Office	<ul style="list-style-type: none">Successfully launched the domestically-developed Tier4 engineLaunched LS MINI, the first model replacing tractorsSwitched to the Tier4 engine modelExpanded the European market coverage based on OEM supplyPresident's Award for Quality Management received by the quality circle	<ul style="list-style-type: none">KOLAS accreditation acquired by the reliability analysis labPresented products to the Agritechnica 2015 in Hannover, the world's largest trade fair for agricultural machinery and equipmentSelected as a vendor to conduct national ODA project for mechanized agriculture in Vietnam	<ul style="list-style-type: none">To strengthen the LS brand networkTo secure a supply for OEMTo find a new market	<ul style="list-style-type: none">To lead the market and develop products that meet the needs of local marketsTo make the production process more efficient	<ul style="list-style-type: none">To increase brand sales by entering new markets and securing global hub locations based on OEMTo strengthen leadership in the Korean market by refining the distribution network	<ul style="list-style-type: none">To lead the market and strengthen the capability for developing products that meet the needs of the local marketTo secure production capability and become competitive in cost, service and quality
	China (LSMQ)	<ul style="list-style-type: none">Developed and launched U/P face lift model (Tier3)Strengthened a distribution network (30 dedicated dealers)	<ul style="list-style-type: none">Strengthened the C/S response ('3024' activities: reply in 30 minutes, repair in 24 hours)	<ul style="list-style-type: none">To develop and produce H-model (100 to 140 horse power)To do a face lift of V/Kai model (Tier3)	<ul style="list-style-type: none">To strengthen a distribution network by increasing the number of dedicated dealers (from 30 to 40)	<ul style="list-style-type: none">To be competitive in product qualityTo secure leadership in cost	<ul style="list-style-type: none">To strengthen sales and marketing capabilities by increasing the number of dedicated dealersTo secure competitive partner companies
	U.S. (LSTA)	<ul style="list-style-type: none">Achieved the double-digit growth for 2 years in a row (a 16% growth from the previous year)Successfully launched an LS-engine mounted eco-friendly tractor	<ul style="list-style-type: none">Expanded a dealer network in the Northeast and the WestSystemize a brand recognition strategyReceived the first prize in 2015 EDA Dealer's Choice Award tractor	<ul style="list-style-type: none">To increase the sales and market share in North AmericaTo strengthen a dealer network and increase brand awarenessTo strengthen a LS Tier4 Economy product line-up	<ul style="list-style-type: none">To improve the customer satisfaction on quality and serviceTo establish a foundation for advanced corporate culture	<ul style="list-style-type: none">To expand the lineup of compact productsTo take a customer-centric approach in developing products and launching a marketing campaign	<ul style="list-style-type: none">To strengthen organizational capability to become a major player in the marketTo specialize and expand the network of dealers
	Brazil (LSMB)	<ul style="list-style-type: none">Entered the Latin America market such as Ecuador and Costa RicaIncreased the market share in Brazil (8th place → 6th place)Received the tractor award of the year in Brazil	<ul style="list-style-type: none">Expanded a distribution network from 37 to 45 storesDeveloped 'Barter', a new financing tool	<ul style="list-style-type: none">To expand the Latin American market to Bolivia and ParaguayTo expand the market in association with local manufacturers	<ul style="list-style-type: none">To enhance the competitiveness by localizationTo win big contracts in the markets in Latin America and Africa by utilizing MDA International in Brazil and the finance institutions in Korea	<ul style="list-style-type: none">To expand market coverage by launching a H modelTo diversify financing tools : Barter (coffee → soybean, corn)	<ul style="list-style-type: none">To develop programs (for training and transferring agricultural technology) for shared growth in order to win big contracts in Latin America and AfricaTo have a 75 to 90 horsepower compact product line-up
 Injection Molding	Head Office	<ul style="list-style-type: none">Conducting projects to develop new products- A large-sized new model to which a new two-platen clamping unit is applied; and ultrahigh-speed electric-powered injection molding machines with different colors and types- Electric-powered special machines (medium sized; 650/850 tons; IBM)- A medium-sized compact-type injection molding machine	<ul style="list-style-type: none">Strengthening development capability- Built a screw performance database- Developed the interface for peripheral devices, and the automatic zero point adjustment function in Loadcell and types	<ul style="list-style-type: none">Conducting projects to develop new products- To expand the line-up for the new two-platen model- To develop 1,000-ton medium-sized electric-powered injection machinesDeveloping applied technology- To develop the control screen design and option program- To develop a high reliable location sensor in order to develop a high-speed electric-powered injection machine	<ul style="list-style-type: none">Strengthening development capability- To enhance the plasticization technology and establish a screw design standard- To develop technology to optimize molding data and automatic forming conditions- To develop a protocol for communication within a injection molding machine	<ul style="list-style-type: none">To secure the competitiveness in product and technology- To develop a new model to enter the Tier1 group- To continue to identify market leading products- To develop and apply new molding techniques in order to respond to the requirement for light weight products- To internalize a smart injection molding machine (quality control and injection molding technology support)	<ul style="list-style-type: none">To expand overseas business- To find customers for special injection machines such as a local pallet makerTo strengthen quality competitiveness in design, manufacturing, and products)- To secure quality test equipment and related workforce and upgrade a quality systemTo create a synergy through cooperation between the head office (Jeonju) and LSMW
	China (LSMW)	<ul style="list-style-type: none">Expanded the customer base in the auto industry and secured customers in the logistics industry (pallet)Upgraded the quality for medium-, large- and mega-sized products and strengthened quality controlReduced cost and equalized the distribution of production load	<ul style="list-style-type: none">Conducted innovation activities (facilitating improvement activities and a proposal system of the quality circle)Improved the product quality of partner suppliers and strengthened monitoring customer complaints	<ul style="list-style-type: none">To win more contracts in the domestic auto industry targeting medium-, large- and mega-sized markets- Local companies: Great Wall Motor Company, Changan Auto, and Dongfeng Motor Corporation- Korean companies: Beijing Hyundai Plant 4 (Changzhou) and Plant 5 (Chongqing)To resolve the issue of being swamped with work at the end of the month and to increase the accuracy in production planning- To promote communication and cooperation among sales, development and purchasing teams on a regular basis	<ul style="list-style-type: none">To increase repeat order by proactively handling the issues of VIP customers before they requestTo find new customers through the LS technology exchange meeting- To create a synergy by cooperating with molding/peripheral devices/resin companiesTo improve quality of mega-sized products (strengthening the inspections on design quality, installation on the customer site and test operation)	<ul style="list-style-type: none">To focus on a mega-sized hydraulic model by targeting the car marketTo strengthen technical sales capability and accumulate sales reference by molding product	<ul style="list-style-type: none">To improve initial response in customer service and provide customers with support to help them reduce non-operating time due to the equipment issuesTo re-establish a large-sized product line-up (development of 4,000-ton (or more) injection machines)To expand the development scope of a mega-sized two-colored injection machine for its production and sales
	Indonesia (LSMI)	<ul style="list-style-type: none">Maximized PR activities with show rooms in Indonesia and a plant tour (in Korea)	<ul style="list-style-type: none">Met customer needs by swiftly supplying machinesSet up local agents to secure a sales network in Indonesia	<ul style="list-style-type: none">To promote the LS brand and to increase sales by conducting organized sales activities of subsidiaries and agents	<ul style="list-style-type: none">To provide client companies with low-interest financing in cooperation with Indonesian leasing companies	<ul style="list-style-type: none">To build trust by providing customers with free check-ups on a regular basis	<ul style="list-style-type: none">To identify new customers through agentsTo conduct subsidiary-driven activities to entice defected customers
 Special Business	Head Office	<ul style="list-style-type: none">Partially automated manufacturing processesDeveloped 2-body forging type of caterpillars for export for the first time in the world	<ul style="list-style-type: none">Acquired PMS (productivity management system) certification and Level 6	<ul style="list-style-type: none">To operate the domestic caterpillar business in a stable mannerTo produce results in overseas businesses (focusing on the Middle East market)	<ul style="list-style-type: none">To level up lightweight technology and secure rubber-related technology	<ul style="list-style-type: none">To maintain its status as the one and only company specializing in caterpillars in KoreaTo expand overseas locations and identify new items for growth	<ul style="list-style-type: none">To build up core technologies related to light weight, production, and rubber
 Elec- tronic Compo- nent	Head Office	<ul style="list-style-type: none">Our proprietary products used for manufacturing the flagship models of key customersSecured new overseas customers	<ul style="list-style-type: none">Expanded the scope of development (3 items for B2B; 7 items for m-USB)	<ul style="list-style-type: none">To maximize the domestic customer shareTo secure rapid sales growth as for overseas customers such as China	<ul style="list-style-type: none">To build an in-time production system and secure survival costTo develop leading products and secure core technology	<ul style="list-style-type: none">To strengthen its position in the existing marketTo identify and develop new growth drivers	<ul style="list-style-type: none">To secure competitiveness in doing business
	China (LSEQ)	<ul style="list-style-type: none">Localized half-finished products to strengthen competitivenessIntroduced and implemented workforce optimization for shipment inspection	<ul style="list-style-type: none">Introduced and implemented a SAP-based production and settlement systemEstablished a system to support the sales in China	<ul style="list-style-type: none">To maximize the capability for producing newly transferred productsTo strengthen cost competitiveness	<ul style="list-style-type: none">To secure the capability for operating a business	<ul style="list-style-type: none">To build capability for manufacturing advanced productsTo maximize cost saving	<ul style="list-style-type: none">To secure the base for survival on its own
	Vietnam (LSEV)	<ul style="list-style-type: none">Obtained a supplier status and started business with Samsung VietnamConducted customized sales activities to maximize customer satisfaction	<ul style="list-style-type: none">Transferred production facilities and stabilized productionAcquired ISO certification; and introduced and operated an ERP system	<ul style="list-style-type: none">To secure production capability and cost competitivenessTo strengthen sales activities in Vietnam	<ul style="list-style-type: none">To secure the capability for operating a business	<ul style="list-style-type: none">To increase local salesTo secure capability to manufacture new products	<ul style="list-style-type: none">To build a low-cost plant
 CF	Head Office	<ul style="list-style-type: none">Developed 5μm battery copper foil for the first time in the worldStarted the production of new products such as E-CF and SU-CF	<ul style="list-style-type: none">Developed CF for wireless charging	<ul style="list-style-type: none">To develop new battery copper foil products (4μm, and H-battery copper foil)	<ul style="list-style-type: none">To develop new CF for FPCB (9μm, 7μm, and low-profile)	<ul style="list-style-type: none">To lead the market of high-value added CF for secondary battery by enhancing material properties and by making ultrathin CF	<ul style="list-style-type: none">To dominate the market of battery CF for xEVTo take the lead in the trend of ultrathin CF for FPCB
 FCCL	Head Office	<ul style="list-style-type: none">Developed two-sided semi-FCCLProduced a high-value added new product (for EMI shielding)	<ul style="list-style-type: none">Increased productivity by 20% (KRW 1 million / month)Found a new business partner (FLEXCEED, a Japanese company)	<ul style="list-style-type: none">To sell two-sided semi-FCCLTo expand the scope of high-value added new products (including FPC for special purpose)	<ul style="list-style-type: none">To increase capability by investing in new linesTo find new business partners (in China and Taiwan)	<ul style="list-style-type: none">To develop flexible and highly-functional thin film materials in advance (through co-development and M&A)	<ul style="list-style-type: none">To innovate quality and secure cost competitiveness by securing innovative process technology and equipmentTo find global partners for the sales of new products
 UC	Head Office	<ul style="list-style-type: none">Achieved sales growth for three consecutive yearsStarted mass production for new customers in China, Japan, and Europe	<ul style="list-style-type: none">Strengthened a product line-up (3 types of cell and 2 types of module added)Increased the sales of module to which proprietary technology has been applied	<ul style="list-style-type: none">To secure the foundation for sales by strengthening marketing activities and by diversifying customersTo develop differentiated products and secure quality for customer satisfaction	<ul style="list-style-type: none">To establish cost leadership by improving productivity and securing production capability	<ul style="list-style-type: none">To grow business by securing large customers in key markets and by developing new markets	<ul style="list-style-type: none">To secure technological leadership in developing innovative products and core technologyTo maintain the competitiveness in cost and quality
 Auto- motive Compo- nent	Head Office	<ul style="list-style-type: none">Conducted cost-saving activities through material, noise-attenuating and plastic technologiesObtained a supplier status for Hyundai Motor Company (a resonator and a plastic intercooler hose)	<ul style="list-style-type: none">Started to produce blow moldingPut on the list of global bidders through consortiums	<ul style="list-style-type: none">To secure growth by winning a new contractTo strengthen the base for stable profitability	<ul style="list-style-type: none">To secure the competitiveness in terms of cost and qualityTo secure the capability for developing plastics	<ul style="list-style-type: none">To win more contracts globallyTo secure capability and improve the base for profit	<ul style="list-style-type: none">To build a global network for growth
	China (YTLS)	<ul style="list-style-type: none">Won 14 projects including SAIC IP31 projectAcquired a supplier status of Changan Mazda	<ul style="list-style-type: none">Participated in the bid for the FAW-Volkswagen DY project	<ul style="list-style-type: none">To win the bid for the FAW-Volkswagen DY projectTo win the bid for the electric car project of the Beijing Automotive Group	<ul style="list-style-type: none">To expand the customer base: Dongfeng Motor Group, Beijing Hyundai Motor Company, and Guangzhou FiatTo build CAC assembly and production lines	<ul style="list-style-type: none">To diversify customer and expand markets- (Joint venture) Vowxwagun, Nissan, Honda , Hyundai, and Kia (Domestic) Dongfeng Motor Corporation, Changan Auto, Great Wall Motor Company, and GEELY- To enter the high-end car market and increase the supply of electric cars	<ul style="list-style-type: none">To build CAC assembly and production lines and enter the Chinese market- To respond to the GM project with production in China- To obtain the status of a CAC supplier for brake hose (B/H) companies and win a project in this area
 Daesung Electric	Subsidiary	<ul style="list-style-type: none">Reached at KRW 1,650 billion worth of orderRecorded the sales of the overseas subsidiaries at KRW 295 billion (a 35.8% increase from the previous year)	<ul style="list-style-type: none">Recorded the consolidated sales at KRW 808 billion (+12.9% from the previous year) and pre-tax profit at KRW 23.7 billion (+24.0% from the previous year)	<ul style="list-style-type: none">To accelerate the growth in overseas businesses (Chengdu) To maintain a high-growth of 20% or more (expanding the scope of local customers) (Wuxi) To stabilize the mass production of new global products (India) To stabilize production and quality -> To establish a base for profitability	<ul style="list-style-type: none">To maximize cash generation (inventory/bond/investment) and added value creationTo establish a system of quality management at a global level and to monitor quality	<ul style="list-style-type: none">To find growth drivers by expanding global locations (Existing) China, India(New) North America, EU	<ul style="list-style-type: none">To develop and expand low-cost and green productsTo strengthen the capability for running global businesses (by nurturing talent and integrating systems)
 CASCO	Subsidiary	<ul style="list-style-type: none">Pre-tax profit turnaroundBuilt a line dedicated to produce a electric-powered injection molding machineExpanded the range of items for industrial machines (including large-sized mold bodies)	<ul style="list-style-type: none">Developed new products- Low- and middle-speed engine blocks such as G95ME C/F- 3MW TC3 hub and M/F- GE 7HA MCC gas turbine model	<ul style="list-style-type: none">To target the Japanese market for large-sized ship engine components (such as MES and Hitachi)To maintain technological capability and competitiveness in the area of large-sized wind power generator components (BMW and 5MW)	<ul style="list-style-type: none">To develop a new gas turbine model for GE (9HA)	<ul style="list-style-type: none">To become a leader in manufacturing low-speed large-sized ship enginesTo expand the product scope of middle-speed large-sized engine blocksTo become a company specializing in large-sized industrial equipment and injection molding components	<ul style="list-style-type: none">To develop new products for diversifying businesses- Gas turbine, power generator components, stove cooler, large-sized industrial equipment parts

