

2019-2020
LS ELECTRIC Sustainability Report

FUTURING SMART ENERGY

Opening the Future of Smart Energy



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About This Report

This is LS ELECTRIC's sixth sustainability report. We have published such reports each year since 2015 to reach out to our stakeholders. In so doing, not only do we disclose our progress and performance made in the areas of economy, environment and society in a balanced and transparent manner, but also we strive to become a company that heeds the voice of stakeholders for sustainable growth and development.

Reporting Period

This report spans the period between January 1, 2019 and December 31, 2019, and this extends to the first quarter of 2020 for a portion of the data.

Reporting Scope

This report outlines the key information identified through the materiality assessment process. While this report primarily focuses on LS ELECTRIC's domestic worksites, it also includes its overseas worksites on a selective basis when deemed necessary.

Reporting Standards

This report was prepared in accordance with the GRI Standards and the UN Sustainable Development Goals (SDGs).

Assurance

This report was assured by the Korea Management Registrar as an independent third-party assurance provider for its objectivity and credibility.

Contact Information

This report is freely accessible on our corporate website (www.lselectric.co.kr). For inquiries or feedback, please contact us through the following:

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Named a 'Top 100 Global Innovator' by Clarivate Analytics for eight consecutive years (Feb. 2019)

LS ELECTRIC was named a Top 100 Global Innovator by Clarivate Analytics for eight consecutive years. We were recognized for our top-tier performance in such qualitative aspects as patent citations as well as in quantitative aspects including the ratio of patent applications to patent grants and the percentage of patents filed in four major regions of the globe in the intellectual property sector.



Launched 'Tech Square' as Korea's first smart factory open platform (Jun. 2019)

LS ELECTRIC unveiled 'Tech Square' as Korea's first-ever smart factory open platform, and fully launched its business to build smart factories with a focus on Korean SMEs. Tech Square is open to anyone, including industry or academic experts as well as consumers and suppliers, and is capable of analyzing customer data for the most optimal matching between sector-specific companies and corresponding customers to deliver improved economic feasibility and efficiency such as reduction in factory development costs.

Completed an 18MW Hanamizuki Mega Solar Power Plant in Japan (Mar. 2019)

LS ELECTRIC completed an 18MW Hanamizuki Mega Solar Power Plant for nearly JPY 4.6 billion (KRW 46 billion) in project cost. As our third mega-scale photovoltaic (PV) power generation project undertaken in Japan, this successfully resulted in the construction of a cutting-edge PV power plant within just 18 months to demonstrate our global competitiveness in smart energy technology.



Won a 93MW PV power plant project in Youngam (Jun. 2019)

LS ELECTRIC was chosen as a contractor for a large-scale ESS*-connected PV power generation plant to be built in Youngam-gun, South Jeolla Province, Korea. As the world's single largest PV power generation project valued at KRW 184.8 billion, the power plant, once completed, is expected to generate green power to contribute to mitigating roughly 56,000 tons of GHG emissions.

* ESS : Energy Storage System



Won a 50MW Morioka PV power plant project in Japan (Jun. 2019)

LS ELECTRIC was chosen as an EPC contractor for a 50MW 'Morioka photovoltaic (PV) power plant' to be constructed in Morioka City, Iwate Prefecture, Honshu, Japan, for JPN 15 billion yen (KRW 161.3 billion) in project cost. Winning the fourth mega solar power project in Japan alone, LS ELECTRIC's extensive business experience and technological reliability were demonstrated yet again. Following its completion, the PV power plant is set to generate and supply electricity for nearly 16,000 households through the Power Purchase Agreement (PPA) signed with Tohoku Electric Power.



Created the world's largest 'Self-Sufficient DC Energy Island' (Aug. 2019)

LS ELECTRIC transformed Seogeocho into the world's largest 'Self-Sufficient DC Energy Island' that exclusively uses direct current (DC) for both power generation and distribution in conjunction with the Korea Electric Power Research Institute and Jindo-gun, South Jeolla Province. This project was initiated in June 2016 to help remote island regions resolve their chronic power shortages and to stay ahead of the competition in developing core technology on DC power distribution. Power losses that occur when converting DC into AC power were reduced to result in a more than 10% improvement in energy efficiency.

Became Korea's first to achieve KSGA's 'PCS Certification Edition 3.0' for ESS applications (Jul. 2019)

LS ELECTRIC's new 750kW and 1.4MW PCS*s, developed to help the Company move ahead of the competition in the PV-connected ESS market, became Korea's first to achieve 'PCS Certification Edition 3.0' published by the Korea Smart Grid Association (KSGA) as PCS performance requirements for ESSs. This represents the highest-level certification granted by the KSGA as PCS group certification for ESS applications, and is recognized for strengthened consumer safety and product reliability.

* PCS : Power Conditioning System



Won a project to develop an integrated railway operation solution in Thailand (Dec. 2019)

In cooperation with Thailand's largest railway construction company ITD, LS ELECTRIC was chosen as a joint contractor in the THB 2.4 billion (KRW 94.4 billion) project awarded by the State Railway of Thailand to develop a signal and communication control system for the dual-track Northeast Route in the country. As Phase 9 of Thailand's railway infrastructure modernization initiative (ST9), this project aims to convert a total of 132km route to a dual track railway line and replace the more than 20-year-old outdated system in an effort to develop the northeast region of the country and expand its freight and passenger capacity.

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Dear respected stakeholders,

Let me extend my heartfelt gratitude for your unwavering interest in and encouragement for LS ELECTRIC during the course of last year.

In this year's sustainability report, we extend greetings under the new name 'LS ELECTRIC' as we have boldly decided to leave behind the company name that had represented us for the past 33 years. This embodies our firm commitment to spearheading the development of future energy technology, emerging as a dominant player in the global market, and establishing an even stronger identity as a company.

The energy market is evolving into one fueled by digital transformation and smart connectivity as a way to pursue transformation and innovation. As such, LS ELECTRIC is shifting its focus from devices to solution platforms, ranging from the convergence of manufacturing and information and communications technology to Industry 4.0 solutions and smart power transmission/distribution technology, with an aim to move beyond the domestic market to emerge as a global leading company. To this end, we committed to laying the basis for a new growth era in 2018, and set a new record in our business performance since our inception. While the economic slowdown of the year 2019 drove down our growth rate, we endeavored to weather the challenging business conditions at home and abroad and eventually reaffirmed our aspiration to move towards a new growth era. Moving into 2020, a range of economic indicators are at the bottom of the curve amid the COVID-19 pandemic, and it is widely believed that the global economic crisis may sustain for an extended period of time. Still yet, we won't be overly focused on short-term performance but rather take actions as follows to lay a strong foundation for our sustainable growth for the next decade to come and beyond.

1

First, we will build a stable basis for our global business operations.

We will maximize our performance in the domestic market while consistently securing overseas infrastructure and making inorganic investment to build a solid basis for our global operations for the upcoming decade.

2

Second, we will pave the way for our digital transformation business.

We will digitalize our experience and know-how accumulated over the years to develop digital products and solutions.

3

Third, we will establish a corporate culture as a growth-driven company.

We will maximize our capabilities based on digital operation and management, and establish an agile corporate culture across the board.

Dear stakeholders,

LS ELECTRIC vows to fulfill its role and responsibility as a corporate citizen through sustainability management that values society and the environment in addition to the pursuit of economic profits. We will also leverage our sound corporate culture to actively reach out to stakeholders and usher in the future of smart energy that brings greater value to our life and society at large.

We look forward to your continued encouragement and support in the years ahead.

Thank you.

Ja-Kyun Koo
CEO & Chairman





Making a fresh new start as 'LS ELECTRIC', we will emerge as a company that takes the lead in developing future energy technology and as a trendsetter in Korea and in the wider global market.

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Spearheading the development of Korea's industrial power and automation solution sector, LS ELECTRIC is now taking a leap forward as a global leading company conducting smart energy and other convergence businesses in the fast-changing landscape of the 4th Industrial Revolution. Established as Lucky Packaging back in 1974, the Company was renamed Goldstar Industrial Systems in March 1987, LG Industrial Systems in 1995, and LSIS in 2005, and finally declared its new corporate identity as LS ELECTRIC in March 2020. LS ELECTRIC will shift its focus from devices to solution platforms. Such solution platforms include the convergence of manufacturing and information and communications technology to Industry 4.0 solutions and smart transmission/distribution technology. LS ELECTRIC will continue with its endeavors to seek Evolution beyond Revolution so as to emerge as a leader in Korea and in the wider global market.

