

# LIFE'S GOOD

WITH

"Life's Good with LG" is the official CSR slogan of LG Electronics and conveys our earnest desire for comprehensive communication with stakeholders about our CSR efforts in a variety of areas.

# LG

2017-2018 LG Electronics Sustainability Report

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



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

**Innovation for a Better Life**

# 2017-2018 LG ELECTRONICS SUSTAINABILITY REPORT

## Report Overview

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

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

## Reporting Principles

GRI Standards, UNGC (Global Compact) Index

## Scope and Boundary of Report

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

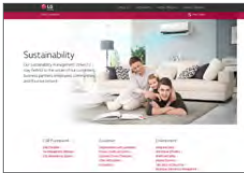
## Reporting Period

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

## Assurance

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

## Where sustainability management activities of LG Electronics can be found.



LG Electronics Corporate Website  
<http://www.lg.com/sustainability>



LG Electronics  
Annual Report

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Management Philosophy

LG Way

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

Vision

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

<p>Customers</p> <p><u>LG, Trusted by Customers</u></p> <p>Capture the hearts of customers with exceptional quality and brand value.</p>	<p>Employees</p> <p><u>LG, Coveted by Talented Professionals</u></p> <p>Create a great workplace that inspires talented professionals to work with passion and drive.</p>	<p>Investors</p> <p><u>LG, Favored by Investors</u></p> <p>Become a favorite investment option for investors by delivering high profits.</p>	<p>Competitors</p> <p><u>LG, Feared and Respected by Competitors</u></p> <p>Produce strong results through “No.1 Management” and become an industry leader feared and respected by competitors.</p>
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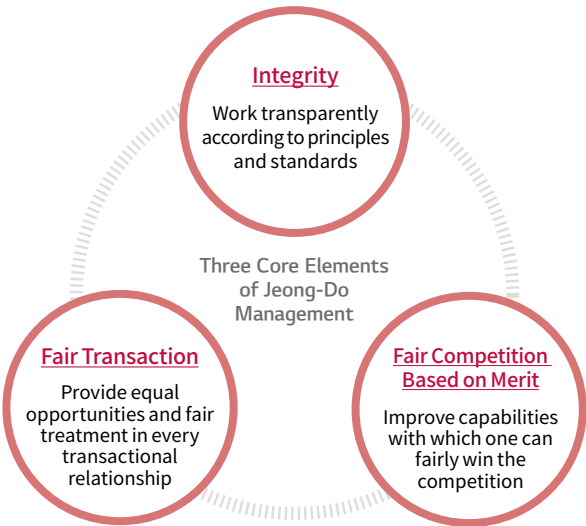
Management Principles

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



Behavioral Mode

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



# Message from the CEO

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



**To our valued stakeholders:**

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

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

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

We will continue developing brands that are truly premium by launching leading products designed by finding differentiated customer values and capturing the lead in the market. We will strengthen our main businesses and secure the momentum for our preparation for the future in our path to becoming an unwavering company in spite of any crisis it may face. Bearing in mind that product quality is something that must not be compromised in creating customer values, not only our employees but also our suppliers will lead efforts to achieve the best quality.

We will set up a system of virtuous cycles by streamlining our platforms and adopting modular designs, standardization, and common application across all business areas to secure unrivaled product competitiveness and customer values that, together, generate 'Profitable Growth'. LGE will stay ahead of the competition in its efforts to build a better life by applying future technologies such as AI and big data to all businesses and management decisions, expanding external partnerships, and taking the lead in the era of the fourth industrial revolution by driving the era of convergence.

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

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

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

LGE will minimize environmental impacts of the production process and fulfill its pledge and carry out activities to create a better society. We will advocate sustainability management that allows our stakeholders to grow together with the company by developing products and technologies geared toward the smart life of our customers and smart businesses, setting up a low carbon

and circular economy system as well as sustainable supply chains, creating decent jobs, and addressing local issues through social contribution.

Dear stakeholders,

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

We look forward to your continued support and interest. Thank you.

May 2018  
Vice Chairman and CEO  
**Seong-Jin Jo**



# Who We Are



## Corporate Overview

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

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

### CORPORATE PROFILE (AS OF DECEMBER 31, 2017 / CONSOLIDATED)

Name		LG Electronics Incorporated
Location of Headquarters		LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea
Industry		Manufacturing
Major Products		Refrigerator, Washing Machine, Residential / Commercial Air Conditioner, Cooking Appliance, Vacuum Cleaner, TV, Monitor, PC, Stereo System, Video System, Mobile handsets, Automotive Components, Solar System, etc.
President		Seong-Jin Jo
Date Established		October 1, 1958
Number of Employees		73,773 (37,655 in Korea and 36,118 overseas)
Total Assets		KRW 41,221 billion
Total Liabilities		KRW 26,547.3 billion
Credit Rating		Korea: AA (Stable), S&P: BBB (Stable), Moody's: Baa3 (Stable)
Number of Shareholders		137,097
Sales	Parent	KRW 31,966.5 billion
	Consolidated	KRW 61,396.3 billion
Operating Income	Parent	KRW 701.2 billion
	Consolidated	KRW 2,468.5 billion

# Where We Operate

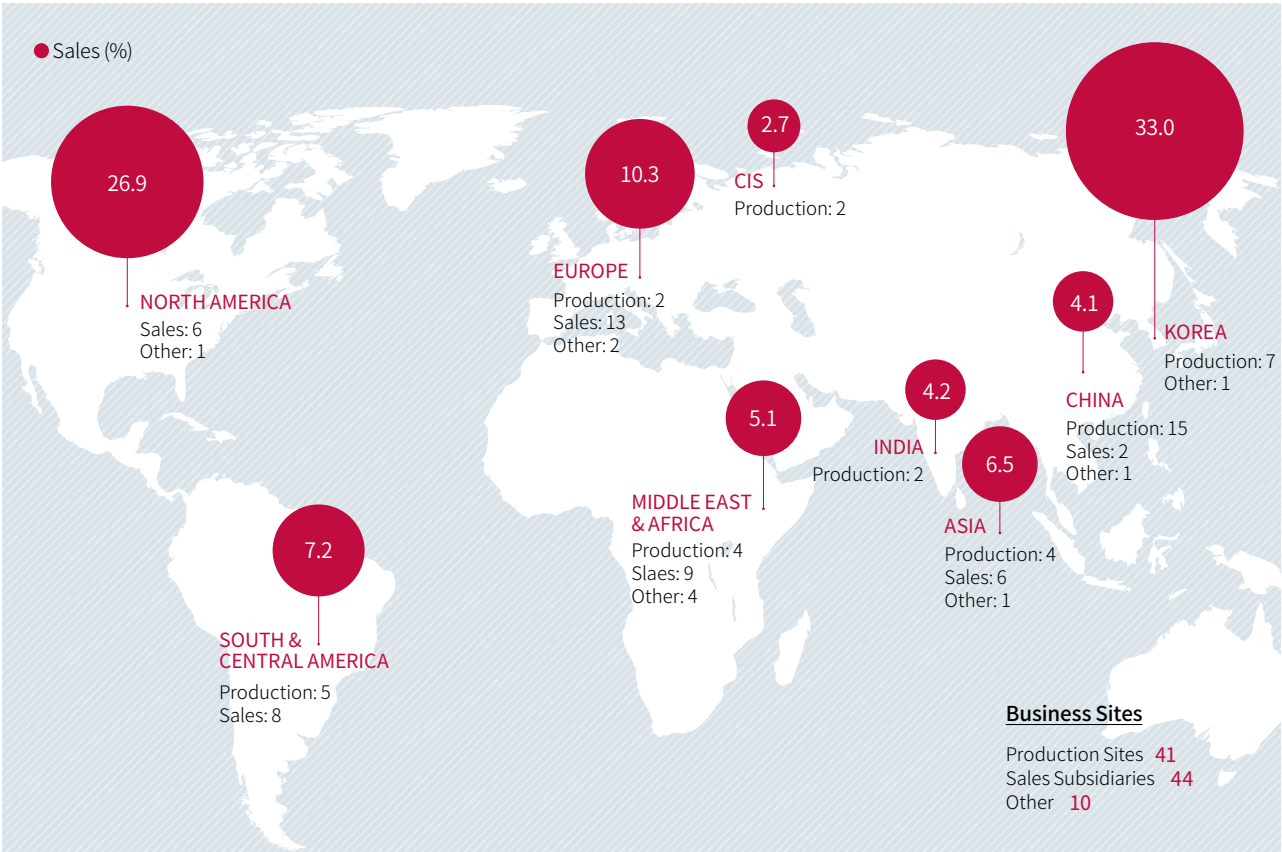
## Sales by Region and Global Workforce (As of December 31, 2017)

■ SALES (Unit: KRW billion)		■ NUMBER OF EMPLOYEES (Unit: Person)	
20,261.0		Korea	37,655
16,542.5		North America	2,341
4,422.1		South & Central America	6,742
2,546.3		China	8,483
3,970.0		Asia	6,318
3,117.2		Middle East & Africa	1,664
6,302.9		Europe	4,403
2,553.9		India	4,506
1,680.4		CIS	1,661

Total Sales  
KRW 61,396.3 billion

Total Number of Employees  
73,773

## Global Operation



Management Messages



President  
Il-Pyung Park  
CTO (Chief Technology Officer)



Senior Vice President  
Charlie Park  
CHO (Chief HR Officer)



Executive Vice President  
Chung-Hak Lee  
Business Support Officer

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

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

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

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

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

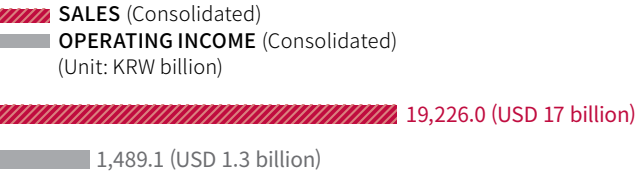
To accomplish this goal, we have set CSR risk management, valuable social contribution, stakeholder engagement, and CSR change management as the four main tasks to be performed while building a relationship based on trust with various stakeholders through constant communication. A number of rating agencies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

What We Do



H&A  
Home Appliance & Air Solution

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



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

We are living in an era of value competition. Companies do not simply make products but are rewarded by resolving social issues with their products. For their part, customers are also looking for products that affect society in a way that they can empathize with. Thus, LGE seeks to satisfy such needs and stay ahead in the value competition. LGE will be a company that fulfills its social responsibilities in a proactive manner based on its future development road map designed to make life more convenient and comfortable according to the change in lifestyles.

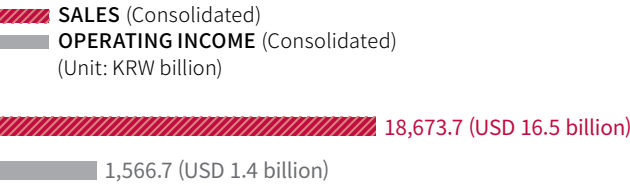




## HE

### Home Entertainment

LG Electronics is pioneering the premium TV market driven by its OLED TVs; we established a business structure that generates stable profit by expanding sales in premium products and improving the cost structure. Going forward, we will continue to increase our sales in premium products by reinforcing our product competitiveness and, building on such robust fundamentals, maintain strong profitability.



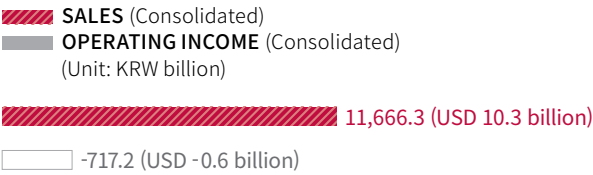
**Management Message**  
President, HE Company  
President - Bong-Seok Kwon

LG Electronics aspires to develop products boasting of technology that enables people to become connected and empathize with one another. We especially seek to deliver open connectivity in human life by introducing products that satisfy the core value of the product and the ultimate needs of consumers. In addition, we aim to fulfil our corporate social responsibilities by addressing problems in society from all walks of life with our premium AI products. LG Electronics will not be complacent about the current situation but will continue to examine issues regarding humanity and society as the company creates sustainable value.

## MC

### Mobile Communications

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



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

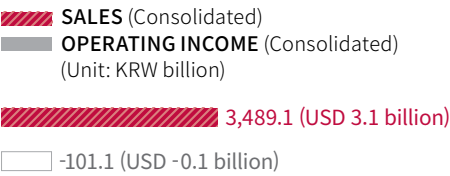
Mobile Communications is playing an integral role in future technology such as convergence, AI, and service solutions, which are important themes in LGE's future business. In this modern society that is becoming increasingly competitive, LGE plans to boost synergy among multiple operations characteristic of the mobile business and, at the same time, improve its structure to increase profit in a single business unit. Consequently, we will realize customer value and drive advancement in various areas, including convergence of technology and data, and creation of synergies. We will go beyond simply satisfying the conventional needs of our consumers to providing genuine solutions tailored to meet demands of individual customers, in the long run, gaining the trust of customers.





VC  
Vehicle Components

LGE's infotainment business has prepared future technology in advance to respond to the changing communications environment, including advancements in autonomous driving and connectivity technology, and has pre-occupied the market. In the vehicle components business, the market for which is expected to grow, LGE is strengthening its position as a 1st-tier supplier on the basis of expanded sales of GM's electric car, Bolt.



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

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

VC Portion of Sales

5.7 %



B2B  
Business to Business

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

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

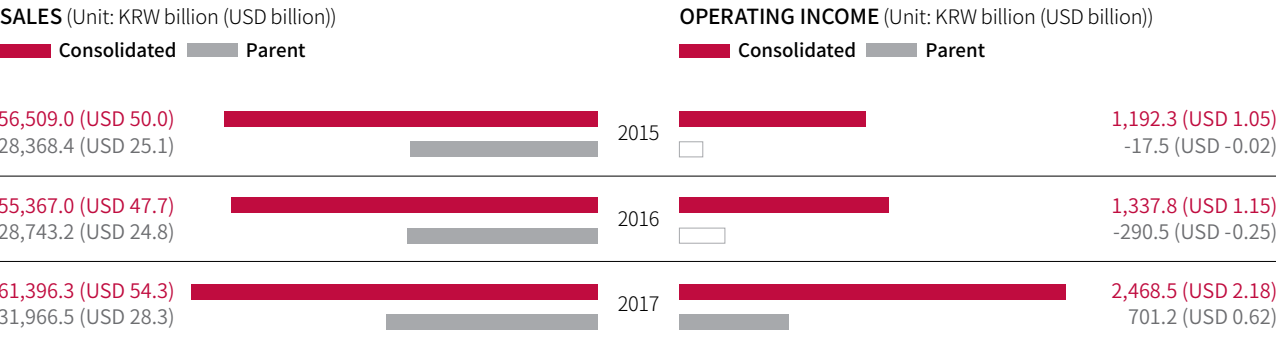


Management Message  
President, B2B Company  
President - Soon-Hwang Kwon

Since the official launch of the B2B Company, LG Electronics has placed emphasis on solution development in various B2B industries including existing commercial displays and high-efficiency solar modules. We are identifying B2B products and solutions and merging them with one another to build the so-called "Killer Solutions" together with our customers. By doing so, we are striving to be active not only in a business-to-consumer (B2C) model but also in a B2B model. Furthermore, we seek to implement across-the-board vertical integration and deliver a total solution in areas like green business and renewable energy to gain customer trust and contribute to a sustainable future.

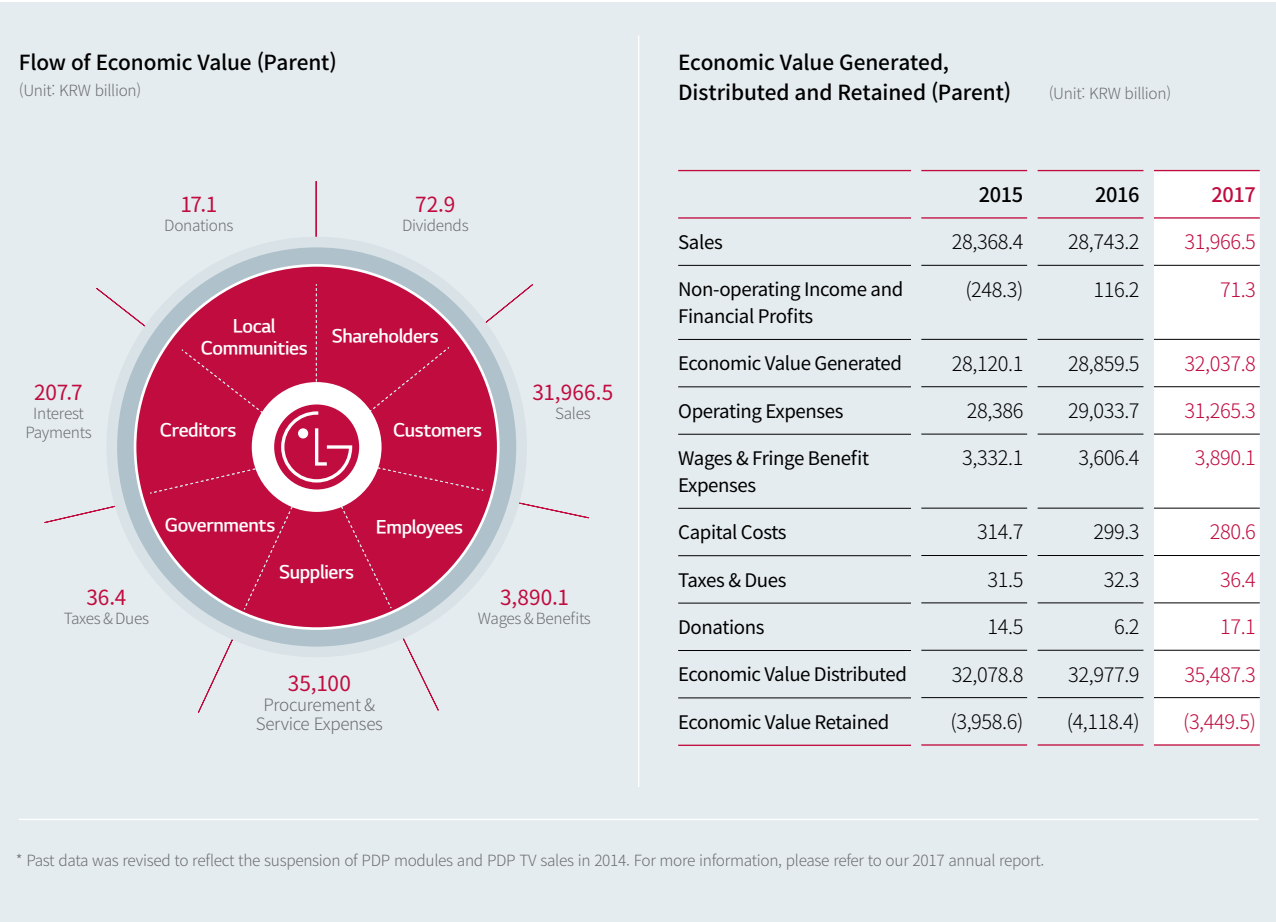
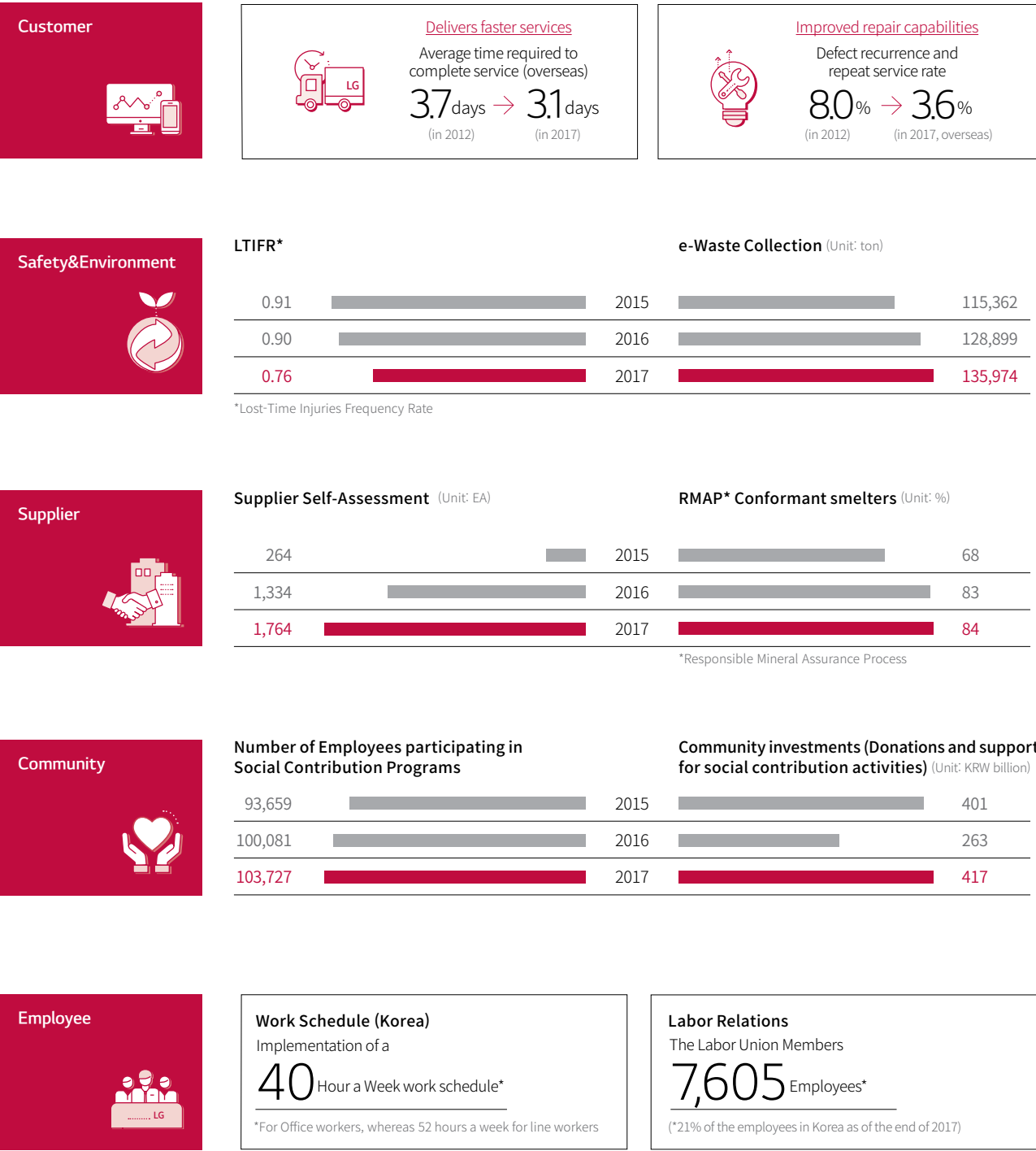
What We Achieved

Financial Performance



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

Non-financial Performance





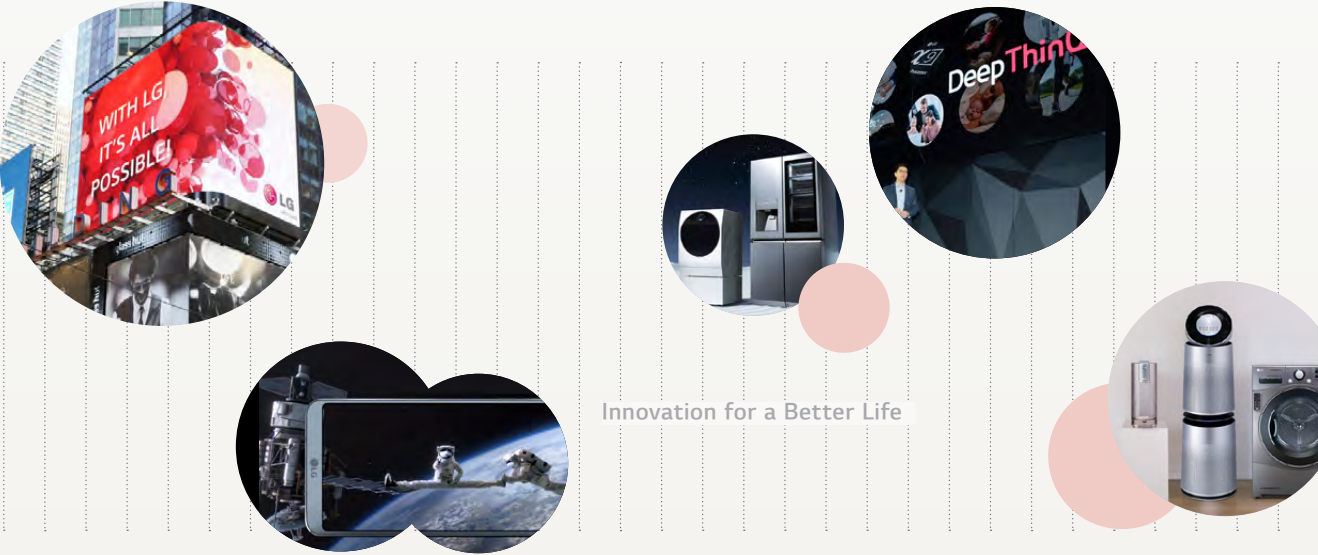
# LG Electronics 60th Anniversary

60 years of LG Electronics that has driven Challenges for Innovation

Since 1958, LG Electronics has sown the seeds of the electronics industry on this land and grown a tree of aspirations. We established a foothold for entering the global market by making ceaseless efforts to develop our technology despite the hostile domestic environment in the past and made a name for ourselves thanks to bold management reforms. LGE's endeavors paid off, with the company gaining customer trust on its technology and products and solidifying its position as a global leader.



Entering the new millennium, LG Electronics drove the digital TV market and produced mobile phones and home appliances recognized by customers with the world's best technology and design. Today, LG Electronics aims to become a sustainable company that continues to grow, unwavering despite the crisis it may face going forward. We at LG Electronics are making our utmost efforts to maintain a strong presence in the manufacturing sector and, at the same time, lead the trend in this continuously evolving world.