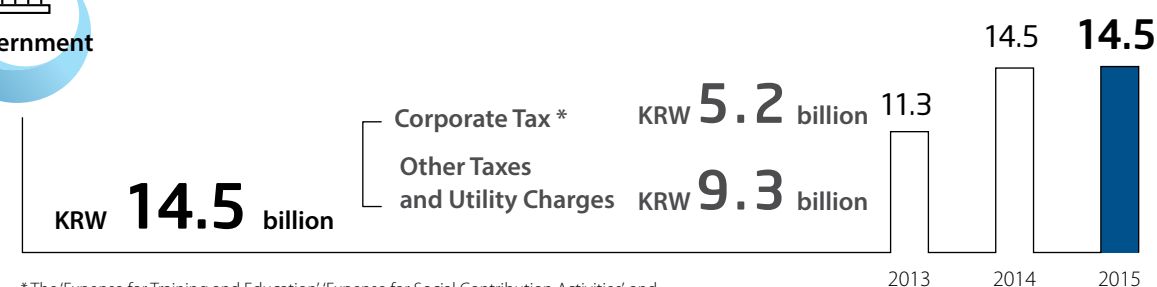
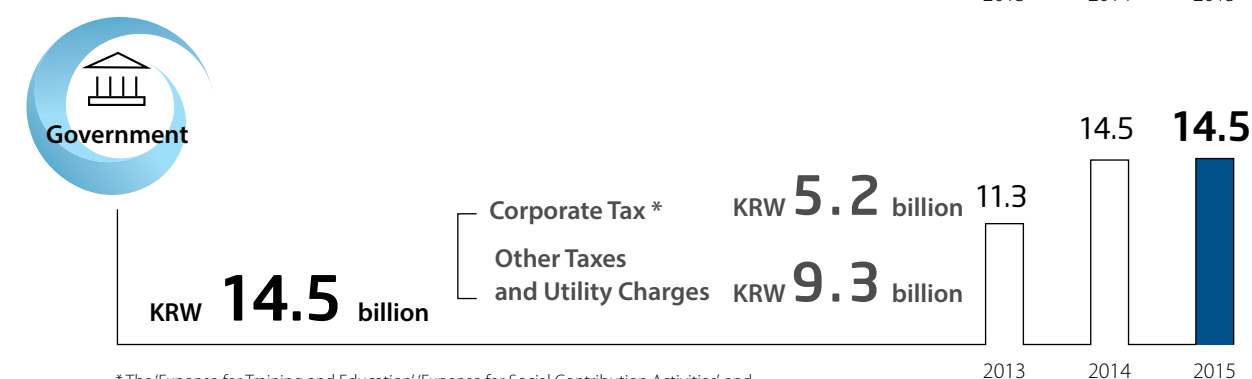
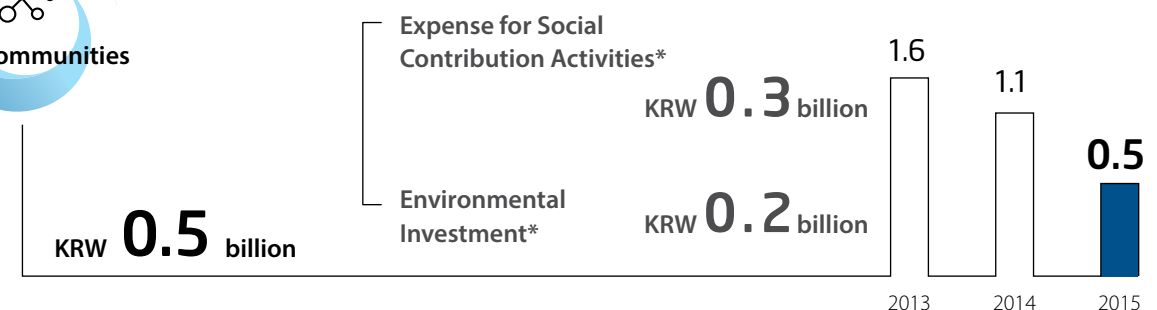
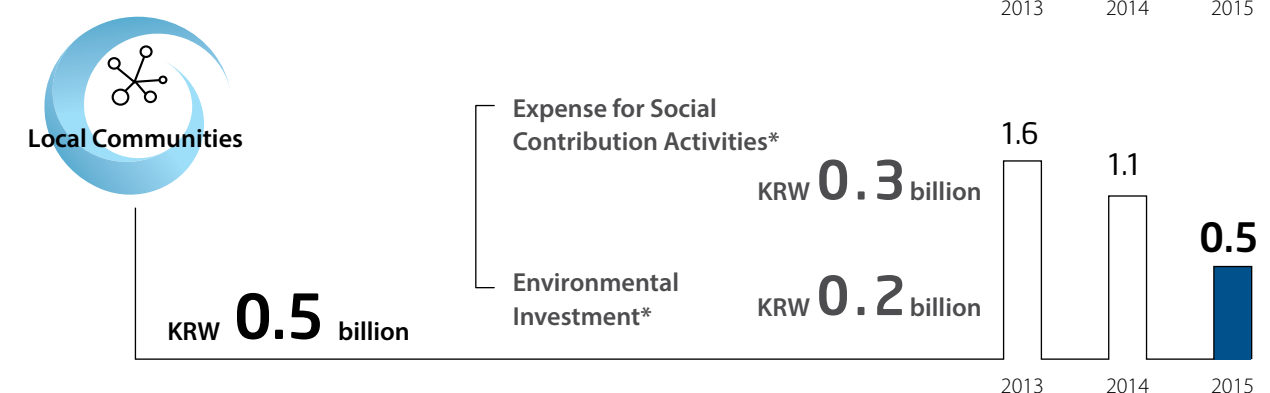
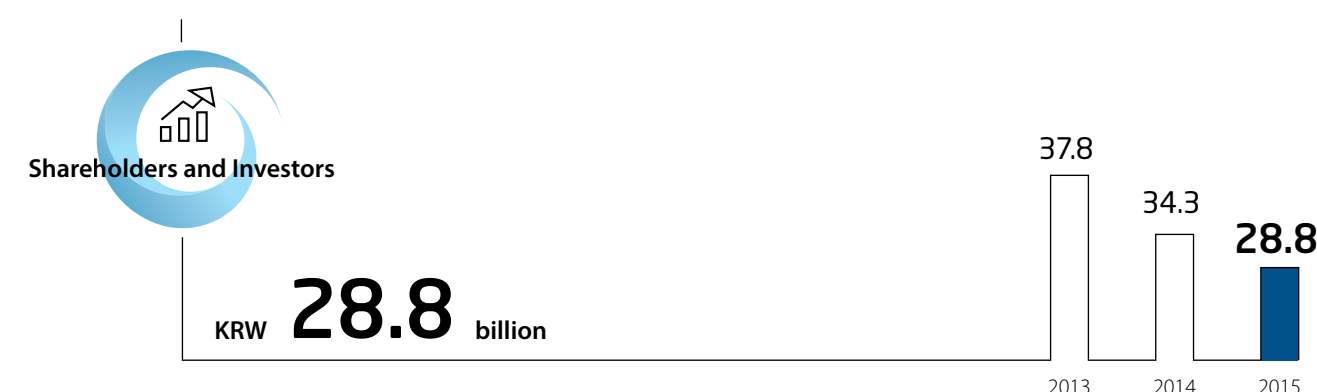
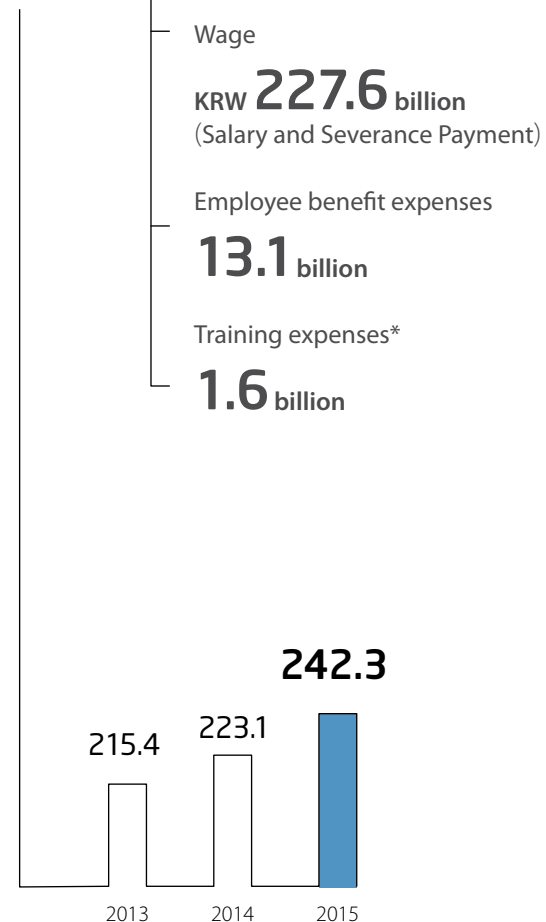
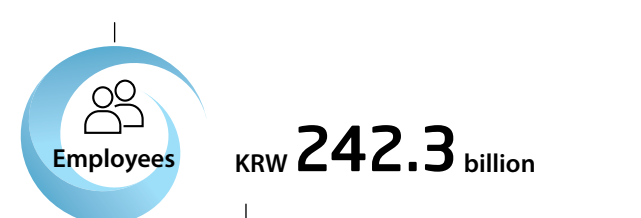
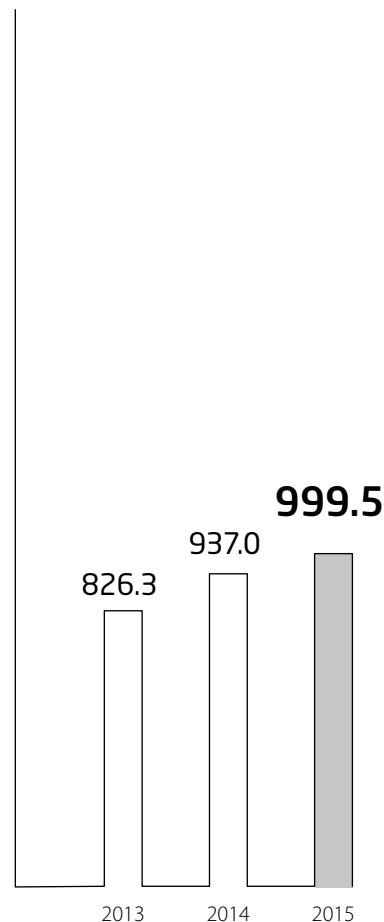
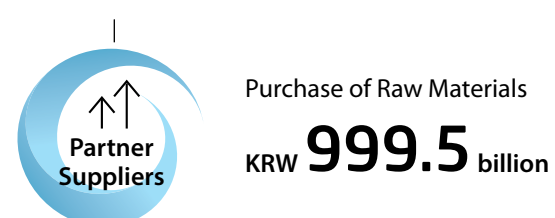
* Distribution of Economic Value

We strive to fulfill corporate social responsibility by sharing the economic value created through business activities with stakeholders including shareholders, investors, employees, partner companies, local communities and the government. We continue to pursue growth and development so as to share more value with all of our stakeholders.