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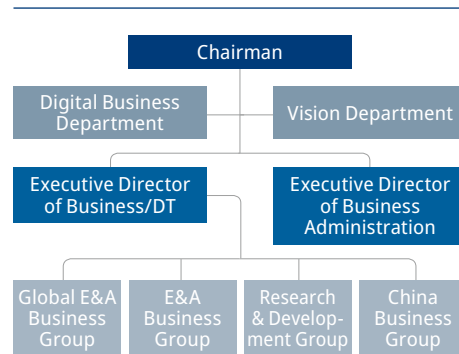
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Organizational Chart



Company Profile

Company name	LS ELECTRIC Co., Ltd.
Date of establishment	July 24, 1974
CEO	Chairman Ja-Kyun Koo, Vice President Yong-Sang Park, Vice President Ki-Won Nam
Head office	LS Tower, 127, LS-ro, Dongan-gu, Anyang City, Gyeonggi Province, Korea
Employees	3,347 persons
Credit rating	AA- in corporate bond, A1 in CP (Korea Investors Service)

Summarized Financial Data for 2019 (on a consolidated basis)

Sales	KRW 2,347 billion
Operating income	KRW 169 billion
Total assets	KRW 2,538 billion
Total liabilities	KRW 1,175 billion
Total equity	KRW 1,363 billion

Corporate History

1974-1995

Era of Beginning We pioneer the power and automation industries.

- Jul. 1974** Established Lucky Packaging Co., Ltd.
- Mar. 1987** Renamed Goldstar Industrial Systems Co., Ltd.
- Jul. 1994** Held an initial public offering of Goldstar Industrial Systems Co., Ltd.
- Feb. 1995** Renamed LG Industrial Systems Co., Ltd.
- Sep. 1995** Merged with Goldstar Instrument & Electric Co., Ltd. and Goldstar Electric Machinery Co., Ltd.

1996-2007

Era of Challenge We become the leader in the Korean power and automation sectors.

- Apr. 1997** Established a production subsidiary in Vietnam
- Apr. 1997** Merged with LG Metal Co., Ltd.
- Jun. 2000** Completed a plant in Dalian, China
- Aug. 2000** Power Testing & Technology Institute designated as a certified testing organization
- Dec. 2003** Separated from LG Group
- Mar. 2005** Renamed LSIS
- Sep. 2005** Completed a plant to produce electric power & automation equipment in Wuxi, China
- Feb. 2007** Established the sales subsidiary LSIS (ME) FZE in Dubai, UAE

Vision and Strategy

Management Philosophy



Strategy

- 01 Boosting our market position as a power solutions provider
- 02 Leading new markets through convergence and combination
- 03 Expansion of global markets
- 04 Securing operational excellence

Mission



Vision



Core Value



2008-2014

Era of Growth and Innovation

We take off as a global leader.

- Apr. 2008** Relocated the Head Office to LS Tower in Anyang
- Oct. 2009** Established a sales subsidiary in Europe
- Oct. 2009** Incorporated LS Mecapion as a subsidiary
- Feb. 2010** Established LS Sauter
- Apr. 2010** Completed a plant in Busan
- Apr. 2010** Spun off the Metal Processing Business Unit (current LS Metal)
- Oct. 2010** Established Japan Sales Corporation
- Oct. 2011** Completed a HVDC plant in Busan
- Nov. 2011** Named one of the 500 Fastest Growing Companies by Fortune Korea
- May 2012** Completed an EV relay plant in Cheongju
- Dec. 2012** Established a sales subsidiary in the U.S.
- May 2013** Signed a contract for HVDC technology transfer and manufacturing with KAPES and GE
- Nov. 2013** Received the USD 500 Million Export Tower
- Nov. 2013** Awarded at the 39th National Quality Management Competition
- May 2014** Received the Gold Tower Order of Industrial Service Merit on Invention Day

2015-2020

Era of Value Management

We open up the future of smart energy.

- Jan. 2015** Declared the guiding principles of value management
- Mar. 2015** Completed R&D Campus
- Mar. 2016** R&D Campus achieved Korea's first BEMS certification
- Sep. 2016** Received the Presidential Citation for outstanding achievement for FTA
- Sep. 2016** Became Korea's first to deploy ESS for emergency power supply at R&D Campus
- Mar. 2017** Listed on the Top 100 Companies based on patent applications made in Europe
- Jun. 2017** Awarded as Korea's Best Enterprise for 10 consecutive years
- Sep. 2017** Awarded the Industry, Trade and Energy Minister's Prize in Strategic Trade CP
- Nov. 2017** ACE Club received the SMEs and Startups Minister Citation in the supplier association category
- Nov. 2018** Won the Grand Prize in the efficiency sector at the 'Power Demand Management Awards'
- Dec. 2018** Won the Minister's Prize at the Korea Technology Awards
- Dec. 2018** Acquired the ESS business of the U.S.-based company Parker-Hannifin
- Feb. 2019** Named one of the world's Top 100 Innovative Companies for eight consecutive years
- Jul. 2019** Became Korea's first to achieve KSGA's PCS Certification Edition 3.0 for ESS applications
- Aug. 2019** Completed the world's largest Self-Sufficient DC Energy Island in Seogeocho
- Mar. 2020** Renamed LS ELECTRIC Co., Ltd.

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Composition and Operation of the BOD

LS ELECTRIC's Board of Directors consists of seven directors in total - three inside directors and four outside directors - in accordance with applicable regulations and the Articles of Incorporation. Under the BOD are the three subcommittees of the Audit Committee, the Outside Director Nomination Committee and the Internal Transaction Committee.

Subcommittees of the BOD

Audit Committee | The Audit Committee is composed of four outside directors, and is responsible for supervising and assisting senior management in making informed decisions through checks and balances. The committee reviews operating results and financial statements on a quarterly basis or more often, and is authorized to audit general accounting operations and the status of corporate assets when deemed necessary.

Outside Director Nomination Committee | The appointment of outside directors follows fair and transparent procedures through the Outside Director Nomination Committee. This committee consists of two outside directors and one inside director.

Internal Transaction Committee | The Internal Transaction Committee aims to oversee related party transactions and improve the transparency of business operations through the establishment of a fair trade compliance system. The committee consists of four outside directors.

BOD and Subcommittee Operations in 2019

Organization	No. of meetings convened	Attendance	Items for decision	Items for reporting
BOD	5	100%	18 items	13 items
Audit Committee	4	100%	5 items	20 items
Outside Director Nomination Committee	1	100%	1 items	-
Internal Transaction Committee	3	100%	4 items	-

Total remuneration of the BOD in 2019
(limit set at KRW 5 billion)

KRW 4.99 billion



Composition of the BOD

As of Mar. 24, 2020

Director	Name	Position	Career	Date of appointment
Inside directors (3)	Ja-Kyun Koo	Chair of the BOD, Chairman & CEO	- (current) Chairman & CEO, LS ELECTRIC - (former) Professor at Graduate School of International and Public Affairs, Korea University	Mar. 24, 2020 (reappointed)
	Yong-Sang Park	Vice President & CEO	- (current) Executive Director of Business/DT, LS ELECTRIC - (former) Executive Vice President of China Business Group, LS ELECTRIC	Mar. 24, 2020 (reappointed)
	Ki-Won Nam	Vice President & CEO	- (current) Executive Director of Business Administration, LS ELECTRIC - (former) Vice President & CEO, LS Metal	Mar. 20, 2018 (newly appointed)
Outside directors (4)	Seung-Ill Moon	Outside director/ Audit Committee member	- (current) Professor of electrical engineering, Seoul National University - (former) President of the Korea Electrical Engineering and Science Research Institute	Mar. 24, 2020 (reappointed)
	Won-Chang Lee	Outside director/ Audit Committee member	- (former) Professor of accounting, Chungnam National University	Mar. 20, 2018 (newly appointed)
	Jung-Kyu Oh	Outside director/ Audit Committee member	- (former) 51st Second Vice Minister of Food, Agriculture, Forestry and Fisheries	Mar. 26, 2019 (newly appointed)
	Jong-Won Choi	Outside director/ Audit Committee member	- (current) Professor at Graduate School of Public Administration, Seoul National University - (former) Outside director at SK Hynix	Mar. 24, 2020 (newly appointed)

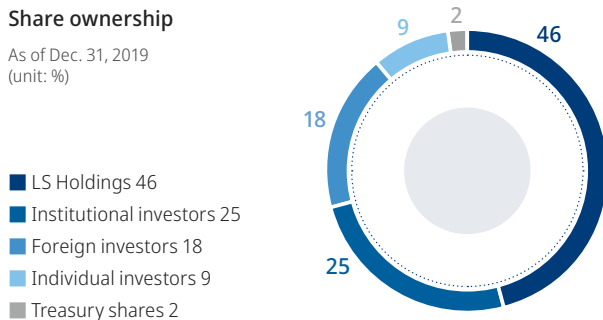
Shareholder/Investor Status

Since LS Group shifted into a holding company structure in 2018, LS Holdings has been our largest shareholder with 46% in ownership. The second largest shareholder, the National Pension Service of Korea, owned approximately 12% of LS ELECTRIC as of December 31, 2019.