## Establishment and innovation (1947~1959)

**1947**  
**January** \_ Establishment of Lak Hui Industrial Corp. (currently LG Chem.)

**1952**  
**April** \_ Establishment of Dong Yang Electrochemical Industry Corp. (President In-Hwoi Koo)

**1953**  
**October** \_ Dong Yang Electrochemical Industry Corp. merged into Lak Hui Industrial Corp.

**1958**  
**November** \_ Develops Korea's first domestically produced radio, A-501, bearing the trademark of GoldStar (Cultural Heritage 559 registered by the Cultural Heritage Administration)

## Building the country's basic industries (1960~1969)

**1960**  
**March** \_ Develops Korea's first domestically produced 12-inch fan

**1961**  
**July** \_ GoldStar develops Korea's first domestically produced automatic telephone

**1964**  
**March** \_ Completes the construction of the Integrated Electronic-electric Factory in Oncheon-dong

**1965**  
**April** \_ GoldStar develops Korea's first domestically produced refrigerator (Cultural Heritage 560 registered by the Cultural Heritage Administration)

**1966**  
**August** \_ GoldStar develops Korea's first domestically produced 19-inch black-and-white TV (Cultural Heritage 561 registered by the Cultural Heritage Administration)

**1968**  
**March** \_ GoldStar develops Korea's first domestically produced room air conditioner

**1969**  
**May** \_ GoldStar develops Korea's first domestically produced washing machine (Cultural Heritage 562 registered by the Cultural Heritage Administration)

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

**1972**  
**August** \_ GoldStar is awarded the Tower of the Advancement in Precision Industry

**1976**  
**February** \_ GoldStar breaks the one million mark for TV production

**1977**  
**August** \_ GoldStar begins the production of 19-inch color TVs

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

**1980**  
**August** \_ GoldStar releases color TVs

**1982**  
**July** \_ GoldStar builds a color TV plant in Huntville, Alabama, USA

**1984**  
**January** \_ Changes the corporate identity

## Steering our path to be No.1 LG (1990~1999)

**1990**  
**February** \_ Announces the Management Principle, Customer-Value Creation and People-Oriented Management

**February** \_ GoldStar breaks the 10 million mark for refrigerator production

**1992**  
**June** \_ Number of visitors to the Science Hall reaches one million in five years since it opened

**September** \_ GoldStar completes construction of the Ireland Design Research Laboratory

## LG achieves phenomenal success in the 21st century (2000~2009)

**2003**  
**October** \_ Develops the world's first 55-inch LCD for HDTVs

**2004**  
**June** \_ LG Electronics named the "World's Top IT Company" by Business Week

**2005**  
**January** \_ LG and GS divide into two independent companies

**January** \_ LG WHISEN air conditioner recorded as the bestselling air conditioner model for five consecutive years

**March** \_ Announces LG Way

**April** \_ LG TROMM washing machine reaches the one million mark for number of units sold in Korea

**2006**  
**September** \_ Expands ABS plant and completes construction of SBL plant in Ningbo, China

**2007**  
**April** \_ Five of LGE products designated as the People's Brand, Russia's most prestigious product awards

**August** \_ LG TROMM recorded as the bestselling drum washing machine model in the US

**August** \_ LG Electronics awarded with EISA Awards in Europe under three categories

**November** \_ Establishes LG Solar Energy

**2009**  
**March** \_ Completes the construction of the Seocho R&D Campus

## Innovation for a Better Life (2010 and on)

**2010**  
**March** \_ LG Electronics exports Korea's first 3D TVs

**September** \_ LG Electronics launches the water treatment business

**2013**  
**August** \_ GoldStar's first radio, refrigerator, TV and washing machine designated as Cultural Heritage by the Cultural Heritage Administration

**2015**  
**March** \_ Holds a ribbon-cutting ceremony for the Haiphong Campus in Vietnam. Planned to develop into a global production hub by 2028

**July** \_ Releases LG TROMM TWINWash

**December** \_ LG drum washing machine recorded as the bestselling washing machine model in the US for nine consecutive years

**2016**  
**March** \_ Launches LG SIGNATURE in Korea, an ultra-premium home appliance brand

**March** \_ LG Electronics concludes the annual collective bargaining and wage negotiations without dispute for the 28th consecutive year

**July** \_ LG Gram 15 sets a Guinness World Record for the lightest laptop model

**2017**  
**March** \_ Inverter Linear Compressor Refrigerator achieves 15 million units in global cumulative sales

**March** \_ LG TONE+ achieves 20 million units in cumulative sales

**June** \_ Receives Best Supplier Award from Renault and Volkswagen

**July** \_ Begins the commercial robot business in full-scale

LG ThinQ<sup>®</sup> AI

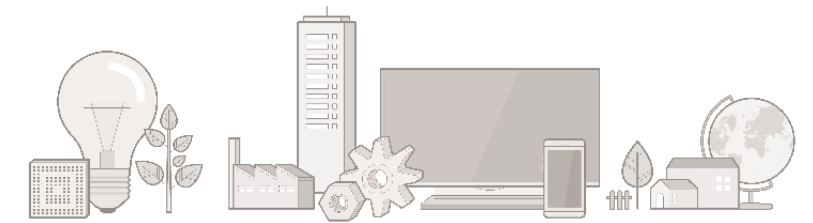
# Sustainability Commitments



## Sustainability Commitments

## Commitments for a Better Life

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



Commitments	Goals / Relevant SDGs	Targets
Promote Intelligent Lifestyle	<p>Establish Intelligent Living Environment</p> 	<p>- Improve the life of customers by providing more easy-to-use products applied with AI and future technology. (Create a better living environment by adding more sentimental value to products and services with intelligent connectivity.)</p>
	<p>Pursue Healthy Life for Customers</p>  	<p>- Help customers live a healthy lifestyle by launching innovative products with social and environmental changes in mind. (Guarantee a healthy lifestyle tailored to customer needs through the convergence of future technologies (hardware, software, AI, 5G, etc.) in consideration of the society and environment.)</p>
	<p>Expand Green Business</p>  	<p>- Contribute to creating a sustainable society through continuous development of environmentally friendly businesses such as renewable energy and EVs. (Ensure sustainable industrial growth in the areas of renewable energy and EVs that are future oriented, and provide environmental and human value.)</p>
Realize Zero Carbon and Circular Economy	<p>Pursue Zero Carbon</p>  	<p>- Reduce carbon emissions in the production level by 150,000 tons by 2020 compared to the base year 2008. (1 million tons in cumulative reductions)            * A mid- to long-term carbon management strategy will be reestablished and announced in the 2nd half of 2018.</p>
	<p>Reduce the Environmental Impacts of Products</p>  	<p>- Achieve 80% Green 3 Star Products by self-assessment of environmentally friendly products by 2030. (In terms of the number of development projects)            * Percentage of Green 3 Star Products as of 2017: 45%</p>
	<p>Promote Circular Economy</p> 	<p>- Achieve 95% recycle rate of waste from production sites by 2030.            - Collect 4.5 million tons of e-Waste by 2030. (Since 2006)            * Total amount collected as of 2017: 2.05 million tons</p>
Create a Better Society	<p>Establish Sustainable Supply Chain</p>   	<p>- Use 100% RMAP* conformant smelters by 2021.            - Assess the CSR risks of all 1st tier suppliers and expand the scope to include 2nd and 3rd tier suppliers by 2020.            *RMAP (Responsible Mineral Assurance Process)</p>
	<p>Establish Decent and Safe Work Place</p>   	<p>- Establish the highest level of safety culture in the manufacturing industry (Independent stage) by 2030.            - Achieve 100% low risk for all the production sites in CSR self-assessment.            - Improve work efficiency and the level of employee satisfaction by achieving work and life balance through fundamental changes in work style.</p>
	<p>Expand Contribution to the Local Community</p>     	<p>- Resolve social issues by using the company's technology and products. (Achieve 300,000 in the total number of beneficiaries by 2030)            - Support stakeholders' growth and independence through partnership. (Achieve 100,000 in the total number of beneficiaries by 2030)            - Establish volunteer program in all countries where we do business by 2030.</p>



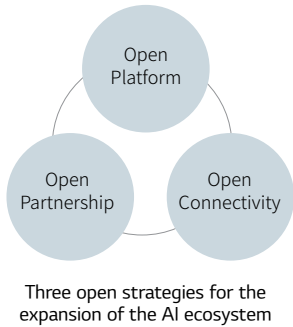
Promote Intelligent Lifestyle

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

# Our Future with Intelligent Life



Establish Intelligent Living Environment



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

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

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

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

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

Promote Intelligent Lifestyle

# Our Future with Healthy Life



Pursue Healthy Life for Customers



LG Electronics has developed products for customers to maintain their healthy lifestyle considering social and environmental changes. The company will contribute to improving social stability including customers' health through quick response to the social and environmental problems experienced by customers in the hyper-connected society where various items exchange data over a network. The aim is to provide smart solutions to the problems recognized by customers, through which to gain the trust of customers and improve the brand value. Two of them include the LG Puri-Care air purifier and LG Styler engineered to resolve some of the social and environmental issues such as fine dust particles and other forms of pollutants. LG Electronics is making initiatives to converge and apply technologies in consideration of social and environmental aspects for customers to maintain a healthy lifestyle.

2017 Growth Rate of Health Appliances

191.6 % (Korea)

LG Electronics continues to expand the development and sales of health appliances that can help resolve some of the social and environmental issues and protect customers from them while coping with the increasing interest for health and demand for health-related products. Air purifiers, dryers, water purifiers, and clothing care systems are some of LG health appliances that effectively deliver value in the face of a growing interest for health. Improving the living environment such as purifying the air and maintaining clothes clean by removing fine dust particles that can penetrate the skin can go a long way in maintaining a healthy lifestyle particularly in the regions where ventilating the room can be a problem due to a serious level of fine dust particles. Health appliance sales rose by 191.6% in 2017 compared to the previous year. (17.8% Operating Income Ratio) – Korea





Promote Intelligent Lifestyle

# Our Future with Green Business



## Expand Green Business

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

Global Demand for Renewable Energy by 2030

300<sub>GW</sub>



### LG's Smart City, LG Science Park

LG Science Park in Magok District, in Seoul is the largest convergence R&D complex with all of the company's smart city capabilities, for which LG has invested over KRW 4 trillion. Much of the investment went to building a smart energy infrastructure, as LG installed 3MW solar generation systems on the rooftops of 26 buildings in the district so the energy generated from them can be used by the resident offices. The DC power generated by the solar power generators can be directly stored, consumed, and managed in an energy storage system. The smart LED lighting systems in the buildings also designed to save energy. LG also built a centralized building energy management system for the management of all the 26 smart buildings and an ESS (Energy Storage System) that stores electrical power during the off-peak hours to be used during the peak hours in order to reduce energy consumption and ensure system stability.

### Solar Power and Applied Products

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

LG Electronics also built and is verifying a business model of a "Solar Power Plant with the Participation of Farmers" that can increase profit for farmers and expand renewable energy. The 73kW solar power plant in a 1,988m<sup>2</sup> of land near Gapyeong Cheongpyeong Hydroelectric Power Plant in Gapyeong in June 2017. The first harvest since the operation of the plant has proven that there aren't any problems in the volume and quality of rice. Over a period of three months, the power plant generated a total of 33,000kWh, or a daily average of 290kWh.

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



Efficiency of LG Solar Modules

21.1%

### EV (Electric Vehicle) Component

The global demand for EV is expected to rise from 4 million in 2017 to 22 million in 2022. (38% of the total number of vehicles. Source: IHS) The Green Business division of VC Company is developing motors, inverters, and battery packs for the growing electric vehicle market.

In October 2015, LG Electronics announced that it became the exclusive supplier of 11 core parts and systems for GM's electric car, Bolt. The 11 parts include motor, inverter, battery pack, vehicle charger, electronic compressor, power distribution module, battery heater, dashboard, and infotainment system. The parts are like the heart, veins, and face of a human body. LG Electronics was recognized for its technology in the industry, and win more EV parts supply contracts with other automakers such as GM.

LG Electronics aims to become a major supplier of EV parts in the future automotive industry that proposes EV parts to customers (automakers) rather than simply meeting their demands. LG Electronics is making efforts to achieve the goal through the integration and development of the lightweight material innovation capabilities of LG Hausys with the electronic parts development capabilities of LG Innotek, LG Display, and LG Chem.





Realize Zero Carbon and Circular Economy

# Our Future with Zero Carbon



## Pursue Zero Carbon

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



**Goal** New carbon management strategy and goal will be announced in the 2nd half of 2018

In 2009, LG Electronics set a greenhouse gas reduction goal to reduce the amount of carbon emissions from the production stage by 150,000 tons by 2020 compared to 2008 (1 million tons in cumulative reductions), and has been reporting the annual performance to its stakeholders. LG Electronics is carrying out the following activities aimed at achieving the goals for greenhouse gas reduction.



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

CDM: Clean Development Mechanism

The CDM allows industrialized countries to meet part of their emission reduction commitments by buying Certified Emission Reduction units from CDM emission reduction projects in developing countries.

**First,** strengthen the internal carbon reduction activities through the reduction of greenhouse gas emissions from production stage and improving energy efficiency. LG Electronics invested in gas treatment facilities to reduce the SF<sub>6</sub> (sulfur hexafluoride) emitted from the production of high-efficiency solar panels. As a result, it reduced greenhouse emissions by 440,000 tons in 2017 alone, and expects to reduce more than 400,000 tons of greenhouse gas emissions a year by introducing more advanced reduction technologies in the future.

Carbon Emissions reduced compared to 2008:

150,000 tons

Greenhouse Gas Emissions reduced in 2017

440,000 tons



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

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



Realize Zero Carbon and Circular Economy

# Our Future with Product Stewardship



## Reduce the Environmental Impacts of Products

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



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

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

Rating criteria for Eco Index

Category	Green 1 Star	Green 2 Star	Green 3 Star
Energy	Satisfies energy standards	Satisfies market standards on energy efficiency	Achieves competitive advantages (high efficiency)
Human	Complies with regulations on hazardous materials	Replaces hazardous substances voluntarily and proactively	
Resource	Complies with regulations on recycling	Offers design features for efficient resource use	
Innovation		Leads the market in terms of greener features	

### 1 Human: Reduce environmentally hazardous factors

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

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

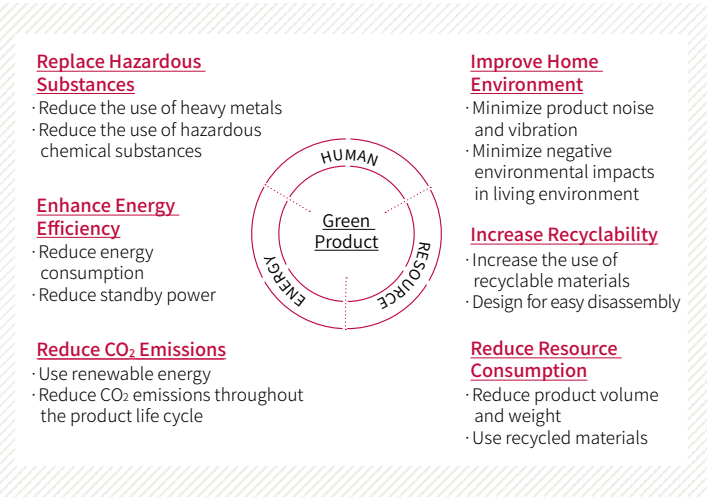
### 2 Energy: Improvement of energy efficiency

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

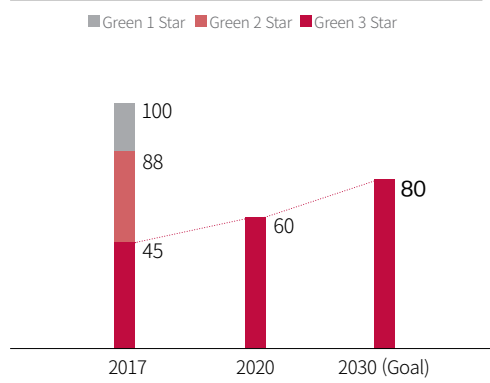
**Second**, LG Electronics will also make efforts to reduce the indirect emission of greenhouse gas from customers' use of products by launching high energy efficient products.



LG Electronics Green Product Strategy



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



### 3 Resource: Improvement of the efficiency

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

**Second**, the company will keep reducing the weight and volume of the packaging materials. LG Electronics has been carrying out more activities related to managing the annual goals of each business unit and management of the packaging technology workshop ever since publishing the green packaging Guidelines in 2012. (Improvement of products and packaging materials can not only improve the usability of resources but also reduce greenhouse gas emissions in the shipping process.)



Realize Zero Carbon and Circular Economy

# Our Future with Circular Economy



## Promote Circular Economy

LG Electronics is making efforts to create a circular economy in consideration of recyclability from the design phase as in linear economy where resources are simply disposed after use. LGE creates a circular economy by reducing environmental load and limited resources by managing the waste and e-Waste after production and use. As a global corporate citizen, LG Electronics makes efforts to extend the productivity of resources through waste recycling and e-Waste collection in order to achieve the goals for sustainable development.



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

### Goal 1 Recycle 95% of the waste from production sites by 2030

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

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

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



Waste Recycling Goal of Production Sites

95%

e-Waste take-back by 2030

4.5 million tons



### Goal 2 Collect 4.5 million tons of e-Waste by 2030 (since 2006)

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

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

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

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



Create a Better Society

# Our Future with Sustainable Supply Chain



## Establish Sustainable Supply Chain

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



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



### Goal 1 100% RMAP Conformant Smelters by 2021

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

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

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

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

### Goal 2 CSR risk assessment of all 1st tier suppliers to include 2nd and 3rd tier suppliers by 2020.

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



### Responsible Mineral Use

100% RMAP Conformant Smelters by 2021

### All 1st tier Suppliers

CSR Risk Assessment

**First**, the company will help the staff of all 1st-tier suppliers develop capabilities so they can be capable of assessing their suppliers. A professional training program on CSR risk management will be made available to the CEOs and staff of 1st-tier suppliers. At the time of performing an assessment of sub-tier suppliers, LG Electronics will dispatch its experts to the site to give extra points to the suppliers with a high score based on which to provide support.

**Second**, the company will enhance the management capabilities of the subsidiary manager so they can perform self-assessment of their suppliers. LG Electronics will provide assessment checklist, management measures, training programs, and detailed guidelines for the managers for self-assessment of their suppliers and audit of high risk suppliers.



Create a Better Society

# Our Future with Decent Work Place



## Establish Decent and Safe Work Place

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



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

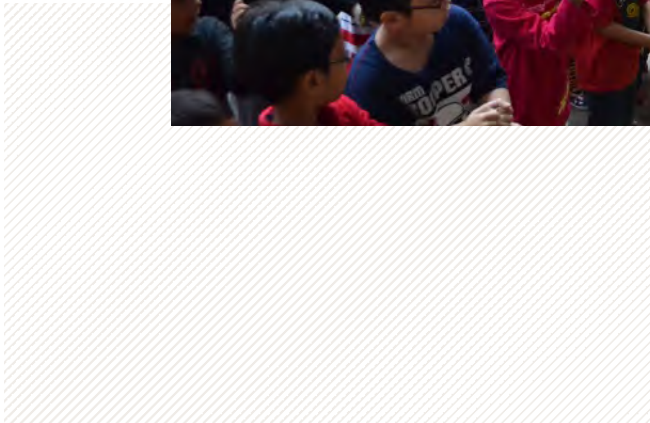
#### Goal 1 Create the highest level of safety culture in the manufacturing industry by 2030



LG Electronics is creating safety culture with the participation of all the employees in order to ensure continuous risk management and minimize the number of accidents. LG Electronics' current level of safety culture is in the second of the four cultural maturity stages as defined by Dupont, which is the Dependent Stage where rules and regulations are at the core. LG Electronics will implement the following plans with the goal of reaching the "Independent Stage" (3rd Stage of Cultural Maturity), which is the highest level for the manufacturing industry to achieve in the area of safety culture, by 2030, so that employees are aware of the importance and value of safety and both the company and employees can work towards creating a working environment where everyone can be safe. (Safety culture in the Independent Stage is where individuals recognize safety as personal value and voluntarily secure their own safety. It's the highest level attainable for the Korean manufacturing industry.)

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

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



#### Goal 2 Achieve low CSR risk for all the production sites by 2020

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

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

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

Low Risk for All Production Sites

100% by 2020

#### Goal 3 Make fundamental changes in work style through which to improve work efficiency and employee satisfaction by maintaining a good balance between work and life.

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

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

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



Create a Better Society

# Our Future with Social Contribution

## Expand Contribution to the Local Community

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



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

Goal 1

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

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



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

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

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



Beneficiaries of 'Technology that Cares'

300,000 person

Beneficiaries of 'Trustworthy Partner'

100,000 person



Goal 2

**Trustworthy Partner: Support the growth and independence of stakeholders through partnership –100,000 beneficiaries by 2030**

LG Electronics has a strong partnership with the local governments, communities, NGOs, and international organizations with a high level of expertise in the issues. The company will make the following efforts so that more than 100,000 people can benefit from its cooperation with stakeholders.

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

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

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

Goal 3

**Sharing and Comfort: Employee volunteers in all the countries where the company is conducting business by 2030**

LG Electronics shares with the local community for their development and growth with the participation of employees. LG Electronics has the following plans for employees to participate in the sharing activities in all the countries by 2030 based on the Social Contribution Charter announced in 2005.

**First**, the company will continue to provide institutional support programs for paid leave for voluntary activities on weekdays and talent sharing volunteer group in order to create a culture of sharing. The company will also provide training programs tailored to each job type and position for enhancing the awareness of employees.

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

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



# CSR Fact Book



With Our Customers

Customer-centric Service that Delights Customers

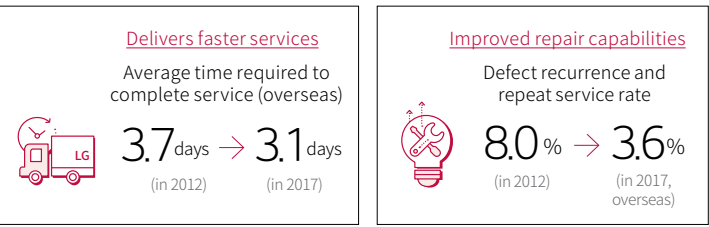
LG Electronics incorporates customer insight into enhancing our business processes, promoting a corporate culture that places the foremost value on customers. We are also carrying out various development activities, while striving to provide customer-centric service that delights customers by protecting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

Service that Stays True to the Basics

- Delivers high-quality service through a network of service locations around the world.
- Minimized customer inconveniences due to defective products through expedient services.
- Reduced the rate of repeat service requests by enhancing repair capabilities and techniques.
- A wide range of customer feedback surveys conducted to measure customer satisfaction with our service.
- Received a rating of 100.3 points compared to our global competitor in the Customer Satisfaction Index (CSI) survey.

Innovation in Services to Delight Customers

- Has in place a systematic, professional control system called Voice of Customers (VOC).
- Incorporate customer insight to enhance our business processes, promoting a corporate culture that places the foremost value on customers.
- Established 24-hour customer service system using a chatting robot that boasts AI capabilities (slated to be launched in Korea and the U.S. in 2018 and in other major countries in 2020).
- Developed a solution that remotely monitors both signages and media displays at once to support our B2B customers' operations.



2017 Customer Satisfaction Service Awards & Recognitions

- National Quality Innovation Award from 2017 National Quality Management Convention
- Received Presidential Commendation for Excellence in Service Innovation
- Ranked first for three consecutive years in home appliance after-sales service in the Korea Customer Surprise Brand Index (K-CSBI) in 2017

\*Released by the Korea Brand Management Association and sponsored by the Ministry of Industry, Trade and Energy



CASE STUDY / Social Contribution Programs Based on LG Electronics' Service Capabilities

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

1 Extending the Heart (Korea)

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

2 Technical Training at LG-KOICA Hope TVET College (Ethiopia)

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



Practical Training on Product Repair



Discover Your Dream Project

3 Free Service Campaign (MEA, Panama)

- Free Service Campaign is launched in the Middle East and African countries including Iraq, Syria and Libya, where post-war reconstruction efforts are underway.
- Service Fest is held in impoverished areas in Panama, offering free repair service for products with expired warranty period.



LGE's disaster relief activities in Taiwan reported by the local media

4 Disaster Relief Activities in Disaster-affected Areas

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

LG Accessibility Advisory Board Meeting in the U.S.

- Have hosted six yearly-meetings since 2013.
- Conducted analysis on regulatory trends and received legal advice on accessibility for people with disabilities.
- Presented accessibility features of LG products (smartphones, smart TVs, smart refrigerators and washing machines) and received feedback VOC from experts within the disability community.
- Accepted advice from American disability groups on LG's plans and activities to improve product, services and web accessibility.

2017 Information Accessibility Technology (IAT) Conference

- Sponsored an information accessibility technology conference organized by five agencies including Korea Web Information Center and ULab (accessibility research center) in November 2017.
- LG Electronics presented user accessibility for voice-activated washing machines.

2017 Korea Electronics Show

- Participated in Korea Electronics Show held in October 2017, organized by Korean Association of Senior Industry and KEA (Korea Electronics Association).
- LG Electronics presented efforts on improving the accessibility of its products and services.

LG Electronics Efforts for Accessibility

Product Design and Development for Socially Vulnerable People

- LG Electronics has been developing the accessibility features of the products considering VOC from the disabled user and associations in U.S., Korea since 2012.
- Published the main accessibility features of the products on the websites.
- Provided the accessibility service for the disabled users through the customer service center in the US and Korea and we have a plan to expand this service to Global.
- LG Electronics' website (LG.com) is applied the accessibility 'Level AA' based on the WCAG 2.0.
- Achieved CES Innovation Award about Smart TV in 2016 & 2017.

<http://www.lg.com/global/sustainability/customer/accessibility>  
<http://www.lg.com/us/accessibility>

CASE STUDY / Major Initiatives for Enhancing Accessibility

2012	2013	2014
<ul style="list-style-type: none"><li>· Enhanced accessibility to the global edition of the corporate website (2012-Present)</li><li>· Established a development system for accessibility features (2012-2013): Smart TVs and other media products</li><li>· Launched a taskforce dedicated to enhancing accessibility: developed accessibility features for smartphones, smart TVs and other media products</li></ul>	<ul style="list-style-type: none"><li>· Held the accessibility Advisory Board Meeting (2013-Present)</li><li>· Joined the Home Appliance Accessibility Forum (HAAF) of the Korea Electronics Association (KEA) (2013-Present)</li><li>· Launched a program for conducting user tests with and collect feedback from users with disabilities (2013-Present): Smartphone and smart TV models (Korea and the U.S.)</li><li>· Selected as a product "Recommended by Sprint CEO" at the M-Enabling Summit<sup>1)</sup> (June 2013)</li><li>· Signed an MOU with the Korea Blind Union (July 2013)</li><li>· Introduced the Mini TV for the vision and hearing impaired in July 2013 (Model Name: M2352-PN)</li></ul>	<ul style="list-style-type: none"><li>· Sponsored the QoLT<sup>2)</sup> contest hosted by HCI<sup>3)</sup> (January 2014)</li><li>· Korea-U.S. technical exchange on QoLT<sup>2)</sup> accessibility (January 2014): HERL<sup>4)</sup>, University of Pittsburg / Carnegie Mellon University<sup>5)</sup></li><li>· Launched a task force dedicated to enhancing accessibility of home appliance products (September 2014-Present): Engaged with disability organizations and users with disabilities to collect user feedback on home appliance accessibility (Korea and North America)</li><li>· Established a system for providing braille product manuals in Korea (2014-Present)</li><li>· The U.S. Contact Center exclusive service for customers with disabilities (2014-Present): Braille product manuals, customer service, etc.</li><li>· Sponsored the rehabilitation facility at Nowon Welfare Center for People with visual impairments (September 2014)</li></ul>
2015	2016	2017
<ul style="list-style-type: none"><li>· Conducted accessibility test on smart TVs with the NCAM (U.S.) (2015-2016)</li><li>· Donated 12,200 units of Mini TV for the vision and hearing impaired</li><li>· Conducted accessibility test on all-in-one PC models with the NCAM (U.S.)</li></ul>	<ul style="list-style-type: none"><li>· Received the CES 2016 Innovation Award (Accessible Tech Category): LED TV (65UH7700)</li><li>· Distributed the G4 braille manual for customers with visual impairments (February 2016)</li></ul>	<ul style="list-style-type: none"><li>· Received the CES 2017 Innovation Award (Accessible Tech Category): OLED / LED TV (65B7 / 65UJ7500)</li><li>· Donated voice-activated LG TROMM washing machines to the Korea Blind Union (October 2017)</li><li>· Participated in KEA Korea Electronics Show in 2017 (October 2017)</li><li>· Sponsored and participated in 2017 IAT Conference (November 2017)</li></ul>

1) M-Enabling Summit: An international conference jointly hosted by the U.S. Federal Communications Commission (FCC) and the United Nations International Telecommunication Union (ITU) aiming to improving accessibility to mobile technologies for senior citizens and persons with disabilities. The conference is attended by mobile technology experts, policy makers, and respected scholars from around the world

2) QoLT (Quality of Life Technology) Center: A government-funded research institute in Korea dedicated to improving accessibility for persons with disabilities.

3) HCI (Human-Computer Interaction): An academic association in Korea that studies human-computer interactions and hosts a QoLT contest for mobile accessibility apps

4) HERL (Human Engineering Research Laboratories): A research institute at the University of Pittsburg dedicated to improving the mobility and function of people with disabilities

5) Human-Computer Interaction Institute and Robotics Institute: Research institutes at Carnegie Mellon University specializing in HCI (Human-Computer Interaction) and robotics research to develop accessibility technologies for automotive applications



Our Efforts towards Enhancing Accessibility



V30

LG Watch Urbane LTE



LG OLED TV



Vision Features

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

Hearing Features

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

Retardation

- “Touch Assistant”: A floating menu that provides access to common features
- Screen time out
- Hold delay to activate input options
- Multiple-touch calibration
- HW convenience features for keyboard input (repeat keys, fixed keys, slow keys, etc.)
- Long press to take phone calls
- Knock-on & Knock-code

Cognition & Others

- “Touch Control Areas” to limit touch control in the selected area of screen (for autistic children, etc.)