1. Raw Material Supply

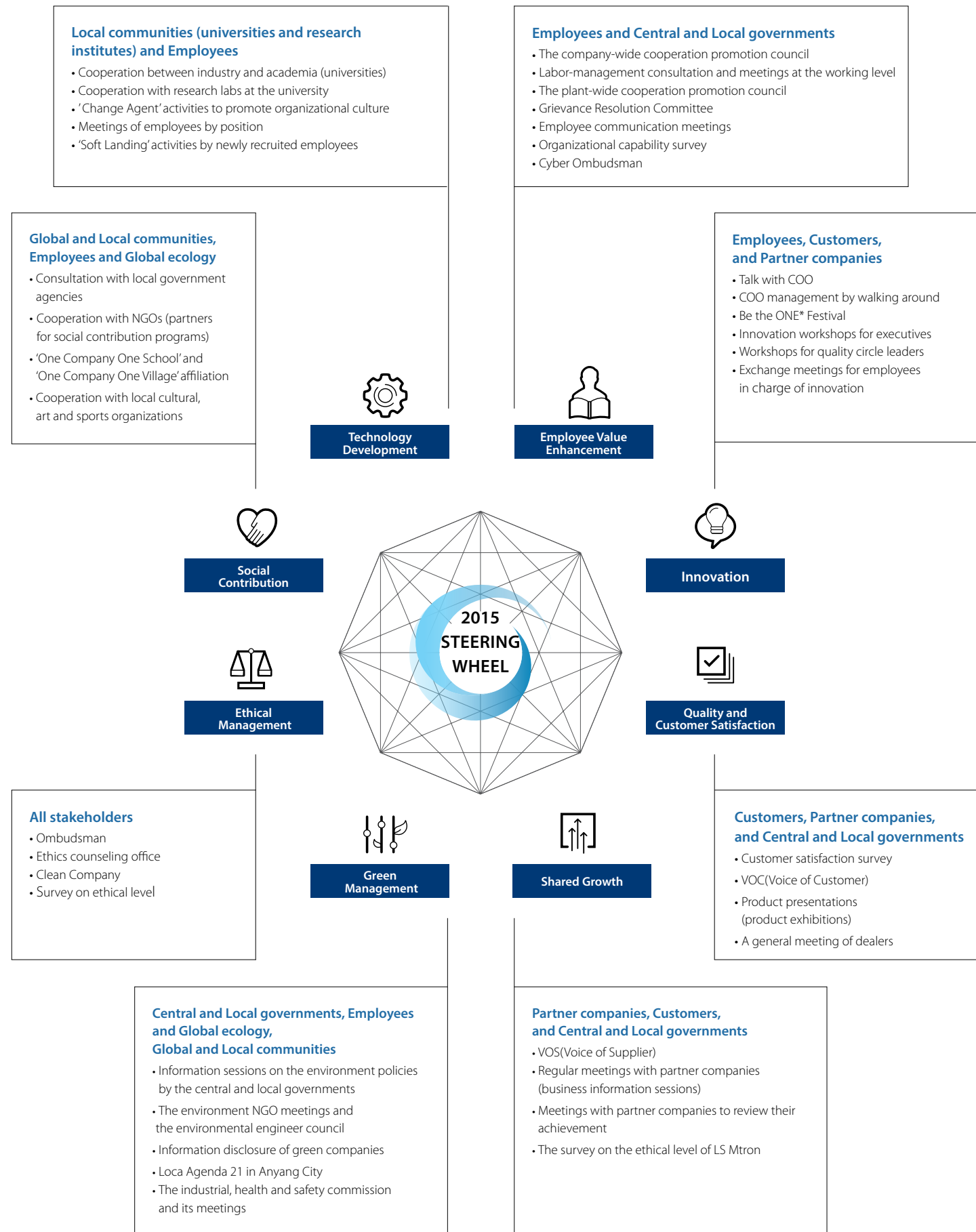
2. Manufacturing/Production

3. Sale



* The 'Expense for Training and Education,' 'Expense for Social Contribution Activities,' and 'Environmental Investment' items are calculated as for the LS Mtron in Korea.

* What do stakeholders think about and expect from LS Mtron?



Sung Kyun Kwan University * Joung-Hwan Mun / Professor



Since the LS Mtron-Sung Kyun Kwan University (SKKU) industry-academia cooperation center was built in 2004, efforts have been made to promote cooperation between industry and academia. LS Mtron and the Biomechatronics Center of SKKU (headed by Professor Joung-Hwan Mun) have conducted an open innovation task of 'establishing a digital system for CAC production process and optimizing CAC assembly line in LS Mtron' since 2004. As a result, digital manufacturing technology has been secured and productivity has improved. SKKU will continue to be in close cooperation with LS Mtron so that the both parties are benefited.

HR Development Team * Man-Ho Lee / Assistant Manager



Under the team slogan of 'the partner for the success of LS Mtron and for the growth of employees', the HR development team is making every effort to help the organization to improve its performance and help employees to strengthen their capability. The HR team is providing employees with various training programs as follows: value training to achieve 'Be The ONE*'; job training to enhance job capability; and mid- and long-term training for the purpose of nurturing key talent. We will continue our efforts based on the belief that employees' expertise in their work and job satisfaction are key to the sustainable growth of the company.

Soon Jong Children's Center * Hyun-Soo Kang / Director



Under the motto of "bright children are the hope for the next generation", Soon Jong Children's Center is providing comprehensive children welfare services for the healthy development of children. The children at the center often find it difficult to find a role model in regard to gender roles, careers and occupational views as they do not have many chances to interact with the grown-ups. In this regard, the talent donation and designated financial donation and support of LS Mtron employees have helped us to lay a foundation for children to grow up healthy in mind and body in a more pleasant environment. I hope that we will grow together by giving support to the youth in our programs including cultural experience activities and career development.

Innovation Team * Hyun-Kyu Park / Team Leader



LS Mtron has a high level of innovation as we have been continuously providing employees with innovation training and employees have been proactively engaged in innovation activities. According to the diagnosis of 103 companies in Korea conducted by a research company, LS Mtron has scored 4.1 out of 5 in the area of 'innovation capability', which shows a higher level of innovation compared to other companies in the industry. In order to achieve a new vision, we have set up a model to conduct 'Challenge 2020' innovation activities from this year. Under the goal of securing business competitiveness at the global level, this new innovation model has two areas: 'innovation' area under which key innovation tasks are conducted to accelerate the achievement of the vision; and 'kaizen' area under which the employees working on the shop floor strengthen their capability through voluntary innovation.

Internal Audit & Consulting Team * Young-Il Seo / Team Leader



It is not easy to evaluate our level of ethics on our own. However, we have conducted a survey for partner companies every year. Based on the survey results, we have concluded that the ethical level of LS Mtron has been 85 to 90 points out of 100 points. We have an Ethics Executive Office within the internal audit and consulting team under the direct leadership of CEO. A lot of activities are being conducted to raise awareness on ethics and internalize it: the training on the code of ethics is provided to employees; and the programs such as Ombudsman, Clean Company, and an ethics counseling office are helping employees to implement the code of ethics in their works.

Hapcheon Dealer * Geum-Seok Choi / Head of the Dealer



I am always thinking about how the dealer and the local community can grow together through LS tractors. LS tractors, on which the state-of-the-art cabin is mounted with low-noise and less-vibration features, create a pleasant working environment for farmers and show an excellent performance. As XU model equipped with an eco-friendly engine, in particular, is an all-weather tractor for rice farming, it is a must-have item for farmers and livestock raisers. If LS Mtron conducts a field test more thoroughly before product launch and provides after-sales service more swiftly when the product has issues, it will greatly contribute to increasing product reliability. Furthermore, if the company always listens to farmers and makes products by looking ahead ten years, the market share of LS tractor will continue to grow.

Jeonbuk Provincial Government * / Young-Hwan Lim / Director of Environment Conservation Team



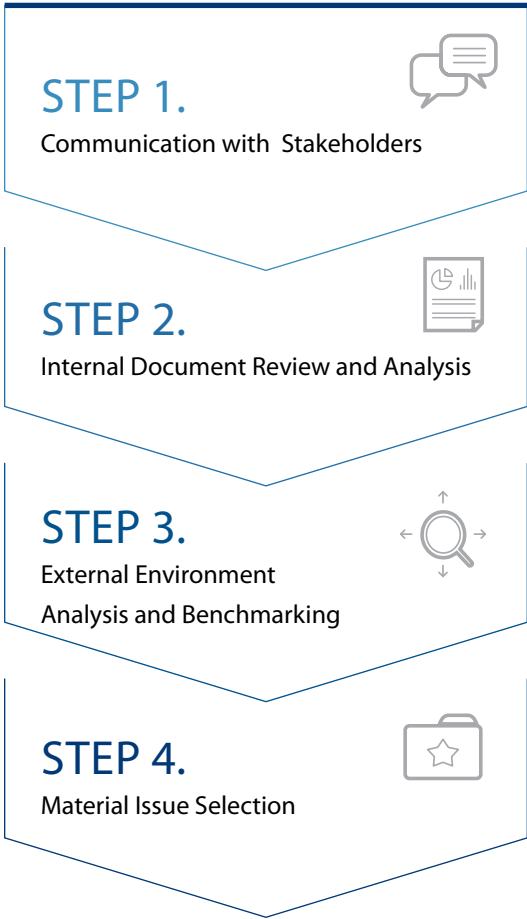
LS Mtron has proactively established a system for green management and is continuously conducting activities to save energy and reduce greenhouse gas emissions. The company has implemented green management: it has expanded green business areas and has been operating eco-friendly plants. However, as the regulations on chemical substances are strengthened and the emission trading scheme has been implemented in Korea, the company needs to proactively respond to them with a specific and realistic approach. Considering the efforts and achievement LS Mtron has made for green management by improving environment safety and its management system, I believe the company will play a leading role not only in sustainability management but also in global management.

Yulcheon Engineering * Eun-O Yang / CEO



Yulcheon Engineering, specializing in tractor exterior parts manufacturing through press molding, canning, welding and painting processes, is supplying assembly parts to LS Mtron. In order to enhance painting quality for customer satisfaction, the company has been operating the LS Mtron inline body painting line since 2011 and has committed to better painting quality of other exterior parts. In addition, we purchased the 9,920 m² site, built a new plant, relocated production facilities to secure productivity and provide a stable supply. A lot of efforts are being made on cost, quality and delivery to continuously receive orders. We hope LS Mtron and Yulcheon Engineering grow together through cooperation, and we will not spare our efforts to support LS Mtron so that the company will become the global top 5 tractor manufacture.

* Materiality Assessment



















We define those who directly and indirectly affect or are affected by business activities as stakeholders. Customers, partner companies, employees, local communities and the government are classified as key stakeholders while shareholders classified as general stakeholders.

The teams related to sustainability management actively collect the feedbacks of stakeholders and identify their requirements by operating communication channels.

Issues are identified and selected based on: the vision and mid-term strategy; interviews with each team; a report to the management meeting; whether the key tasks of the previous year were successfully conducted; and strategy indicators by team.

By focusing on GRI G4 guidelines, external environment is analyzed and issues are selected based on: ISO 26000; UNGC principles; the trend of competitors and leading companies; and media research.

The selection process is as follows: a survey is conducted to find the level of stakeholder interest in the identified issues; internal and external environments are analyzed to assess the level of impact of those issue on businesses; material issues are selected; and they are classified based on four categories including internal aspect, external aspect, value creation activities, and risk prevention activities.

FOR INTERNAL ASPECT (Those who receive the report: inside the company and employees)								
	Strengthening competi- tiveness in quality	accelerating efforts to achieve the vision	Promoting efficiency on the shop floor	Increasing expertise in work	Healthy and safe plants	Working in a proper and transparent manner	Fair evaluation and reward	Balance between work and life
FOR EXTERNAL ASPECT (Those who receive the report: partner compa- nies, customers, local communities, and future genera- tions)								
	Supporting the growth of supplier partners	Strengthen- ing competi- tiveness in technology	Green technologies and products	Leading the market through the develop- ment of new products	Realizing customer satisfaction by managing customer relationships	Responding to climate changes	Promoting communi- cation with local commu- nities	Conducting social contribution activities with substance
	FOR FUTURE Value creation activities				FOR TRUST Trust building and risk prevention activities			

Our Material Issue Approach

Focus Area	Major Activities in 2015	Plans in 2016
Innovation (30p)	<ul style="list-style-type: none">• Mobile CS system for better customer service• Micro robust B2B development• Establishment of 'Challenge 2020' model for the new vision• Identification and implementation of innovation tasks for the vision	<ul style="list-style-type: none">• To accelerate efforts to achieve the vision by implementing strategic tasks by focus area• To secure the competitiveness on the shop floor by eliminating waste• To lay a foundation for innovation activities to secure competitiveness
Quality and Customer Satisfaction (31p)	<ul style="list-style-type: none">• Customer satisfaction survey conducted by the global research company• Establishing a system for nurturing talent in quality• Providing customized quality training courses to overseas subsidiaries• Providing partner companies with training on quality improvement	<ul style="list-style-type: none">• To establish and operate a system for quality training for partner suppliers• To continue activities for customer satisfaction by business and manage MOT (Moment of Truth)
Shared Growth (32p)	<ul style="list-style-type: none">• Expanding activities for shared growth to the secondary suppliers• Quality consulting and technical workforce support for partner companies• Coexistence payment program• Creating the mutual cooperation fund and the technology development project fund for private and public joint investment• Providing training support to supplier partners through the LS Mtron Technical Training Academy• Supporting supplier partners by running a Q-partner certification system	<ul style="list-style-type: none">• To sign a shared growth agreement and conduct activities• To execute the technology development project of private and public joint investment and create an additional budget for the project• To expand training for supplier partners in the LS Mtron Technical Training Academy• To establish a coexistence payment program (payment from primary to secondary suppliers)• To operate the mutual cooperation fund of 100 percent cash-equivalent payment• To hold business presentation sessions and meetings to review the achievement
Green Management (33p)	<ul style="list-style-type: none">• Company-wide green management diagnosis• Fire prevention diagnosis by an external agency• The five environment safety regulations in LS Mtron• Creating safe workplace by proactively responding to MERS• Response to climate change by managing greenhouse gas emissions• Environment safety activities tailored to each plant	<ul style="list-style-type: none">• To achieve the goal of zero accident workplace by raising awareness on the compliance with the environment safety rules and regulations• To raise awareness on safety and conduct related activities• To establish a management system as the international regulations on the greenhouse emission trading scheme (such as the Paris Climate Agreement) have tightened• To operate a consultative body of overseas subsidiaries on a regular basis (quarterly)• To create manuals for the head of a overseas subsidiary and for the resident employees assigned from Korea
Social Contribution (34p)	<ul style="list-style-type: none">• Spread Hope School program• Scholarships for middle school students utilizing the donation existing from monthly salary• We Love Farming Village volunteer group• Informal volunteer group activities by plant	<ul style="list-style-type: none">• To support and promote the activities of an informal volunteer group by plant• To expand existing volunteer programs (such as the Spread Hope School program and the We Love Farming Village volunteer group)• To find new volunteer service organizations
Technology Development (36p)	<ul style="list-style-type: none">• Market-leading green product development• Productivity enhancement utilizing DM (digital manufacturing) technology• Sophistication of project management system• Establishment and sophistications of the system to identify and manage patents• KOLAS accreditation acquired by the reliability analysis lab• Activities to establish a system for technology capability	<ul style="list-style-type: none">• To develop green technology and products tailored to the characteristics of each business• To identify growth drivers in key businesses• To secure technological advisors and agencies to secure core technology• To secure and nurture talented researchers• To establish an IP portfolio• To expand patents qualitatively and quantitatively by discovering excellent patents
Employee Value Enhancement (38p)	<ul style="list-style-type: none">• Localization roadmap for Chinese subsidiaries• HR audit system• Peak wage system expanded to office workers• Training for employees to be retired• Training program development to strengthen the job expertise• Technology transfer and training system for technical workers• Activities to strengthen organizational capabilities for achieving the vision• 'Be Happy Day' for the balance between work and life	<ul style="list-style-type: none">• To improve an evaluation system• To extend the retirement age and implement a wage peak system to respond to the aging society and the high percentage of high-level positions in companies• To improve a reward program to internalize the vision and core values• To design an HR system for technical workers (personnel management and training)• To promote a community of practice• To establish an advanced e-HRD system
Ethics Management (40p)	<ul style="list-style-type: none">• The revision of the materials on the code of ethics by reflecting the latest trend and cases; and the company-wide training for all employees• The survey of partner companies on the level of ethics	<ul style="list-style-type: none">• To increase employee awareness on ethics and strengthen related promotional activities• To conduct a survey on the ethics on a regular basis