Shareholder	Relationship	Type of Share	No. of Shares	Ownership
LS Holdings	Largest shareholder	Common share	13,800,000	46%
Treasury shares	-	Common share	674,974	2%
Institutional investors	National Pension Service	5% or more in ownership Common share	3,575,178	12%
	Others	-	3,754,985	13%
Foreign investors	-	Common share	5,407,110	18%
Individual investors	-	Common share	2,787,753	9%
Total		Common share	30,000,000	100%

Share ownership

As of Dec. 31, 2019
(unit: %)

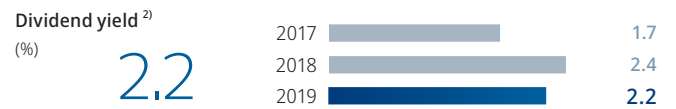
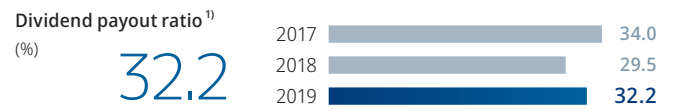
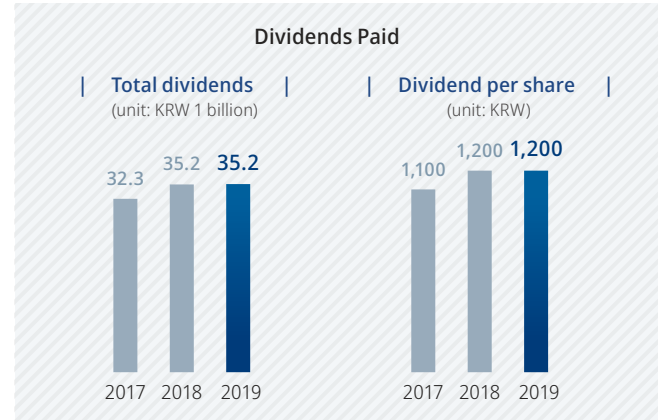


Communication with shareholders and investors | In addition to quarterly earnings release meetings, we also host overseas conferences and a range of IR events to reach out to even more investors at home and abroad and to improve our corporate value in so doing.

Event	Note
Jan. 2018 Q4 earnings release NDR*	30th-31st (Organized by Hanwha Investment & Securities)
May 2019 Q1 earnings release NDR	2nd-7th (Organized by Hana Financial Investment)
Aug. 2019 Q2 earnings release NDR	1st-2nd (Organized by Kiwoom)
Oct. 2019 Q3 earnings release NDR	Oct. 30th-Nov. 1st (Organized by Hanwha Investment & Securities)
Apr. Shinhan Investment Corporate Day	
Ad-hoc Apr. KB Securities Corporate Day	
Nov. Shinhan Investment Corporate Day	
Overseas May Hong Kong NDR	21st-22nd (Organized by NH Investment & Securities)

* NDR : Non-Deal Roadshow

Shareholder returns (dividends) | We pay above-the-market-average dividends to our shareholders and investors.



Note 1) Dividend payout ratio: Total Dividend/net income (on a non-consolidated basis)
Note 2) Dividend yield: Dividend per share/year-end closing price (please refer to data from the Korea Exchange)

Assessment by Korea Corporate Governance Service | LS ELECTRIC was rated overall A in the ESG assessments performed by Korea Corporate Governance Service (KCGS) in 2019 in recognition of its outstanding sustainability management system. KCGS has been renowned for its transparency and expertise in evaluating businesses for their corporate governance, and also conducts annual Environment, Society and Governance (ESG) assessments that consider social responsibility and environmental management on Korea's listed companies for their level of sustainability management. We will maintain and further improve our rating through continued interest and efforts in the upcoming years.



Stakeholder Value Chain Map

Creating Value with Stakeholders

LS ELECTRIC creates value with stakeholders throughout its entire business and shares such values with them. We will join hands with our stakeholders to generate and share even greater value in the years ahead.

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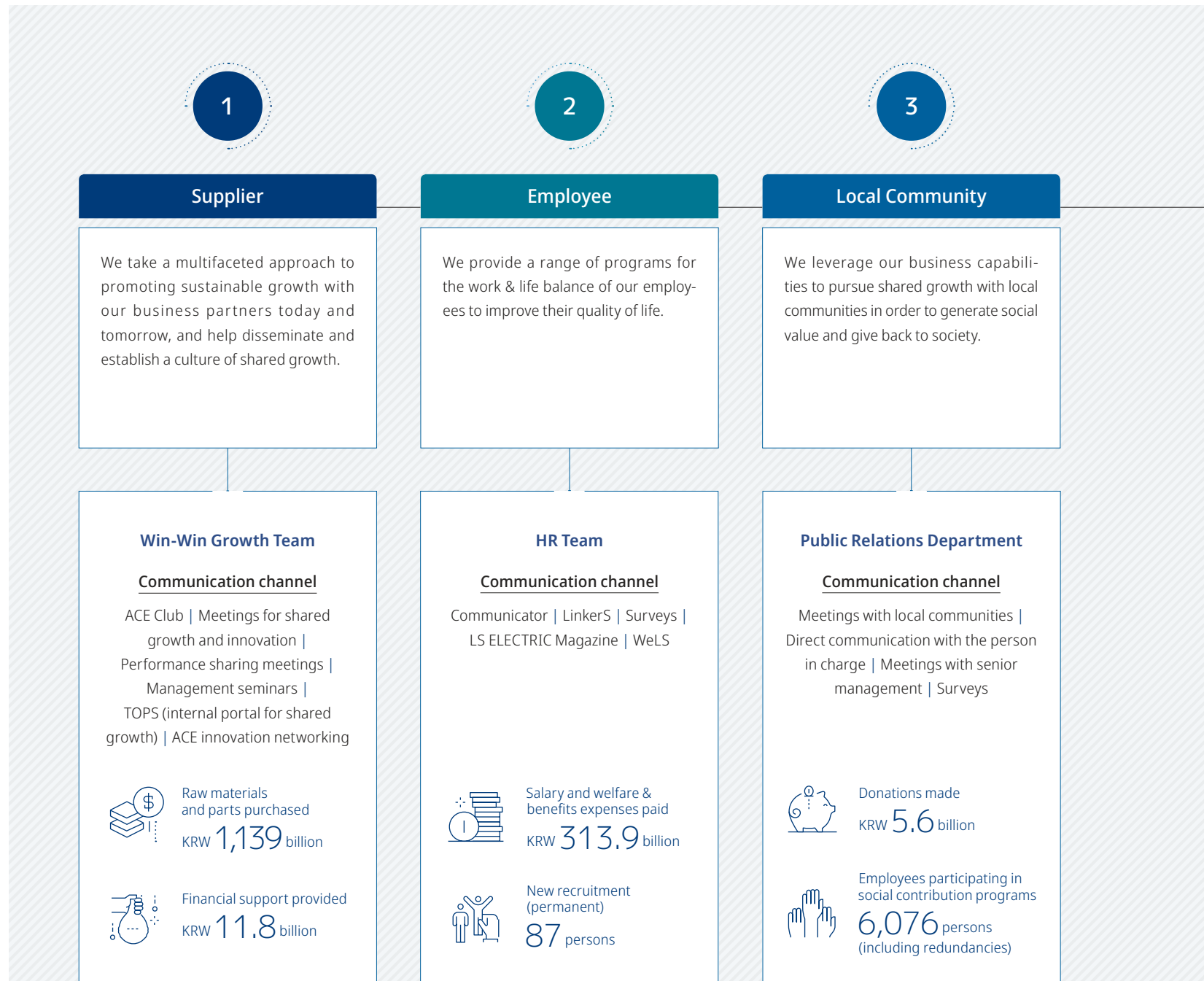
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Shareholder and Investor

We use diverse channels to communicate with shareholders and investors to fully reflect their expectations and requirements in our business operations. We will continue with such communication to further improve our corporate value.