Vision Features

- Screen reader (Verbal feedback on screen content and text messages)
- Password reader
- “Hands Free” mode (Spoken alert for incoming calls and text messages)
- Screen brightness control

Hearing Features

- Call quality optimization
- Vibration alert

Retardation

- Automatic screen activation
- “Knock” code

Cognition & Others

- Three physical keys (Top: Quick setting, Middle: App list, Bottom: Go back)

Vision Features

- “Magic Zoom”: a single-click access to photo and video zoom in without quality deterioration
- Verbal feedback with easy and convenient pitch, volume and speed control

Hearing Features

- “Clear Voice” for minimum background noise
- Caption support

Retardation

- “Intuitive control supported by the wheel and pointing gesture”
- Optimum UI offering intuitive icons and easy content reorganization

Cognition & Others

- Shade control for menu options, Font size control
- Remote control for cursor size and pointing speed
- Quick Apps: Instant and direct access to desired service and content by a single click on remote

G PAD X8.0



LG DIOS



LG TROMM (voice-activated)



Vision Features

- “Talk Back” screen reader for verbal feedback on screen content and changes
- Minimum screen brightness
- Screen color adjustment, color inversion, customized calibration
- Font size control
- Call termination with the power button

Hearing Features

- Caption support
- LED alert
- Flash alert
- Volume control (turn off all sounds)
- Sound type (Stereo/Mono)
- Sound balance (Left/Right)

Retardation

- “Touch Feedback Time” (Touch & Hold Delay)
- “Touch Assistant”: A floating menu that provides access to common features
- Screen time out
- “Knock-on” & “Knock” code

Cognition & Others

- Limit access to menu options and features (Guest mode)
- “Touch Control Areas”

Vision Features

- Door Alarm
- The Smart ThinQ App tells users the door is open using smartphone sound or vibration.

Hearing Features

- Push notifications on changes, such as open door, turning on or off of Fast Freezing feature, are displayed on screen via Smart ThinQ App

Retardation

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

Cognition & Others

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

Vision Features

- Control washing programs and options via voice recognition
- Remote control, Energy and Cycle monitoring by using Smart ThinkQ

Hearing Features

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

Retardation

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

Cognition & Others

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



Protection of Personal Information and Product Security

Information Security and Protection of Personal Information

- Established a Data Protection Division comprised of executive-level organization to better respond to regulatory risks on personal information and to protect the personal information of our customers and corporate information assets.
- Streamlined the reporting system to ensure corporate-level response to personal information compliance risks arising in Korea and our overseas subsidiaries.
- Regarded name and phone number of an individual, other information that can be identified from those data, and any information that carries potential for the infringement of privacy as protection categories.
- Complied with local and international laws, regulations and industry practices at every step of the process and carried out the review process in strict compliance with our principles for personal data protection.

Enhanced Capability to Protect Personal Information in EU and Compliance Control Via Awareness Raising

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

BASIC PRINCIPLES ON DATA SECURITY & PRIVACY

- 01 Collection of Minimum Amount of Information**  
We collect a minimum amount of information absolutely needed in providing our service. We absolutely avoid collecting extra information for future uses.
- 02 Protection of Right to be Informed**  
When collecting information, we always inform our customers in advance the type of information we collect, the purpose of collecting the information, and the retention period for the collected information and obtain their consent.
- 03 Measures to Ensure Data Security**  
In transferring and storing personal information, we implement all necessary technical, physical and management measures such as access control, access privilege management, maintenance of access log and data encryption.
- 04 Use of Information within Collection Purposes**  
We strictly prohibit the use of personal information for purposes other than the intended ones. In providing the information to a third party, we inform customers in advance and obtain their consent.
- 05 Safe Disposal of Collected Information**  
We destroy the personal information that served its purposes and lapsed the retention period without delay and ensure that the information is completely destroyed and unrecoverable.

Points to be Addressed Regarding 2017 EU GDPR

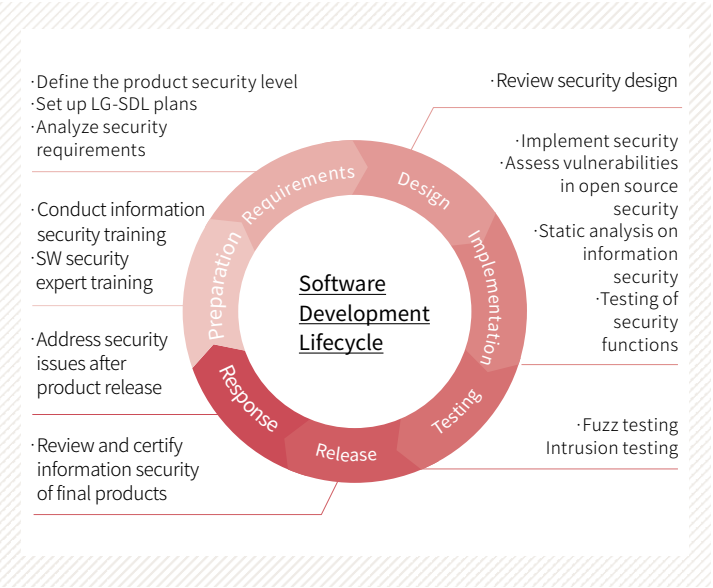
- 01 Granting the Rights of Data Subject**  
· Providing more effective measures to manage personal information of our customers by making improvements to our CS process and renewing company webpage.
- 02 Impact Assessment of Personal Information**  
· Conducting impact assessment on all products to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

CASE STUDY / GDPR Manager Workshop

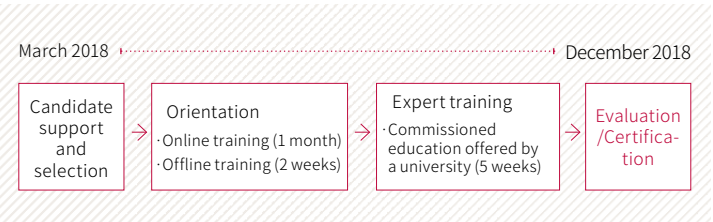
- Legal and security managers in overseas offices received training in November 2017 for their accurate interpretation of GDPR and overall enhancement on personal information management system in Europe offices (17 offices/branches, a total of 31 people).
- LGE subsidiaries and the HQ had discussions and received advices on various issues including explicit consent, granting the rights of data subject, consignment contracts, and impact assessment.
- Best practice in GDPR response were shared, and offices with good records received encouragement.



LG-SDL Security Measures Taken Per Stage



SW Security Expert Course Schedule



LG Smart TV Earns International Certification for Outstanding Information Protection

- LG Electronics' Smart TV platform webOS 3.5 earned Common Criteria (CC) certification, equivalent to EAL2, from IT Security Certification Center (ITSCC) under National Intelligence Service (NIS) in May 2017. This is a first in smart TVs in the world.
- CC certification is an evaluation and certification scheme based on ISO15408, an international standard for evaluating security level of IT products. 27 countries around the world including the U.S., Australia and France mutually recognize the evaluation and certification results.
- LG Electronics' webOS 3.5 is a smart OS that secures customer data safely by blocking installation of unauthorized apps, preventing forging and falsification of apps, preventing unauthorized system access, and encrypting apps to prevent copying.



Heightened Security of IoT Products and Internal/External Systems

- LG Electronics Information Security Analysis Center (ISAC), a professional penetration testing body, checks for vulnerabilities in major IoT products and services.

Tighter Security in Product Software

- LG-Secure Development Lifecycle (SDL) applied to tighten software security in our products.
- LG-SDL carries out key security assurance activities at each stage of the software development lifecycle, detecting and eliminating potential vulnerabilities in the development stage when designing and implementing software.
- LG-SDL has been applied to all our products since 2017 to enhance our security activities for each product in 2018.
- Running a Reward System for Reporting Security Vulnerability with KISA since September 2017, rewarding people who report security vulnerabilities of our product software.
- Offering software security expert training programs starting in 2018 for LGE to take the lead in product software security activities, and to secure software developer's capabilities in development of core security technology.

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

- Established a principle of Privacy by Design to securely protect all personal information of our customers that are collected via systems, products and apps.
- Making efforts to prevent omission of impact assessment on personal information, by establishing Privacy Center system and leaving assessment records. Continuing activities that exercise corporate responsibility.
- Performed mandatory assessment of "data protection and privacy compliance" on all systems, products and apps handling customer's personal information at the early stage of planning and development.
- Established a system that requires to record the purpose, scope, and responsibilities of handling personal information contained in all the consignment contracts.
- Provided in-depth training and management services to prevent the loss, theft, leak, falsification, modification, and/or damage of personal information that are handled by contractors.



With the Environment

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

EESH Management System

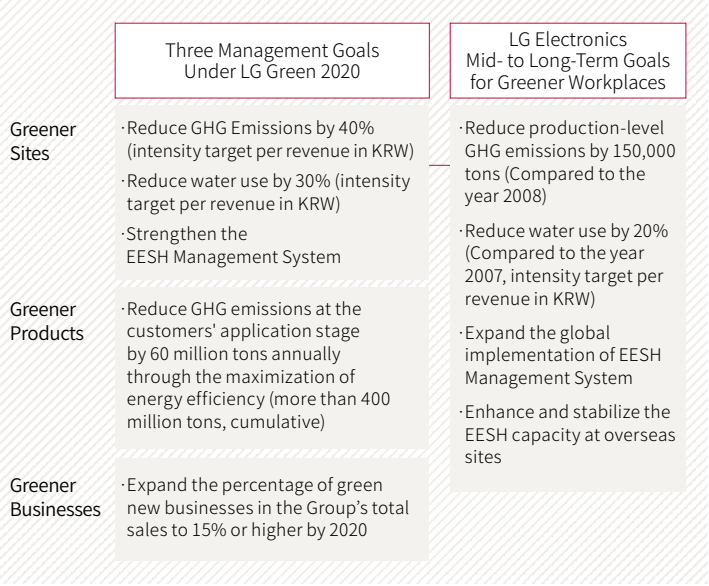
Objectives & Achievements of Green Workplace

- Announced the environmental management initiative, Green 2020, which conveys LG Corp.'s commitment towards a greener workplace, greener products and greener new businesses.
- Set specific goals under Energy, Environment, Safety, and Health (EESH) categories to implement the Green 2020 initiative.
- Made continuous efforts to establish a management system of truly greener workplace by reviewing the progress of Green 2020 at the annual performance and strategy briefings.

EESH Policy

- In July 2015, LG Corp. established the LG Safety & Environment Policy and Seven Principles for the Safe Working Environment as a corporate framework for green management.
- We formulated a EESH Policy rooted in the green management scheme and environment safety principles, which were disseminated to all employees.
- After establishing the corporate-level EESH standard system in 2009, we have supplemented the system on a yearly basis to effectively respond to internal and external risks that are constantly changing.
- A corporate-level EESH management system was set up in 2010.
- We are striving to obtain more certifications on our EESH management system.
- Environment management system (ISO 14001), safety and health management system (OHSAS 18001, ISO 45001), and energy management system (ISO 500001)

Green 2020



Establishment and Dissemination of EESH Policy



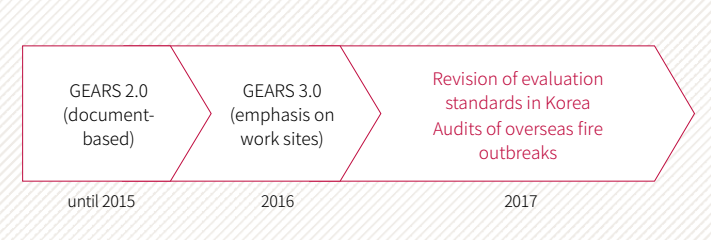
CASE STORY / EESH Awards

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

- Award Name : Grand Prize in the 16th Korea Safety Award
  - Organized by: National Emergency Management Agency, Korea Safety Certification Agency
  - Areas Evaluated: Safety management system and safety activities at the Gumi plant
- \* Outline of Safety Management at Gumi Plant
- Formed a safety management team for chemical substance and gas.
  - Made continued investments on safety management facilities to eliminated potential risks.
  - Provided training for various incidents that may actually occur at the plant.
  - All members were instructed to raise strict safety awareness, and implement activities to promote safety management of users.



Changes in the EESH Audit System



GEARs 3.0 System

- Calls for a higher level of EESH management standard that exceeds the compliance of laws and regulations.
- Evaluation items were revised to place emphasis on identifying risks our production locations.

Conversion in the Audit System in 2017

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

Overseas Locations

- An evaluation scheme based on the GEARs system is in place to improve the management capabilities, and to secure consistency of the process that is in line with the corporate standards.

Business Locations in Korea

- Internal audit system of all business sites are reinforced and outstanding teams that are recommended via internal audit are subject to in-depth evaluation.
- The evaluation that was conducted mainly by EESH teams was revised to have on-site teams conduct evaluations (to encourage participation of all employees in creating a safe environment).

EESH Audit

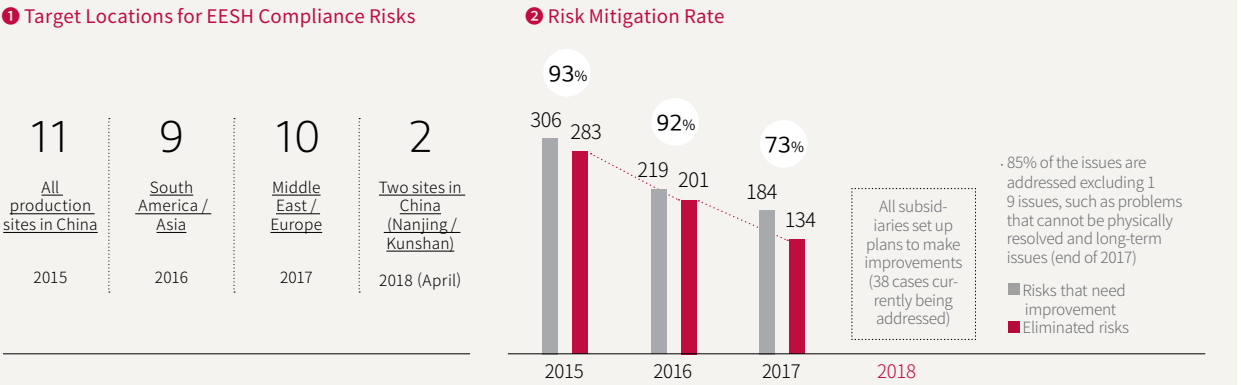
- LG Electronics developed the Global EESH Audit Rating System (GEARs) to identify EESH issues in advance and prevent accidents, and make our business locations safe and healthy place to work at.
- We report the findings to the head of the business sites and subsidiaries, and monitor the progress and systemically oversee the situation through EESH Audit.
- We introduced GEARs 3.0, that intensified the 2016 requirements, in order to respond to growing expectations of our stakeholders and global regulatory requirements that are also becoming stricter.

Global EESH Compliance Risk Management

- A global EESH Compliance Risk Management system was introduced in 2014.
- All 32 overseas production sites were subject to EESH regulation risk assessment between 2015 and April 2018.
- EESH risks was added into our corporate-level compliance risk management category, to set up a system that periodically monitors the status and results of the management system.
- An integrated EESH risk management system that reflects the characteristics of business locations in Korea and overseas will be established in 2019. With this, compliance risk will be reflected in the integrated risk management system.

CASE STORY / EESH Compliance Risk Assessment on All Overseas Production Sites

Assessments conducted with an external experts specialized in EESH regulatory assessment on 10 categories, including approval, facility, environment, safety, disaster prevention, and health, to check compliance with rules and risk management status.



Strengthening Business Continuity Management (BCM) System

·Awareness of internal/external risks such as fire and safety-related accidents, as well as increase in natural disasters due to climate change and social disasters such as terrorist attacks. Hence, we are bolstering our BCM System to prepare ourselves against such risks.

Employee EESH Training

·Our employees receive EESH training as well as mandatory training required by the law tailored to the type of work they are engaged in and the position they currently hold.

·We established a disaster prevention capacity enhancement course to prevent accidents and improve on-site management capabilities in 2017. And we provided a total of 809,461 hours of EESH professional training courses.

·A corporate-level training on EESH mindset was offered to employees in Yantai, Guangzhou, Huizhou, and Nanjing, China in 2017.

·In 2018, in-depth training was organized under each EESH categories in China. The EESH training program will be offered at all the production sites in Asia.

Introduction of BCM (ISO 22301)

·A BCM system was introduced in the smartphone production line in Pyeongtaek in 2008.

·In 2014, we established the first smartphone production line in Korea that applies the BCM system.

·In 2016, the Gasan R&D Campus became the first of our R&D locations to establish the BCM system. The Vehicle Component Company (Incheon, Korea) followed suit.

·We are also expanding the system to our overseas subsidiaries and completed the BCM implementation at our Vietnam subsidiary in 2016. Kunshan and Yantai subsidiaries are planned to apply the BCM system in 2018.

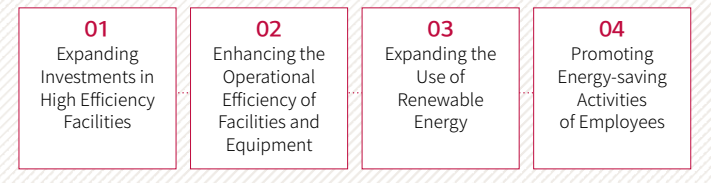
·LG Electronics will continue to apply the BCM system to all of our business areas, and set up infrastructure that helps us to be fully accustomed to the BCM system by arranging relevant forums and trainings.

Employee EESH Training Status (Unit: hour)

Program	Training Course and Topics Addressed	2015	2016	2017
General Training	Legal training (regular training on safety and health, special safety)	757,112	801,895	804,615
	Offered to all employees (promotion, EESH mindset*, etc.)			
Special Training	Training tailored to type of work/ positions including overseas production locations and Procurement College	1,017	1,469	1,529
Professional Training	Offered to employees engaged in EESH, including an auditor course and disaster prevention capacity building*	667	404	3,317
Total hours of training		758,796	803,768	809,461

Note) Based on Korean business sites (\*some foreign employees included)

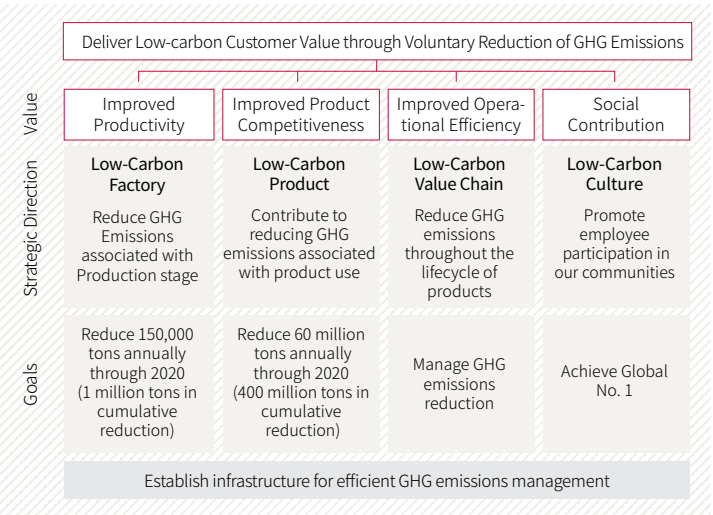
Four Strategic Directions for Climate Change Response



GHG Emissions Reduction Goals at the Production Stage



Our Climate Change Response



Management of Energy, GHG Emissions and Water Use

Climate Change Response System

·LG Electronics considers climate change response as critical part of our business management. To this end, we came up with our own initiative called "Green 2020", through which to set reduction targets and implement a full range of objectives aimed at improving our performance.

·We are making efforts to turn climate change into an opportunity by expanding production and sales of our energy efficient products, while developing new energy businesses.

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

GHG Emissions Reduction Target & Management System

·LG Electronics set the mid to long-term reduction targets for GHG emissions in 2009, and has since continued to engage in activities to reduce emissions.

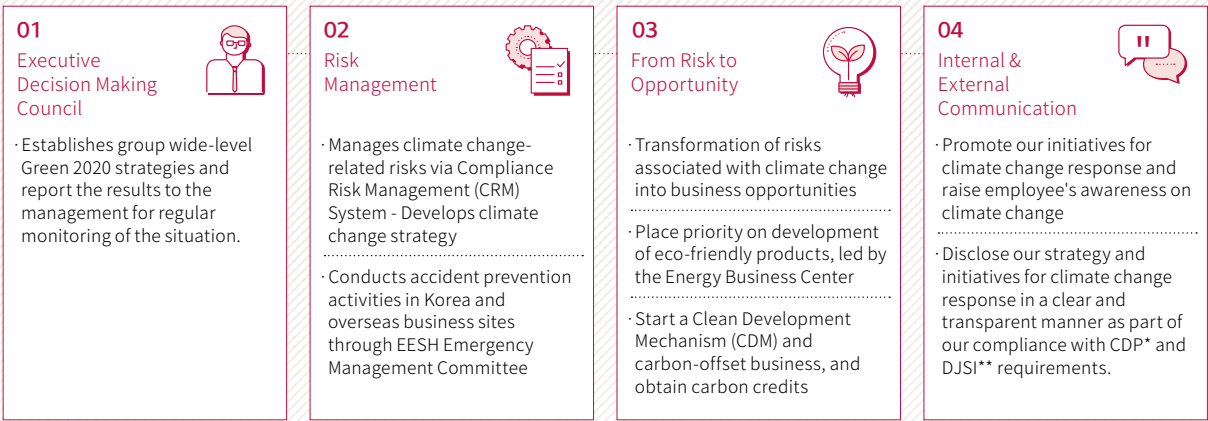
·In our efforts to address exacerbating climate change issues, we are reexamining our strategy, and plan to provide the information to our internal/external stakeholders in 2018.

·We are adhering to the government emissions trading scheme by setting up an energy management system in line with the ISO 50001 requirements.

Reducing GHG Emissions & Expanding Use of Renewable Energy

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

Climate Change Response Scheme



\* Carbon Disclosure Project  
\*\* Dow Jones Sustainability Indices

CASE STUDY / Reducing GHG Emissions & Expanding Use of Renewable Energy at Business Sites

**1 FEMS(Factory Energy Management System)**  
· In 2015, we implemented an automated control system applied to our FEMS to save energy and effectively manage peak energy demand.  
· Our Changwon Plant became the first Korean facility to acquire the FEMS certification from the Korea Energy Agency, and we have expanded the system to include the Pyeongtaek and Gumi sites in 2016.

**3 Sulfur Hexafluoride (SF<sub>6</sub>) Gas Processing System**  
· We made an investment in the processing system for SF<sub>6</sub> gas generated by solar panel production.  
· We reduced about 440,000 tons of GHG emissions in 2017 (verified by a third-party assessment agency).  
· We plan to expand SF<sub>6</sub> gas reduction technology to other production sites, which is expected reduce about 400,000 tons of GHG emissions annually.

**2 Increased Production and Use of Renewable Energy**  
· We put in place solar power generating systems at our Changwon and Gumi sites in Korea, producing a total of approximately 8,665MWh in 2017 alone, which is equivalent to reducing about 4,040 tons of CO<sub>2</sub>e.  
· Our U.S. and Europe offices have also increased their purchase of renewable energy. In 2017, U.S. and Europe offices purchased 2,615 MWh and 1,275 MWh of renewable energy respectively, managing to cut a total of 1,163 tons and 595 tons of GHG emissions each.

**4 Participation in the Power Demand Management Project**  
· The Power Demand Management project is a new government energy initiative for generating profits by saving electric power used at plants or buildings.  
· Our offices manage their power use by reducing energy use during peak hours and complying with the energy use requirements implemented based on reserve power levels. This ensures not only a stable power supply for our production sites but also contribute to the stabilization of the nation's power supply.



Emissions Trading System

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

Expanding GHG Emissions Management

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

Management System for Water Resources

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

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

CASE STUDY / LG Electronics-Supplier Emissions Trading Scheme

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



[What We Achieved]

- The use of SF<sub>6</sub>, a type of GHG used in our production, is expected to drop by almost half.
- The reduced SF<sub>6</sub> achieved will be translated into CERs based on methodologies and monitoring processes to be developed in the near future.
- LGE is helping its suppliers to reduce greenhouse gas emissions and secure emission rights through the development and registration of methodologies.

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

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

[What We Achieved]

- Earned 6,954 tons of carbon credits in February 2015
- We expect to obtain 167,000 tons in carbon credits in 2018 after a third-party verification and approval by the UNFCCC.
- We also plan to donate a portion of the profits from this project as scholarships to women and children from low-income households.

\* UNFCCC: United Nations Framework Convention on Climate Change

Wastewater Discharge in Korea

Production Sites	Yangjae R&D	Cheongju	Gumi	Changwon
Secondary Treatment Facility	Tancheon Water Reuse Center	Cheongju Sewage Treatment Center	Gumi Sewage Treatment Center	Deokdong Sewage Treatment Center
Discharged into	Tan Stream	Seoknam Stream	Gwangam Stream	Jinhae Bay

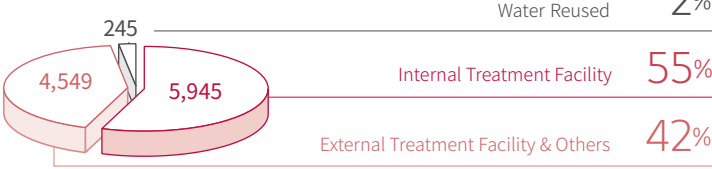
\* Based on production sites in Korea with an internal waste water treatment facility

Global Water Use in 2017 (Unit: ton)

Water Supply



Water Discharged

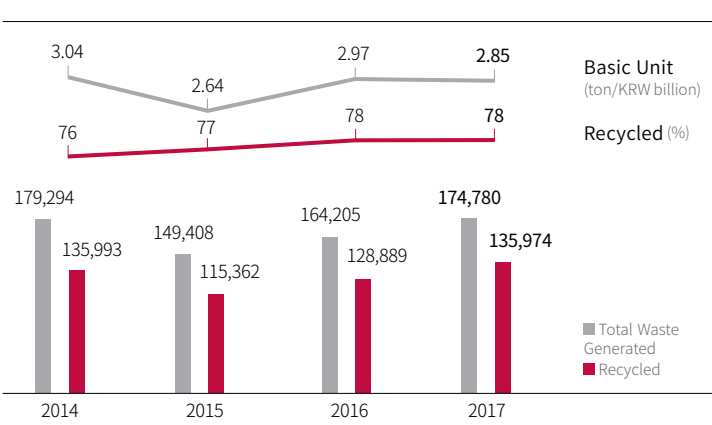


\* Including R&D Laboratories in Korea

CASE STUDY / LG Electronics' Initiatives to Reduce Water Use

- Development of washing machine models that feature a more efficient water supplying mechanism. (by changing how water is injected during wash)
- Building a zero-discharge system that recycles all industrial waste water generated by the plant and reuses it after treatment for production or landscaping (Noida Plant in India)
- Other contingency plans (our production locations maintain emergency water sources to continue their operations for two days or longer in an event of interruption in water supply)

Waste Generated and Recycled (Unit: ton)



\*Recycling does not include heat recovery through incineration.

Minimized Environmental Impact on Business Sites

Increasing Recycling Rates of Waste

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

Strengthening management of Environmental Pollutants

- Continue to make environmental investments by regularly inspecting environmental facilities and immediately repairing/replacing old facilities.
- Apply higher standards for the air emissions and water pollutants.

· Achieve below **50%** of the legally allowed emission level.

Enhancing & Expanding EESH Management

Strengthening Chemicals Management

- In accordance with our corporate policies for chemicals control, we are implementing preliminary screening on all chemicals stored and used at our production sites.
- In Korea, we are strictly controlling all chemicals according to LG Chemical Management System (LGCMS) established in 2013.
- The LGCMS is strictly applied on chemicals directly purchased or imported for R&D purposes as well as for production. We also have in place stringent preliminary screening for products delivered by our suppliers.
- To ensure safety of our employees, we perform risk assessment on hazardous substance and operate an emergency response process.
- All employees at production sites who use hazardous substance are required to receive training on harmfulness of hazardous substance, how to ensure safety, how to evacuate and respond, and how to handle hazardous chemicals. Researchers receive special safety and health training tailored to their laboratories.

Enhancing Safety Management System

·LG Electronics continues to apply more strict work safety standards to ensure employee safety, and makes sure important safety issues and management conditions are reported to the management.

Upgraded Fire Control System

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

·We also developed FRA Logic in 2017, which was applied in Korean, and planned to be applied in overseas.