LS Mtron creates value
for future growth.
We build trust and prevent risks.
We dream of a sustainable future
where we grow hand-in-hand
with stakeholders.

8 Focus Areas

Innovation	30
Quality and Customer Satisfaction	31
Shared Growth	32
Green Management	33
Social Contribution	34
Technology Development	36
Employee Value Enhancement	38
Ethics Management	40



Innovation

* Declaration

We will build a culture of innovation to become a key driver in creating economic and social value by conducting innovation activities and producing substantive outcomes.

External Environment

- The low-growth trend in the global economy has continued due to the sluggish Chinese economy, low oil prices, and the US interest rate hike.
- It is necessary to effectively respond to the strengthened safety and environment regulations in other countries.
- Product and market competitiveness need to be secured through manufacturing and technology innovation.

Future Directions

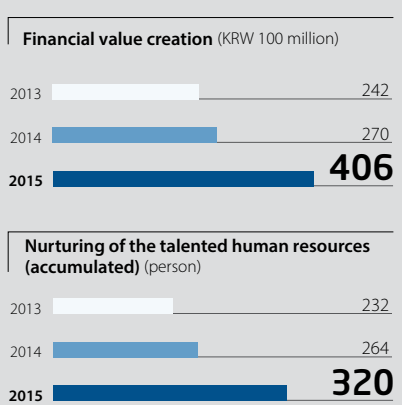
Short-term

- To overcome difficult environment and to strengthen the capability for implementing innovation tasks in order to achieve the business goals
- To secure the competitiveness on the shop floor by eliminating waste
- To continuously nurture the talented human resources armed with expertise

Long-term

- To close the gap between LS Mtron and global players by conducting differentiated innovation activities for better competitiveness
- To internalize an organizational culture of 'Ownership' and 'New thinking'
- To secure the capability to become a leader in technology

Key Performance Indicators



Mobile CS System for Better Customer Service

In the past, making products was considered as the foremost reason for the existence of the manufacturing sector. Recently, however, 'servicizing' is underway by shifting the focus of the manufacturing industry from supply to service. In this regard, we have developed CS Link, a new service system in order to reflect VOCs on our products and to minimize the number of cases where the machine stops due to issues. We have benchmarked the web-based services of other companies and the mobile services of the taxi industry to develop CS Link: when a customer request is received, the information is immediately sent to service men to respond to the request; and the data is also sent to manufacturing plants so that they promptly and continuously conduct activities to improve products. As a result, customer response time has decreased 54% from the previous year while customer satisfaction has increased 15%.

Micro Robust B2B Development

As our B2B (Board to Board) connectors are used for connection between a main board and a module within a mobile device such as a smartphone, the key mobile set makers at home and abroad are using them. We have identified customer needs that the mount area needs to be reduced and the high current is necessary due to the thinner smartphones with more diverse functions. As a result, 'Micro Robust B2B' has been developed to meet their needs. Excellent dynamic interpretation technology and micro molding technology are applied to this product. As a result, the mount area is decreased 15% compared to that of the existing micro products, while the independently-developed robust structure is applied resulting in higher strength. In addition, we also apply 5A rated current through 'hold down,' thereby providing more values to customers. Currently, activities are conducted to promote this new product to global makers focusing on its advantages described above.

Establishment of 'Challenge 2020' Model for the New Vision

In 2015, we have established 'Challenge 2020,' a model for conducting innovation activities in line with the new vision following the 'first period for innovation: customized innovation activities' and the 'second period for innovation: 3C innovation activities.' The 'Challenge 2020' model aims at achieving the goal of the vision in the 'Innovation' and 'Kaizen' areas based on talented human resources armed with expertise and on a dynamic organizational culture. Activities in each area are conducted by: linking the new vision with innovation activities; and internalizing the core values of 'ownership,' 'new thinking,' and 'excellence.' As for the 'innovation' area, key themes such as production and purchasing innovation have been selected. The innovation tasks for each theme have been identified and implemented in order to accelerate the efforts to achieve the vision. In the 'Kaizen' area, the tasks to strengthen the fundamentals on the shop floor have been identified and implemented for innovation with a sense of ownership. Quality circles and 5S proposal activities are being operated as key tools.

Identification and Implementation of Innovation Tasks for the Vision

We have identified and implemented key innovation tasks in accordance with the 'Challenge 2020' model in order to achieve the new vision. the vision KPI as for 'Top technology, Top product, and Top region' is selected by business, and innovation tasks to achieve the selected vision KPI are underway. The progress of those tasks will be reviewed on a monthly basis so as to get closer to the goal of achieving the vision.



Quality and Customer Satisfaction

* Declaration

We believe customers are the foundation of our existence and provide products and services that meet the expectations and requirements of customers, thereby winning their trust and support.

External Environment

- Customer awareness and expectations have increased.
- Product and service requirements have been diversified.
- It is necessary to secure product reliability.
- The corporate social responsibility on quality has increased.
- If quality issues arise, it will have a great ripple effect due to the development of the news and media.

Future Directions

Short-term

- To secure quality in the market by improving quality
- To conduct customer satisfaction surveys and strengthen MOT (Moment of Truth) management

Long-term

- To satisfy customers by enhancing product and service quality
- To grow together with supplier partners by helping them to improve quality

Key Performance Indicators



Customer Satisfaction Survey by the Global Research Company

A customer satisfaction survey of our customers in tractors and injection molding machines was conducted on product and service quality in 2015 following the 2014 survey. In order to secure the reliability of the survey and to analyze competitiveness through tracking, we made a survey in cooperation with the global research company we worked with in 2014. We developed questions to analyze the level of quality our customers think and classified a target audience by model group and by region: 460 customers and 158 experts were surveyed on tractors and 201 companies on injection molding machines. In addition to a quantitative research such as the customer satisfaction survey, a qualitative research including meetings with customers and experts and in-depth interviews were conducted to collect opinions in details.

- Growth trend in the market and key issues identified
- The competitive landscape of LS Mtron and its competitors and key success factors identified
- The level of customer satisfaction on the products and services of MS Mtron and its competitors identified, compared and analyzed
- Complaints and issues identified and measures for improvement explored
- The company-wide improvement measures and strategic direction explored and set by identifying the strength and weakness of LS Mtron compared against its competitors

As for tractors, meetings with customers were held and the head of a dealer and the director of an agricultural cooperative center were interviewed to collect the expert opinions. In regard to injection and molding machines, we collected opinions from those in charge of purchasing. After collecting the data, a workshop by business division was conducted and the tasks for improvement were defined based on the data collected in the survey. The tasks have been reflected in the 2016 plan for business operation. At the same time improvement activities have been conducted to enhance customer satisfaction.

I Improvement Points in Tractors

- It is necessary to respond to the increased requirements on easy-to-use machines, design and durability
- It is necessary to promote products to customers and provide training programs

I Improvement Points in injection and molding machines

- Products need to be improved from the perspective of 'easy-to-use' which customers think important
- The competitiveness in service quality needs to be enhanced by providing services more accurately and swiftly.

Nurturing Talent in Quality

Talented resources are essential in making top quality products. In this regard, we are continuously making our efforts to nurture the talented.

- **I Domestic** : our quality programs in Korea include mandatory courses, specialized courses (optional), and professional certificate courses.
 - Mandatory courses : the systematic, step-by-step courses for those in charge of quality designed by analyzing the areas for quality management activities and the required capability by position
 - Specialized courses (optional) : the in-depth training courses for all employees for the purpose of nurturing experts in key areas
 - Professional certificate courses : the courses to obtain professional certificates in order to secure employees with expertise

- **I Overseas subsidiaries** : he courses customized by identifying and analyzing requirements are provided to overseas subsidiaries.
 - Mandatory courses (Mind Level 1, 2, 3)
 - Specialized courses (ISO 9001 requirements)

- **I Partner suppliers** : the training courses to enhance the quality in partner companies are provided so that LS Mtron and partner suppliers grow together.
 - Process capability management measures and Gage R&R training



Shared Growth

* Declaration

We will establish a virtuous cycle of mutually-beneficial cooperation for shared growth on the basis of fair trade, and we will secure competitive capabilities to increase our presence in the global market.

External Environment

- The global economic recession has continued. (sluggish economic growth in China)
- Raw material prices has plunged. (such as oil, steel and electrolytic copper)
- Social interest in shared growth such as fair trade has been increased.
- More efforts have been made to help supplier partners to fulfill a corporate social responsibility. (expanded to the secondary suppliers)

Future Directions

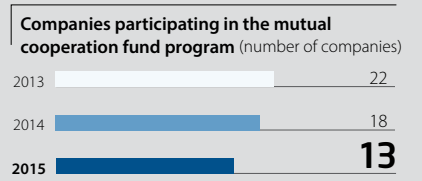
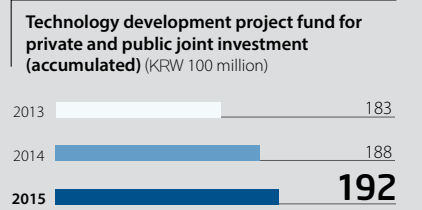
Short-term

- To establish the coexistence payment program for primary and secondary supply partners
- To respond to foreign exchange rates, raw materials, and FTAs

Long-term

- To achieve shared growth through the partnership with suppliers

Key Performance Indicators



Strengthening R&D Technology Support (Purchasing New Products Developed by SMEs)

Our activities to pursue shared growth are conducted not only for primary supplier partners but also for secondary supplier partners. The co-development project on ‘molding technology of tempered glass with multi-layered curved surface’ conducted by LS Mtron and Samsung Glass, our secondary supplier partner is a case in point showing that a win-win partnership with a wide range of stakeholders works. The project conducted due to the changes in the exterior design of tractors has helped us to develop and secure the manufacturing technology of ‘tempered glass with multi-layered curved surface’, which will contribute to strengthening the competitiveness in the tractor business. Moreover, the import substitution effect is expected as well. As such, activities for shared growth are meaningful in that both parties are marching together for a common goal of development and prosperity, rather than that one party is unilaterally providing support to the other party.

Quality Consulting and Technical Workforce Support for Partner Companies

Our competitiveness in quality starts from quality components. Therefore, based on the recognition that the quality management of supplier partners is directly related to the quality management in LS Mtron, the following activities have been conducted to support them to enhance quality: providing quality consulting programs to help them to establish a quality management system; and assigning technical workforce including a national master in quality to work with them. Their strengthened competitiveness in quality as a result of such efforts is helping us to take our shared growth to the next level.

Coexistence Payment Program

Coexistence payment system enables primary supplier partners of a conglomerate to make a payment for goods to secondary and tertiary suppliers with the credit of the conglomerate. As all payments under the system are made through the credit sale bond under the name of LS Mtron, a lower commission is applied when they discount the bond. In addition, as it is discount without recourse, the risks of a cascade of bankruptcies are prevented. As such, we will continue our effort for shared growth by expanding support for our supplier partners.

Financial Support (Mutual Cooperation Fund; and Technology Development Project of Private and Public Joint Investment)

In order to financially support our supplier partners for their stable business operation, we have signed an agreement with IBK (Industrial Bank of Korea) to create KRW 4 billion worth of LS mutual cooperation fund. Partner suppliers using the fund are able to get the reduced interest rate of 1.65% to 2.95%. At the same time, the support for R&D investment resources has been provided by creating the technology development project fund for private and public joint investment worth KRW 20 billion. As such, we are working hard to fulfill our responsibility to supplier partners in terms of finance and technology development.

Technical Training Academy

LS Mtron Technical Training Academy was established in October 2014 to help customers and supplier partners to nurture talented resources by providing a systematic and a wide range of training programs. The academy, which was designated as an operating agency of the national human resources development consortium led by the Ministry of Employment and Labor and the Human Resources Development Service of Korea in 2015, is making every effort to increase training efficiency in terms of quality and quantity. As a result, a total of 324 people have completed programs from hands-on injection and molding training to courses on shop floor improvement, quality management and process enhancement. The academy plans to expand the scope of programs so that it will bear fruit in every corner of the industry.