Treasury Team

Communication channel

NDR
Company visits
Company website



Dividends and interest expenses paid
KRW 51.1 billion

5

Environmental Organization

We recognize the important role that we play as a company in the environmental sector, and make sustained investments to emerge as a green company.

Safety & Environment Team

Communication channel

Regular meetings
Company website
Direct communication with the person in charge



Safety and environment investments made
KRW 23.8 billion

6

Customer

To live up to the expectations and trust of our customers to ultimately deliver customer satisfaction, we do our utmost in improving the quality of our products, developing new products, and establishing optimal processes.

Marketing Team

Communication channel

Exhibitions and seminars |
Meetings with customers |
Meetings with distributors |
Customer service center



Advertising expenses paid
KRW 9.7 billion



Customer seminars
803 cases

LS ELECTRIC set a mid/long-term vision for respective overseas markets to broaden its global business presence. Not only do we pursue the evolution of existing businesses but also we identify new business opportunities and strengthen the basis of business operations in order to take a tailor-made approach to each of our local markets.

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China

- Strengthening capabilities in power equipment and system businesses

Southeast Asia

- Strengthening sales bases and channels as well as product line-ups

Domestic Subsidiary

<p>LS Metal</p> <p>Manufacturing copper tubes and STS pipes Yongsan-gu, Seoul, Korea</p>	<p>LS Mecapion</p> <p>Manufacturing industrial electronic and automation equipment Dalseo-gu, Daegu, Korea</p>	<p>LS-Sauter</p> <p>Selling BAS/IBS and GBS systems Anyang City, Gyeonggi Province, Korea</p>
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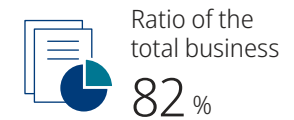
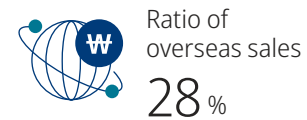
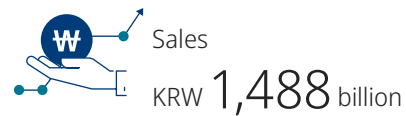
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Power Solutions Business

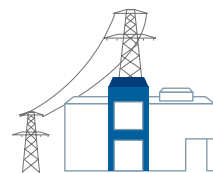
LS ELECTRIC delivers total solutions that ensure safety and efficiency throughout the entire process from power generation to final consumption. Our flagship products are categorized into 'transformers' and 'circuit breakers': transformers change voltages to desired levels, and circuit breakers provide opening and closing of the current carrying contacts to isolate and protect an electrical circuit from damage caused in the event of overloads or short circuits. Recent additions to our power solutions portfolio include the High Voltage Direct Current (HVDC) system designed to minimize energy losses while maximizing efficiency in electricity transmission, the Energy Storage System (ESS), the Energy Management System (EMS), and the Power Conversion System (PCS) for ESS applications.

2019 Performance in Power Solutions Business (on a non-consolidated basis)



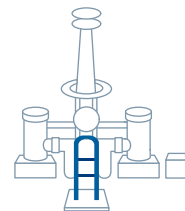
Key Power Products

Electric Power Transmission



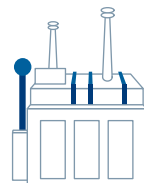
High Voltage Direct Current (HVDC)

Converting alternating current (AC) to direct current (DC) for transmission



Gas Insulated Switchgear (GIS)

Protecting power plants and substations from power line overloads, earthing or short circuits



Power Transformer (HVTR)

Providing stable voltage/current transformation either through a step up or step down in voltage

Switchgear

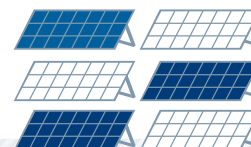


Housing circuit breakers and other monitoring & controlling devices within an enclosed molded case to monitor the power system and perform protective controls

ESS for FR* applications



Photovoltaic module



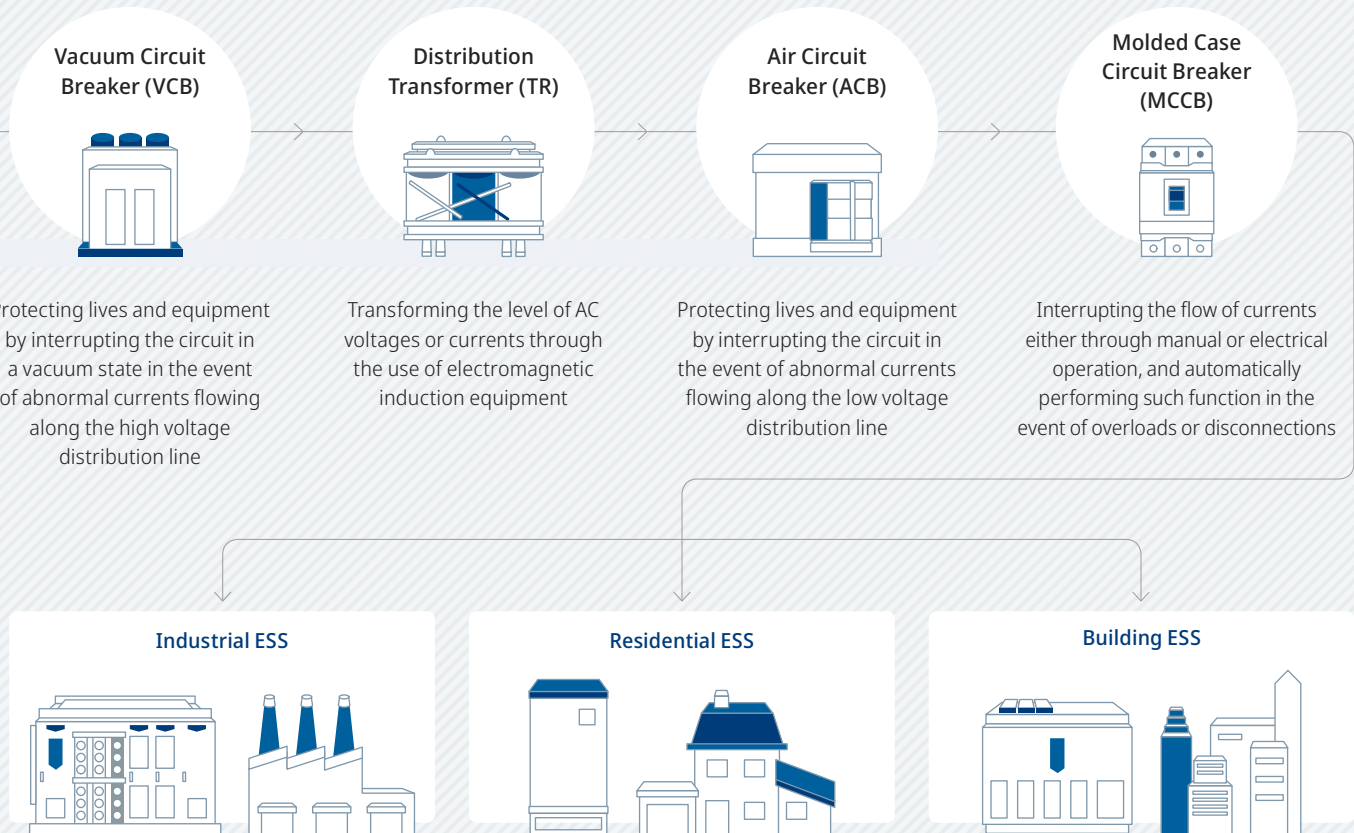
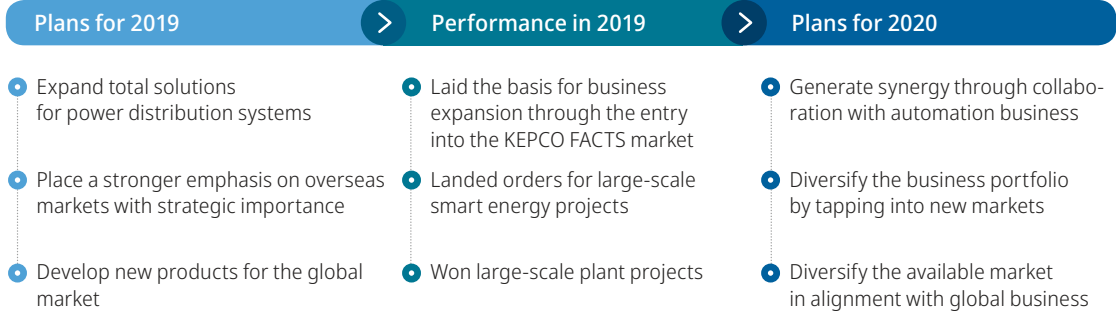
ESS* for the grid connection of renewable energy