Preventive Measures for Natural Disasters

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

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

Expanding the Scope of EESH Management

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

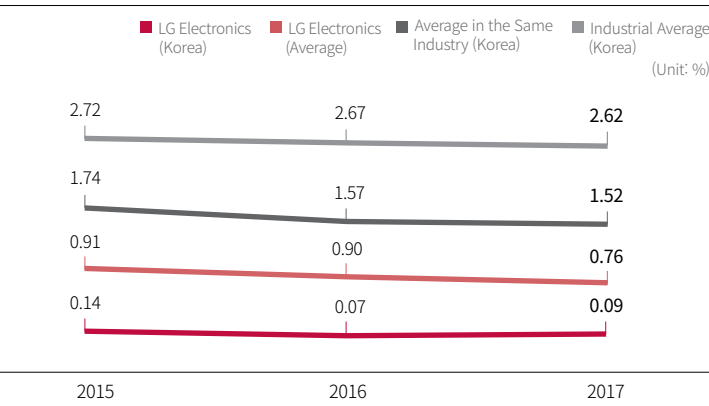
·To this end, we established a Warehouse Disaster Prevention and Safety Management System in 2015. Since then, we are conducting assessment on all of our warehouse facilities around the world.

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

Response to Fire Risk Factors

Business Site	Risk Factors	Our Response
Fire Outbreaks	Old cables	Identify sections for cable replacement, issues with insulation, etc.
	Failed initial intervention	Install the sprinkler system
Fire Spreads	Flammable acoustic absorbents	Replace with nonflammable or fire-retardant materials
	Flammable wall finish	Replace the wall with nonflammable materials when new plants are built or existing plants are remodeled.

Lost-Time Injuries Frequency Rate (LTIFR)



Fire Safety Assessment on Suppliers of Overseas Production Subsidiaries

**Fire Prevention**

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

**Electrical Safety**

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

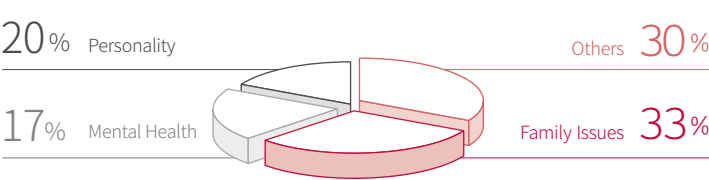
Safety Picture/Poster Competition

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



Changwon Plant, Korea

2017 Counseling Center Performance\_Korea (Unit: %)



**Personal Counseling**

3,873 cases

**Group Programs & Trainings**

181 sessions

CASE STUDY / Dissemination of Safety Culture

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

1 CASE 1 \_ Activities Aimed at Encouraging Employee Participation

- Safe Practices Campaign (2016)
- We set Tuesdays in the first week of every month as a Safe & Environment Day, and perform various activities, including broadcasting safety-related information and sending out letters from the management.

2 CASE 2 \_ Raising Safety Awareness

- 2017 · LG Electronics developed an awareness measuring tool to measure the level of safety awareness
- We checked the level of safety awareness in all business locations, interviewed our management and employees, and held workshops for working-level employees.
- 2018 · We also developed a safety character and distributed safety-themed cartoons to help our employees easily understand and remember.
- LG Electronics and all LG affiliates use the same safety slogan, and instill a sense of purpose on safety.

3 CASE 3 \_ Improving Access to Safety\*

- LG Electronics developed an application with which employees can report on potential risks when they are outside the city area. The app is currently used in some business locations and is planned to be applied in other sites.
- We also create safety education contents aimed at securing safety of outside visitors, which are later provided to them.

Safety Awareness of LG Employees

Mid to Upper Level in the Manufacturing Sector

**Dependent Stage**  
(Safety Culture in Maturity Stage 2)

We aim to be in the Top level by 2030

**Independent Stage**  
(Safety Culture in Maturity Stage 3)

LG Electronics Safety Character

\*Conform to the standards for the maturity stages for safety of Dupont (a total of 4 stages)

Enhancing Employee Safety & Health

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

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

Health Rainbow

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

·LG Electronics made efforts to improve its employees' awareness on health through seven different programs, such as quit smoking, weight loss, improvement of the work environment to prevent muscular and skeletal disorders.

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

First Aider Training Program

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

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

Counseling Center

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

·The counseling office invigorates the organization and improves productivity by not only dealing with personal stress, but also providing programs on communication within the organization, stress relief and leadership consulting.

·The counseling and consultation sessions are strictly confidential.



Product Stewardship

Life Cycle Assessment (LCA) for Products

- 1995

· Implemented LCA (Life Cycle Assessment)\* Methods
- 2002

· Performed LCA on major products and obtained certifications from a third party: TVs, monitors, washing machines, refrigerators, air conditioners, and mobile phones.
- 2009

· Performed a carbon footprint assessment of major projects and released the results
- 2011

· Built a database of the Life Cycle Inventory
- 2016

· Made it mandatory to perform an LCA of products in the development stage  
Developed a Simplified LCA Tool
- 2018

· Improvement of the Simplified LCA Tool:  
Assessed the 13 impacted areas including global warming

\*LCA (Life Cycle Assessment): An environmental impact assessment conforming to the standards of the ISO 14040 series through which to identify the areas of improvement and verify the results through the quantification of environmental impact of products throughout their life cycle.

Reduction of Environmental Hazards

- LG Electronics does not allow the use of hazardous substances (lead, mercury, cadmium, Cr VI, PBB, PBDE, etc...) that are prohibited by global environmental regulations such as the RoHS Directive and REACH at the time of product development.
- The company continues to develop alternative technologies and parts to replace hazardous substances that can be harmful to health and cause environment contamination.
- Chemicals that are harmful to the ecosystem are gradually being replaced with other chemicals through safety and reliability tests even if they are not regulated such as PVC (Polyvinyl Chloride) and BFRs (Brominated Flame Retardants).
- In 2015, LG Electronics has completely removed HBCD (Hexabromocyclododecane), a type of BFR, from its products and packaging materials in order to cope with the EU regulations on POPs (Persistent Organic Pollutants).
- LG Electronics also started monitoring the supply chain for the use of biocides in order to prevent the recurrence of the accidents that happened in Korea in 2016.

Product Carbon Footprint Assessment, Breakdown by Life Cycle Phase (Unit: %)

Category	Pre-Production	Production	Transport	Product Use	Disposal
TV	11.63	0.05	0.63	86.50	1.19
Monitor	6.78	0.05	0.34	92.17	0.66
Washing Machine	33.88	0.31	0.92	61.29	3.60
Refrigerator	20.09	0.23	1.41	78.15	0.12
Commercial Air Conditioner	4.39	0.44	0.25	78.46	16.46
Residential Air Conditioner	0.52	0.02	0.03	95.52	3.91
Mobile Phone	25.26	0.01	8.81	65.54	0.38

CASE STUDY

Performance in Replacing Hazardous Substances

1 SmartPhone, Smart Watch, G-pad

· Removed PVC and BFRs from all models (2010)

· Removed phthalate and beryllium from all models (2011)

· Removed antimony trioxide from all models (2012)

2 OLED/UHD TV

· Adopted PVC-free cables

· Adopted mercury-free display panel





3 Laptop

· Introduced PVC/BFR-free models in 2013 (excluding FPCB, Bare PCB, battery, adapter, keyboard, cable, touch pad, thermal module, cable connector, mouse, and power cord)

4 Monitor

· Adopted PVC-free LCD modules for all models (2011)

· Adopted PVC- and BFR-free LCD modules for all models (2013)



Number of ENERGY STAR Products (Products sold in the United States) (Unit: EA)

Category	Number of Products
TV	226
Monitor	117
PC	14
Home Air Conditioner	20
Dryer	40
Refrigerator	90
Dish Washer	12
Washing Machine	52
Dehumidifier	3
Set-Top box	2
Air Purifier	2

• Total Number of ENERGY STAR Certifications Earned in 2017: 155

• Total Number of ENERGY STAR Certifications Earned until 2017: 578

(Source: ENERGY STAR webpage)

ENERGY STAR: The U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy program that certifies energy efficient products.

Green Technology Certifications Acquired by LG Electronics

Technology	Date Certified	Valid Through
Energy and water-saving Turbo Shot washing technology II (for drum washing machine)	2014-08-26	2020-08-25
Six-Motion washing technology	2014-08-26	2020-08-25
Inverter linear compressor for refrigerators	2014-08-26	2020-08-25
Smart energy saving for monitors through backlight adjustments	2016-03-10	2019-03-09
Technology for reducing standby energy consumption for laptops	2016-02-18	2019-02-17
Energy- and water-saving Turbo Shot washing technology	2013-11-21	2018-11-20
Design technology for a high color rendering PLS lighting system	2013-11-21	2018-11-20
Gas stove production technology for reducing CO emissions with ceramic heating plates	2015-10-14	2018-10-13
Design technology for energy efficient multi-core application processors	2015-01-29	2018-01-28

Environmental Awards in 2017

Name of Award	Products Awarded	Host
This Year's Green Product Award (Winner for 5 consecutive years)	Nine products including Code Zero Vacuum Cleaner, Tromm Washing Machine, Styler, etc.	Korea Green Purchasing Network
This Year's Energy Winner (For the most number of items)	PuriCare Water Purifier, WHISEN Dehumidifier, TROMM Dryer	Ministry of Trade, Industry and Energy of South Korea
SMM Electronics Challenge Champion Award	OLED TV	Environmental Protection Agency (EPA) of the U.S.
ENERGY STAR Emerging Technology Award	Residential Air Conditioner	Environmental Protection Agency (EPA)

Enhancing Energy Efficiency

- All the LGE products satisfy global energy regulations such as ErP. (Energy related Product).
- In addition to conforming to global energy regulations, LG Electronics makes continuous research and development efforts aimed at improving energy efficiency by setting and implementing its own energy goals and technology strategies.

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graph TD; A[01 Establish a Technological Roadmap for Each Product Group] --> B[02 Set Objectives for Each Stage]; B --> C[03 Maximize Energy Efficiency of Products];
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GHG Emissions Reduced in Product Use

- LG Electronics will continue to improve energy efficiency to achieve the greenhouse gas emissions reduction goals in product use by 2020.
- In 2017, a total of 47.91 million tons of greenhouse gas emissions were reduced by increasing the number of products and launching new products that are applied with energy saving features (Compared to 2007).

Lightweight Design	Less Resource Consumption
Enhancing Energy Efficiency	Development and Release of Highly Energy saving Products

60 million tons (2020) → Overall cumulative reduction of 400 million tons of GHG emissions

\* Reduction target for GHG emissions by 2020 (compared to base year 2007)

Improvement of Resource Efficiency

Improvement of Materials and Structure

- Reinforced material quality and structure improvement activities from the product development stage.
- Collaborated with recyclers to improve recyclability and disassembly.
- Implemented activities aimed at reducing product size and weight while improving performance.

Use of Recycled Materials

- Utilized recycled materials through stability and reliability tests.

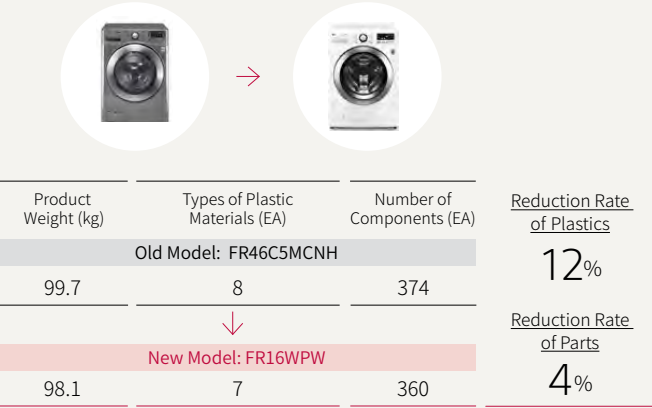
Amount of PCR plastic used (Unit: ton)



Improvement of Green Packaging

- 2012 · Development of the Greener Packaging Design guidelines: Reduction of the weight and volume of packaging materials, and improvement of their reusability and recyclability. (TV, Smartphone etc.)
- 2013 · More extensive application of the guidelines for designing environmentally friendly packaging materials to include all products.  
· Built a database that lists recycled pulp content of the paperstock used for product packages.
- 2014 · Set goals for each business division and systematic semi-annual performance management.  
  
· Reduction rates of the weight, volume and space of packaging materials.
- 2017 · Environmental performance results of the package design of new product models: weight reduction of 1.5%, volume reduction of 2.1%.

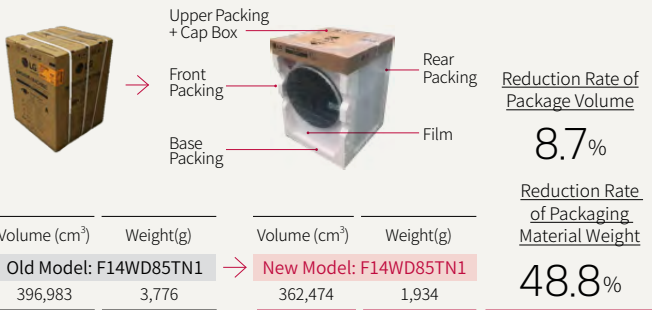
CASE STUDY / Improvement of Materials and Structure



CASE STUDY / Green Packaging Improvement Case

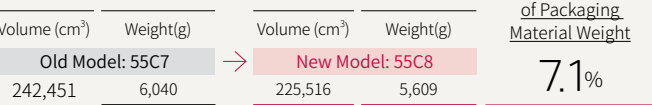
❶ CASE 1 \_ Development of an open-type washing machine packaging

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



❷ CASE 2 \_ Improved OLED TV packaging

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



LG Electronics Green Program Plus

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

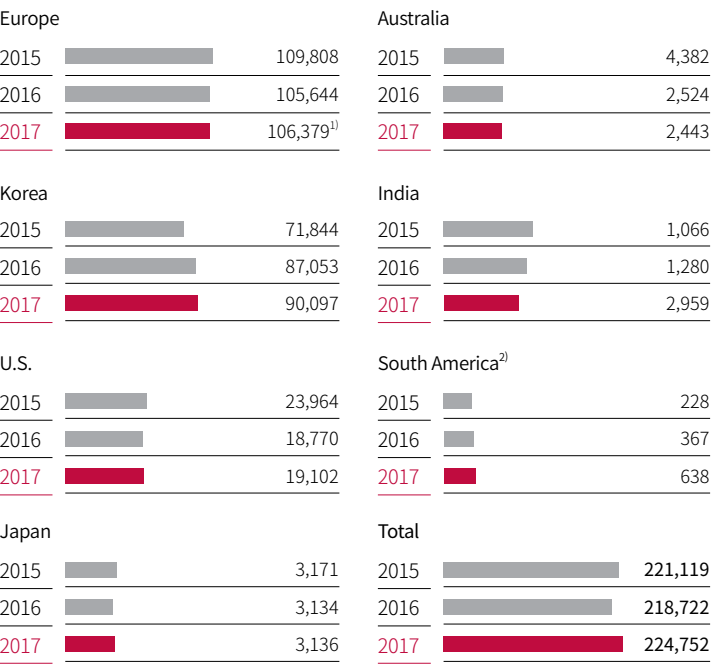


- Suppliers' response to regulations for GHG and hazardous substance management.
- Conduct preemptive prevention activities to respond to regulations on hazardous material management and global environmental regulations.

2017 Green Expert Training for Suppliers

Program	Session	Trainees	Curriculum
Green Expert Working Level Capacity Building	Fourth	Managers & Working-level Staff from Suppliers	- Introduction to Environmental Regulations - Management & Analysis Technology for Hazardous Substances - Hazardous Substance Management System (HSMS) - GHG Emissions Management
Measurement of Hazardous Substances – Practical Application	Fourth	Environmental Inspectors from Suppliers	- LGE Standards for Managing Hazardous Substances - Measuring XRF (Theory) - Measuring XRF (Practice)

Amount of e-Waste take-back by country (Unit: Ton)



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

1) Figures for some European countries are estimates. 2) South America: Brazil, Colombia, and Peru.

Green Partnership

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

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

Training and Technology Support for Suppliers

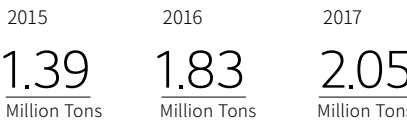
- LG Electronics provided training on compliance to regulations on hazardous substances, eco-friendly expert skills, and GHG emissions management to our suppliers' environmental management staff as well as our employees in charge of green partnership.
- In 2013, we introduced a program to foster experts in charge of collecting data on hazardous substances (Environmental Data Measurement Expert Program). The program is aimed at improving the technical capabilities to manage and measure hazardous substances and ensuring the integrity of the data.

e-Waste Management

- LG Electronics provided e-Waste take-back service pursuant to Waste Electrical and Electronic Equipment (WEEE) regulations and local requirements around the world.
- As of the end of 2017, LG Electronics offers e-Waste collection and treatment services to customers from 85 regions in 51 countries, and is preparing a response system based on an analysis of the regulations in Hong Kong and Colombia where the regulations are being enforced and reinforced.
- Information on LGE's e-Waste management are posted on the company's website\*.

\* <http://www.lg.com/global/recycling>

- Total cumulative of e-Waste collected/processed. (2006 ~ )





With Our Suppliers

Procurement Performance & Supply Chain

LG Electronics categorizes its business partners as “direct suppliers” and “indirect suppliers” and manages partner companies accordingly. Direct suppliers provide raw materials and components used by LG Electronics to manufacture products or components, while indirect suppliers provide services other than direct purchases such as advertisement, IT and other services.

Direct Purchase Performance

- In 2017, company-wide purchases from direct suppliers amounted to about KRW 32 trillion, with 79 percent of the total taking place in the Asian region.
- LG Electronics partners with about 850 companies in Korea and 2,000 companies abroad based on 2018.
- LG Electronics currently manages a list of approximately 5,000 eligible partner companies, and we began new partnerships with 27 companies, including nineteen in Korea and five in China.

Indirect Purchase Performance

- Indirect suppliers are managed separately by the General Procurement (GP) department, which is in charge of indirect purchases.
- A total of KRW 3.1 trillion in indirect purchases were made in 2017 from these companies, including about KRW 1.9 trillion from Korea.
- We work with approximately 700 indirect suppliers in Korea.

2017 Indirect Purchases, Breakdown by Category (Unit: %)

Marketing	<div></div>	41.9
General Purchases	<div></div>	32.1
IT	<div></div>	8.7
R&D	<div></div>	7.8
Business Trip (Airfare/Hotel)	<div></div>	3.8
Production	<div></div>	2.5
Logistics	<div></div>	1.6
Professional Service	<div></div>	1.6
Utility	<div></div>	0.03

2017 Direct Purchases, Breakdown by Category (Unit: %)

Display Components	<div></div>	28.5
Mechanical Parts	<div></div>	28.1
Electronic Parts	<div></div>	22.2
Semi-conductors	<div></div>	14.1
Raw materials	<div></div>	4.3
Others	<div></div>	2.8

2017 Direct Purchases by Region (Unit: KRW trillion, %)

Korea	<div></div>	14.2	44.5
Asia	<div></div>	6.0	18.8
China	<div></div>	4.8	15.0
Americas	<div></div>	4.8	14.9
Europe · CIS	<div></div>	2.1	6.5
MEA	<div></div>	0.1	0.4

2017 Amount and Percentage of Local Purchases by Key Subsidiaries by Product (Unit: KRW trillion)

Subsidiaries	Products	Total Purchase Amount	Local Purchase Amount	Local Purchase Rate (%)
Korea		16.0	12.0	72%
Nanjing, China	Washing machine	0.6	0.6	91%
Yantai, China	Mobile Phone	1.2	0.7	56%
Qingdao, China	Mobile Phone	0.5	0.2	37%
Nanjing, China	Monitor	0.9	0.6	64%
Taizhou, China	Refrigerator	0.7	0.6	83%
Rayong, Thailand	Air Conditioner	0.7	0.4	84%
Reynosa, Mexico	TV	2.0	0.02	1%
Others		9.0	3.8	42%
Total		32.0	18.8	59%

INTERVIEW / Procurement Management Center



Senior Vice President  
Si-Yong Lee

We at LG Electronics are making efforts to earn the respect of our suppliers by building a sustainable relationship with them. A sustainable relationship will improve our suppliers' competitiveness, which can be defined by QCD (Quality, Cost, and Delivery) in a healthy and responsible management environment, and this will in turn improve our competitiveness. Improving the manufacturing competitiveness of our suppliers is the key to win-win growth and for the Fourth Industrial Revolution, and we will continue to share our knowledge in automation and IT with them. In addition to this, we have identified risk management of the supply chain as an important key to building a safer work environment, and decided to expand the scope of CSR assessment. Through these efforts, we at LG Electronics and our suppliers will think about what it really means to have a win-win relationship and establish a basis for win-win growth.

Win-Win Growth Initiative

Three Philosophies for Win-Win Growth

Shared Drive

No. 1 Spirit

1

In pursuance of win-win growth, LG Electronics strives to help suppliers grow into strong companies with Global No.1 competitiveness.

2

Suppliers are a valuable source of LG Electronics' business competitive and partners in innovation.

3

Suppliers are a valuable source of LG Electronics' business competitiveness sand partners in innovation.

Five Principles

Change and Innovation

Fair Management

1

LG Electronics must reinvent and discipline itself first to comply with global level processes and rules.

2

Carefully select suppliers that have competitiveness, and then provide support that creates profound impact.

3

Establish clear standards for Global No.1 first, then set goals and execute plans accordingly.

4

Comply with fair and transparent standards with discipline, and cooperate with each other.

5

Make long-term and ongoing efforts based on communication and trust.

Objectives for Win-Win Growth

Five Objectives

· Support for building Global No.1 competitiveness

· Support for developing next-generation technology

· Financial support

· Training support

· Process Innovation

Supply chain risk management

· Fire/safety consulting for suppliers

· CSR risk management for suppliers

Win-Win Partnership Assessment (Korea)

"Most Excellent" rating for 3 consecutive years  
(2015-2017)



Win-Win Growth at LG Electronics

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

Direction for Win-Win Growth

- LG Electronics established the "Three Philosophies and Five Principles for Win-Win Growth" to be shared with its suppliers and applied in the guidelines for mutually beneficial cooperative activities.
- LG Electronics recognizes all the suppliers within the supply chain as its important business partners. As such, LG Electronics set the Five Principles for win-win growth based on trust, and through which to provide continuous support to the suppliers.
- LG Electronics also carries out supply chain risk management activities in order to effectively resolve the issues by identifying the risks that can arise in and out of the supply chain.

Performance of Win-Win Growth

- In May 2011, LG Electronics reaffirmed its commitment to mutual growth with suppliers at the “LGE Win-Win Growth Camp” and has since set win-win growth initiatives by offering training, financial, and non-financial support to suppliers.
- In 2014, LG Electronics provided technical support to suppliers and their support teams (quality, productivity, and technology) to ensure their work efficiency.
- LG Electronics was named the “Most Excellent” rating for three consecutive years since 2015 in Fair Trade & Win-Win partnership Assessment by the Korean Commission for Corporate Partnership and the Korea Fair Trade Commission.

Five Principles of Win-Win Growth

Support for building Global No.1 Competitiveness

· LG Electronics believes that improving the manufacturing competitiveness of its suppliers is the key to preparing for the Fourth Industrial Revolution. LGE helps its suppliers improve their fundamental competitiveness through various activities aimed at elevating the level of their quality, productivity, and technology.

Improvement of Suppliers' Manufacturing Competitiveness

· Since 2017, LG Electronics has been helping its suppliers improve their production structure in order for them to enhance their manufacturing competitiveness in relation to the Total Productivity (Production per person/hour) Improvement activities.

· In 2018, LG Electronics plans to continuously teach know-how in production line automation and information infrastructure to its suppliers.

Support for developing next-generation technology

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

Support for the development of new technology and methods

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

· LG Electronics made its technology patents accessible to SME's, thereby contributing to improving their R&D capabilities.

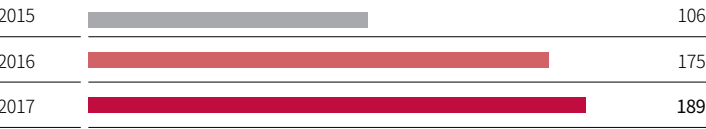
Support for the protection of core technology of suppliers

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

Number of Patents Disclosed by LG Electronics

27,496

Technical data escrow performance (Unit: Case)



Signed an agreement on the protection of technology with SMEs

CASE STUDY / Joint Technology Development (Washing Machines)

❶ e-Korea Industry is a washing machine parts manufacturer that took a part in the joint development and mass-production of the new technology product named “TROMM Twin Wash” with LG Electronics.

· Sales: KRW 105.6 billion in 2016  
→ KRW 131.7 billion in 2017 (25% ↑)

· New Jobs Created:  
More than 30 new persons employed



❷ Samcheon Industry, a manufacturer of small washing machine parts, shortened the factory automation process that usually takes two to three years to four to five months with the support of LG Electronics.

· Sales: KRW 49.9 billion in 2016  
→ KRW 56.2 billion in 2017 (13% ↑)

· New Jobs Created:  
More than 37 new persons employed



Amount of Funding for Suppliers

KRW 270.4 billion  
for 141 suppliers

2004~2017

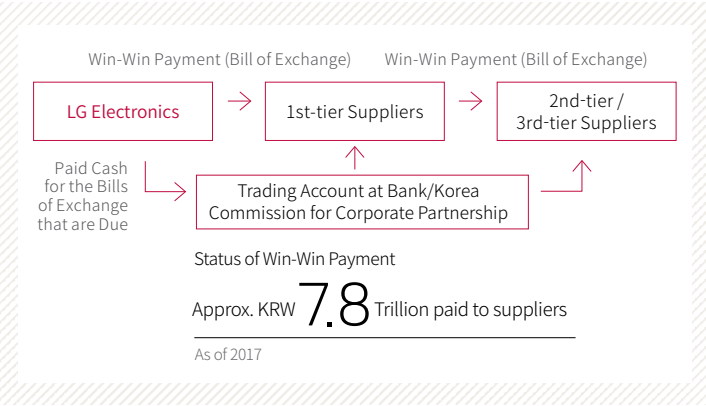


Cases of facility investment with interest-free financing

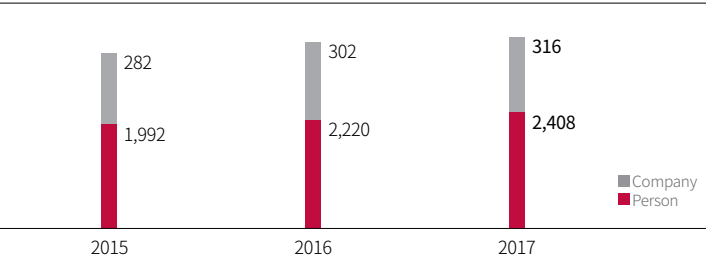
Amount of the Win-Win Growth Fund raised in 2017



Win-Win Payment Process



Free training for suppliers (Unit: Number of companies/person)



“Win-Win Growth Academy” Courses

Training Supervision	Training Programs	Major Training Course
LG Electronics Learning Center	19	Class Training, Business Management, Occupational Training, Quality/Innovation Training
	22	Management Strategy, Leadership, Finance, SCM, Production Management, Quality, Purchasing, Automobile Quality Training
Local University	25	Standardization of Production and Process Innovation Courses

Funding Support

· Since 2004, LG Electronics has been offering financial support to its suppliers in the areas of productivity/quality improvement, facility expansion, technology development, and joint overseas operations in order to improve their manufacturing competitiveness.

Zero-interest Direct Financing

· LG Electronics has provided zero-interest direct support to suppliers as part of our efforts to improve productivity and quality, expand capacity and facility, establish overseas operations, and develop advanced technologies.

· In 2018, LG Electronics increased the size of funding support from KRW 20 billion to KRW 40 billion for its suppliers to build automated production lines.

Win-Win Growth Fund

· LG Electronics has a Win-Win Growth Fund of KRW 200 billion to offer low-interest financing to its suppliers in order to ensure their financial stability with joint efforts with financial institutions.

· In 2017, LG Electronics financed a total 141 first tier and second tier suppliers with KRW 98.8 billion through the Win-Win Growth Fund.

Implemented Win-Win Payment System

· Since 2015, LG Electronics has been running the “Win-Win Payment System” that ensures that payments made to the second-tier/third-tier suppliers by the first-tier suppliers who are already paid.

Training support

· Aware that the "competitiveness of our suppliers is an important factor of ensuring our own competitiveness", LG Electronics has been offering free training programs to its suppliers in need of human resources development and technical training since 2011.

· LG Electronics opened the "Win-Win Growth Academy" within its training facility, and designated it as a place to train the employees of its suppliers in order to provide special technical training in cooperation with local universities (Changwon National University, Korea Polytechnics, and Kyungnam University).

· Since 2017, LG Electronics has been offering six automobile quality training courses (Global Parts Development Process, Automobile Quality System, etc) aimed at improving the competitiveness of its suppliers in the area of electric vehicles.