Green Management

* Declaration

We will continuously conduct activities to save energies and reduce greenhouse gas emissions, and expand the scope of green businesses so as to become a global leading green company in industrial machinery and high-tech components.

External Environment

- Business risks are on the rise due to the strengthened environment safety regulations at home and abroad (punitive measures such as penalties and fines)
- A parent company is required to be more responsible for the environment safety management of supplier partners.

Future Directions

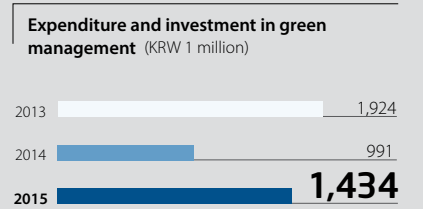
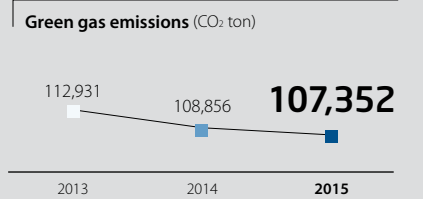
Short-term

- To prevent unsafe acts and achieve ‘zero accident’ at the company level by operating ‘My Safety Zone’

Long-term

- To strengthen the role of the green management team and business divisions as a control tower in order to respond to the tightened laws and regulations

Key Performance Indicators



Company-wide Green Management Diagnosis

A quantitative evaluation on the environment safety and operational outcomes was conducted twice in the first half and the latter half of 2015 for all business divisions including supplier partners. A technique to diagnose the green management level which was developed on our own was applied to the evaluation focusing on accident prevention and employee awareness. The divisions with good evaluation results were awarded with the president’s prize while improvement measures have been taken for those with poor results. We will continue our efforts to increase employee awareness and establish an internal system for environment safety.

Fire Prevention Diagnosis by an External Agency

In order to identify what measures are being taken to prevent fire and what kind of risks are existed by plant and to effectively respond to fire and potential risks, a company-wide fire prevention diagnosis was conducted by an external agency. As the fire risk factors have been identified in regard to the processes and equipment, we have established the improvement measures and investment plans and have conducted activities to reduce fire risks. Our activities for fire prevention will continue so as to establish a system for fire safety and management.

The Five Environment Safety Regulations in LS Mtron

For the prevention of environment safety, we have identified the major causes of accidents and the key factors for its prevention and have established and implemented ‘the five environment safety regulations’ at the company level. For those who violate the regulations, severe penalties will be imposed. The regulations will help employees to raise awareness on environment safety and the company to strengthen its capability to achieve zero accident.

Creating Safe Workplace by Proactively Responding to MERS

At the outbreak of MERS nationwide, we created internal guidelines for MERS prevention ahead of the government measures. In addition, monitoring activities were conducted: the health status of employees who traveled to the Middle East for business was monitored; infrared thermal cameras were installed; and employees who visited hospitals where MERS broke out worked from home. As a result, there is no single MERS case in LS Mton employees and their family members. We will make every effort to create a healthy workplace by proactively identifying and responding to infectious diseases.

Response to Climate Change by Managing Greenhouse Gas Emissions

As the company under the trading emission scheme in Korea, we have joined the global efforts to respond to climate change issues. In order to deal with regulations and more effectively manage greenhouse gas emissions, we have developed a tool for calculating greenhouse gas emissions tailored to the characteristics of business divisions and used the tool to predict its amount. In addition, energy efficiency as well as productivity is reviewed in making a capital investment in order to minimize green house gas emissions.

Environment Safety Activities Tailored to Each Plant

I Jeonju Plant (campaign activities to stick to the basics) : activities have been conducted to raise safety awareness in everyday life such as: the pedestrian passage in the plant has been realigned; and a campaign to wear a safety belt in commuter buses has been launched.

I Jeongup Plant (an alarm system for the storage tank with harmful chemical substances) : an alarm system detecting the leak of harmful chemical substances in a storage tank was established so as to enhance the emergency response capability and to reduce the risks of environment-related accidents.

I Anyang Plant (management of the chemical substances received) : in order to brace for the potential leaks when the chemical substances are received into the plant, the following activities to prevent accidents have been conducted: safety devices such as a bump was installed; the process of receiving chemical substances has been attended by the person in charge of accident prevention; a system to respond to emergency has been established; and mock exercises have been conducted.

I Indong Plant (activities to improve the work environment of supplier partners) : support for supplier partners has been provided to help them to conduct safety activities at the same level with LS Mtron : ventilation facilities were upgraded for safer and better work environment of supplier partners; process and safety training have been strengthened to resolve the issues due to the frequent staffing changes of supplier partners.



Social Contribution

✳ Declaration

We will actively participate in the activities for the development and growth of the local communities, fulfill our social responsibility through employee volunteer activities, and create a world where all members of our society live in harmony.

External Environment

- Corporate social contribution expense is on the decline
- Employees' talent donation and non-cash social contribution are receiving attention.
- Social contribution activities related to businesses have continued.

Future Directions

Short-term

- To conduct voluntary activities for local communities
- To implement and stabilize new programs
- To increase the participation rate of office workers in volunteer activities

Long-term

- To create a corporate culture where all employees join volunteer activities

Key Performance Indicators

Employee participation in social contribution activities (hour)

2013	2,254
2014	2,823
2015	1,807

Investment in social contribution activities (KRW 100 million)

2013	1.8
2014	6.7
2015	3.0

Spread Hope School Program

We are making efforts to help children in need to grow up healthy in body and mind. As part of the efforts, we are running a program called 'Spread Hope School' in which employees are donating talent. In 2015 we signed an agreement with Soon Jong Childeren's Center in Anyang and operated the program four times (February, May, August, and September). We plan to increase the frequency of providing the program. This program consists of the activities to help children to have dreams and be bright and positive: science classes to increase the interest of children in science with fun experiments; classes for the education of personality; one to one mentoring for the education of empathy; and outdoor and special activities. In addition, employees participating in the program need to join the meetings before and after the volunteering in which: they are provided with guidelines on how to interact with the children including cautionary measures; and the feedbacks are collected from them, which are reflected in running the program.

We plan to expand the scope of the program by finding more local child centers in the areas where our plants are located, and will continue our effort so as to spread the hope nationwide.



Scholarships for Middle School Students Utilizing the Donation from Monthly Salary

Upon the voluntary consent of all employees, we have been collecting the change less than KRW 1,000 from their monthly salary to raise a fund to make a social contribution. The amount which is the same as the amount collected from employees is additionally donated from the company to the fund. On May, 2015, the fund was used to provide 36 students form 12 schools (3 schools by region) with scholarships worth KRW 25.20 million (KRW 0.7 million per student). Besides the scholarships, we will provide them with mentoring programs to give them advice and moral support, and will take the initiative in supporting our future generations.



We Love Farming Village Volunteer Group

The We Love Farming Village volunteer group is one of our representative social contribution programs in which we join forces with local communities to deal with the issues such as aging farming population, an increase in the poor population, and the elderly living alone. The programs include: farming machinery check ups; improvement of their residential environment; photo taking service for the elderly; free hair-cuts; and free meals. Our employees and their family members, local volunteers are participating in those programs altogether thereby creating greater value.

In 2015, volunteer activities were conducted in Geumho1-li, Hae-pyeong-myeon, Gumi city, Gyeonsangbuk-do and in Seogyong-li, Moga-myeon, Icheon city. We will continue our efforts to contribute to local communities through the We Love Farming Village volunteer program.



Informal Volunteer Groups

We have informal volunteer groups from four plants which are actively involved in activities for the local communities. Sarang Silcheonhoe in Anyang is conducting volunteer activities such as cleaning, helping with meals, outing support and sponsoring teenagers in need in cooperation with Yangji House and Gyeonggi Office of Child Fund. Sarang Nanumhoe in Jeonju has visited the living facilities for the disabled including Da Ae Community and Hill of Grace to conducted environment improvement activities and to provide construction support for years. Sarang Silcheonhoe in Jeongeup is cooperating with Jeongup rehabilitation center for the disabled to conduct activities such as: house repair for the elderly living alone and parentless or single-parent families; and bathing support for the elderly and patients. Huimang Nanumi in Gumi is doing volunteer activities such as supporting the children of parentless or single-parent families and sponsoring oversea children. As such, the informal volunteer groups in LS Mtron are taking the initiative in helping the underprivileged in our society.



Technology Development

Declaration

We will recruit and nurture outstanding R&D talent in the industrial machinery, high-tech components and materials areas, and develop green products through open innovation activities thereby delivering leading solutions to our customers.

External Environment

- Technological convergence presents both new business opportunity and more intensified competition.
- There have been more intellectual property disputes among competitors.

Future Directions

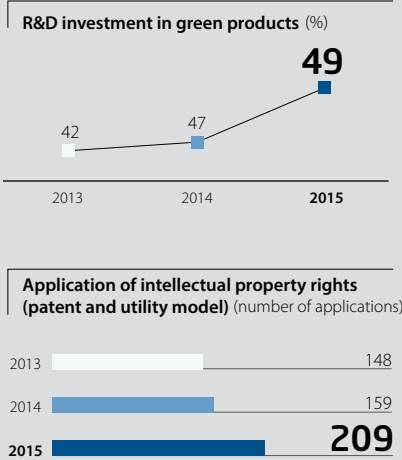
Short-term

- To develop market-leading products with new and convergence technologies
- To strengthen technological competitiveness by establishing an IP (intellectual property) portfolio

Long-term

- To find growth drivers in new businesses and markets through technology development
- To secure competitive advantage over competitors by nurturing core and base technologies

Key Performance Indicators



Market-leading Product Development

With a goal of developing market-leading products which meet customer needs in 2015, we concentrated our focus on developing: B2B connectors; USB connectors; and embedded battery connectors, a new product group. We have developed the smallest size of B2B connectors in Korea. It is the first domestically-produced B2B connectors that have been applied to the flagship model of Samsung Electronics. We are now working on the global promotion of this product. In addition, the development of subminiature B2B connectors, the smallest size in the world, is underway and the product plans will be launched in the first half of 2016.

As for USB connectors, we have launched proprietary Type-C connectors that meet the transmission standards for USB3.1 and enable connection both in top and bottom parts. A proprietary mounting structure is applied to this product to reduce the size. In addition, we are expanding the scope of the product so as to respond to various requirements of domestic and overseas customers. In regard to embedded battery connectors, the proprietary hermaphrodite connectors for 10A high-current have been developed. Unlike conventional connectors which requires a set of male and female for connection, our embedded battery connectors are genderless so that they are connected each other.

We will continue our efforts for market-leading product development to have a competitive edge over competitors thereby maximizing customer value.

Ultrathin Battery Copper Foil

Our battery cooper foil is used in the negative current collector of a lithium-ion battery of electronic cars or telecommunication devices. Thinner copper foil has the advantages of the increased capacity and reduced thickness in a battery as the amount of copper foil used for making a battery is decreased. In addition, it eventually leads to saving natural resources, saving energies required to manufacture copper foil, and contributing to better efficiency of electric cars. To make ultrathin batter copper foil, issues such as being torn and wrinkles should be resolved. In this regard, we overcame those issues through continuous technology development and became the first in commercializing 6 μ m copper foil in 2013. We received IR52 Jang Yeong-sil award in recognition of such achievement. We will intensify our efforts for thinner copper foil with a goal to commercialize 5 μ m copper foil in 2016 and 4 μ m copper foil in 2017 so that we become a global leading company in this area.

In addition, we also received a quality excellence award in the meeting of outstanding partners hosted by the Panasonic Group in 2015 in recognition of our efforts for enhanced quality such as: higher energy efficiency of lithium-ion battery; 2.5-times higher product length; and 30% reduction of CO₂ emissions. We will continue our efforts for quality enhancement and customer satisfaction.



Productivity Enhancement Utilizing DM Technology

The co-project between a research team headed by professor Jung-Hwna Moon (Sung Kyun Kwan University) and LS Mtron was conducted on the task of ‘minimizing CAC line inventory and optimizing assembly lines’. In October 2015, the research on improving CAC line productivity and optimizing logistics for the automotive component division was completed. The purpose of the research was: evaluating the process qualitatively based on DM (digital manufacturing) technology; simulating the improved process after the evaluation; and coming up with the optimized plan. As we identified and applied the optimal load in the CAC assembly line process, the load has decreased 50%. In addition, productivity has increased 20% by eliminating the loss due to production staffing changes and by optimizing processes. The DM technology is expected to enable a qualitative evaluation on our process and optimized and improved logistics and loading, while the enhanced productivity will serve as a basis for strengthening business competitiveness.

PMS Sophistication for Smart R&D

We introduced PMS (project management system) in 2014 and has established the foundation for R&D and management with a systematic approach since then. The system has evolved due to a continuous system upgrade by trials and errors in the system operation and by feedbacks from researchers. As a result, the system provides the information required for conducting R&D activities thereby maximizing work efficiency. It also serves a comprehensive management tool covering company-wide R&D projects, national projects and Open Innovation as the scope of users has been expanded at the company level. In particular, the upgraded dashboards which display the overall status on the key indicators of R&D projects, R&D progress, investment performance, and issues are helping employees to work in a more efficient and speedy manner.

In the long term, as we plan to establish the processes to register and manage the deliverables of the R&D projects to use them as a reference, the system is expected to serve as a R&D database contributing to the successful R&D activities.

Patent TF and Patent Day to Identify Excellent Patents

In order to identify excellent patents, we have operated a task force (TF) since 2015. In addition, a ‘Patent Day’ is designated by business every month. The patent TF selects a patent item and then sets up a TF under the selected item in order to identify patents that have great ideas and are applicable to our products, technology or future development. In 2015 TF activities were conducted twice and a total of 13 patens were discovered. On the ‘Patent Day’, researchers are provided with the information on the patent trend by business. If they have items for patent under development, we provide support for the item to be patented. As a result of such efforts, the number of patents we have secured has increased more than 25% from the previous year, thereby contributing to our competitiveness in intellectual property.