* FR: Frequency Regulation

Smart Energy

LS ELECTRIC conducts photovoltaic power generation and Energy Storage System (ESS) businesses on the strength of its power solutions technology and power electronics automation technology. Our smart energy offerings span the entire business spectrum from the individual products and turnkey systems to EPC contracts.



* ESS: Energy Storage Systems (ESS) promote the efficiency of energy consumption by saving electricity supplied in real time and using it at a later time when power supply falls short.

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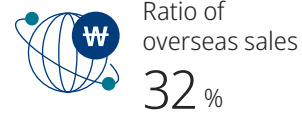
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Automation Business

LS ELECTRIC provides a wide array of automation solutions, from single unit machines to process controls, for the efficient operation of the industrial facilities. Our flagship products include PLC for effective equipment control, AC Drive for motor speed regulation, Servo for equipment precision control, and HMI for real-time equipment monitoring. We are also developing smart factory solution business to leverage plant automation solutions in order to identify IT solutions that meet customer needs and transform them into platforms to support efficient business operations.

2019 Performance in Automation Business (on a non-consolidated basis)



Plans for 2019

- Expand dominance in the domestic market
- Intensively target overseas markets
- Expand the development of new products

Performance in 2019

- Facilitated direct sales in Korea
- Diversified overseas business channels
- Developed new LVD products

Plans for 2020

- Expand the entry into strategic domestic markets
- Broaden global partnerships
- Focus R&D resources on localization projects

AC Drive (Inverter)



Converting the frequency of electricity from commercial supply sources to control the speed or torque (rotational force) of a motor, reducing energy consumption in so doing

PLC



Serving as a universal controller to operate machinery according to the programmed orders and conditions to meet varying process automation purposes

Servo



Delivering high-precision motor operation according to feedback from upper-level devices on the specific position and speed

Motion



Providing precision position control over equipment as the system desires

Decelerator



Transmitting the reduced velocity and increased torque as a result of load through connection to the motor shaft to deliver efficiency performance for a variety of industrial applications

HMI



Allowing users to perform real-time touchscreen-based monitoring on the operational status of manufacturing equipment and to control and take immediate action when deemed necessary

Railway Infrastructure

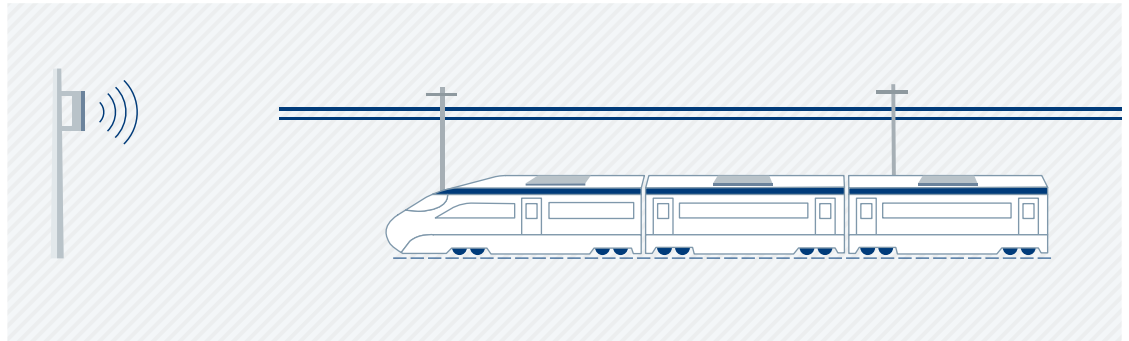
LS ELECTRIC offers total solutions on manufacturing, installation, commissioning and maintenance based on cutting edge control equipment required for the safe operation and increased efficiency of trains. As a railway system leader with the most extensive experience in domestic projects, we are recognized for our technological prowess in the global market.

Power Supply System

Our power supply system provides electricity to trains, stations and other relevant railway facilities, and ensures the stable operation of the entire railway equipment while protecting the safety of trains against any accidents that may occur.

Signaling System

Our signaling system deploys all-encompassing train control (signaling and communication) systems and engineering technology to handle train intervals and routes as well as their operational security and informatization equipment through the use of varying signaling and communication equipment that caters to distinctive railway characteristics.



DC Relay

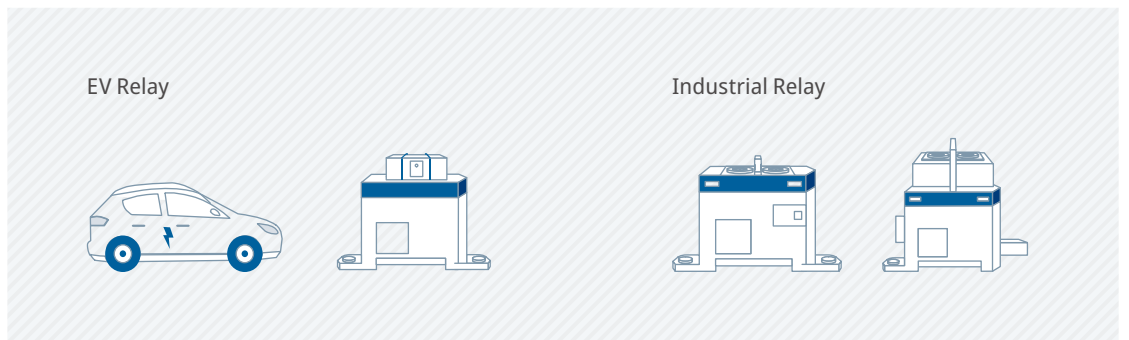
The rapid development of the electric vehicle and eco-friendly vehicle segments is fueling the continued market growth of DC relays that serve to ensure the stable supply and interruption of automotive power. LS ELECTRIC's DC relays are renowned for their exceptional electrical durability, compactness and low-noise performance.

EV Relay

EV relays are installed between the electric vehicle battery and the load to ensure the stable supply and interruption of power.

Industrial Relay

High voltage relays are normally used for renewable energy and transportation systems, and serve to supply and interrupt power for batteries and DC loads.



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Eco-friendly Gas Insulated Switchgear(GIS)

We successfully developed the world's first-ever eco-friendly 170kV 50 kA Gas Insulated Switchgear (GIS) to respond to the global climate change agreement intended to mitigate GHG emissions in our key business area of ultra high voltage GIS. With an aim to emerge as a leading player in the eco-friendly GIS sector, we have been constantly conducting basic technology research and developing products for green GIS solutions such as vacuum circuit breakers and dry air insulated switchgears. basic technology research and developed products on vacuum circuit breakers, dry air insulated switchgears and other green GIS solutions.

Compact Design

40% reduction in installation space compared to conventional GIS

High Performance

88% reduction in operational energy through the adoption of the hybrid extinction method

High Reliability

Configuration of mechanical interlocks to prevent faulty operation

Eco-friendly Design

Reduction in SF₆ gas consumption (334kg ⇒ 170kg)





Smart LV Solution

As LS ELECTRIC's distinctive smart power distribution panel solution, Smart LV Solution combines Internet of Things (IoT) and digital technology to deliver strengthened measuring and monitoring performance, and maximizes the stability of power equipment and systems, management convenience, and the efficiency of operation and energy consumption.