## Process Innovation

· LG Electronics offers various programs for improving communication with its suppliers in order to ensure win-win growth by innovating the internal process.

### Enhancing Communication & Resolving Supplier Concerns

· Since 2012, LG Electronics has been offering the “Win-Win Grievance Hot Line” dedicated to resolving the difficulties experienced by its suppliers through a website for win-win growth.

· LG Electronics regularly shares information on its win-win growth policy and information for suppliers through Win-Win Growth Handbook and online newsletter.

### Strengthened Win-Win Growth Support for First and Second tier Suppliers

· LG Electronics signed more fair trade agreements with first and second tier suppliers in order to establish a basis for win-win growth and also to create a new order for voluntary fair trade practices.

· Since 2013, LG Electronics has been offering management, quality, and productivity improvement programs to its second tier suppliers that have signed an agreement after participating in the Industry Innovation Movement launched by the Ministry of Trade, Industry and Energy.

### Supplier Online Shopping Mall

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

## Supplier risk management

### Fire/Safety Consulting for Suppliers

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

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



LGE Win-Win Growth Website & Win-Win Growth Grievance Hot Line

### Fair Trade Agreements Signed in 2017

· LGE ↔ First tier Suppliers **327** Suppliers

· First tier Suppliers ↔ Second tier Suppliers **756** Suppliers

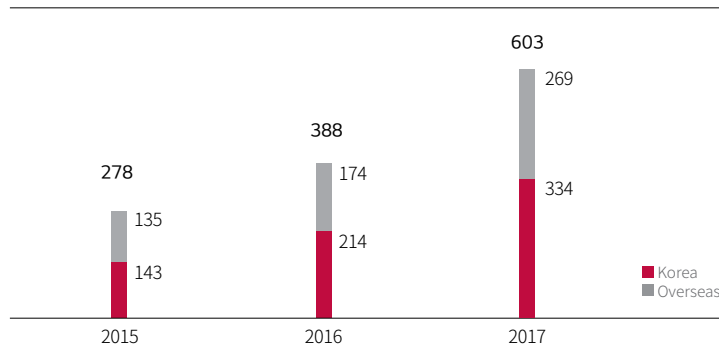
### Support for the Industry Innovation Movement between 2013~ 2017

KRW **7.5** billion for **273** Suppliers



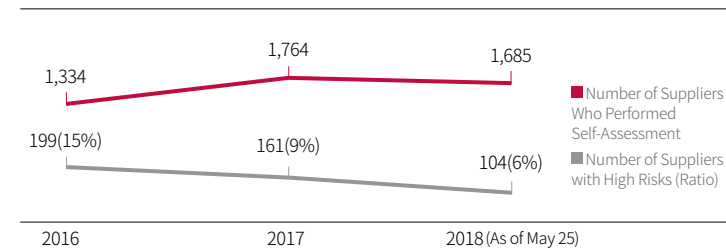
Supplier Fire/Safety Management System

### Supplier Fire/Safety Consulting Results (Unit: EA)



### CSR Risk Assessment of Suppliers (Unit: Suppliers, %)

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

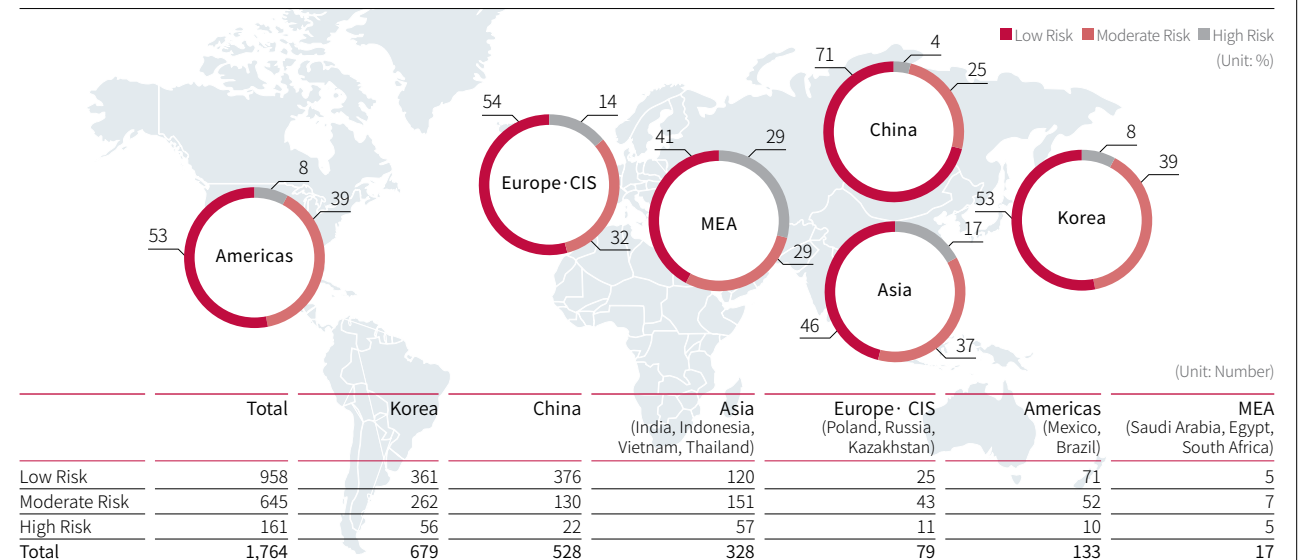


### Major progress on CSR Risk Assessment



1. Establishment of CSR System
2. On-site Consulting
3. Supplier Code of Conduct is Reflected in the Purchasing Contracts

### 2017 Supplier CSR Risk Levels by Region



(Unit: Number)

Conflict Minerals Management

Conflict Minerals Policy

- Systematic management of mineral sourcing by analyzing information on the country of origin of conflict minerals\*, and information on smelters and refiners.
- Program for conflict-free sourcing of minerals from 10 conflict-affected countries including the Democratic Republic of the Congo\*.
- Reinforced the code of conduct and reflected the details of the code in contracts signed with suppliers.

Improved Conflict Minerals Management System and offered training programs

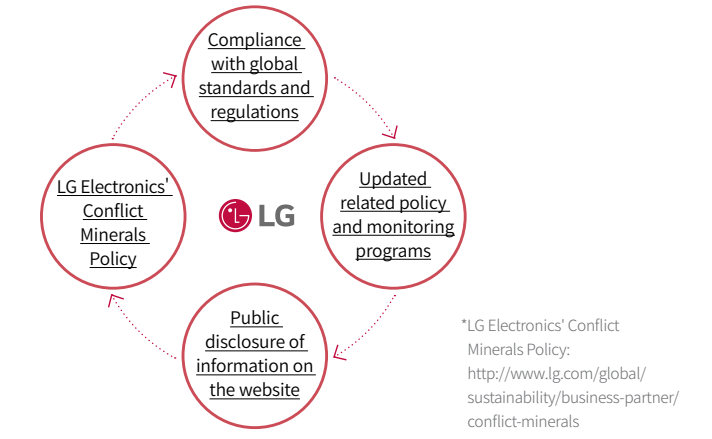
- Organized a Task Force Team and established the CMMS (Conflict Minerals Management) in 2013 in order to manage the regulations on conflict minerals.
- Offered on- and off-line training and online consulting programs to domestic and overseas suppliers in order to enhance the suppliers' awareness of conflict minerals, expedite the data collection process, and improve the quality of the data.
- Expanded collaboration with external organizations such as KITA (Korea International Trade Association) and RMI\*.
- Established a cooperative relationship with relevant organizations in order to improve the Conflict Minerals Management System Supported academic events such as seminars and workshops. Helped domestic and overseas suppliers better cope with the regulations on conflict minerals.

\* Four conflict minerals collectively called the 3TG (Tin, Tantalum, Tungsten and Gold)

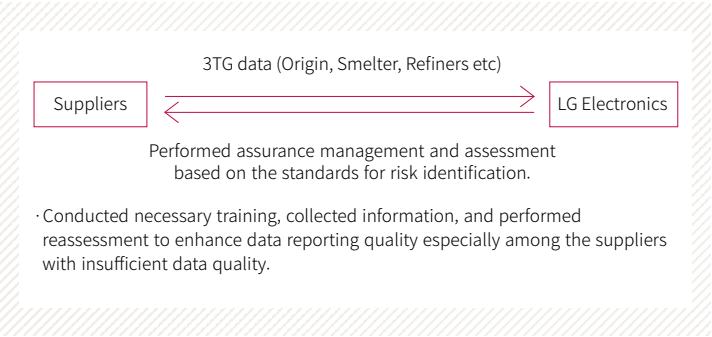
\* 10 countries in conflict-affected areas (Democratic Republic of the Congo, Angola, Brundi, Central African Republic, Republic of Congo, Rwanda, Republic of South Sudan, Tanzania, Uganda, and Zambia)

\* RMI (Responsible Minerals Initiative): A global initiative by the members of the industry coalition RBA (Responsible Business Alliance) to address the conflict minerals issue

Supported responsible raw material sourcing



CMMS: Conflict Minerals Management System

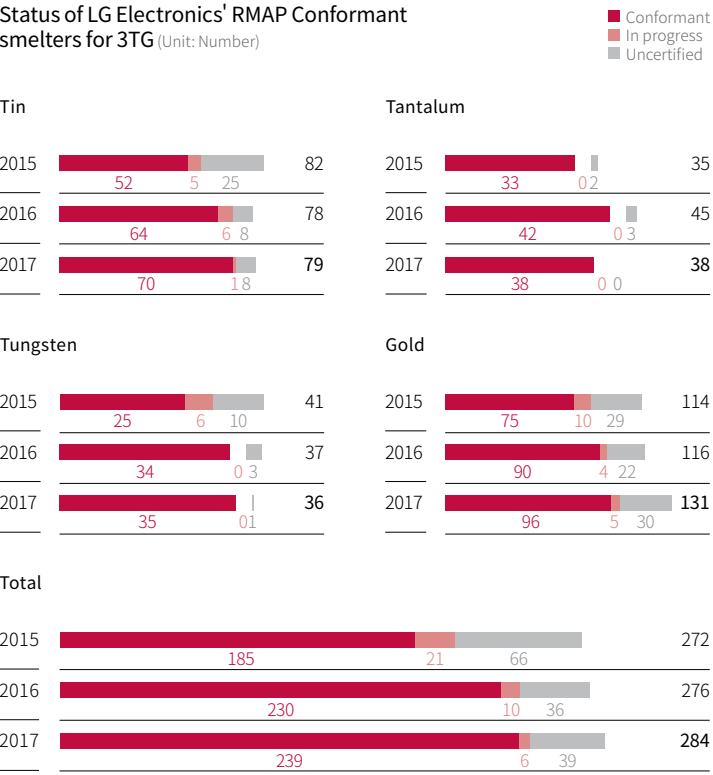


LGE Activities for 100% RMAP conformant smelter use

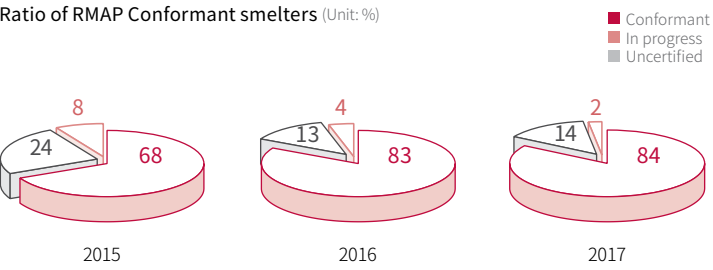
Active participation in RMI	<ul style="list-style-type: none"><li>· Due diligence</li><li>· Join the Steering committee in RMI</li><li>· Join the Working group</li></ul>
Efforts to expand RMAP	<ul style="list-style-type: none"><li>· LG Electronics try to use 3TG 100% from RMAP conformant smelters with LG Display, LG Innotek, LG chem.</li><li>· Recommendation to Supplier : 100% use for RMAP conformant smelters and refiners</li><li>· Recommendation for smelters and refiners to obtain the RMAP conformant.</li><li>· Shared LG Electronics' data on new smelters with RMI.</li></ul>

\* RMAP (Responsible Mineral Assurance Process): Inspection and assurance programs for smelters not using conflict minerals under the supervision of RMI.

Status of LG Electronics' RMAP Conformant smelters for 3TG (Unit: Number)



Ratio of RMAP Conformant smelters (Unit: %)



Implemented a program for sustainable tin mining in Bangka Island.



External activities for responsible mineral sourcing

Management of suppliers for responsible mineral sourcing

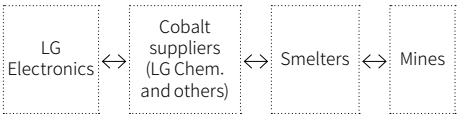
- Encouraged suppliers to participate in the due diligence and audit program for conflict minerals as a member of the RMI Steering Committee.
- Joined the PPA\*(Public-Private Alliance)a multi-stakeholder initiative for responsible mineral sourcing.
- Joined the industry initiative for the recent issues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

\* PPA (Public-Private Alliance for Responsible Minerals Trade) is a multi-stakeholder initiative by businesses and social organizations to support supply chain solutions to conflict minerals in conflict-affected countries in Africa.

Cobalt Supply Chain Management

- Acquired information on the origin and conducted due diligence through cooperation between LG Electronics, LG Chem., and smelters.
- Ongoing efforts to eliminate the possibility of child labor by stopping the supply of cobalt from unknown origin.
- Joined the global initiative for tracing the origin of cobalt by providing data to related global initiatives (LG Electronics-RMI, LG Chem.-RCI\*).
- LG Electronics plans to add a function to trace the origin of the minerals within the Conflict Minerals Management System.

\*RCI (Responsible Cobalt Initiative)



Activities for the local community in Bangka Island, Indonesia.

- LG Electronics has been participating in the working group (TWG) in order to promote sustainable tin mining in Bangka Belitung, Indonesia since 2013.
- TWG achievements include, surveyed the current conditions, found solutions, and launched a pilot project with the local government and NGOs in order to resolve the issues of environmental destruction and worker safety at mine sites.

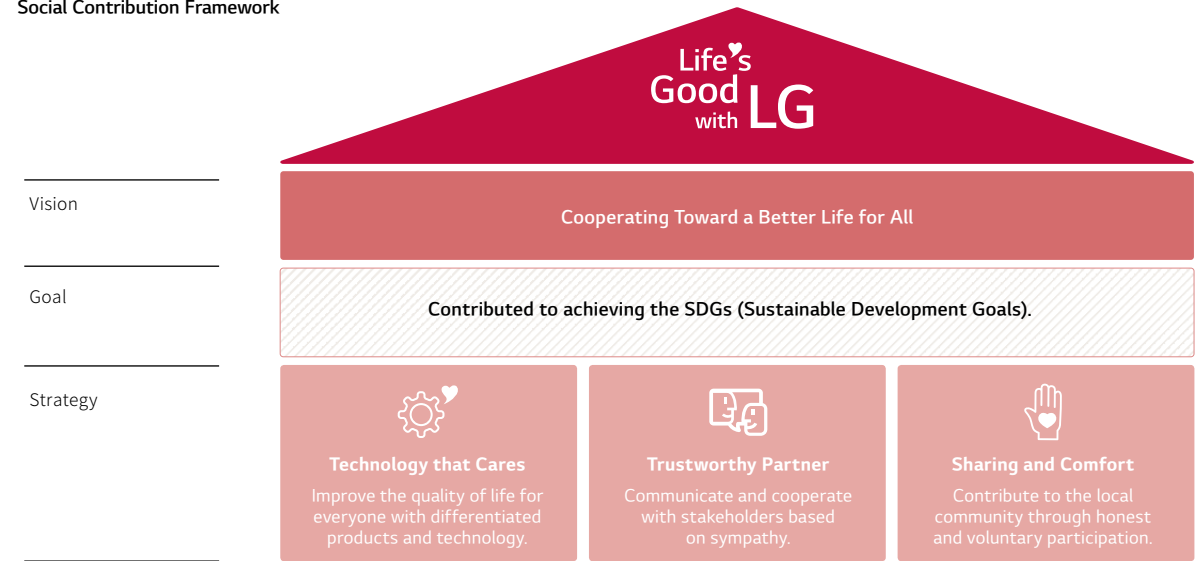


With the Community

Social Contribution Activities of LG Electronics

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

Social Contribution Framework



LG Electronics and UN SDGs (Sustainable Development Goals)

- UN SDGs place a particular emphasis on the role of the civil society including the private sector as well as expanded partnership between stakeholders in addressing economic, social, and environmental issues.
- As a responsible global corporate citizen, LGE has set contributing to the achievement of the SDGs as the main goal of its social contribution activities.
- LG Electronics set a new direction for its social contribution efforts by reflecting the opinions of the management and key stakeholders, and identified five of the 17 SDGs as its priority.
- LG Electronics continuously develops and implements initiatives that contribute to achieving these 5 SDGs, and monitors the progress on a regular basis.



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

**Steps for SDGs implementation**

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graph TD; 01[01 Set the achievement of the SDGs as the main goal of social contribution activities.] --> 02[02 Analyzed the relationship between the characteristics of the company and SDGs through self assessment.]; 02 --> 03[03 Set the five SDGs(SDGs 8, 4, 9, 3, 11)]; 03 --> 04[04 Selected suitable countries and regions by analyzing their relationship with LG Electronics]; 04 --> 05[05 Implemented a social contribution program for LG Electronics];
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Relevant_SDGs	Relevance to LG Electronics	Programs and Impacts
<b>8.3</b> Create jobs and promote the growth of SMEs through creativity and innovation support. <b>8.6</b> Drastically reduced the rate of absence in the training class and unemployed young people.	· Development and enhancement of competencies. · Education and training support using the core competencies of the company. · Easier access to financial services.	· Provide space for socio-economic businesses in the area of the environment at the LG Social Campus in Korea and provide financial support. · Establishment of vocational schools in Ethiopia and Vietnam.
<b>4.3, 4.4</b> Advanced educational support including necessary technical training, vocational training, and college education for finding jobs, better jobs, and business activities.	· Talented people are required to provide quality services. · Development of human resources through cooperation between industry and academia.	· Opened a vocational school for electrics repair jobs in Ethiopia and enhanced the students' technical capabilities through special lectures by Master Repair Engineers and on-site training at the service center in UAE. · Training for instructors at vocational schools.
<b>9.a</b> Increased financial and technical support for the least developed countries in Africa. <b>9.c</b> Improved ICT accessibility.	· Improved the brand image in new markets. · Establishment of infrastructure in developing countries.	· Solar power supply to hospitals and libraries in Pakistan and Syria. · Limb operation in Kenya. · Established the LG IT Library within the vocational school and offered scholarships to outstanding students in Vietnam.
<b>3.8</b> Realized UHC (Universal Health Coverage) by ensuring access to quality health care services, necessary medications, and vaccines.	· Promoted the use of home appliances such as refrigerators, washing machines, and water purifiers	· Provided mobile clinic service for improving hygiene and public health in Asia · Improved hygiene for underprivileged people in Nigeria by opening free laundry rooms · Provided Vaccination against Japanese Encephalitis in Indonesia
<b>11.4</b> Protection and Preservation of World Cultural and Natural Heritage sites.	· Protection of World Cultural Heritage sites · Improve the awareness by using the company's advertising channels · Partnership with government organizations related to cultural heritage	· Employees at 45 business sites volunteered to participate in local community services to protect World Cultural Heritage sites. · Played promotional films on World Cultural Heritage sites on the digital billboard in Piccadilly, London.

Technology that Cares

LG Hope Community (Ethiopia)

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

LG-KOICA Hope TVET College (Ethiopia)

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

The percentage of students who have acquired the national level certifications at LG-KOICA Hope TVET College.

98%

The percentage of LG-KOICA Hope TVET College graduates who found a job in April 2017 (including those who have started a business and those who chose to continue to study).

100%

Offered a scholarship to the descendants of the Korean War Veterans among the employees of LG Electronics and its affiliates.

166 recipients  
(cumulative)

Public Health Promotion Campaign in Asia

01 Selected medically underserved communities in each country



02 Provided free medical check up services as well as health-hygiene awareness classes that cover various health topics.



03 Launched a health promotion campaign first in Myanmar and expanded the program to include Cambodia and Bangladesh.



Organized 16 health awareness campaign sessions

· Provided free medical services and medical supplies to more than 60,000 people in 3 countries (as of 2017)

· Opened health-hygiene awareness classes and hosted cultural events.



· Provided three selected farming villages in Bangladesh with public drinking water facilities, water supply facilities for each household, and water fountains in cooperation with Good Neighbors.

CASE STUDY / Social contribution using “Technology that Cares”

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

- Invited UAE and Korean college students to an app development competition aimed at improving access to apps by the disabled in the UAE.
- Participants included Seoul National University QoLT Center and SCHS (Sharjah City for Humanitarian Services)

❷ CASE 2 \_ Solar powered hospital in Pakistan

❸ CASE 3 \_ LG Solar Station in Syria

- Provided solar power units to two hospitals in consideration of the characteristics of the region in need of stable power supply.

❹ CASE 4 \_ Established LG IT Library at vocational schools

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



LG Social campus

Space Support

Opened LG Social Campus, an environmentally friendly social venue with individual offices that can be rented for free for stable growth of businesses.

20 social economy organizations and businesses in the campus

Financial support

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



Capacity Building

Consulting for education, seminar, networking, overseas training, marketing, and PR, and productivity improvement in the social economic sector.

2011~2017  
Support for a total of 100 businesses

(110 when including businesses that received other types of support)

Increased Employment Rate 8% Sales Increase 33%

Improved Labor Productivity

KRW 4 Million/Person

Global IT Challenge for the Youth with Disabilities



Competition for IT capability

16 countries participated



Trustworthy Partner

LG Social Campus: Support for Social Economy Organizations in the Environmentally Friendly Sector (Korea)

- An integrated support platform for sustainable growth of social economy organizations established in 2011 by LG Electronics and LG Chem.

LG Hope Screen (USA, UK)

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

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

Global IT Challenge for the Youth with Disabilities

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

CASE STUDY / CSR Academy ‘Love Genie’ for College Students (Korea)

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



Official blog of Love Genie ([www.lovegenie.co.kr](http://www.lovegenie.co.kr))



Sharing and Comfort

Life's Good Volunteer (Korea)


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

Life's Good Day (Korea)

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


Global Employee Engagement

Global Volunteer Day



45 Business Sites in  
26 Countries

Global Blood Donation Campaign



29 Business Sites in  
16 Countries

Life's Good Volunteer pro

- Supported the webpage development for non-profit organizations
- Talent donation by inspecting and repairing home appliances at non-profit organizations.

Workday Volunteer Program

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

- The operations of a soup kitchen
- Participation in the "1 activity per 1 FD (Function Division)" on the World Environment Day
- Helping children with disabilities have a memorable day

788 of the employees  
As of 2017

Employees Social Contribution Fund

- 99.8% of the employees at all the business sites in Korea donate less than KRW 1,000 from their pay to the Social Contribution Fund.

99.8% of the employees  
Based on business sites in Korea

- Since 2004, 88% of the executives working in Korea have voluntarily organized the Employee Social Contribution Fund and used the fund in their social contribution activities.

88% of the executives  
Executives in Korea

Use of the Social Contribution Fund

- Scholarship for the descendants of the Korean War Veterans in Ethiopia
- Established a solar-powered hospital in Pakistan
- App development training for the disabled people in the UAE
- Public Health Promotion Campaign in Asia
- Hygiene camp in the Philippines
- Hygiene education in Bangladesh

Performance of Life's Good Day

Performance in 2017

Participation of more than **8,500** employees

Overall Performance

Participation of more than **48,000** employees  
Total number of participants in the past 7 years

Sharing activities are carried out with the profit

- Sharing sliced rice cake soup on Lunar New Year's Day
- Cooking and serving services at food kitchen

Profit

Approx. KRW **210** million



CASE STORY / LGE Global Volunteer Day

- In 2010, LG Electronics designated "Global Volunteer Day" on June 5 in commemoration of the World Environment Day. Employees across the world of LGE participates in environmental and heritage site protection activities with the Labor Union.
- In 2017, more than 5,000 LGE employees across the world have participated in the campaign with the slogan of "Connecting People to Nature".

1 Global Volunteer Day

- Since 2016, LGE has been serving as a protector of the UNESCO World Heritage Sites in Korea listed by the Cultural Heritage Administration by protecting the heritage sites and carrying out promotional activities.
- Became the first company in Korea to donate solar panels to a historical site by installing solar panels at the Seoreung History & Culture Hall (The solar panels generate about 35% of the total electricity used at Seoreung.)
- Introduced UNESCO World Heritage Sites in Korea through the LGE's digital billboard at Piccadilly Circus, London.



2 Environmental protection activities in local communities

- Carried out environmental and sharing activities by considering the characteristics of LGE, which has branch offices in every corner of society.
- Carried out environmental cleanup activities by visiting the forests and lakes around the business site.



3 Social Media Campaign

- Launched the promotion campaign to introduce the Environmental Day through Social Medias in various countries since 2015.
- The global channel includes social medias in Nigeria, Kazakhstan, Thailand, China, and Jordan in addition to those of Korea.



4 LG Hope Screen

- Offered the UN international organizations and NGOs free access to LGE digital billboards in major tourist destinations such as Times Square, New York and Piccadilly Circus, London.
- The film was produced by the UNEP (United Nations Environment Programme) to commemorate the World Environment Day, featuring the renowned fashion model Gisele Bundchen and Hollywood actor Don Cheadle who played a role in the movies Captain America and Avengers.



LGE's volunteer sites where the sun never sets - 24-Hour relay volunteer activities



- In 2017, LG Electronics carried out the "24-Hour Relay Volunteer Activities" in celebration of the 8th anniversary of the "Global Volunteer Day".
- LGE carried out 24-Hour relay environmental protection activities across the world.
- The "24-Hour Relay Volunteer Activities" began in Ha Long Bay, Vietnam, and then in Kazakhstan, India, Ethiopia, Algeria, Brazil, Mexico, Australia, and finally in Korea where the volunteer activities were centered on the protection of the cultural heritage at Changdeokgung Palace.
- 300 LGE employees and 600 participants in nine countries took part in volunteer activities.



Details of activities by country -> Official blog of LG Electronics  
([https://social.lge.co.kr/lg-together/24hour\\_csr\\_170605/](https://social.lge.co.kr/lg-together/24hour_csr_170605/))



Social Contribution\_ Global Employee Engagement

01 Jordan Syria	02 Iran	03 India	04 China	05,06 Korea	07 USA	08 Colombia
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01_Jordan/Syria	02_Iran	03_India	04_China	05_Korea	06_Korea	07_USA	08_Colombia
<b>Hygiene Services with Love</b>	<b>LG Science Hall</b>	<b>Children's Eye Surgery Campaign</b>	<b>Vacation Together</b>	<b>Quality Consulting by the "Share Love" Volunteers at H&amp;A Company</b>	<b>"Make Yanjaecheon Stream Sing" at HE Company</b>	<b>Life's Good : Experience Happiness</b>	<b>The Dust at the Heart, not in the Clothes</b>
Provided hygiene kits to the underprivileged in cooperation with the ICRC (International Committee of the Red Cross) and Dead Sea Marathon.	The LG Science Hall in Teheran, Iran has an electric car racing game, soccer game with robot vacuum cleaners, painter robot, and other LGE products for children to experience science and learn the workings of the human body, environment, and science.	Fund for eye surgery for children with an eye disease and campaign for enhancing the awareness of visually impaired people.  A fund was raised by donating a portion of the sales profit from selling LGE products, which covered surgeries for more than 300 people.	Every year since 2015, this mentoring program encourages the participation of college students at 50 universities including Peking University who serve as a mentor for children in their hometown during vacation.  The program includes other voluntary services such as helping the children gain independence and delivering goods to them.	Employees at H&A Company's Changwon Factory 2 provided quality consulting for small workshops that hire people with disabilities in the local community.  They have contributed to improving the workshops' productivity by upgrading working conditions, and production and enhancing their quality awareness. The company also holds a regular meeting with the workers with disabilities at the workshops.	Employees at Gangnam R&D Center have repaired and expanded more than 40 nests near Yangjaecheon Stream near their office in April.  After repairing and expanding the nests, they continued to check and clean the nests while also carrying out other activities that can actually help preserve the ecosystem of Yangjaecheon Stream.	LGE plans to provide technical training for the happiness of more than 5.5 million teenagers in USA by 2021.  The program is implemented at schools across the USA through partnerships with a number of organizations such as Discovery Education.	Laundry program for farmers in Salento, a famous producer of coffee.  The program is designed to give the farmers some time to take a break from their busy life by saving time in washing their clothes.  Through the program, 30 LGE Smart Inverter Washing Machines were donated to the local community.