Establishing a System for R&D Technology Capability and Signing an MOU

As part of the efforts to strengthen technological competitiveness, we started to build a system for R&D technology capability. In 2015, the core technologies of the advanced development group on tractors and the advanced development section on electronic components in our central research center were classified as high-, middle- and low- levels. After categorizing technologies, the importance and the level of each technology were identified. We are working on the plan for securing and developing required technologies and the scope will be expanded to the technology development sector, and the research centers of business divisions. At the same time, we signed a MOU with the construction machinery R&D project group of Inha University on June 2015 with a goal of nurturing talent tailored to the needs of LS Mtron. The MOU enables us to involve talented R&D resources of Inha University in research projects and in customized training courses so as to nurture them as workforce that meets the needs of LS Mtron. Such efforts along with the support of researchers in obtaining master’s and doctoral degrees and with Open Innovation will contribute to strengthening our capability in technology.





Employee Value Enhancement (HR)

* Declaration

We will recognize our employees as stakeholders and the main players in corporate value creation, and will create an organizational culture that ensures their human rights, engagement and dialogue.

External Environment

- There is an increasing demand for implementing ethics management by complying with the labor laws and regulations.
- Job- and performance-based salary system has helped to make a fair and flexible labor market.

Future Directions

Short-term

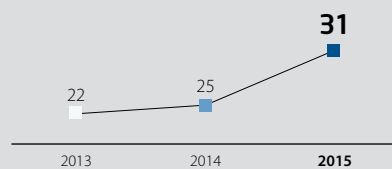
- To promote the human rights of employees in compliance with the global standards on labor.

Long-term

- To establish an HR system based on job performance

Key Performance Indicators

Percentage of new female employees (%)



Localization Roadmap for Chinese Subsidiaries

The cost burden of our Chinese subsidiaries is getting increasingly higher due to the hike in labor cost and to the Chinese government's measures to hold foreign-funded companies in check. The companies which are successfully doing business in China such as E-LAND, P&G, ORION, and POSCO have something in common: they have an organized training and HR systems for local employees; and create and operate programs to nurture them as leaders in the Chinese subsidiaries. In this regard, we have established a localization roadmap in 2015, under which programs have been created and implemented in the Chinese subsidiaries to nurture local employees and ultimately make them take the roles of the resident employees assigned from Korea. In the short term, we aim to localize all employees in the subsidiaries except the head of the subsidiary and the person in charge of administration. In the mid- and long-term, all of employees in the subsidiaries will be localized except the person in charge of administration. Under the framework of the roadmap described above, the programs considering the unique characteristics of each subsidiary will be implemented step by step to train and nurture them as talented resources replacing the resident employees assigned from Korea. The localization roadmap will motivate local employees in a subsidiary and ensure the continuity of work as they take the roles of the resident employees who work for a limited time period in a subsidiary and go back to Korea. The scope of this roadmap will be expanded to the subsidiaries in other countries such as the US, Brazil, and Vietnam to support local employees to play a leading role so that LS Mtron will become a truly global company.

HR Audit System

We have established an HR audit system to create an organizational culture that ensures the human rights of our employees by complying with the labor laws: a manual has been developed to check whether to comply with the labor laws and internal standards; an audit is conducted for each plant based on the manual; improvement measures are taken based on the audit results. We plan to conduct the audit on a regular basis utilizing this tool to become a global company in compliance with the labor laws and internal standards.

Peak Wage System Expanded to Office Workers

As the retirement age is extended to 60 starting from 2016, the Korean government encourages companies to adopt a peak wage system for employment stability. In this regard, we will actively participate in the government policy, expand the scope of the system to office workers and adjust the point of time for its implementation thereby contributing to the employment stability for those in middle age and to increasing youth employment.

Category		Before	After
Target		Technical workers	All permanent employees (expanded to office worker)
Deferred Retirement		The day when an employee becomes 60	The last day of the year when an employee becomes 60
Peak Wage System	The age to which the system is applied	53	56
Improvement	The age to which the wage cut is applied	58	59

Training for Employees to Be Retired

We are providing the employees to be retired with training programs to help them to design their life after retirement.

Program name : the training to enhance the capability of re-employment for employees to be retired

Purpose : career diagnosis; and supporting them to design 'the second phase of life' by providing information on re-employment, asset management, and returning to farming or a home village

Target : Employees to be retired this year

Program details : 1) Career diagnosis : review of my life; job capability diagnosis; alternative career development; and lifelong career planning

2) Information : how to prepare re-employment; the understanding of returning to farming or a home village; asset management and investment; and stress management



Employee Value Enhancement (Talent Nurturing)

* Declaration

As we believe in the importance of achieving shared growth of the company and its employees by developing capabilities of employees and by building an organizational culture of communication, a wide range of activities are conducted to develop talented human resources and an organization.

External Environment

- It is necessary to lay a foundation for strengthening the capabilities of employees for another level of growth.
- There is an increasing demand for defining the required capability of technical workforce and for nurturing them in a systematic manner.
- The importance of a community of practice is growing as a way to obtain knowledge tailored to the needs of the shop floor and to share the know-how on work.

Future Directions

Short-term

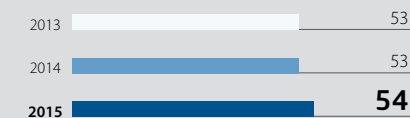
- To diversify content and learning methods to increase the job expertise
- To establish an HR system and training courses for technical workers

Long-term

- To secure talented resources at the global level by building a culture of learning and increasing the expertise

Key Performance Indicators

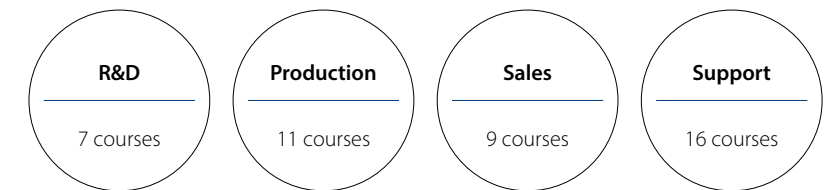
Meetings with the heads of business divisions or the management (the number of meetings)



Diversifying Job Training for Office Workers

To have an competitive edge over competitors and take another leap forward, we set the direction of talent nurturing by strengthening the job capability of individual employees. Based on the job training system, which was established in 2014, training has been provided by four job groups such as R&D, production, sales and support. In addition, new programs have been developed to meet different requirements. In 2015, in order to help employees to enhance their capabilities in doing their work, three new programs were additionally developed: waste reduction and cost reduction (production); an in-depth course on the law of obligations (sales); and an in-depth course on trade (sales).

Status



Efforts are being made to expanding a community of practice for sharing the best practices and the know-how on the shop floor besides the conventional collective training. In 2015, seven company-wide communities of practice were operated in order to promote the support system for employee training. A total of 66 employees participated in them. This year we plan to increase the number of the communities of practice to 20 (200 participants) by promoting it at the company level and improving related systems.

Technology Transfer and Training System for Technical Workers

In order to prevent the gap in technology transfer due to a shift in generations of technical workers on the shop floor, we have created and established an S-OJT manual and a related system for keeping an developing technology and know-how. In 2015, the S-OJT manuals and related systems in three business divisions including tractors, injection molding machinery, and special business have been established, which will be expanded to other divisions. At the same time, we are working on the training system to support technical workers to strengthen their capabilities in a systematic manner by analyzing technology capabilities related to their work by business division. In 2015, we completed the NCS-based capability analysis on five business divisions such as tractors, injection molding machinery, and special business, electronic components, and CF. The analysis on the rest of divisions will be completed in the first half of 2016 so as to establish a foundation for our training system.

Promoting New Vision and Core Value

On July 7th 2015, we proclaimed 'Be the ONE*', our new vision to commit ourselves to becoming a company leading the global market. The core values such as 'Ownership', 'New thinking', and 'Excellence' were also declared for our commitment to achieving the vision. In this regard, a training program to nurture 'ONE*' leaders, who will serve as facilitators to bring about changes in a team, has developed and implemented. It was conducted for a total of 218 employees consisting of leaders of teams, leaders on the shop floor, and those who selected as ONE* Promoter. They committed themselves to establishing the vision in the organization. After receiving the training the 'ONE*' leaders went back to their teams and held workshops at the team level. Based on the efforts made to promote the vision and core values, we plan to speed up our efforts to achieve the vision and implement core values. We will support ONE* Promoters to strengthen their capabilities so that they are more confident in implementing core values. In addition, the training programs for employees to apply and implement core values will be developed and provided at the company company level. Such efforts will help all of our employees to be aligned with a direction to achieve the vision.

Ethics Management

* Declaration

We stick to the principles and basics based on integrity, which is the foundation for ‘LSpartnership®’, the management philosophy of the LS Group, and we work in a transparent and reasonable manner.

External Environment

- Cooperation for anti-corruption has strengthened at the global level.
- A new international standard integrating a compliance model has emerged such as ISO19600.
- Government agencies such as Fair Trade Commission in Korea has strengthened the punishment against unethical practices.
- The protection of whistle-blowers and the system to protect them have been strengthened.

Future Directions

Short-term

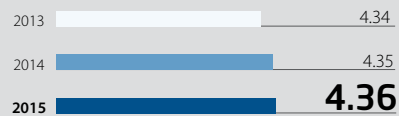
- To enhance the implementation of ethical programs
- To strengthen the ethics-related communication with internal and external stakeholders

Long-term

- To establish a culture of ethics rather than just making an ethical system
- To reach the global standard on anti-corruption
- To build an ethical supply chain with supplier partners

Key Performance Indicators

The survey of partner companies on the ethical level (out of 5 points)(point)



Organization for Ethics Management System

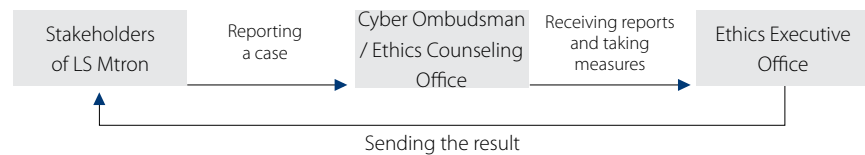
The Ethics Executive Office, which is within the Internal Audit & Consulting Team under the direct leadership of the CEO, is in charge of: establishing and implementing the strategy on ethics management; running related programs; and promoting an ethical culture and providing training. The code of conduct that serves as the criteria of action and value judgment for our employees is as follows:

- | | |
|---|---|
| 1. Responsibilities and obligations for customers | 2. Basic ethics of employees |
| 3. Fair competition (competitors) | 4. Fair business transactions (partner companies) |
| 5. Corporate responsibilities for employees | 6. Responsibilities for country and society |

※ For the full text of our code of conduct, please check : <http://ethics.lsmtron.co.kr/rule/law.asp>

Programs to Implement Ethics Management

- Ombudsman and Ethics Counseling Office: The Cyber Ombudsman and the Ethics Counseling Office are being operated in our ethics management website. Furthermore, the informant protection program under which confidentiality, the status of an informant and the exemption of responsibility are guaranteed is implemented in parallel in order to ensure that stakeholders such as employees, customers, and supplier partners feel free to report or be counseled on the issues they have. Once the report is submitted, an investigation on the report is conducted. If any violation against regulations or an unethical practice is found, it is addressed in accordance with corporate policies.



- Clean Company : All acts of receiving treats, entertainments, money and valuables in any form are strictly prohibited. We have established a mechanism called Clean Company to help employees voluntarily report when they inevitably end up receiving money or gifts. If there is a situation in which received items are hard to be returned, they are donated to social welfare facilities in the ‘Sarangnanum’ auction.

Activities for Implementing Ethical Management

- Employee Training on the Code of Ethics: Since all of our employees receive training on the code of ethics, newly-recruited non-career and career employees are required to take introductory training course on our code of ethics. At the same time, the employees who are to be assigned to overseas subsidiaries receive the training prior to their assignment. In 2015, in particular, activities were conducted as follows: the materials on the code of ethics were revised by reflecting the latest trend and cases; five sessions of training were provided; and the company-wide ethics training for all employees was conducted.
- Pledge to Abide by the Code of Ethics : All our employees are obliged to sign the pledge to abide by the code of ethics. In any business transactions or contracts with our supplier partners, the special agreement on ethics should be signed with them. The agreement specifies what needs to be implemented in terms of ethics in addition to general contract terms as a way to institutionalizing our code of ethics.
- Survey on the Ethical Level: We survey our partner companies on our performance on ethics every year. In 2015, in particular, the survey was conducted for our supplier contractors. Our efforts to promote communication with our stakeholders such as the survey on the ethical level will continue.
- Continuous Promotional Activities: We are continuously conducting promotional activities by posting the cases and messages related to ethics management in internal and external bulletin boards so as to raise employee awareness on ethics and encourage stakeholders to join forces.