High
Reliability

Prevention of accidents affecting power equipment, and reduction in loss costs

Convenience

Improvement in maintenance convenience, and reduction in commissioning

Efficiency

Reduction in energy consumption and expenses

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Fan and Pump Drive (H100)

Our H100 drive solution is renowned for its eco-friendliness and outstanding energy saving benefits in the HVAC and water treatment industries, and contributes to implementing fan and pump systems.

Convenience

User convenience maximized through compliance with global standards

Compact Design

Further reduction in size to improve the efficiency of spatial utilization

High Reliability

Stable system control through Soft Fill operation





General AC Drive(G100)

Our G100 is the optimal general drive that serves a wide array of applications across diverse industries. As an AC drive that changes the power voltage and frequency to control the rotational speed of the motor, G100 supports the management of motors and their energy saving.

High
Reliability

Top-notch quality
and reliability

High
Performance

High-performance
operation and
application

Convenience

Improved user
convenience

The goal of sustainability management at LS ELECTRIC is to earn respect through trust-building with stakeholders. To reach this goal, we will create a sound corporate culture while proactively reaching out to and earn trust from customers, suppliers, shareholders & investors, local communities and employees in order to pursue shared growth and generate even greater value.

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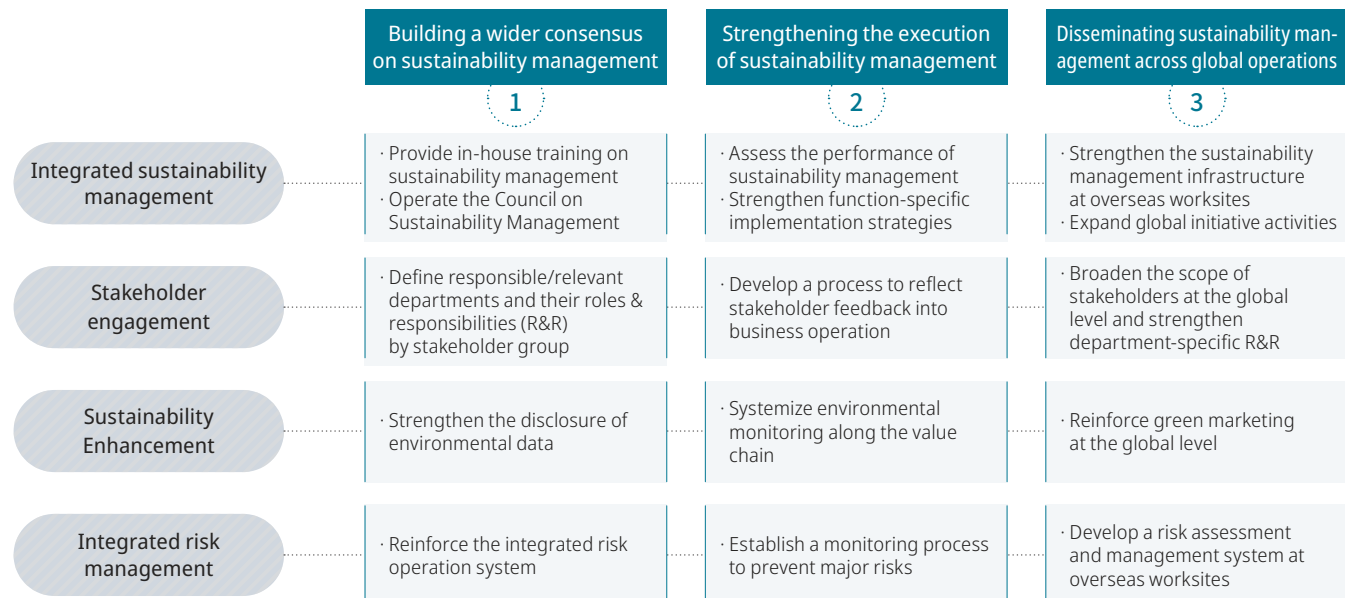
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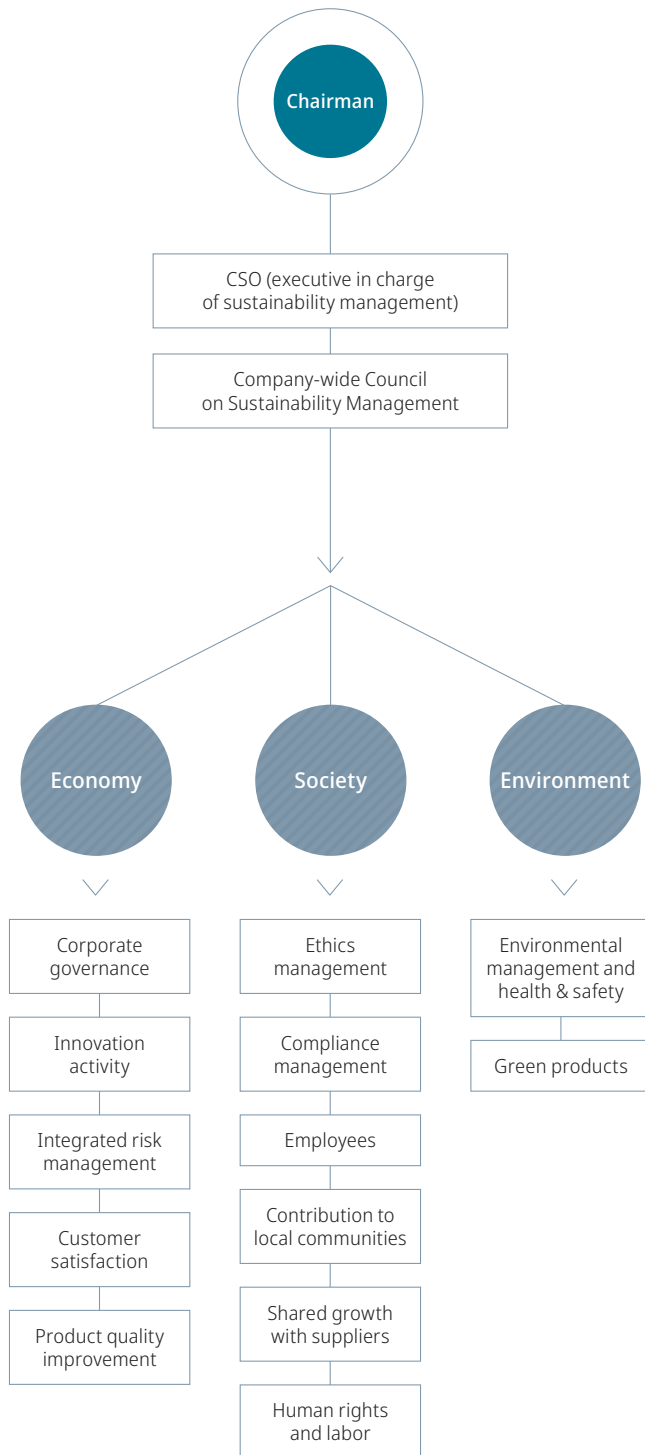
Sustainability Management Framework



Roadmap for Sustainability Management



Sustainability Management:
Implementation System and Council



Responding to the UN SDGs

LS ELECTRIC will be ceaselessly committed to setting its own goals and making concerted efforts to contribute to attaining 17 goals and 169 targets set under the UN's Sustainable Development Goals (SDGs).