With Our Employees

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

Key Initiatives for 2018

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

Talent Development

Directions for HR Development in 2018

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

Systematic Development of Future Business Leaders and Talented People

·The LGE Assessment Center offers various training programs for employees to create customer value and play a leading role in the market.

·LG Electronics offer differentiated and customized training programs for each different target groups.

·LG Electronics has a comprehensive objective simulation program in order to help employees identify and supplement their weak points while also applying their knowledge and experiences.

Enhancing Employees' Capability

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

Improved customized training

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

Key Initiatives for 2018

01 Preparation for the future in consideration of changes in the management environment and employees

- Reengineering HR Systems for the promotion of horizontal, creative, and voluntary corporate culture
  - Changed the seniority-based position ranking system comprised of 5 types of positions to a system of 3 types of positions based on the role, capabilities, and performance.
  - Changed the system of relative performance evaluation to absolute performance evaluation in order to ensure fair and objective evaluation.
- Strengthened the relationship between business growth and systematic personal development programs
  - Established a corporate goal and personal performance management and career development plan through One-on-One Caring System.
- Improved training for talented future business leaders
  - Techno Conference for recruiting talented future global leaders
  - Invited more than 300 talented professionals and students (PhD or master's degree candidates) and held technology seminars, interviews and job fairs.

02 Intensive training programs for future leaders and high potential employees

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

03 Improve work-life balance by making fundamental changes in the work style

- Create a corporate culture where employee work-life balance is encouraged.
  - Limit working hours to 40 hour a week and implement a flexible work schedule for efficiency
- Make fundamental changes in the work style through which to improve work efficiency
  - Establish a voice mail/approval request system to expedite the process
  - Implement the "No Meeting on Mondays" and "Casual Day" programs in order to help employees focus better on work and create a creative/voluntary corporate culture.

Function College System

Assess capability levels by identifying those that individuals already have and those that need to be developed.

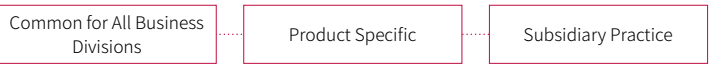
Systematic improvement of required work skills through a recommended training program.

· 14 Business Function Colleges  
· More than 870 training programs taught by experts of the company.

Education Platform, ‘e-Library’

·Provide educational content according to the level of capabilities for the employees to have an opportunity to develop their skills anywhere in the world.

Educational Content in e-Library Platform



Provide an Environment for Self-Directed Learning



Special training aimed at improving the competitiveness of suppliers and mutual growth

Support for the development of a training program by position, rank, and work criteria at the suppliers

More than 530 Suppliers

Leadership and job training programs

More than 9,800 person employees of suppliers

The First Corporate College certified by the Ministry of Employment and Labor in Korea

·Curriculum designed to provide advanced training for both current and future employees

2 Departments  
(Open Recruiting and Skill Development)

9 Courses

Training Support for New/Strategic Business

- Job-specific training program for employees to develop the skills that can be immediately applied at work in order to ensure the fundamental and capabilities necessary for strategic projects.
- Improve practical skills by developing and studying cases by implementing skill development programs for new growth engines.

Promoting Continuous On-the-Job Training

- Job-specific training at actual work sites related to the business
- Regular training based on core application technology using Collab
- Consulting for solving problems with technical experts and project teams at the company for the R&D and strategic technology areas.
- Voluntary study clubs where the members can discuss various work-related topics and find solutions.

·Promotion of regular training system designed to improve the effects of training with the participation of all the employee depending on the necessity, regardless of time and space.

LG Electronic Consortium for HRD Ability Magnified Program

- Training through the Consortium for HRD Ability Magnified Program (2006~)
- Training program tailored to line workers that the suppliers need.
- Training for improving the work skills of current and future employees \*7 Sessions Named a "Best Training Center"(Ministry of Employment and Labor)

CASE STUDY / Employee Training System

All Employees

Korea

Overseas

Required for New	Position	Business Function College		Life Planning	Required per Position/Job	Job
MVP- V	First-time Shil leader/ Division Leader	Design	Product Planning	My LG, My Life	Global Biz. Leader	Marketing/Sales
MVP-IV				Design Happiness (50's)	Manager Enhancement	Production/ Quality/SCM
MVP-III				Happiness Plus (40's)	First-Time Managers	Business Management (Finance/HR)
MVP- II				Dream Happiness (30's)		
MVP- I	Team Leader Enhancement	Procurement	Materials	Self-Reflection (From fourth-year employees)		
	First-time Team Leader	Quality	SCM			
	Product/Part Leaders	Manufacturing	Marketing	Self-Development (From second-year employees)	New Employee	
		B2B	CS		Global New Hire On-Boarding	
		Finance	HR			

Business Leaders

Global CEO Conference

First-Time EVPs

First-Time SVPs

First-Time VPs

First-Time Business Leaders

IMPM

Business Unit Leaders

Business Leader Candidates

Pre-Leaders

GLP

Pre-Ex-patriate FSE Candidates

EIP

EnDP

MBA

MVP: My Vision Planning

EIP: Early Identified Pool

IMPM: International Masters in Practicing Management

EnDP: Entrepreneurship Development Program

GLP: Global Leadership Pool

Corporate Culture

LG Way

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

Improvement of the Work Style

Upgraded Quarterly Meeting

·Quarterly meeting where the CEO and employees can freely ask and answer questions.

·The meeting is held in a casual manner so that the CEO and employees can remove the barrier and better understand each other.

·The CEO tells his management philosophy to the employees and asks them to implement it.

No Meeting on Mondays

·There are no meetings presided by directors or team leaders so that the employees can focus on their work.

·Do away with weekend working for the employees because there is no need to prepare for the Monday meeting during the weekend.

Voice Mail · Approval Request System

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

Casual Day

·Mondays and Fridays are designated the "Casual Days" under the slogan, "No more formality! Keep the formality to the minimum!"

·Contribute to improving productivity by wearing casual clothes and focusing more on the work.

Work Talk

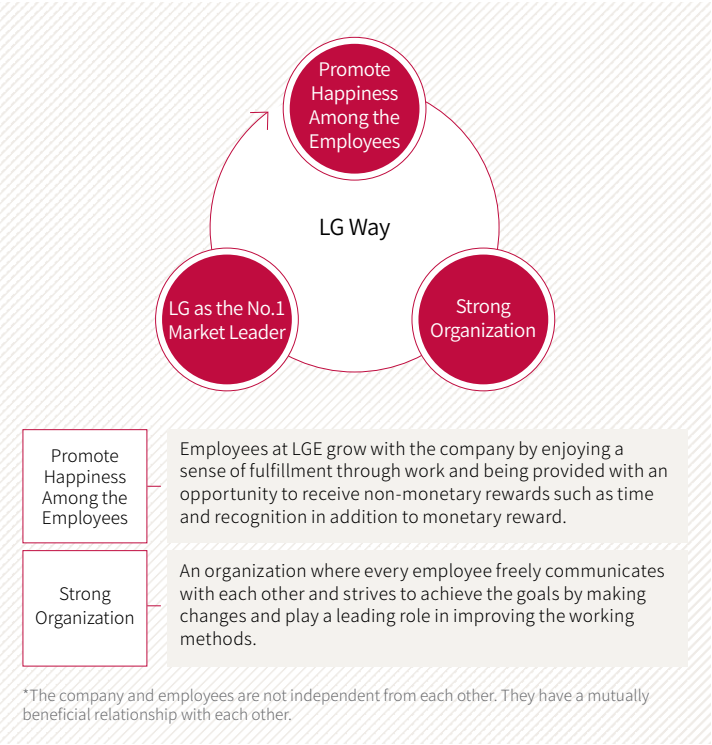
·Communicate with the supervisors about the individual objectives/work plan and progress on a regular basis as a performance management tool based on SNS.

·Methods for voluntary performance management by the employees instead of having performance management performed by the supervisor.

WOW (Way Of Working) Bulletin Board

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

LG Electronics' Organizational Culture



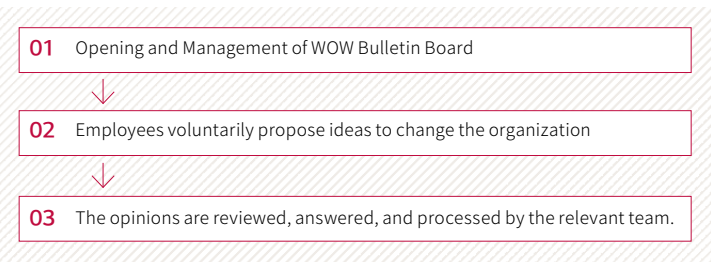
Quarterly meeting where questions are freely asked, answered, and discussed.



Cases of Voice Mail · Approval Request System in Application

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

WOW Bulletin Board Management Process



Work Schedule\_Korea

Implementation of a 40 Hours a Week work schedule\*

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

Labor Relations

·Maintain the Labor Union Members  
(\*21% of the employees in Korea as of the end of 2017)

7,605 Employees

·No labor disputes on collective bargaining agreement

For 29 years

·Agreement on collective bargaining agreement  
\*Agreement on the revised pay and HR regulation (condo account purchase, etc.)

March 2018

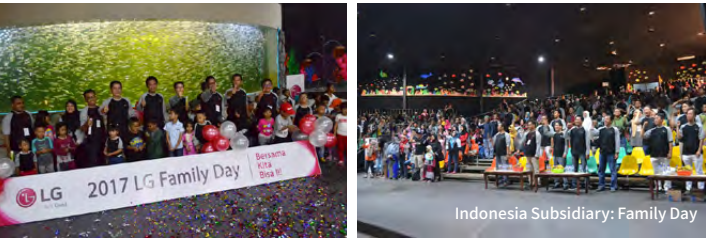
Junior Board System

·Employee grievance resolution team for office workers.  
·A separate system for accepting the ideas of non-labor members

Grievance resolution performance of the Junior Board System

·Resolutions Accepted (Extended period for family medical care application and paid leaves for wedding and other important family occasions.)

6 Cases 4 Grievances Resolved



Balance Between Work and Life

Korea

·Implementation of a working hours management system: A working hours management system that enables employees to voluntarily manage their working hours.

·Implementation of a flexible work schedule: A flexible work schedule is implemented so that employees can work an average of 40 hours a week in different shifts. (Implemented by some of the business sites only.)

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

Overseas

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

India Subsidiary: Open Day

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

Indonesia Subsidiary: Family Day

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

China Subsidiary: Family Day

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

Labor Relations

·The term "Labor -Management Relationship" was coined by LGE to demonstrate the company's endeavors to create a common value by having both the employees and the management play their role based on trust and respect instead of using the more common term, "labor-company relationship", which can have negative implications such as confrontation and vertical relationship.

·The LGE Labor Union has the employees at each business site as its members in accordance with the collective agreement and Labor Agreement.

·Once a year, the management and Labor Union discuss the current issues including labor conditions through a number of channels in addition to the official committee meeting for collective bargaining agreement.

·In-depth discussions and negotiations with the Labor Union take place immediately after a major change in the business.



CSR Risk Management

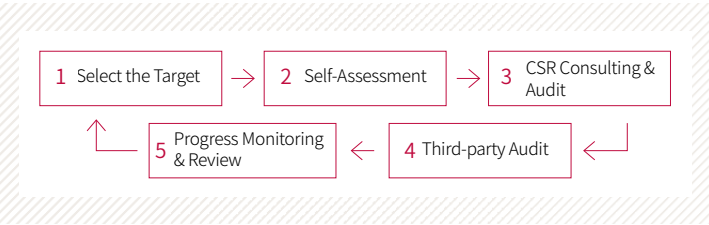
CSR Risk Management Program

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

Selection of Assessment Targets & Self-Assessment

- Has implemented the RBA Self-Assessment Questionnaire (SAQ) as an assessment tool since 2011.
- Introduced In-depth SAQ (iSAQ), an internally developed self-assessment tool based on the RBA Validated Audit Program (VAP) in 2016.
- Opened a self-assessment system, PU-SRM, in 2017 and conducted self-assessments at our production sites and suppliers.
- Assessment questions revised into about 100 questions, reflecting the RBA VAP Manual 6.0 and RBA CoC 6.0, in 2018.
- Self-assessments conducted in two non-production sites in the US, and improvements made by reflecting the Supplier Code of Conduct in the Master Purchase Agreement of logistics companies, and established the North America Safety Council.
- Plans to begin production in two production sites in the US in the later half of 2018, and will place emphasis on training of managers at new business sites.
- Plans to expand the CSR Risk Management Program conducted at outsourcing companies and non-production sites, including call centers and logistics companies.

LG Electronics CSR Risk Management Program Procedures



2017 Regional Risk-level by Risk Area

	Total	Labor	Health & Safety	Environment	Ethics / Suppliers
Korea	○	○	○	○	○
China	○	○	○	○	○
Americas	○	○	○	○	○
Europe· CIS	○	●	○	○	●
MEA	●	●	○	●	○
Asia	○	○	○	○	●
Total	○	○	○	○	○

○ Low Risk ● Moderate Risk ● High Risk

2017 Self-assessment Results

Business sites assessed

37 locations in total

Average score

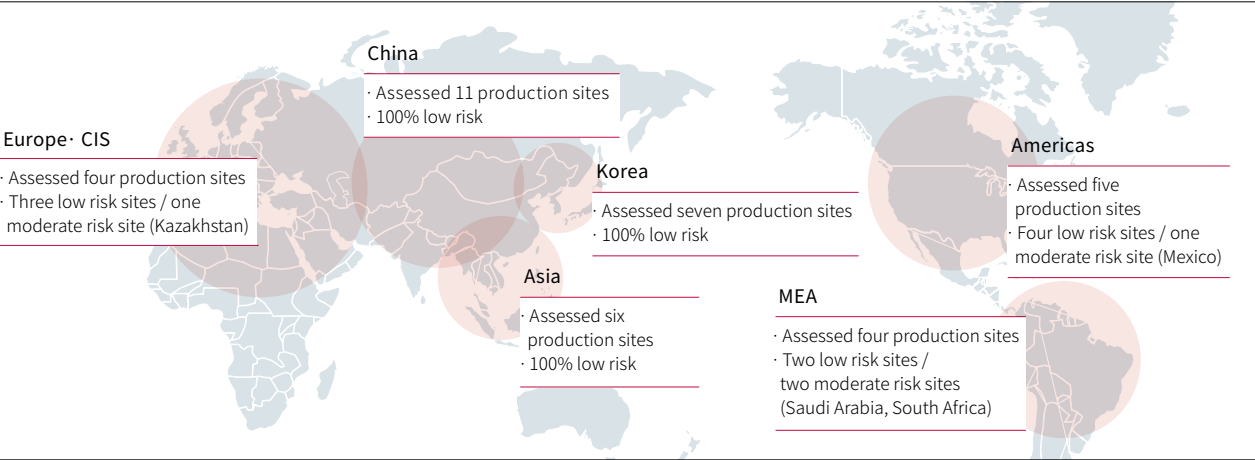
92.2 points

Corrective action plans

115 issues

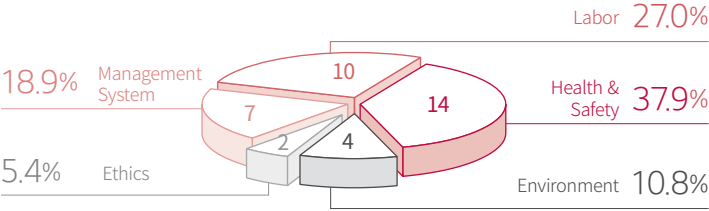
Completed 87 (76%) issues

2017 In-depth Self-assessment Results



Third-party Audit Results in 2017

Non-conformance by Category (Unit: EA, %)



Labor		Health & Safety	
Working Hours	5	Occupational Safety	1
Day-off	3	Emergency Preparedness	7
Non-Discrimination	2	Occupational Injury and Illness	2
Environment		Occupational Hygiene	2
Hazardous Substance Control	3	Sanitation, Food and Housing	1
Rainwater Management	1	Safe Maintenance of Machinery and Equipment	1
Ethics		Management System	
Corporate Integrity	1	Management Accountability and Responsibility	1
Protection of Identity and Non-Retaliation	1	Legal and Customer Requirements	1
		Risk Assessment and Risk Management	1
		Audits & Assessments	2
		Corrective Action Procedures	1
		Supplier Responsibility	1

CASE STUDY / 2017 Improvement Cases

❶ CASE 1 \_ Improved the Wage Deduction Process for Lateness

- Different penalties for lateness are applied in all production sites, such as warnings and deduction of wages.
- Some sites made excessive wage deductions compared to the actual time employees worked (e.g. An hour of wages deducted for being 10 minutes late).
- Now, an equal wage deduction system is applied under the principle of “Get paid for as much as you worked”.

❷ CASE 2 \_ Revised EMPLOYMENT Contract for Student workers

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

CSR Audit & Improvement Consulting

- Self-assessment validation and CSR audits are conducted at production sites as a preemptive response to client company evaluations.
- Consultations provided to 12 business sites to improve the situation in 2017 (including seven sites in China).

Third Party Audit

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

Improvement Initiatives & Ongoing Monitoring

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

Awareness Campaign & Other Initiatives

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

Corporate Governance

The BOD's Responsible Business Management

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

Establishment of Responsibility Management System by Professional Executives

- Launched LG holding company, LG Corp., and resolved the issue of cross-shareholding structure among affiliates
- Established a system in which the holding company is responsible for investments and LG Electronics can focus on value enhancement and its existing businesses without the need to be concerned with investments.
- Implement BOD-centered management based on the responsible business management system.

Board of Directors & Independence

- The Board of Directors is composed of seven members including four outside directors.
- They have a three-year tenure during which directors carry out their duties independently, free from any influence of major shareholders and management.
- To improve transparency and independence, the majority members of the Board of Directors must be outside directors (at least 57%).
- A control division and a person in charge is put in place to ensure fair trade and to review the board's approval of transactions before it is initiated to screen business transactions for potential conflict of interest between directors and the company.

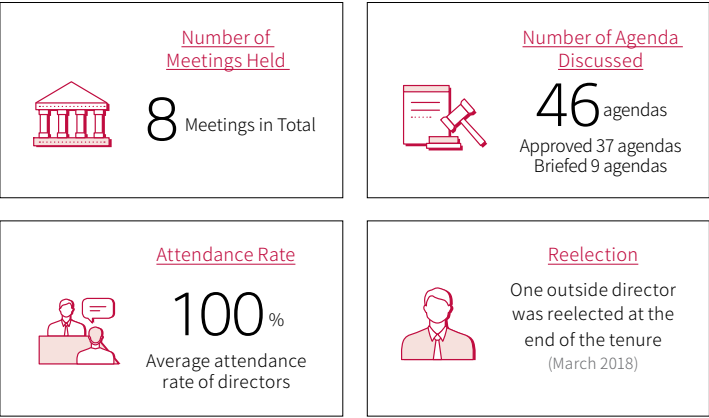
Grounds of Ineligibility for Outside Directors

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

Board Members (As of March 2018)

Category	Name	Position	Last Appointed in	Note
Non-executive Director	Bon Jun Koo	Vice Chairman	2017. 03	Management Committee
Inside Director	Seong Jin Jo	Representative Director & CEO	2018. 03	Chairman of the Board, Management Committee, and Outside Director Candidate Recommendation Committee
	David Jung	Representative Director & CFO	2017. 03	Management Committee
Outside Director (Independent)	Chang Woo Lee	Professor, Business Administration, Seoul National University	2016. 03	Chairman of the Audit Committee, Outside Director Candidate Recommendation Committee
	Joon Keun Choi	Former CEO, Hewlett-Packard Korea Ltd.	2018. 03	Audit Committee
	Dae Hyung Kim	Former Asia/Pacific CFO, GE Plastics	2016. 03	Audit Committee, Outside Director Candidate Recommendation Committee
	Yong Ho Baek	Professor, Ewha Womans University	2017. 03	

2017 Board Activities



Evaluation Criteria for Directors and Executives

- Evaluated comprehensively based on whether they have set and achieved challenging goals in financial, social and environmental aspects
- Whether they have met their business objectives comprised of quantitative and non-quantitative targets
- Other professional capabilities

Board Committees

Audit Committees	Responsibilities	- Conducts audits on corporate accounting and management
	Composition	- Comprised entirely of outside directors to maintain complete independence from the company and management - Appoints Audit Committee members based on expertise on given work, level of independence and reputation, whether he/she is considered an accounting or finance expert, and whether his/her interest conflicts with the company
	Rights	- Rights to request business report of the company (subsidiary) - Right to request investigation on the company (subsidiary)'s business and financial status - Right to request for convening general meetings
	Activities	- A total of five Audit Committees were held, and a total of 12 agendas were handled in 2017 (Briefed: 9 agendas, Approved: 3 agendas)
Management Committee	Rights and Responsibilities	- Reviews and makes decisions on the agendas delegated by the board and other management issues
	Activities	- Reviewed a total of 42 company management agendas led by Chairman of the Board Seong Jin Jo
Outside Director Candidate Recommendation Committee	Rights and Responsibilities	- Candidates are recommended when electing a new outside director - An outside director recommended by the Outside Director Candidate Recommendation is elected at the Annual General Meeting (AGM)
Committee	Composition	- Comprised of two outside directors and one inside director

Expertise of the Board of Directors

- Outside directors are comprised of outstanding people equipped with excellent expertise and experience in a given field to secure management professionalism and efficiency.
- Outside directors are provided with opportunities to take active part in management via training programs, etc.

Board Activities

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

Evaluation & Compensation

- Compensation for board members is made in conformance with the guidelines pertaining to board compensations and as approved by the AGM.
- They are evaluated comprehensively in various aspects, upon which the appropriate level of compensation is determined and awarded.



Compliance Risk Management

LG Electronics Compliance Risk Management

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

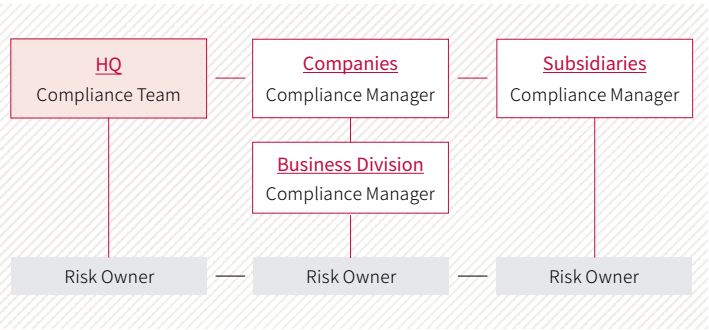
Purpose of the Compliance Committee

- Compliance issues are discussed in the committee where top management managers are fully engaged.
- It helps to spread compliance culture to each organization and to mitigate risk substantially.
- The number of committee held were increased voluntarily in Companies and Subsidiaries in 2017 where more mandatory items and internally-developed items were discussed.
- In overseas subsidiaries, in particular, meetings are held by individual local subsidiaries, but regional meetings are also held in some cases in a larger scale.

Compliance Key Performance Indicator(KPI)

- Key Performance Indicator(KPI) links the result of each organization's compliance management activities to performance evaluation since 2016
- The 2017 KPI is the indicator designed to evaluate the degree of maturity ad achievement of the compliance program operation.

Composition of the Compliance Risk Management Organization



■ Operate HQ Compliance Bureau □ Person who operates and supports Compliance Program  
■ HQ Risk Owner: Person in charge of managing Top Priority Compliance Risks  
■ Company/ Business Unit/ Subsidiary Risk Owner: Person who manages their Compliance Risks

Status of Compliance Managers



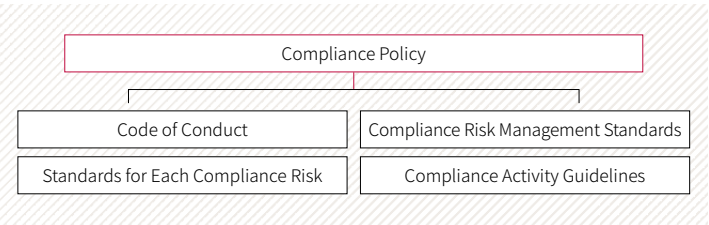
Status of Compliance Committee Meetings



Composition of the Compliance Committee



Compliance Control System



Compliance Risk Assessment



\* Compliance risk self-assessment is conducted at least once a year. In 2017, priority risks per subsidiary are selected from corporate-level compliance risk pool to evaluate the risk control level and establish improvement measures.

Compliance Survey

Functions		Target	Respondents	Response Rate
Business Staff	Korea	29,594	25,618	87%
	Overseas	17,947	15,232	85%
Total		47,541	40,850	86%

\* Surveys conducted between 6/19/2017 and 7/7/2017

Online Compliance Training in 2017

	Completion Rate (%)	Number of Training Targets	Number Completed	Number Not Completed
Total	91.5%	49,499	45,300	4,199
Korea	92.2%	29,649	27,346	2,303
Overseas	90.4%	19,850	17,954	1,896

\* Multiple languages provided: Korean, English, Chinese, Spanish

Online Pledge for Compliance

I hereby pledge to recognize the risks related to the violation of various rules that I may face in performing my duties and fully comply with rules by observing the following:

All LG Electronics employees

1. Shall always put into practice company's management principles with an a purpose to deliver the best value to all stakeholders including our customers, employees, and shareholders.
2. Shall comply with the laws and regulations of all countries in which we operate.
3. Shall faithfully follow company's compliance policies and procedures related to LG Electronics Code of Conduct and work.
4. Shall request an advice from supervisors and responsible divisions and take appropriate measures when it is difficult to make judgements regarding compliance with rules.
5. Shall report suspicious actions deemed to be in violation of the Code of Conduct and company policies.

Offline Compliance Training for Employees with Certain Positions or Certain Duties

	Number of Sessions Provided	Number of Trainees
Training for New Team Leaders	15	378
Training for New Hires with Experience	7	405
Training for FSE Candidates	6	232

Online Training Offered to Compliance Managers in Korea and overseas



Commitments to raise employee awareness on compliance

Compliance Survey

- Compliance Survey conducted annually since 2010
- Employee awareness on compliance is measured to grasp elements that deter compliance and to improve the situation

Corporate-level Open Source Compliance Workshop

- With the increased usage of open source in products, complying with mandatory rules for open source license is getting more important.
- Workshops for working-level employees and developers are held on a quarterly basis starting 2011 (facilitated by CTO Open Source Part).

Compliance training and Online Pledge of Compliance

- Online and offline trainings are provided on topics of compliance requirements, roles and responsibilities of employees, non-compliance cases, and code of conduct, etc.
- The Online Pledge of Compliance is collected at the end of training.

Jeong-do Management

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

The Code of Ethics

- The LG Code of Ethics sets the tone and direction for ethical management practices, and is comprised of the “Code of Ethics,” the public declaration of our ethical values, and the “Guidelines for Practice,” which provides employees with practical guidelines for their conducts.
- The Code of Ethics underwent six rounds of amendments since it was first introduced in 1994.
- Distributed to 120 offices worldwide.

Whistleblower System

- Established as a means to report any violation of Jeong-do Management by LG employees.
- Operation of the Jeong-Do Management Portal, the online whistleblower system (<http://ethics.lg.co.kr>), a mobile reporting system, and Win-Win Growth website to receive reports.