A P P E N D I X

Fact & Figures	42
Compliance with the UN Global Compact	45
Company Governance	46
GRI G4 Index	47
Third-Party Assurance	50
Overview of the Report	52

Fact & Figures

Focus Area	Indicator	Unit	2013	2014	2015	Note
Innovation Initiatives	Financial value created	KRW 100 million	242	270	406	
	Nurturing of innovation talent	No. of persons	232	264	320	
	Breakthrough Limitations tasks		12	11	10	
	6 Sigma tasks		49	63	52	
	VE tasks	No. of tasks	22	35	37	Value Engineering
	TRIZ tasks		10	12	12	Teoriya Resheniya Izobretatelskikh Zadatch
	Daily tasks		70	100	100	
Quality and Customer Satisfaction	Average customer satisfaction	On a scale of one to five	-	3.87	3.9	Not undertaken in 2013
	Losses from customer complaints(Improvement against the previous year)		8	13	10	
	Ratio of ISO9001 examiners	%	45	43	44	Against the company-wide quality division workforce
	Ratio of quality management engineers		43	37	42	
	Improvement in product quality defects		21	38	38	
	Realignment of the quality management system	No. of cases	46	40	33	
	Overseas subsidiary system evaluation and improvement		16	52	35	
	Supplier system evaluation and improvement		99	104	119	
Shared Growth	The technology development project fund for private and public joint investment (accumulated)	KRW 100 million	183	188	192	
	Win-Win Partnership Fund: participating companies/fund value	No. of companies/KRW 100 million	22 / 60	18 / 18	13 / 18	
	Ratio of cash payment	%	100	100	100	Bills with maturities of three months or under
	Job training for suppliers	No. of persons	210	307	160	FTA, innovation suggestion training, association training, technology training academy
	No. of suppliers: Korea/abroad	No. of companies	1,565/183	1,603/192	1,449 / 165	Major subcontractors, SMEs and large business partnersin Korea/overseas business partners
	Purchases made: Korea	KRW 100 million	4,979	5,433	5,250	Purchasing expenses
	Purchases made: China		792	803	735	
	Purchases made:Europe		428	413	312	
	Purchases made: Japan		366	388	514	
	Purchases made: Others		167	124	127	
Green Management	GHG emissions	CO ₂ ton	112,931	108,856	107,352	
	- Indirect emissions		103,031	99,044	99,044	
	- Fixed combustion		8,113	8,120	7,831	
	- Mobile combustion and others		1,787	1,692	1,524	
	GHG intensity	CO ₂ ton/KRW million	0.14	0.13	0.14	
	Energy consumption	TJ	2,302	2,206	2,174	
	Reduction in energy consumption		145	60	76	
	Basic unit for energy	TJ/KRW1,000	2.85	2.74	2.8	
	Green management expenses and investment	KRW million	1,924	991	1,434	
	- Environment		1,447	401	222	
	- Health & safety		447	590	1,212	
	Copper consumption		11,779	11,388	12,123	Primary raw materials
	Carbon and rubber consumption		1,710	1,699	1,656	
	Synthetic resin consumption		179	170	128	
	Water consumption	ton	837,729	825,229	895,467	
	- Industrial water		701,710	731,485	674,214	
	- Residential water		124,598	87,385	206,647	
	- Underground water		11,421	6,359	14,606	
	Emission of pollutants: Dust	kg	13,029	14,082	8,645	
	Emission of pollutants: COD		36,828	13,925	15,210	
	Emission of pollutants: SS		10,805	5,441	5,154	
	Discharge of wastewater	ton	499,958	547,971	484,982	
	Water recycled		703,401	723,518	610,885	
	Water recycling ratio	%	74	84	56	
	Generation of waste: General	ton	3,880	4,193	4,420	
	Generation of waste: Designated		259	303	239	
	Waste recycling ratio	%	82	80	81	

Focus Area	Indicator	Unit	2013	2014	2015	Note
Green Management	Occupational injury ratio		0.40	0.17	0.12	
	Industrial Health & Safety Committee meeting		20	16	16	Held quarterly in each plant (four times/year)
Ethics Management	Reports submitted to and handled through the Ombudsman System	No. of projects	9	8	6	
	Reports on bribe-taking submitted and handled		4	5	1	
	Survey of supplier partners on the ethical level (out of 5 points)	points	4.34	4.35	4.36	
Social Contribution	Investment in social contribution	KRW 100 million	1.8	6.7	3.0	
	Employee engagement in social contribution	No. of hours	2,254	2,823	1,807	
Technology Competitiveness	Selection of Strategic Labs	No. of locations	19	14	18	Strategic Labs work with LS Mtron in undertaking projects, signing MOUs or interacting through training or seminars, thus strategic partnership is required.
	Nurturing of R&D talent	No. of persons	16	14	17	New industry scholarship beneficiaries and employees taking degree programs or T-MBA are combined together
	Ratio of R&D investment in green products	%	42	47	49	
	Green product R&D projects		42	47	52	
	IP applications made	No. of projects	238	302	291	
	Open Innovation		37	32	30	
HR	Total employees		1,726	1,729	1,711	Including part-time workers, excluding dispatched workers and day laborers
	Regular workers (Male)		1,492	1,551	1,503	
	- Office		844	887	841	
	- Technical		648	664	662	
	Regular workers (Female)		45	52	54	
	- Office		44	51	53	
	- Technical		1	1	1	
	Non-regular workers (Male)		127	98	98	
	Non-regular workers (Female)		62	68	56	
	By region (Jeonju)	No. of persons	803	826	822	Against the total No. of employees
	By region (Jeongeup)		213	198	180	
	By region (Anyang)		606	636	599	
	By region (Gumi)		103	109	110	
	By age group (20's)		262	227	207	
	By age group (30's)		679	706	668	
	By age group (40's)		406	436	430	
	By age group (50's)		379	400	406	
	New hires (Male)		214	218	142	
	New hires (Female)		59	72	64	
	Ratio of new female hires	%	22	25	31	Based on regular workers
	No. of resignees/ratio of resigness	No. of persons/%	81 / 5.3	87 / 5.4	110 / 7.1	
	No. of disabled employees/ratio of disabled employees		32 / 2.1	28 / 1.7	29 / 1.9	
	No. of female employees/ratio of female employees		107 / 7.0	120 / 7.5	110 / 7.1	
	Training support: Average hours		123	140	95	
	Training support: Executives		103	147	169	
	Training support: General managers	No. of hours/ person	72	111	69	
	Training support: Deputy general managers		100	101	62	
	Training support: Managers		118	166	76	
	Training support: Assistant managers		128	127	103	
	Training support: Assistants		171	171	145	
	Training support: Value	KRW 1,000/person	2,186	1,842	1,444	
	Ratio of making performance and career development reviews	%	100	100	100	Based on regular workers
	Ratio of entry level pay againstminimum pay		183	291	277	
	Female-to-male earnings ratio (average pay, in the same position)		100	100	100	Based on fixed pay
	Employees who took childbirth leave	No. of persons	4	7	9	
	Employees who took childcare leave(Male)		-	2	2	
	Employees who took childcare leave(Female)		4	5	7	
	Reinstatement after childcare leave	%	100	100	100	No. of reinstated employees/ No. of employees eligible for reinstatement
	Welfare & benefits expenses	KRW 100million	112	116	131	

Focus Area	Indicator	Unit	2013	2014	2015	Note
HR	No./ratio of unionized workers	No. of persons/%	647 / 37	664 / 38	663 / 37	
	Dialogue with Division heads or executives	No. of occasions	53	53	54	
	Retirement fund – DB planholders	No. of persons	1,421	1,499	1,461	
	Retirement fund – DC planholders		100	108	125	
	No. of subsidiary employees		2,011	2,365	2,231	
Distribution of Economic Outcomes	Use of raw materials	KRW 100 million	8,263	9,370	9,995	
	Employee wage		2,016	2,096	2,276	Sum of wage, retirement benefits and welfare & benefits expenditures
	Taxes and utility charges		113	145	145	Sum of income taxes, taxes and utility charges
	Local community and environment		16	11	5	Sum of donations, volunteer expenses and environment-related investment
	Capital expenses		378	343	288	Sum of interest payments made and dividends paid

Summary Financial Statements

Category	Unit	8 th -Term(As of Dec. 31, 2015)	7 th -Term(As of Dec. 31, 2014)	6 th -Term(As of Dec. 31, 2013)
Total assets	KRW million	1,830,034		1,684,469
Current assets		913,871		802,546
Non-current assets		916,163		881,924
Assets held for sale			20,643	
Total liabilities		1,295,974	1,234,248	1,119,070
Current liabilities		779,486	838,174	889,183
Non-current liabilities		516,488	394,883	229,887
Liabilities held for sale			1,190	
Total shareholders' equity		534,060	553,400	565,400
Equity ownership by controlling shareholders		534,040	554,325	565,508
Equity ownership by non-controlling shareholders		20	(925)	(108)

Summary Income Statements

Category	Unit	8 th -Term(As of Dec. 31, 2015)	7 th -Term(As of Dec. 31, 2014)	6 th -Term(As of Dec. 31, 2013)
Sales	KRW million	1,926,024	1,878,099	1,794,633
Operating income		53,671	56,819	68,437
Income from continuing operations		(14,375)	6,261	34,380
Income from discontinued operations		(2,889)	(8,155)	(4,754)
Net income		(17,264)	(1,893)	29,627

Guarantee of the Freedom of Association and Collective Bargaining, and the Eradication of Child Labor/Forced Labor | We do not have any business areas that are highly likely to infringe on the freedom of association or collective bargaining or incur child labor or forced labor. We joined the UN Global Compact in 2010 to abide by its ten principles concerning the guarantee of the freedom of association and collective bargaining, the ban on human rights/ labor-related discrimination, and the eradication of child labor/forced labor. Our employment policy clearly stipulates that we prohibit child labor and all types of forced labor as well as unfair treatment and discrimination concerning recruitment, promotion, compensation, training and retirement in accordance with labor related laws and international labor standards.

Labor Relations | When our unionized workers are transferred or relocated, plants are relocated, or changes occur in business operations, the labor union and the concerned parties are notified following pre-determined periods of preliminary consultations.

Product Labelling | We provide our customers with information that should be disclosed in product delivery concerning product environmental safety labeling (plastics, metals, rubber, etc.) through the approval sheet system.

Personal Data Security Management | To safeguard the personal information of our customers and employees, we set internal management plans and developed a personal data privacy management system. We also set up the Personal Data Security Council to offer regular internal training and conduct independent security reviews. Furthermore, we examined the purpose of storing personal data to minimize personal data entry items that we require while narrowing the data access authority to prevent any data breaches.

Legal Compliance | In conducting business operations in 2015, there were no financial/non-financial sanctions imposed on LS Mtron due to the violation of any regulations, ranging from environmental laws and relevant regulations, anticompetition regulations (monopolistic or unfair trade practices), mandatory and voluntary regulations concerning product/service information and labeling to marketing communication regulations, personal data security regulations (customer information) and regulations concerning product supply and use.

Government Subsidy | In 2015, net government subsidies amounted to KRW 2.86 billion and royalties were recorded at KRW 390 million.

Compliance with the UN Global Compact

We joined the UN Global Compact on September 2, 2011 and comply with 10 principles in the four areas of human rights, labor, environment and anticorruption. All employees and executives at LS Mtron will take the lead in 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 page	Pages
Human Rights	❶ Businesses should support and respect the protection of internationally proclaimed human rights; and.	• Code of Conduct, Chapter 2: Basic Ethics of Employees	38, 40, 44
	❷ make sure that they are not complicit in human rights abuses.	• Employment Regulation Introduction	
Labour Standards	❸ Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	• Collective Agreement	33, 36, 37
	❹ the elimination of all forms of forced and compulsory labour;	• Code of Conduct, Chapter 5: Corporate Responsibilities for Employees	
	❺ the effective abolition of child labour; and,	• Employment Regulation Introduction	
	❻ the elimination of discrimination in respect of employment and occupation.		
Environment	❼ Businesses should support a precautionary approach to environmental challenges;	• Green Management Policy	33, 36, 37
	❽ undertake initiatives to promote greater environmental responsibility; and	- Clause 2. Reducing greenhouse gas emissions and developing environmentally friendly products	
	❾ encourage the development and diffusion of environmentally friendly technologies.	- Clause 3. Building safe and healthy environment as well as preventing hazards	
Anti-Corruption	❿ Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	- Clause 4. Win-win green management and corporate social responsibility	40
		• Code of Conduct, Chapter 6: Responsibilities for Country and Society	
		• Code of Conduct	40
		- Chapter 3: Fair Competition(with Competitors)	
		- Chapter 4. Fair Business Transaction(Subcontractors)	
		- Chapter 6. Responsibilities for Country and Society	
		• Business Partner Ethics Implement Special Contract	

Membership

Economy	Korea Chamber of Commerce & Industry, Korea Industrial Technology Association, Korea West Area Defense Industry Security Association, Wanju Industrial Complex Promotion Association, Ministry of Knowledge Economy Association Korea Agricultural Machinery Industry Cooperative, Korea Management Association, Korea Defense Industry Association, Korea Printed Circuit Association, Korea Intellectual Property Association, Korean Standards Association, Korea Synthetic Resin Processing Machinery Industry Cooperative
Society	Korea Industry Safety Association, Reserve Forces Commanders Association, Wanju Industrial Complex Safety Supervisor Association Fair Competition Federation, Korea Fire Safety Association
Environment	Wanju Industrial Complex Fire Safety Supervisor Association, Wanju Industrial Complex Environment AssociationGreen Company Council, Korea Environmental Engineers Association
Sustainability Management	United Nations Global Compact(UNGC)

Corporate Governance

Board of Directors (BOD)

The members in our board of directors (BOD) are selected for their expertise in their respective fields, as well as for their job capabilities. In 2015, six board meetings were held in total, in which a total of 22 items were dealt with. All the items were approved with 100% attendance rate. The CEO serves as the BOD chair, while a professional executive is appointed as the President in charge of the general company management. Aside from matters stipulated by relevant laws or by the Article of Association, any remaining matters that require BOD approval are decided on by the CEO or through management meetings. As a way to prevent any conflicts of interest between the company and its board members, directors who have any interest in the agenda items to be voted on by the BOD cannot exercise their voting rights on such matters. The remuneration of directors are paid within the limit approved by the general shareholders' meeting in compliance with related regulations. In 2015, the remuneration of registered directors and an auditor amounted to KRW 3.825 billion in total.