Materiality Assessment

Materiality Assessment

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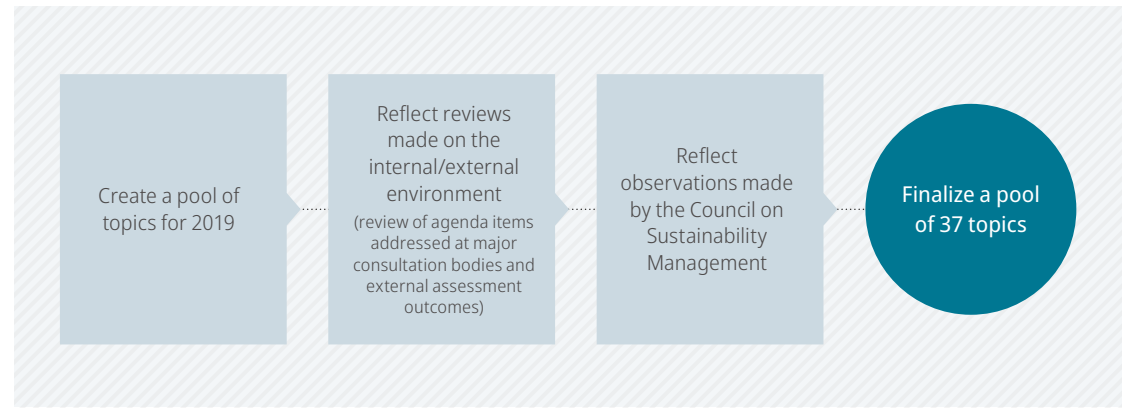
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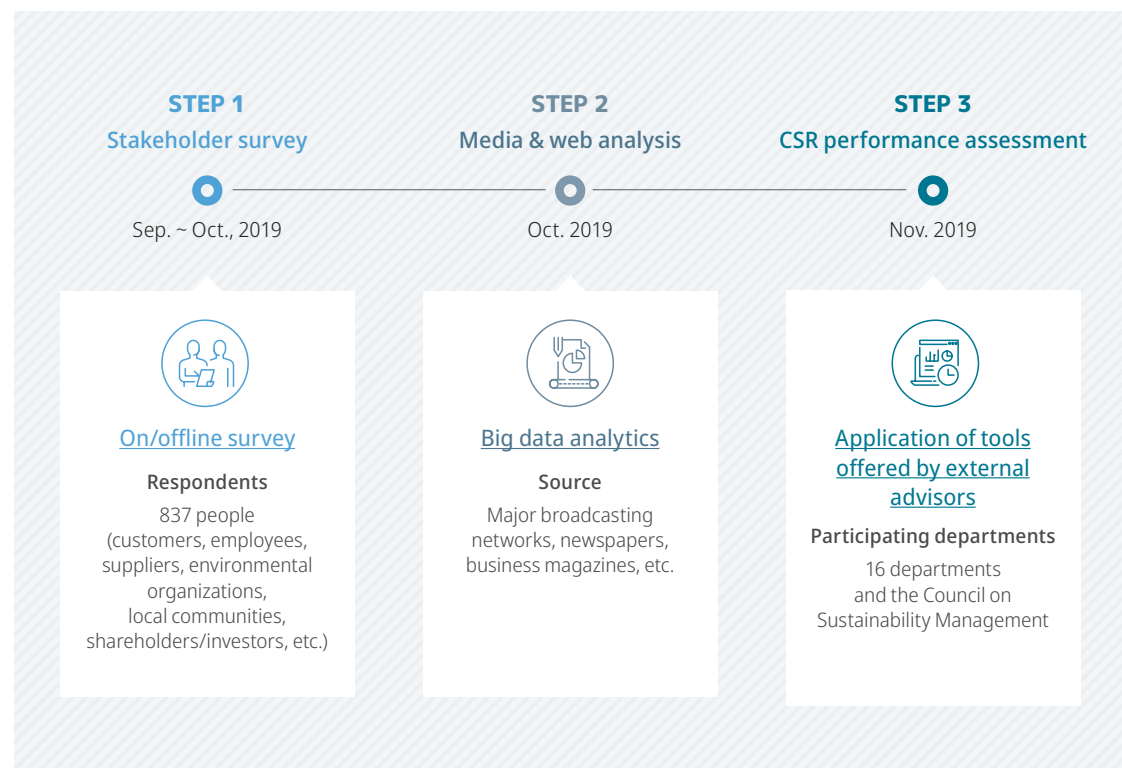
Overview

LS ELECTRIC performed materiality assessments to identify 37 key topics, and narrowed them down into material topics based on their impact on the Company's business and stakeholder interest. In identifying a total of 19 material topics, the following three-step process was implemented: 1) creation of a pool of key topics, 2) prioritization of key topics, and 3) finalization of material topics.

Creation of a Pool of Topics



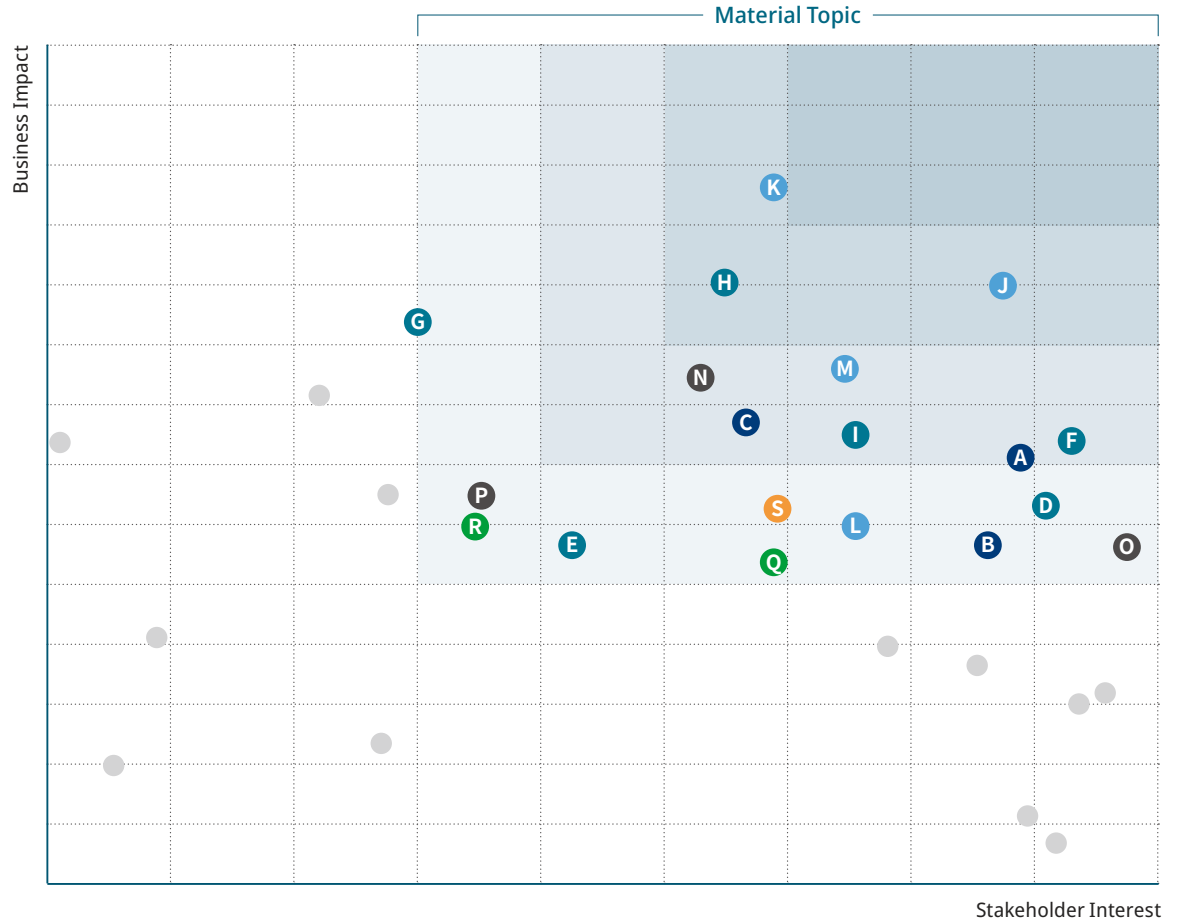
Materiality Assessment to Select Material Topics



Identification of Key Management Topics

The materiality assessment matrix was created based on business impact and stakeholder interest. For details on material topics and our solutions to them, please refer to the pages indicated in the table below.

Materiality Assessment Matrix



Category	Material Topic	Page
Ethics management	A Ethics management	34
	B Compliance management	37
	C Integrated risk management	38
Customer satisfaction	D Quality competitiveness	42
	E Product reliability system	43
	F Technological competitiveness	43
	G Intellectual property management	44
	H Information security management	47
	I Customer communication	48

Category	Material Topic	Page
Safety and environment	J Workplace health and safety	52
	K Energy conservation and climate change	54
	L Workplace safety management	55
	M Eco-friendly products and services	46
Shared growth	N Culture of fair trade	58
	O Culture of shared growth	63
Employee	P Conflict mineral management	61
	Q Talent management	67
Local community	R Respect for human rights and labor-management relations	69
	S Employee volunteering	72

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Core Issue

Ethics Management

LS ELECTRIC conducts business in a fair and transparent manner to fulfill its responsibility towards customers, suppliers, shareholders and society at large. The Ethics Committee serves as the highest decision-making body on the implementation of ethics management, and the 'Code of Ethics and Conduct' specifies standards for all our employees to follow in taking proper actions and making value judgements. The scope of our ethics management training extends beyond our employees to include suppliers to constantly disseminate a culture of ethics management and improve ethics awareness.