Voluntary Reporting System

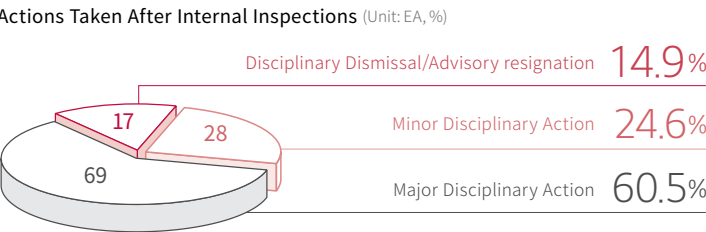
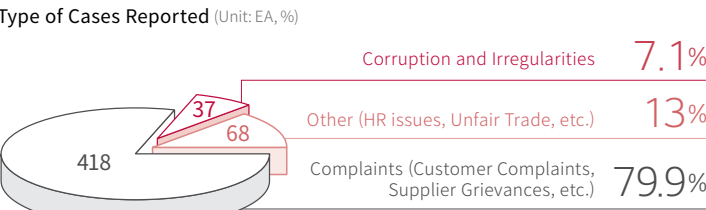
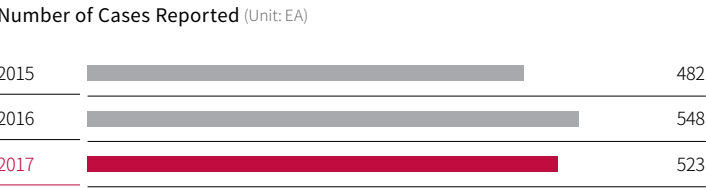
- Strict prohibition on employees receiving any gifts (cash and/or valuables) interested parties. Gifts received in unavoidable circumstances must be reported and returned.
- If returning the gift is not possible, employees must donate it to charity and send an official letter signed by an LG Electronics executive to the party which provided the gift and their company's CEO, requesting that such gift-giving not be repeated, along with documented proof of the donation.
- An auction is held for gifts that could not be returned or donated, and the entirety of the proceedings are directed to our social contribution programs.

LG Code of Ethics	
· <b>Chapter 1.</b> Responsibilities and Duties to Customers	· <b>Chapter 4.</b> Basic Ethics of Employees
· <b>Chapter 2.</b> Fair Competition	· <b>Chapter 5.</b> Corporate Responsibilities for Employees
· <b>Chapter 3.</b> Fair Transactions	· <b>Chapter 6.</b> Responsibilities to the Nation and Society

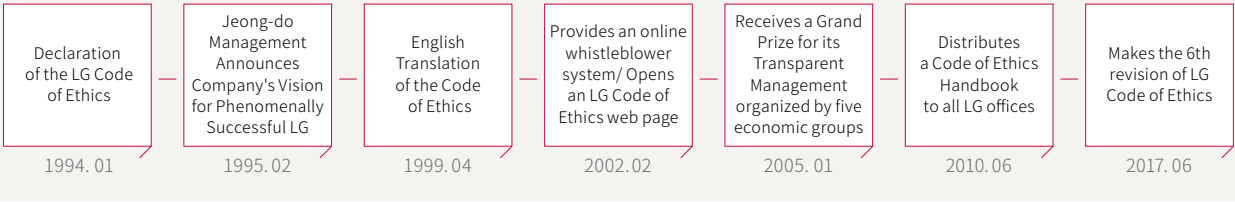
[ Major Changes Made in the 6th Revision in 2017 ]

As corporate social responsibilities and compliance to related laws has become increasingly important, LG Electronics revised the Code of Ethics to better respond to shifts in social consciousness.

- Streamlined the structure to enhance understanding of readers.
- Visualized texts into pictures and diagrams to help readers better understand the content.
- Contents are restructured into a Q&A format providing examples.

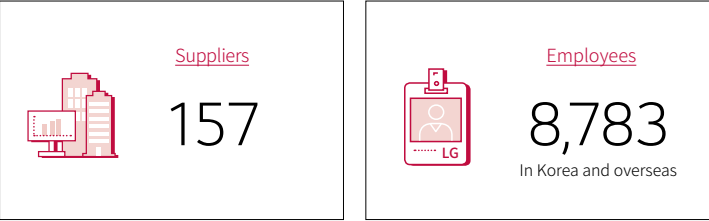


History of LG Electronics' Jeong-do Management



Ethics Hotline	
Information needed	Report a suspected corruption case by submitting an explanation of the case along with evidence. For emergencies, reports may be made based on facts without providing evidence.
How to report a case	Online whistleblower system, mails, phone calls, fax, or visit an LG office.
Where to report a case	Jeong-do Management Division in all LG Offices (LG Jeong-do Management TFT, Subsidiary Ethics Bureaus)
Rewards and compensations	When a given case generated profit or caused loss: As much as KRW 1 billion - When direct increase in profit or recovery of loss is confirmed: 20% or less of the given amount - When it is difficult to assess the increase or decrease in profit: rewards of KRW 10 million or less is provided

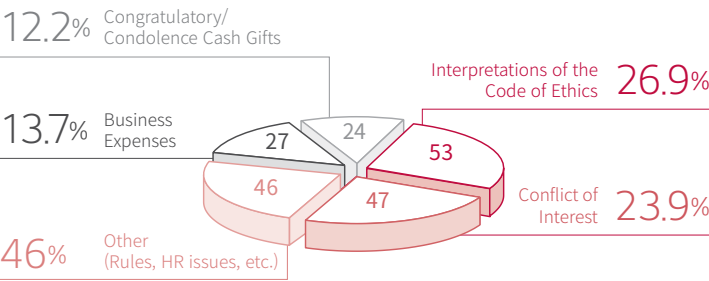
2017 Status of Employee Training on Jeong-do Management



Actions Taken to Address Supplier Grievances

	Prevention	Correction
Corruption and Irregularities	Jeong-do Management Training for Employees and Suppliers - Supplier meetings and quarterly newsletters	Receive reports via online whistleblower system, analyze the case and take measures
Supplier Grievances	- Supplier survey (Once a year)	Receive reports via Win-Win Growth website, analyze the case and take measures

Types of Inquiries Made to the Jeong-do Management Counseling Center (Unit: EA, %)



Informant Protection and Ethics Hotline

- We do not disclose the ID of the informant or any information suggesting it without the consent of the informant.
- The reporting system is protected by a safe security system, and handling of reports is carried out a confidentiality oath.
- Information on the informant to be protected
  - Personal identity
  - Evidence provided by the informant or information collected in connection with the report
  - Content that may allude to the person to be consulted
  - Follow-ups on the result.
- Any adverse effect on the information resulting from the company's failure to protect such information will be compensated.

Training and Awareness Activities

- Regular training for full familiarization with Jeong-do Management.
- Provide examples of violations and noncompliance cases on company bulletins or the Jeong-Do Management Portal to prevent recurrences.
- Periodic distribution of the Jeong-do Management Newsletter to raise employee's awareness.

Actions Taken to Address Supplier Grievances

- Provides Jeong-do Management training for employees and suppliers to prevent employee corruption, irregularities, and unfair trade practices for suppliers.
- Receives reports of employee corruption, irregularities, and unfair trade practices from suppliers via the online whistleblower system and Win-Win Growth website. Then the case is investigated and appropriate measures are taken.

Jeong-do Management Counseling Center

- Offers one-on-one counseling to employees for inquiries on Jeong-do Management.
- Provide counseling through channels such as intranet, phone calls, or e-mails to improve accessibility.
- Frequently asked questions are put together and shared with all employees Also, included in various training programs.



Fair Trade

Fair Trade Compliance

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

Cartel

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

Unfair Trade and Unfair Labeling & Advertising

- Put together cases on violations of the Act on Fair Labeling and Advertising, and conducted employee training based on the findings to prevent noncompliance.
- Screened all labels and advertisements for potential noncompliance.

Subcontracting Practices

- Provided regular training on subcontracting laws to ensure fair, transparent subcontracting transactions and promote a healthy business ecosystem between conglomerates and SMEs.
- Conducted regular inspections and perform activities to improve the work process.
- Amended the Standard Contract for Joint Development (2017) to establish transparent and fair relationship with subcontractors.



Antitrust Compliance Newsletter

July 2017

No place is safe from antitrust activities.

State of Antitrust Restrictions



**China:** Hankook Tire Shanghai office was imposed of KRW 380 million for its antitrust activities on truck and car tire prices. (April 2016)



**Brazil:** Six cement companies were imposed of KRW 1.4 trillion for its antitrust activities on price. (May 2014)




**Russia:** Will impose a fine for antitrust activities on the price of Apple iPhones. (2017)



**India:** Hyundai motors fined KRW 76.6 billion for its antitrust activities on parts supply. (July 2015)


In case of unavoidable contact with a competitor, employees must report and obtain approval through the Reporting and Approval Program for Contacts with Competitors (RAPCC) procedure. For further inquiries, please contact your local legal counsel. Thank you.

Antitrust Newsletter: Distributed on a regular basis to put fair trade compliance into practice and raise employee's awareness.



The Fair Trade Commission gave the "Excellent" rating in the performance evaluation of the Shared Growth Partnership Agreement for three straight years.

Designated by the Fair Trade Commission as best practice in performing the Fair Trade Pledge



CASE STUDY

LG Electronics designated by the Fair Trade Commission as Best Practice in Performing the Pledge for Fair Trade\*  
(in the Advancement in Productivity and Export Competitiveness category)

1 CASE 1 \_ Technology Transfer to Suppliers

·SHINSHIN, a home appliance parts supplier, was transferred of LG's hydroforming construction technology, and successfully produced the upper frame in an oven. This has not been possible with existing construction method due to its complex structure.

·Sales in 2017 increased by 37%, while employees increased by 28% from 2013

2 CASE 2 \_ Streamlining Supplier's Work Process

·LG's subcontractor Namhee Precision Industry reduced the time it takes to change the press equipment mold by 60% after receiving support from LG supplier SHINSHIN.

60min → 24min

·Thanks to equipment support from SHINSHIN, production increased by 43%, and the improved productivity solved the problem the company faced when output soared when new products were launched.

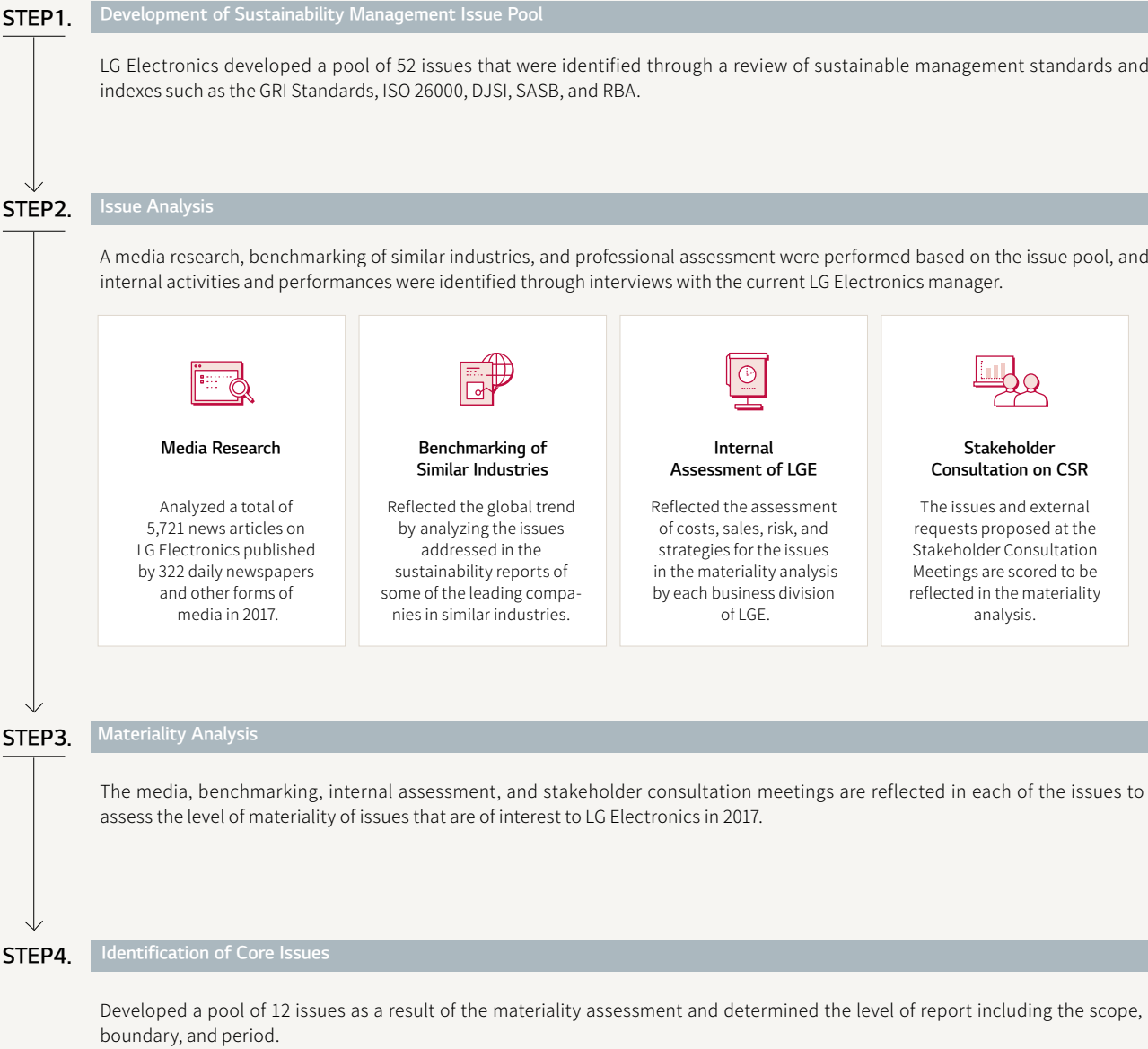
\*Pledge for Fair Trade: Signed by conglomerates and SMEs to pledge fair trade and win-win growth. The Fair Trade Commission provides incentives such as exemption of ex officio investigation to companies seen as outstanding cases of performing the pledge.

Appendix

Materiality Analysis

LG Electronics performs an annual materiality analysis to reflect the expectations of stakeholders and issues of interest in management activities. In 2017, LG Electronics developed a pool of economic, social, and environmental issues based on the CSR management standards and indexes such as the GRI Standards, ISO 26000, DJSI, and SASB, and performed a materiality analysis based on the media research, benchmarking of similar industries, internal assessment of LG Electronics, and opinions of stakeholders consultation. Details of the issues, performances, and goals that were confirmed as a result of an internal assessment are stated in the Sustainability Report and posted on the website.

Materiality Analysis Process





## Stakeholder Consultation on CSR

## Stakeholder Consultation on CSR at LG Electronics

LG Electronics listens to its stakeholders' opinions and reflect them in its management activities in order to ensure sustainable business growth. Starting from 2010, LG Electronics has been holding Stakeholder Consultation Meetings where stakeholders share their opinions on the company's management activities.

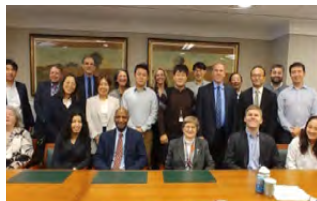
The meeting is participated by a number of experts in various areas such as human rights, environment, and local community as well LG Electronics managers related to the areas of business, who share their ideas on how to build a better future for the company. In 2017, two Stakeholder Consultation Meetings were held with the topics of sustainable management initiatives and accessibility for the disabled, with the participation of more than 10 external experts for each topic for a more in-depth discussion.

## Stakeholder Consultation Meetings in 2017

<b>Time and Location</b>	- Sep.11th 33FL, LG Twin Tower (West Wing), Korea
<b>Topic</b>	- Sustainable Management Initiatives
<b>Participants</b>	- Ten experts including Director Jeong Mingu (Former member of the British Standards Institution), Assist. Mgr. Lee Daejung (International Economic Affairs Bureau, Ministry of Strategy and Finance), Prof. Kim Jaegu (College of Business Administration, Myongji University), and Chief Roh Jaeseong (Business Institute for Sustainable Development, Korea Chamber of Commerce and Industry).
<b>Major Details</b>	1) Share LG Electronics' current and future sustainable management strategies. 2) Develop initiatives that LG Electronics must take in the areas of economy, society, and environment.



<b>Time and Location</b>	- Nov.7th 4FL, Wiley Rein Law Firm Office, Washington DC, U.S.
<b>Topic</b>	- Accessibility for the Disabled (6th LG Accessibility Advisory Board Meeting in U.S., 2017)
<b>Participants</b>	- NCAM (2): Geoff Freed (Director, WGBH), Donna A. Danielewski (WGBH), Advisory Group (10): Blind, Hearing, Advisors for the Physically Disabled
<b>Major Details</b>	<ol style="list-style-type: none"> <li>1) Analyze and get legal advice on the trends of the U.S. accessibility regulations for the disabled</li> <li>2) Introduce the main features of LGE products (smartphones, smart TVs/ washing machines, and other smart products) and listen to the VOC with disabilities.</li> <li>3) Consult associations for the disabled in the U.S. on accessibility improvement plans and activities in 2018.</li> </ol>



## CSR Data

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

## Economic Data

## Summary of Consolidated Statements of Income

(Unit: KRW million)

	14th Year (2015)	15th Year (2016)	16th Year (2017)
1. Net sales	56,509,008	55,367,033	61,396,284
2. Cost of sales	43,635,063	41,630,293	46,737,563
3. Gross profit	12,873,945	13,736,740	14,658,721
4. Selling and marketing expenses	11,681,654	12,398,977	12,190,172
5. Operating income	1,192,291	1,337,763	2,468,549
6. Financial income	542,586	490,593	483,665
7. Financial expenses	903,084	884,051	831,114
8. Gain (loss) from equity method	359,510	268,738	667,475
9. Other non-operating income (expenses)	(598,178)	(491,326)	(230,463)
10. Profit (loss) before income tax	593,125	721,717	2,558,112
11. Income tax expense	340,154	595,402	688,594
12. Net profit from continuing operations	252,971	126,315	1,869,518
13. Net loss from discontinued operations	(3,828)	-	-
14. Profit (loss) for the year	249,143	126,315	1,869,518

## Summary of Consolidated Statements of Financial Position

(Unit: KRW million)

	14th Year (2015)	15th Year (2016)	16th Year (2017)
I. Current Assets	16,397,613	16,990,563	19,194,969
Trade receivables	7,093,352	7,059,889	8,178,213
Inventories	4,872,676	5,171,015	5,908,437
Other current assets	4,431,585	4,759,659	5,108,319
II. Non-current Assets	19,916,283	20,864,706	22,025,990
Investments in jointly controlled entities and associates	4,841,861	5,104,558	5,620,331
Tangible assets	10,460,298	11,222,428	11,800,782
Intangible assets	1,473,280	1,571,087	1,854,620
Other non-current assets	3,140,844	2,966,633	2,750,257
<b>Total assets</b>	<b>36,313,896</b>	<b>37,855,269</b>	<b>41,220,959</b>
I. Current liabilities	14,779,691	15,744,364	17,536,470
II. Non-current liabilities	8,550,718	8,754,163	9,010,805
<b>Total liabilities</b>	<b>23,330,409</b>	<b>24,498,527</b>	<b>26,547,275</b>
I. Paid-in capital	3,992,348	3,992,348	3,992,348
Capital stock	904,169	904,169	904,169
Share premium	3,088,179	3,088,179	3,088,179
II. Retained earnings	9,016,546	9,233,416	10,964,155
III. Accumulated other comprehensive loss	(1,171,979)	(1,028,962)	(1,522,478)
IV. Other components of equity	(210,343)	(209,708)	(209,764)
V. Non-controlling interest	1,356,915	1,369,648	1,449,423
<b>Total equity</b>	<b>12,983,487</b>	<b>13,356,742</b>	<b>14,673,684</b>
<b>Total liabilities and equity</b>	<b>36,313,896</b>	<b>37,855,269</b>	<b>41,220,959</b>

\* For more details, please refer to our Annual Report available at our corporate website.  
[http://www.lge.co.kr/lgekr/company/ir/archive/FrontBoardListAllCmd.laf?actcode=LGE\\_IRMR&mncode=IRMR&lang=K](http://www.lge.co.kr/lgekr/company/ir/archive/FrontBoardListAllCmd.laf?actcode=LGE_IRMR&mncode=IRMR&lang=K)

Direct economic value generated and distributed

(Unit : KRW billion)

Classification	2015	2016	2017
Revenues	28,368.4	28,743.2	31,966.5
Employee wages and benefits	3,332.1	3,606.4	3,890.1
Dividend and interest payments	72.9 (Dividend) 241.8 (Interest)	72.9 (Dividend) 226.4 (Interest)	72.9 (Dividend) 207.7 (Interest)
Tax	340.2	595.4	688.6
Community investments (Donations and support for social contribution activities)	40.1	26.3	41.7

Defined benefit plan obligations and other retirement plans

Classification	Unit	2015	2016	2017
Expected Amount	KRW billion	1,966.2	2,125.9	2,341.2
Expected Ratio	%	85	90	92
The extent to which the scheme’s liabilities are estimated to be covered by the assets that have been set aside to meet them	KRW billion	1,661.8	1,922.4	2,163.1
Percentage of salary contributed by employee or employer	Ratio	100	100	100

Financial assistance received from government

Classification	Unit	2015	2016	2017
Tax relief and tax credits	KRW	0	5,849,837,379	15,334,866,547
Subsidies*	KRW	(132,397,190)	(3,353,757,442)	(1,278,712,267)
Investment grants, research and development grants, and other relevant types of grant	KRW 100 million	9,628	10,538	13,724
Awards	KRW	N/A	N/A	N/A
Royalty holidays	KRW	N/A	N/A	N/A
Financial incentives	KRW	N/A	N/A	N/A
Other financial benefits received or receivable from any government for any operation	KRW	N/A	N/A	N/A

\*For the sake of accounting, costs of government projects are first included in the business costs of LG Electronics and then deducted from the business costs as a government fund.

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

(Unit: %)

Classification	2015	2016	2017
Male	364 (Office Workers) 161 (Technicians & Engineers)	337 (Office Workers) 155 (Technicians & Engineers)	314 (Office Workers) 147 (Technicians & Engineers)
Female	364 (Office Workers) 161 (Technicians & Engineers)	337 (Office Workers) 155 (Technicians & Engineers)	314 (Office Workers) 147 (Technicians & Engineers)

Environmental Data

Energy consumption within the organization

(Unit: TJ)

Classification		2015	2016	2017
Non-renewable sources	LNG (Korea)	659	639	1,243
	LNG (Overseas)	320	447	538
	Coal (Korea)	-	-	-
	Coal (Overseas)	227	-	-
	Others (Korea)	91	78	117
	Others (Overseas)	592	804	441
	Subtotal	1,889	1,968	2,339
Renewable sources	Solar Power	-	0.6	0.7
	Wind Power	-	-	-
	Biomass	-	-	-
	Others	18.0	17.4	16.7
	Subtotal	18.0	18.0	17.5
Energy purchased	Electricity (Korea)	2,378	2,695	3,902
	Electricity (Overseas)	2,076	2,223	2,315
	Steam (Korea)	388	427	450
	Steam (Overseas)	39	33	35.00

\*Energy consumption and reduction outside the organization are included in the CDP Report, and they will also be reflected in the Sustainability Report starting from 2019.

Water withdrawal by source

(Unit: ton)

Classification	2015	2016	2017
Surface water	N/A	N/A	N/A
Ground water	1,612	2,182	1,219
Rainwater collected directly and stored by the organization	N/A	N/A	N/A
Waste water from another organization	749	309	245
Municipal water supplies or other public or private water utilities	7,072	7,240	9,540
Total	9,433	9,731	11,004

\*Scope2 (Indirect water consumption) excluded

Water recycled and reused

(Unit: ton)

Classification	2015	2016	2017
Amount of water recycled by the organization	749	309	245



GHG Emissions (Scope 1/2)

Classification		Unit	2015	2016	2017
Direct GHG emissions (Scope1)	Korea	1,000 tons of CO <sub>2</sub> e	250	191	967
	Overseas	1,000 tons of CO <sub>2</sub> e	162	150	138
Indirect GHG emissions (Scope2)	Korea	1,000 tons of CO <sub>2</sub> e	314	357	396
	Overseas	1,000 tons of CO <sub>2</sub> e	384	403	432
Total (Scope1 + Scope2)		1,000 tons of CO <sub>2</sub> e	1,110	1,101	1,933
GHG emissions intensity		1,000 tons of CO <sub>2</sub> e / KRW 100 billion	1.96	1.99	3.15

\*Target Business Sites: 18 sites in Korea (Production, office, and R&D), 51 sites abroad (Production and office)  
\*Basis of calculation: 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines, WRI GHG Protocol, etc.  
\*Assessment: Production sites at home and abroad are assessed by a third party.  
\*Data is subject to change according to the results of an assessment by a third party.

GHG emissions (Scope 3)

Classification		2015	2016	2017
Other indirect GHG emissions (Scope3)	Rental building	9,267	8,991	8,829
	Logistics in Korea	39,198	-	-
	Business trip	54,463	57,743	56,559
	Employee commuting	5,118	-	-

\*Assessment: Emissions from rental buildings and business trips by employees are assessed by a third party.  
\*Distribution and commuting of employees in Korea are excluded from the greenhouse gas statement and report from 2016.

Air emissions

Classification		2015	2016	2017
NOx (Nitrogen Oxide)	Korea	7.4	6.9	11.1
	Overseas	50.0	52.6	36.1
	Total	57.4	59.5	47.2
SOx (Sulfur Oxides)	Korea	3.2	0.4	1.7
	Overseas	43.5	45.8	43.3
	Total	46.7	46.2	45.0
VOCs (Volatile Organic Compounds)	Korea	22.3	25.3	27.9
	Overseas	3.7	3.6	3.0
	Total	26.0	28.9	30.9
Dust	Korea	7.7	8.6	11.4
	Overseas	35.1	21.9	55.7
	Total	42.8	30.5	67.1

\*POPs (Persistent Organic Pollutants) and HAPs (Hazardous Air Pollutants) are not subject to control and collection at LGE, because they ar not regarded as major air pollutants by LGE due to the characteristics of the company's processes.

Water discharge by quality and destination

All the business sites of LG Electronics with a wastewater treatment facility satisfy the legal standards, and company standards are set below 50% of the legal standards.

Classification		2015	2016	2017		
Water drainage (Limited to treatment facilities at the company.)	Korea	2,326,903	3,017,007	5,226,310		
	Overseas	283,189	629,993	718,470		
	Total	2,610,092	3,647,000	5,944,780		
Wastewater quality	COD	Korea	25.5	39.3	40.0	
		Overseas	161.9	124.5	121.7	
		Total	187.4	163.8	161.7	
	SS	Korea	5.5	10.4	21.1	
		Overseas	47.9	72.7	73.3	
		Total	53.4	83.1	94.5	
	N-H		Not calculated and controlled			
	Cr					
	Zn					
	Pb					
	Fe					
	T-N	Korea	52.9	71.9	115.8	
		Overseas	7.1	4.6	2.9	
		Total	60.0	76.6	118.7	
		T-P	Korea	0.5	0.9	1.2
			Overseas	0.5	0.7	0.7
			Total	1.0	1.6	1.8

Waste by type and disposal method

				(Unit: ton)		
Classification				2015	2016	2017
Total weight of hazardous waste (Korea)	Reuse	Recycling		306	367	404
	Fertilizer	Incineration		921	841	932
		Landfill		20	7	-
	Site storage			-	-	-
	Others			-	-	-
Total weight of non-hazardous waste according to treatment methods	Reuse	Recycling	Korea	32,201	40,277	42,528
			Overseas	83,160	88,612	93,446
			Total	115,361	128,889	135,974
		Incineration	Korea	5,530	6,340	7,751
			Overseas	3,141	2,908	4,159
			Total	8,671	9,248	11,910
	Fertilizer	Landfill	Korea	4,023	3,852	1,945
			Overseas	21,353	22,216	24,951
			Total	25,376	26,068	26,896
		Total	Korea	41,754	50,469	52,224
			Overseas	107,654	113,737	122,556
			Total	149,408	164,206	174,780
	Site storage			-	-	-
	Others			-	-	-

\*All the wastes generated from the business sites of LG Electronics are treated by a local certified waste treatment service provider, and none of the hazardous wastes are transported overseas.