Composition of the BOD (As of March 30, 2016)

Name (gender)	Position	Director registration	Standing/non-standing	Responsibility	Previous career
Ja-Eun Koo (Male)	Vice Chairman	Registered	Standing	CEO (Chief Executive Officer)	• MBA, University of Chicago Graduate School, U.S. • Former Vice-President, LS-Nikko Copper • Former CEO & President, LS Cable & System
Kwang-Won Lee (Male)	President	Registered	Standing	COO (Chief Operating Officer)	• B.A. in law, Pusan National University • Former Head of the Tractor Division, LS Mtron (Senior Executive Vice President)
Eek-Hee Lee (Male)	Senior Executive Vice President	Registered	Standing	Head of the Corporate Management	• B.A. in statistics, Korea University • Former Head of the CF Division, LS Mtron (Executive Vice President)
Soo-Taek Choi (Male)	Auditor	Registered	Non-standing	Auditor	• Former LS Cable & System(Executive Vice President) • Former CEO, Schmidlin-Korea

Authority and Responsibility of the Auditor

In accordance with the corporate Articles of Association, there is one auditor at LS Mtron. The auditor is responsible for performing audits on our accounting and business practices in order to ensure the transparency and legality of our business conduct. To this end, the auditor may request the directors to brief him/her on business operations and investigate the company's operations and asset status, whenever the need arises.

Shareholder Composition

As of the end of 2015, the number of LS Mtron's issued shares stood at 9,000,000 and they are wholly owned by LS Corporation. LS Mtron is not listed on the stock market and thus is not subject to the adoption of the concentrated vote system, the adoption of either written ballot or electronic ballot voting, nor is it subject to exercise minority shareholder rights.

Management Meeting

Monthly management meetings, presided by the CEO, serve as a decision-making venue to discuss business directions, review business results (in relation to company-wide business conduct) and to report major issues in the economic, social and environmental fields.

Major Agenda Items

- Business philosophy and mid/long-term vision
- Analysis of business outcomes, follow up on major management indicators by business division
- Business management improvement, market/industry/competitor trends, etc.
- Outcomes of management evaluation, status of quality/productivity and other management indicators
- Status of innovation initiatives and sustainability management
- Review capital/facility/R&D investments and post-investment evaluation
- Review of the creation/revision of company-wide policies

Global Reporting Initiative G4.0

General Standard Disclosures			Pages
Strategy and Analysis	G4-1	CEO's statement	4~7
	G4-2	Key impacts, risks and opportunities	6~7, 26~17
Organizational Profile	G4-3	Name of the organization	1
	G4-4	Primary brands, products and services	8~9, 12~19
	G4-5	Location of the organization's headquarters	52
	G4-6	Countries where the organization operates	9
	G4-7	Nature of ownership and legal form	46
	G4-8	Markets served	8~9
	G4-9	Scale of reporting organization	43~44
	G4-10	Breakdown of workforce	43
	G4-11	Employees covered by bargaining agreements	44
	G4-12	Organization's supply chain	42
	G4-13	Significant changes during the reporting period	N/A
	G4-14	Explanation of how the precautionary principle is addressed	33, 36~37
	G4-15	External principles and other initiatives to which the organization subscribes or which it endorses	45
	G4-16	Memberships in associations	
Identified Material Aspects and Boundaries	G4-17	Entities included in the organization's consolidated financial statements	44
	G4-18	Process for defining report content and aspect boundaries	26~27, 52
	G4-19	Material aspects	26~27
	G4-20	Aspect boundary within the organization	
	G4-21	Aspect boundary outside the organization	
	G4-22	Explanation of the effect of any re-statements of information provided in earlier reports	N/A
	G4-23	Significant changes from previous reporting periods	
Stakeholder Engagement	G4-24	Stakeholder groups engaged by the organization	24
	G4-25	Basis for identification and selection of stakeholders	
	G4-26	Approaches to stakeholder engagement	24~26
	G4-27	Key topics and concerns raised through stakeholder engagement	24~27
Report Profile	G4-28	Reporting period	52
	G4-29	Date of the most recent report	
	G4-30	Reporting cycle	
	G4-31	Contact point for questions regarding the report	
	G4-32	GRI content index	60~62
	G4-33	Policy and current practice with regard to seeking external assurance for the report	60~61
Governance	G4-34	Governance structure of the report	46
	G4-38	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	

General Standard Disclosures			Page
Governance	G4-39	Position of the Chairman of the Board	46
	G4-41	Processes in place to avoid conflicts of interest	
	G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	
	G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address them.	
Ethics and Integrity	G4-56	Organization s values, principles, standards and norms of behavior	40
	G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour	
Specific Standard Disclosures			Page
DMA	G4-DMA	a. The mechanisms for evaluating the effectiveness of the management approach b. The results of the evaluation of the management approach c. Any related adjustments to the management approach	26~27, 30~40
Economic			
Economic Performance	G4-EC1	Direct economic value generated and distributed	22~23
	G4-EC3	Coverage of the organization s defined benefit plan obligations	44
	G3-EC4	Financial support from the government	
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	43
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	34~35
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	42
Materials used by weight or volume			
Materials	G4-EN1	Materials used by weight or volume	42
Energy	G4-EN3	Energy consumption within the organization	42
	G4-EN5	Energy intensity	
	G4-EN6	Reduction of energy consumption	
Water	G4-EN8	Total water withdrawal by source	42
	G4-EN10	Percentage and total volume of water recycled and reused	
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	42
	G4-EN16	Indirect greenhouse gas (ghg) emissions (scope 2)	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	
	G4-EN19	Reduction of greenhouse gas (ghg) emissions	
	G4-EN21	NOx, SOx, and other significant air emissions	
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	42
	G4-EN23	Total weight of waste by type and disposal method	
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	36~37
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	44
Overall	G4-EN31	Total environmental protection expenditures and investments by type	42
Supplier Environmental Assessment	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	33

Specific Standard Disclosures			Page
Social			
Labor Practices and Decent Work			
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	43
	G4-LA3	Return to work and retention rates after parental leave, by gender	
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified	44
Occupational Health and Safety	G4-LA5	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	44
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	43
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	43
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	38~39
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	43
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	43
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	43
Human Rights			
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	N/A
Society			
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	34~35
Anti-corruption	G4-SO4	Communication and training on anti-corruption policies and procedures	40
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	N/A
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	N/A
Product Responsibility			
Customer Health and Safety	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	N/A
Product and Service Labeling	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	N/A
	G4-PR5	Results of surveys measuring customer satisfaction	31, 42
Marketing Communications	G4-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	N/A
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	N/A
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	N/A

Independent Assurance Statement

The Business Institute for Sustainable Development (BISD), led by the Korea Chamber of Commerce & Industry, was requested by LS Mtron to serve as an independent ‘third-party assurance institute’ for the ‘2015 LS Mtron Sustainability Report’ (hereinafter ‘Report’), and submits the assurance statement as follows.

Purpose

The purpose of this assurance report is to identify any major errors or biases in the Report, to conduct independent assurance procedures to determine whether the sustainable management issues of LS Mtron were appropriately reported, and to present an assurance opinion.

Responsibilities and Independence

This Report contains matters on LS Mtron’s sustainable management efforts, achievements and future plans. All responsibility regarding the drafting of the Report lies with LS Mtron.

In conducting assurance procedures on the Report and providing assurance opinions to the board of directors, BISD has no management-related interests in profits with LS Mtron, aside from carrying out third-party assurance, in order to maintain independence and autonomy.

Assurance Standards and Restrictions

BISD performed the assurance evaluation in consideration of the three accountability principles (inclusivity, materiality and responsiveness) of AA1000AS (2008) and the principles for defining report content and report quality of the Global Reporting Initiative G4 guidelines.

Physical inspections were conducted at the headquarters of LS Mtron located in Anyang. The scope of the assurance evaluation was limited to only those performances stated in the Report and excludes data from previous years and data reported online. Furthermore, greenhouse gas data that has already been verified from another third-party organization was not subjected to the assurance evaluation.

Major Assurance Procedures

For the assurance process, LS Mtron’s employees were engaged in interviews. Results from the interviews and other relevant documents provided by LS Mtron were examined. Major assurance procedures undertaken are as follows:

- Review of application of company’s internal sustainability report standards
- Review of the Report contents and the information collection process
- Review of the materiality test process, core issues and company policies
- Performance of physical inspections and interviews with employees

Opinions

BISD performed the assurance evaluation in accordance with the procedures identified above, and the Report was modified by LS Mtron if and when deemed necessary. Based on the assurance evaluation, BISD is not aware of any significant errors in the Report and confirmed that the Report was written in accordance with GRI G4 guidelines (core option).

The opinions of BISD produced as a result of its assurance evaluation and in consideration of the AA1000APS accountability standards are explained below.

Inclusivity

: Does LS Mtron adhere to the principle of stakeholder engagement in order to ensure a responsible and strategic response in advancing sustainability management?

- LS Mtron gathered major concerns and opinions from core stakeholders, including its customers, employees, suppliers, local communities, central/ local governments and shareholders through stakeholder communication channels.
- BISD is not aware of any significant stakeholder groups that were omitted from the process of gathering sustainability management issues through LS Mtron’s stakeholder communication channels.

Materiality

: Does LS Mtron include material issues that affect stakeholders in the entire spectrum of sustainability management in the Report? Does LS Mtron include material issues that affect stakeholders in the entire spectrum of sustainability management in the Report?

- LS Mtron identified major issues through the materiality test and compiled opinions through a survey from each stakeholder group in the process of the materiality test process.
- BISD is not aware of any significant issues that were omitted from the process.

Responsiveness

: Does LS Mtron respond appropriately to stakeholder issues?

- LS Mtron has acknowledged the impact of its business decisions on stakeholders and responded properly with coherent actions. The Report presents related performances during the reporting period.
- BISD is not aware of any violations of the principle of responsiveness in LS Mtron’s response to major sustainability management issues or performances that are described in the Report from the perspective of materiality.

Recommendations

BISD makes the following recommendations within a scope that does not affect the assurance results:

- LS Mtron suggested a new vision called ‘Be the ONE’. Henceforth, BISD recommends LS Mtron establish sustainable management strategy and embody the plans to fulfil the new vision and value.
- LS Mtron reported core issues categorizing them as internal/external stakeholders and creation values/risk prevention activities. Through this categorizing, it is easy to comprehend how LS Mtron manages core issues. In addition, BISD recommends LS Mtron report actual result and plans regarding to core issues.
- LS Mtron made various efforts to enhance sustainability such as green management assessment for environmental safety and HR audit establishment for a guarantee of human rights for employees. Henceforth, BISD recommends LS Mtron strengthen CSR of foreign operations and suppliers with consideration for the LS Mtron’s sphere of influence.

June 2016



President Chun, Subong



Overview of LS Mtron’s Sustainability Report 2015

LS Mtron presents its seventh sustainability report to share its endeavors undertaken and future plans to advance sustainable growth.

Overview of LS Mtron’s Sustainability Report 2015

- **Reporting Principle**

GRI G4 guidelines (CORE)
- **Reporting Boundary**

LS Mtron and its subsidiaries
- **Reporting Scope Economy**

(On a K-IFRS basis), society and the environment in general
- **Reporting Period**

From January to December in 2015 (fiscal year) and achievements made from January 2013 to March 2016
- **Assurance**

Third-party independent assurance
- **Reporting Cycle**

Annual publication
- (Previous report issued in Jun. 2015, the next report set for publication in Jun. 2017)
- **Content Organization Criteria**

LS Mtron’s Sustainability Management Steering Wheel
- **Head Office**

11FL, LS Tower, 127, LS-ro, Dongan-gu, Anyang City, Gyeonggi Province, Korea
- **Contact Information**

Corporate Strategy Team in the Corporate Strategy Division in LS Mtron
TEL. 031) 689-8217
E-mail. kdy0425@lsmtron.com

References on the Creation of This Report

This report was created by the Sustainability Management Steering Council under the supervision of the Sustainability Management Executive Office. The report was prepared based on the ‘Sustainability Management Steering Wheel’ which presents the focus areas of the year. We selected key outcomes with higher business impact and stockholder interest by focus area.

Previous Reports



Sustainability Report 2009 Sustainability Report 2010 Sustainability Report 2011

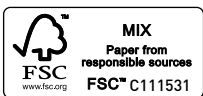


Sustainability Report 2012 Sustainability Report 2013 Sustainability Report 2014

Date of Publication: 27 June 2016
Publisher: Ja-Eun Koo
Publishing Company: LS Mtron Ltd.

Participating Employees

General Manage-ment	Head of the Corporate Management	Eek-Hee Lee (Senior Executive Vice President)
	Corporate Strategy Team	Seong-Joon Lee, Dae-Yeong Kang
Participating Employees	Innovation Team	Hyun-Kyu Park, Sung-Pyo Jo
	Quality Management Team	Hee-Jung Park, In-Seok Chang
	Corporate Collaboration & Prosperity Team	Yo-Seong Song, Jong-Yun Han, Han Kang
	Green Management Team	Chul-Eung Jun, Myoung-Ku Jung
	Internal Audit & Consulting Team	Young-Il Seo, Hyouk-Chan Ko
	Business Support Team	O-Seok Kwon, Kyung-Tae Lee, Na-Rae Choi
	Technology Management	Seong-Hwan Jang, Mi-Kyung Chung
	Human Resources Team	Chang-Woo Lee, Cheol-Soon Kim
	Human Resources Development Team	Jae-Hak Lee, Man-Ho Lee, Hyung-Woo Kong
	Subsidiary Support Team	Jung-Yoon Kim
	Tractor	Geun-Bung Jeong, In Lee
	Injection Molding	Sun-Ik Hwang, Bo-Seong Kim
	Special Business	Yeong-Cheol Choi, Sung-Kwang Yu
	CF	Dong-Jin Cho, Jae-cheol Boo
	Electronic Component	Hyoung-Joo Lee, Hye-Won Lee
	Automotive Component	Gun-Wook Hwang , Jun-Young Seong
	FCCL	Gyu-Mun Kim, Yun-Ho Yang
	UC	Kwon-Yong Yoon
	LSMQ	Young-Rae You
	LSTA	Yong-gu Kim
	LSMB	Ho-Young Kwon
	LSMW	Goo-Yun Chung
	LSMI	Ho Shim
	LSEQ	In-Yong Choe
	LSEV	Maeng-Kyoo Sung
	YTLS	Jae-Pil Choi
	Daesung Electric	Ja-Han Koo
	CASCO	Ji-Hoon Kim



This report is printed on
FSC™(Forest Stewardship Council)
Certified paper with Soy ink.