Significant spills

Classification	Unit	2015	2016	2017
Number of Spills	Cases	0	0	0
Volume of Spills	Tons	0	0	0

Non-compliance with environmental laws and regulations

Classification	Unit	2015	2016	2017
Total monetary value of significant fines	Won	0	0	0
Total number of non-monetary sanctions	Cases	0	0	0

Social Data

The number of employees by region

(Unit: Employees)

Classification	2015	2016	2017
Korea	37,904	37,904	37,655
China	9,976	9,976	8,483
Aisa	6,052	6,052	6,075
CIS	1,906	1,906	1,679
North America	5,289	5,289	5,356
Europe	5,076	5,076	4,385
Inida	4,704	4,704	4,506
Japan	215	215	243
Middle East & Africa	3,890	3,890	3,727
Central and South America	2,164	2,164	1,664
Total	77,176	77,176	73,773

Total number of employees by employment contract

(Unit: Employees)

Classification			2015	2016	2017
The number of employees by employment contract and gender	Permanent	Male	59,056	57,597	57,280
		Female	16,612	15,567	15,270
	Temporary	Male	846	1,161	657
		Female	662	825	566
	Full-time	Male	59,893	58,752	57,929
		Female	17,224	16,356	15,801
	Part-time	Male	9	6	8
		Female	50	36	35

New employee hires and employee turnover

Classification		Unit	2015	2016	2017
Number of newly hired employees by age group	Below 30	Employees	4,982	6,007	5,770
	30-50	Employees	2,777	3,847	3,391
	Over 50	Employees	163	404	242
Ratio of newly hired employees by age group	Below 30	%	62.9	58.7	61.4
	30-50	%	35.1	37.6	36.1
	Over 50	%	2.1	3.9	2.6
Total number of newly hired employees by gender	Male	Employees	5,831	7,493	6,828
	Female	Employees	2,091	2,765	2,575
Ratio of newly hired employees by age group	Male	%	73.6	73.0	72.6
	Female	%	26.4	27.0	27.4
Number of employees who changed their job by age group	Below 30	Employees	5,903	5,122	4,835
	30-50	Employees	6,710	6,626	5,455
	Over 50	Employees	532	668	618
Ratio of employees who changed their job by age group	Below 30	%	44.9	39.0	36.8
	30-50	%	51.0	50.4	41.5
	Over 50	%	4.0	5.1	4.7
Number of employees who changed their job by gender	Male	Employees	8,895	8,713	7,650
	Female	Employees	4,250	3,703	3,263
Number of employees who changed their job by gender	Male	%	67.7	70.2	70.1
	Female	%	32.3	29.8	29.9

Parental leave

Classification	Unit		2015	2016	2017
Total number of employees that were entitled to parental leave	Male	Employees	10,368	10,706	10,869
	Female	Employees	1,384	1,602	1,781
Total number of employees that were entitled to parental leave	Male	Employees	60	105	148
	Female	Employees	544	516	510
Total number of employees that returned to work in the reporting period after parental leave ended	Male	Employees	35	54	103
	Female	Employees	473	507	480
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Male	Employees	11	17	25
	Female	Employees	211	268	296
Return to work and retention rates of employees that took parental leave	Male	%	79.5	71.1	89.6
	Female	%	91.7	96.0	92.7
	Male	%	26.8	48.6	46.3
	Female	%	53.4	56.7	58.4

Average hours of training per year per employee

(Unit: Hour)

Classification	2015	2016	2017
Male	66.6	65.1	62.8
Female	55.9	58.5	54.5
Office Position	78.6	77.4	74.3
Technical Position	13.8	15.3	15.1

Percentage of employees receiving regular performance and career development reviews

(Unit: %)

Classification	2015	2016	2017
Male	100	100	100
Female	100	100	100
Office Position	100	100	100
Technical Position	100	100	100

Incidents of discrimination and corrective actions taken

(Unit: Cases)

Classification	2015	2016	2017
Total number of incidents of discrimination during the reporting period	0	0	0

Diversity of governance bodies and employees

Classification			Unit	2015	2016	2017
Ratio of the members of the Board of Directors in accordance with the Diversity Category.	Gender	Male	%	100	100	100
		Female	%	0	0	0
	Age	Below 30	%	0	0	0
		30-50	%	0	0	0
		Over 50	%	100	100	100
	Ratio of employees according each Diversity Category.	Gender	Male	Employees	59,902	58,758
Female			Employees	17,274	16,392	15,836
Age		Below 30	Employees	18,872	16,326	14,062
		30-50	Employees	54,003	53,843	54,157
		Over 50	Employees	4,301	4,981	5,554

Security personnel trained in human rights policies or procedures

In 2017, the number of security officers provided by a third party was 69, and all the security officers completed a training course on the Human Rights Policy and procedures.
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Incidents of violations involving rights of indigenous peoples

(Unit: Cases)

Classification	2015	2016	2017
Incidents of violations involving rights of indigenous peoples	0	0	0



Operations that have been subject to human rights reviews or impact assessments

Classification	Unit	2015	2016	2017
The number of countries and business sites where the company operates.	Countries/business sites	37	37	37
The number of business sites subject to assessment of human rights or evaluation of the impact of human rights by country.	Business sites	37	37	37
The ratio of business sites subject to assessment of human rights or evaluation of the impact of human rights by country	%	100	100	100

Employee training on human rights policies or procedures

Classification	Unit	2015	2016	2017
The number of hours of employee training on the Human Rights Policy and procedures related to the business.	Hour	4716.5	3281.0	2570.5
The number of employees who received training on the Human Rights Policy and procedures related to the business.	By Position	Employees	1,253	2,052
	By job type	Employees	371	334
	Online	Employees	478	557

\*Unable to calculate the ratio of employees who received training on the Human Rights Policy and procedures because the same employees received the same training more than once.

Negative social impacts in the supply chain and actions taken

Classification	Unit	2015	2016	2017
Number of suppliers assessed for social impacts. (Suppliers that have performed self-assessment by year.)	Suppliers	862	1,334	1,764
Number of suppliers identified as having significant actual and potential negative social impacts.	Suppliers	0	0	0
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.	%	100	100	100
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	Suppliers	1	31	12

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

Classification	Unit	2015	2016	2017
Report on the ratio of participation in the local community, impact assessment, and/or development program (business site).	social impact assessments, including gender impact assessments, based on participatory processes;	%	None	None
	local community development programs based on local communities' needs;	EA	89	93
	Countries which held stakeholder consultation on CSR	EA	2	3
Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	broad based local community consultation committees and processes that include vulnerable groups;	EA	1	2
	works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;	EA	None	None
	formal local community grievance processes.	%	None	None

New suppliers that were screened using social criteria

(Unit: %)

Classification	2015	2016	2017
Percentage of new suppliers that were screened using social criteria.	100	100	100

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

(Unit: %)

Classification	2015	2016	2017
Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	100	100	100

Incidents of non-compliance concerning marketing communications

(Unit: Incidents)

Classification	2015	2016	2017
incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
incidents of non-compliance with regulations resulting in a warning	0	0	0
incidents of non-compliance with voluntary codes	0	0	0

Substantiated complaints concerning breaches of customer privacy and losses of customer data

Classification	Unit	2015	2016	2017
complaints received from outside parties and substantiated by the organization;	Complaints	0	0	0
complaints from regulatory bodies.	Complaints	0	0	0
Total number of identified leaks, thefts, or losses of customer data	Leaks/thefts/losses	0	0	0

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

(Unit: Incidents)

Classification	2015	2016	2017
incidents of non-compliance with regulations resulting in a fine or penalty;	0	0	0
incidents of non-compliance with regulations resulting in a warning;	0	0	0
incidents of non-compliance with voluntary codes.	0	0	0

Non-compliance with laws and regulations in the social and economic area

Classification	Unit	2015	2016	2017
total monetary value of significant fine	Won	0	0	30,000,000
total number of non-monetary sanctions	Sanctions	0	0	0

Incidents of non-compliance concerning product and service information and labeling

(Unit: Incidents)

Classification	2015	2016	2017
incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
incidents of non-compliance with regulations resulting in a warning	0	0	0
incidents of non-compliance with voluntary codes.	0	0	0

Proportion of senior management hired from the local community

Classification	Unit	2015	2016	2017
No. of local employees	Employees	6,571	7,599	7,669
Senior employees	Employees	219	257	161
Ratio	%	3.3	3.4	2.1

\*Senior employees hired in the country: Employees in a managerial position

Total number and percentage of operations assessed for risks related to corruption

Classification	Unit	2015	2016	2017
No. of business sites	Sites	93	105	107
Ratio of business sites	%	85	100	100

Communication and training about anti-corruption policies and procedures

Classification	Unit	2015	2016	2017
Korea	Number and ratio of the members of the Board of Directors who received a notice or training	Members (%)	7 (100)	8 (100)
	Number and ratio of workers who received a notice or training	Workers (%)	28,566 (95)	28,547 (95)
	Number and ratio of suppliers who received a notice or training	Suppliers (%)	862 (100)	1,334 (100)
Overseas	Number and ratio of workers who received a notice or training	Workers (%)	19,539 (92)	15,803 (82)

Confirmed incidents of corruption and actions taken

(Unit: Cases)

Classification	2015	2016	2017
No. of Corruption Cases	0	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0

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

(Unit: Cases)

Classification	2015	2016	2017
The number of legal measures taken on the violation of laws and regulations on fair competition and monopoly	0	0	0

EESH·Quality Certification

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

Region	Subsidiary	Country	City	Certification				
				Environmental Management	Health and Safety	Energy	Business Continuity Management	Quality
South America	LGEMX	Mexico	Mexicali	ISO 14001	-	-	-	ISO9001
	LGERS	Mexico	Reynosa	ISO 14001	-	-	-	ISO9001
	LGEMM	Mexico	Monterey	ISO 14001	OHSAS 18001	-	-	ISO9001 & ISO17025
	LGESP_T	Brazil	Taubate	ISO 14001	-	ISO 50001	-	ISO9001
	LGESP_M	Brazil	Manaus	ISO 14001	-	-	-	ISO9001, ISO/TS16949
Europe CIS Africa	LGEMA	Poland	Mlawa	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001, ISO/TS16949
	LGEWR	Poland	Wroclaw	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
	LGEAK	Kazakhstan	Almaty	ISO 14001	OHSAS 18001	-	-	ISO9001
	LGERA	Russia	Ruja	ISO 14001	OHSAS 18001	-	-	-
	LGEEG	Egypt	10th of Ramadan	ISO 14001	-	-	-	ISO9001
	LGEAT	Turkey	Istanbul	ISO 14001	OHSAS 18001	-	-	ISO9001
	LGESR	Saudi Arabia	Riyadh	ISO 14001	OHSAS 18001	-	-	ISO9001
	LGESA	South Africa	Johannesburg	-	-	-	-	-
	Asia	LGEIL_P	India	Pune	ISO 14001	OHSAS 18001	-	-
LGEIL_N		India	Noida	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
LGETH		Thailand	Rayong	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
LGEVH		Vietnam	HaiPhong	ISO 14001	OHSAS 18001	-	ISO 22301(IVI)	ISO9001, ISO/TS16949
LGEIN		Indonesia	Cibitung	ISO 14001	OHSAS 18001	-	-	ISO9001
		Indonesia	Tanggerang	ISO 14001	OHSAS 18001	-	-	ISO9001
China	LGENT	China	Nanjing	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
	LGENB	China	Nanjing	-	-	ISO 50001	-	ISO/TS16949
	LGENV	China	Nanjing	-	-	-	-	ISO/TS16949
	LGEHZ	China	Huizhou	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
	LGEKS	China	Kunshan	ISO 14001	OHSAS 18001	-	-	ISO/TS16949
	LGEQD	China	Qingdao	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
	LGEYT	China	Yantai	ISO 14001	OHSAS 18001	ISO 50001	ISO 22301(Mobile Phone)	ISO9001
	LGEHN	China	Hangzhou	ISO 14001	OHSAS 18001	-	-	ISO9001
	LGETR	China	Taizhou	ISO 14001	OHSAS 18001	-	-	ISO9001
	LGETA	China	Tianjin	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
	LGEQH	China	Qinhuangdao	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001, ISO/TS16949
	LGEQA	China	Qingdao	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
	LGEPN	China	Nanjing	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
Korea	LGEKR	Korea	Pyeongtaek	ISO 14001	OHSAS 18001	ISO 50001	ISO 22301 (IVI, Mobile Phone)	ISO9001, ISO/TS16949, ISO/TL9000 ISO 13485(Medical Equipment) added
		Korea	Gumi_TV	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001/ ISO 13485 (Medical Equipment) added
		Korea	Gumi_Solar	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
		Korea	Changwon1	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
		Korea	Changwon2	ISO 14001	OHSAS 18001	ISO 50001	-	ISO9001
		Korea	Incheon	ISO 14001	OHSAS 18001	ISO 50001	ISO 22301(VC)	ISO9001/TS16949
		Korea	Pyeongtaek Chiller	ISO14001	OHSAS 18001	-	-	ISO9001

Memberships/Awards & Recognition

Memberships

Association		
Council of Economic Organizations	Korea Audit Bureau of Certification	Korea Listed Companies Association
International Vaccine Institute	Korea Investor Relations Service	Korean Society for Noise and Vibration Engineering
Organization of Consumer Affairs Professionals in Business	Korea Employers Federation	Korea Smart Grid Association
Industrial Health Association	Korea Economic Research Institute	Korea Association of Smart Home
KSME (Korea Society of Mechanical Engineers)	Fair Competition Federation	Korea Electronics Association
Korea Chamber of Commerce and Industry	Accreditation Board for Engineering Education of Korea	Korea Products Safety Association
The Korean Institute of Electrical Engineers	Korea Advertisers Association	Korea Intellectual Property Protection Association
Korean Academy for Trade Credit Insurance	Korea Management Association	Korea Intellectual Property Association
Maekyung Safety & Environment	Korea Display Industry Association	Society of CAD/CAM Engineers
KCMA (Korea Chemicals Management Association)	Korea Micro-Joining Association	Korean Association for supporting SDGs
ICSID (International Council Society of Industrial Design)	Korea International Trade Association	TIPA (Trade related IPR Protection Association)
GS1 Korea	Korea Invention Promotion Association	ZigBee Alliance
Korea Electronics Association(Private Sector Council for Electronics Trade promotion)	Korea Association of Information & Telecommunication	RBA (Responsible Business Alliance)
Korea Radio Promotion Association	Korea Industrial Technology Association	UNGC (UN Global Compact)
Korea Association for ICT Promotion	Korea Association of Industrial Designers	UNGC (UN Global Compact) Korea
KBCSD (Korea Business Council for Sustainable Development)	Korea Listed Companies Association	

Awards & Recognition

Date Awarded	Awards & Recognitions	Awarded by
February 2017	31 awards including the Best Mobile Phone Award at the MWC 2017	Groupe Special Mobile (Global System for Mobile Communications)
March 2017	32 design awards at the iF Design Award and 1 Gold Prize	iF Design Awards
August 2017	Received the EISA Award	European Imaging and Sound Association
August 2017	19 awards a the IDEA 2017	Industrial Designers Society of America
September 2017	Included in the Dow Jones Sustainability World index for six consecutive years	S&P Dow Jones Indices, Swiss RobecoSAM
October 2017	Gold Tower Industrial Award at the National Productivity Award	Korea Productivity Center
December 2017	Presidential Award and Ministry Award for the LG Airport Robot Vacuum at the 2017 Design Award	Ministry of Trade, Industry and Energy (Korea), Korea Institute of Design Promotion
January 2018	70 awards including the CES Best of the Best Awards 2018	US Consumer Electronics Association
April 2018	Grand Prize at the Milano Design Award 2018	Milano Design Week
April 2018	2 Best of the Best Awards at the Red Dot Award	Red Dot



INDEPENDENT ASSURANCE STATEMENT

Introduction

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

Scope of assurance

The scope of assurance includes a review of non-financial data and sustainability activities and performance data over the reporting period from 1st January to 31st December 2017. This also includes:

- Evaluation of the adherence to the AccountAbility principles set forth in AA1000 AccountAbility Principles Standard (APS) 2008.
- Review of the Report if it is prepared ‘in accordance’ with the GRI Sustainability Reporting Standards (“GRI Standards”) Core option.
- Review of the process for determining material topics for reporting, the management approach to material topics and the process for generating, gathering and managing the data and the information in the Report.

Basis of our opinion

We performed our work using AA1000AS(2008) and DNV GL’s assurance methodology VeriSustain™1 (Version 5) which is based on our professional experience, international assurance best practices. We provide Type 1 and the moderate level of assurance, and we applied the Type 2 for the selected data. The assurance was carried out from May and till June 2018. The site visits were made to the headquarters of LG Electronics in Seoul and Pyeongtaek production site. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- reviewed the materiality assessment report.

Limitations

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

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly address the adherence to the AccountAbility Principles in AA1000APS(2008) nor is prepared ‘in accordance’ with GRI Standards Core option. Further opinions with regards to the adherence to the Principles are made below;

1 Foundation Principle of Inclusivity

LG Electronics has identified internal and external stakeholder groups such as shareholders / investors / assessment agencies, consumers / the media, customers, suppliers, employees, industry peers, academia / opinion leaders, local and central governments, and NGOs / international organizations. LG Electronics conducts interviews and consultations with stakeholders to check the status and direction of LG Electronics' sustainability management. In

particular, LG Electronics has been holding a stakeholder consultation meeting since 2010 to share opinions on LG Electronics' management activities with experts in each field. In addition, LG Electronics reflects the opinions of stakeholders related to the sustainable growth of the company in its management activities. The assurance team reviewed the stakeholder engagement process with which LG Electronics understands the impact on stakeholders. In the future, LG Electronics could present the reasonable expectations and interests of respective stakeholders in detail.

2 Principle of Materiality

LG Electronics has conducted the materiality assessment to prepare the Report. LG Electronics has built an economic, social and environmental issue pool based on a variety of global initiatives and standards. Each issue was evaluated for importance through media research, benchmarking of similar industries, internal evaluation of LG Electronics, and stakeholder consultation. LG Electronics selected 12 material topics through internal review. The assurance team has reviewed that the results and targets for the selected topics are reflected in the Report.

3 Principle of Responsiveness

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

In addition, the opinion on the report quality is as follows;

4 Accuracy and Reliability

DNV GL has evaluated the adherence to the AA1000 AccountAbility Principles as described above by applying Type 1 methodology. The reliability of the selected data including water consumption, waste volume, and air pollutant emissions are tested with Type 2 methodology. DNV GL has interviewed the data owners in order to figure out the data control process and verified the selected data against the relevant documents and records. DNV GL also conducted in-depth review the business ethics management process. Data owners in LG Electronics can explain the source of data and data handling process and demonstrate to trace the consolidated data back to the raw data set in a reliable manner. The assurance team has not noted any intentional error or misstatement regarding the selected data.

Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct<sup>2</sup> during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL has provided LG Electronics’ 2017 greenhouse gas emission verification. In our opinion, this does not affect the independence or impartiality of our work.

June 2018  
Seoul, Korea

In Kyoong Ahn  
Country Representative  
DNV GL Business Assurance Korea Ltd.



1) The VeriSustain protocol is available upon request at DNV GL Website ([www.dnvgl.com](http://www.dnvgl.com))

2) DNV GL Code of Conduct is available from DNV GL website ([www.dnvgl.com](http://www.dnvgl.com))

GRI Standards Index

GRI STANDARDS UNIVERSAL STANDARDS (GRI 100)				
Topic	No.	Title	Page Number	note
GRI 102: Organizational Profile	102-1	Name of the organization	6	
	102-2	Activities, brands, products, and services	6, 9-13	
	102-3	Location of headquarters	6	
	102-4	Location of operations	7	
	102-5	Ownership and legal form	6	LGE Website*
	102-6	Market served	7-13	
	102-7	Scale of the organization	6-7	
	102-8	Information on employees and other workers	6, 32-33, 58-65, 96-97	Annual report
	102-9	Supply chain	7, 32-33, 58-65	
	102-10	Significant changes to the organization and its supply chain	-	There are no major changes in the organization and supply chain.
	102-11	Precautionary Principle or approach	78-79	
GRI 102: Strategy	102-12	External initiatives	21, 66-67, 107	
	101-13	Membership of associations	101	
	102-14	Statement from senior decision-maker	4-5	
GRI 102: Ethics and integrity	102-15	Key impacts, risks, and opportunities	4-5, 88-89	
	102-16	Values, principles, standards, and norms of behavior	3	
GRI 102: Governance	102-17	Mechanisms for advice and concerns about ethics	84-85	
	102-18	Governance structure	80-81	
	102-19	Delegating authority	80-81	
	102-20	Executive-level responsibility for economic, environmental, and social topics	80-81, 88	
	102-21	Consulting stakeholders on economic, environmental, and social topics	80-81	
	102-22	Composition of the highest governance body and its committees	80-81	
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	102-24	Nominating and selecting the highest governance body	80-81	
	102-25	Conflicts of interest	80-81	
	102-26	Role of highest governance body in setting purpose, values, and strategy	80-81	
	102-27	Collective knowledge of highest governance body	80-81	
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	102-29	Identifying and managing economic, environmental, and social impact	80-81	
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	102-31	Review of economic, environmental, and social topics	88-89	
	102-32	Highest governance body's role in sustainability reporting	80-81	
	102-33	Communicating critical concerns	80-81, 88-90	
	102-34	Nature and total number of critical concerns	88-89	
	102-35	Remuneration policies	80-81	
	102-36	Process for determining remuneration	80-81	
	102-37	Stakeholders' involvement in remuneration	80-81	
	102-38	Annual total compensation ratio	80-81	
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GRI 102: Stakeholder Engagement	102-40	List of stakeholder groups	89	LGE Website**
	102-41	Collective bargaining agreements	15	
	102-42	Identifying and selecting stakeholders	88-90	LGE Website**
	102-43	Approach to stakeholder engagement	88-90	LGE Website**
	102-44	Key topics and concerns raised	88-90	

\*http://www.lge.co.kr/lgekor/company/ir/stockholder.do  
\*\*http://www.lge.co.kr/lgekor/company/sustainability/system.do

GRI STANDARDS UNIVERSAL STANDARDS (GRI 100)				
Topic	No.	Title	Page Number	note
GRI 102: Reporting practice	102-45	Entities included in the consolidated financial statements Annual Report	-	Annual report
	102-46	Defining report content and topic boundaries	Report overview	
	102-47	List of material topics	89	
	102-48	Restatements of information	-	N/A
	102-49	Changes in reporting	Report overview	No major changes
	102-50	Reporting period	Report overview	
	102-51	Date of most recent report	108	
	102-52	Reporting cycle	108	
	102-53	Contact point for questions regarding the report	Report overview	
	102-54	Claims of reporting in accordance with the GRI Standards	Report overview	
	102-55	GRI content index	104-106	
	102-56	External assurance	102-103	
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	7, 20-29, 40-46, 49-50, 30-37, 54-61, 62-65, 66-73, 74-77,	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
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	201-3	Defined benefit plan obligations and other retirement plans	92	
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GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	92	
	202-2	Proportion of senior management hired from the local community	99	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	66-73	
GRI 204: Procurement Practices	204-1	Ratio of local purchase in key business regions	59	
GRI 205: Anti-corruption (Material Topic)	205-1	Operations assessed for risks related to corruption	99	No serious risks were identified in the assessment
	205-2	Communication and training about anti-corruption policies and procedures	99	
	205-3	Confirmed incidents of corruption and actions taken	99	
GRI 206: Anti-competitive Behavior (Material Topic)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	99	
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GR 301: Materials (Material Topic)	301-1	Materials used by weight or volume	54	
GRI 302: Energy (Material Topic)	302-1	Energy consumption within the organization	93	
	302-2	Energy consumption outside of the organization	93	
	302-3	Energy intensity	93	
GRI 303: Water	303-1	Water withdrawal by source	93	
	303-3	Water recycled and reused	93	
GRI 305: Emissions (Material Topic)	305-1	Direct (Scope 1) GHG emissions	94	Refer to the emission trading guidelines.
	305-2	Energy indirect (Scope 2) GHG emissions	94	
	305-3	Other indirect (Scope 3) GHG emissions	94	
	305-4	GHG emissions intensity	94	
	305-5	Reduction of GHG emissions	94	CDP report
	305-6	Emissions of ozone-depleting substances (ODS)	94	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	94	



GRI STANDARDS_ENVIRONMENTAL PERFORMANCE (GRI 300)				
Topic	No.	Title	Page Number	note
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	95	
	306-2	Waste by type and disposal method	95	
	306-3	Significant spills	95	
	306-4	Transport of hazardous waste	95	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	95	
GRI STANDARDS SOCIAL PERFORMANCE (GRI 400)				
Topic	No.	Title	Page Number	note
GRI 401: Employment	401-1	New employee hires and employee turnover	96	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	76-77	
	401-3	Parental leave	97	
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	77	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	97	
	404-2	Programs for upgrading employee skills and transition assistance programs	74-75	
	404-3	Percentage of employees receiving regular performance and career development reviews	97	
GRI 405: Diversity and Equal Opportunity (Material Topic)	405-1	Diversity of governance bodies and employees	97	
GRI 406: Non-Discrimination (Material Topic)	406-1	Incidents of discrimination and corrective actions taken	97	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	30, 31, 62-63, 65, 78-79	
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	30, 31, 62-63, 65, 78-79	
GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	97	
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	97	
GRI 412: Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	98	
	412-2	Employee training on human rights policies or procedures	98	N/A
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	N/A
GRI 413: Local Communities (Material Topic)	413-1	Operations with local community engagement, impact assessments, and development programs	98	N/A
	413-2	Operations with significant actual and potential negative impacts on local communities	-	N/A
GRI 414: Supplier Social Assessment (Material Topic)	414-1	New suppliers that were screened using social criteria	98	
	414-2	Negative social impacts in the supply chain and actions taken	98	
GRI 415: Public Policy	415-1	Political contributions	-	In South Korea, Political contribution is prohibited
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	98	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	99	
GRI 417: Marketing and Labeling (Material Topic)	417-1	Requirements for product and service information and labeling	28-31	
	417-2	Incidents of non-compliance concerning product and service information and labeling	99	
	417-3	Incidents of non-compliance concerning marketing communications	99	
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	99	
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	99	

## UNGC Index

Ten Principles		Our Activities	Related Content	Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Based on our management philosophy “People-oriented Management,” LGE respects and complies with the standards, laws and regulations established by international institutions and organizations such as the Universal Declaration of Human Rights by the United Nations to ensure fundamental human rights and labor rights of employees as well as those of our suppliers.	Management Philosophy	3
			Sustainability Commitments	20-21
	Principle 2: make sure that they are not complicit in human rights abuses.		Our Future with Sustainable Supply Chain	32-33
			With Our Suppliers	58-65
			CSR Risk Management	78-79
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	LGE continues its efforts to establish a corporate culture that values the diversity of our employees and promotes creativity and autonomy. Owing to its efforts, LGE is leading an exemplary labor management relations, reaching an agreement in collective bargaining and wage negotiations without labor dispute for 29 consecutive years (as of March 2018) and declaring Union Social Responsibility (USR) charter. Additionally, LGE joined the Electronic Industry Citizenship Coalition (EICC), established an enterprise-wide policy for protecting labor rights across the supply chain and amended Master Purchase Agreement accordingly.	With Our Employees	74-77
	Principle 4: the elimination of all forms of forced and compulsory labour;		Our Future with Circular Economy	31
			Our Future with Sustainable Supply Chain	32-33
			With Our Suppliers	58-65
	Principle 5: the effective abolition of child labour; and		CSR Risk Management	80-81
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	LGE strives to contribute to the society’s sustainable growth by minimizing negative environmental impacts from our business activities. LGE made great strides in improving energy performance and carbon disclosure in development of greener products. The company also surpassed its GHG reduction targets across products’ life cycle, while being highly recognized by the Carbon Disclosure Project (CDP) Korea for its efforts towards promoting low-carbon culture. LGE strengthened the integrated EESH (Energy, Environment, Safety, and Health) certification system and global EESH audit system at all production sites. LGE is currently participating as a member of the steering committee represent Korean companies at Caring for Climate.	Our Future with Zero Carbon	26-27
			Our Future with product Responsibility	28-29
	Principle 8: undertake initiatives to promote greater environmental responsibility; and		Our Future with Circular Economy	30-31
			With the Environment	46-57
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.			
Anti-Corruption		Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	LGE’s “Jeong-Do Management” is a guiding principle for all action taken by employees. To help our employees remain true to the spirit of Jeong-Do Management, LGE established Code of Ethics and Conduct Guidelines. LGE also applies the same standard to all suppliers and business partners. LGE translates and distributes code of ethics handbook and requiring employees and suppliers to sign a pledge for Jeong-Do Management. Additionally, LGE maintains the ethics category in its CSR risk management program to monitor its business sites’ and suppliers’ ethics management systems.	CSR Risk Management
	Jeong-do Management			84-85
	Fair Trade			86
	With Our Suppliers			58-65

Current Conditions of the Establishment of LG Electronics' Sustainability Report

2006-2010




Released in October 2006



Released in October 2008



Released in July 2009



Released in June 2010

2011-2014



Released in May 2011



Released in May 2012




Released in June 2013




Released in June 2014


2015-2017



Released in June 2015



Released in June 2016



Released in June 2017



**2017-2018**  
LG Publish LG Electronics Sustainability Report (2018. 06)

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

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