[Goal 16]

Build effective and transparent institutions at all levels for sustainable development

16.6

Develop effective, accountable and transparent institutions at all levels

16.b

Promote and enforce non-discriminatory laws and policies for sustainable development

KEY PERFORMANCE & TARGETS

Plans for 2019

Strengthen ethics training
(in addition to cyber training)

Operate a reward system
for whistleblowers reporting unethical practices

Performance in 2019

Provided cyber ethics training to all employees

Announced and operated
the whistleblower reward system

Plans for 2020

Strengthen ethics training
(cyber training and case study training)

Introduce AI-powered chat bots to provide
Q&A support to solve ethical dilemmas

COMMITMENT



Dae-Seok Chae Vice President, Vision Department

LS ELECTRIC practices LSpartnership, LS Group's management philosophy, and upholds its core values of 'cooperation and integrity' to advance ethics management for sustainable shared growth with suppliers. We provide our employees with periodic ethics training, and regularly identify any grievances raised by our suppliers and distributors in doing business with LS ELECTRIC. Our cyber reporting channel also helps prevent unethical practices from occurring.



No. of reports submitted

22 reports



Employees who
completed ethics training

2,032 persons

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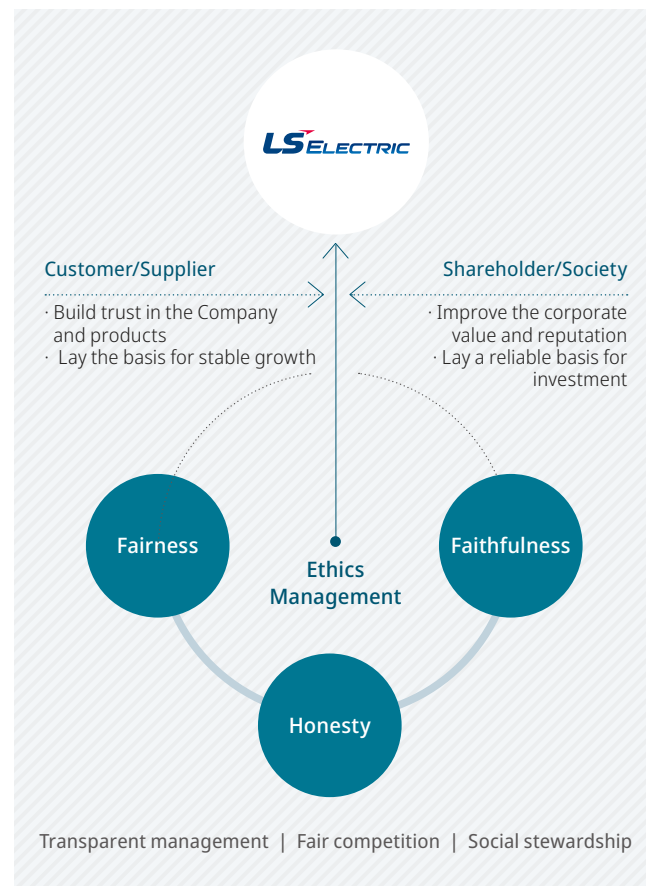
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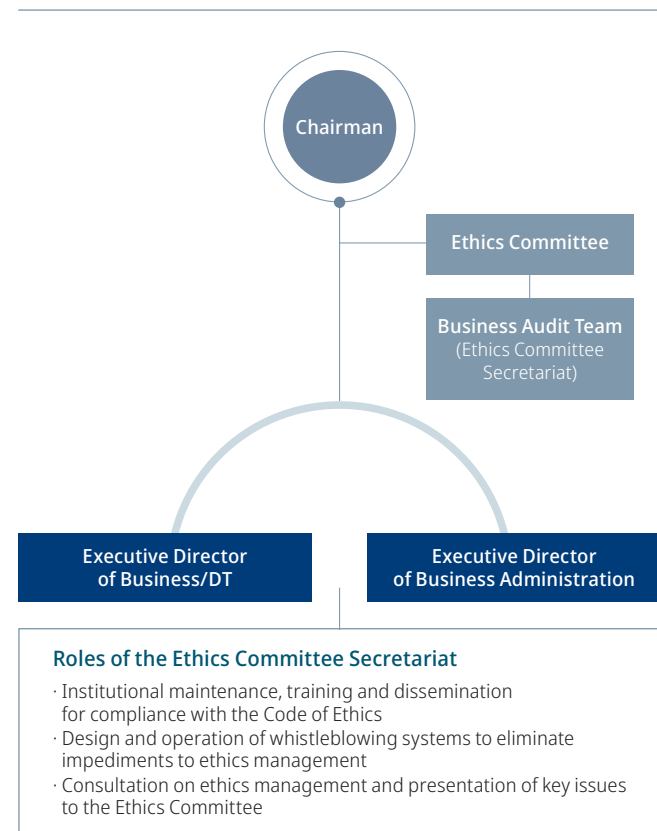
Goal of Ethics Management

The goal of LS ELECTRIC's ethics management is to conduct business in a transparent manner based on fairness, honesty and faithfulness and to constantly evolve into a top-tier company in so doing, fulfilling its responsibility to customers, suppliers, shareholders, and society at large.



Operational System of Ethics Management

The Ethics committee serves as the highest decision-making body in practicing the Code of Ethics, and the Ethics Committee Secretariat is up and running for day-to-day operation of ethics management.



Code of Ethics and Conduct

The Code of Ethics and Conduct is implemented to provide all employees with standards to follow in taking proper actions and making value judgements.

Code of Ethics	Description
Chapter 1. Responsibilities and obligations to customers	Sincerity in information provision customer service protection of customers' interests
Chapter 2. Fair competition	Fair competition respect for applicable laws and regulations and commercial practices
Chapter 3. Fair trade	Fairness in selecting suppliers fairness in trade and evaluation maintenance of transparent trade order support for suppliers
Chapter 4. Basic ethics for employees	Maintenance of employee's dignity honesty and fairness in reporting protection of corporate assets avoidance of conflict of interest with the Company anti-sexual harassment at workplace
Chapter 5. Responsibilities to employees	Talent development fair treatment health and safety respect for individual opinions
Chapter 6. Responsibilities to the nation and society	Reasonable business conduct protection of shareholder rights and interests environmental protection contribution to national and social development

Operational Institution and System

Whistleblowing System

A wide range of permanent communication channels – phone, e-mail, post among others – and the cyber reporting center are up and running to receive and handle reports submitted by suppliers, employees and customers for any disadvantage they suffer due to corruptive or unfair practices of LS ELECTRIC employees in order to eliminate any violation of ethics management principles. As for simple quality claims or service/product inquiries, they are referred to our customer service center instead of these whistleblowing channels.

(unit: No. of cases)

Type of Report	2017	2018	2019
Unfair trade	5	2	9
Corruptive behaviors	2	3	-
Unjustified business practices	-	-	3
Claim	2	2	6
Others	9	6	4
Total	18	13	22

Whistleblower Protection Policy

LS ELECTRIC does not disclose any explicit or indicative information on the identity of whistleblowers or reports they submit without their prior consent. If our non-compliance with such whistleblower protection results in any disadvantage on the part of whistleblowers, we take responsibility for their restoration or take equivalent measures.



Whistleblowers and their reports strictly remain confidential, and the whistleblowing system is operated in a highly secure manner.



If a whistleblower reports corruptive practices involving himself/herself, this is taken into consideration in the reasonable resolution of the concerned case.



Information on whistleblowers and stakeholders is kept strictly confidential, and fair investigations are conducted on their reports to ensure the reasonable resolution of the concerned case.



If whistleblowers suffer any disadvantage due to their reports or personal information made public, we ensure their restoration or take equivalent remedial measures.

Whistleblower Reward System

To eradicate any unethical practices of LS ELECTRIC employees and stakeholders and create a sound corporate culture, we developed provisions on whistleblower rewards including their eligibility and payment criteria and have operated a whistleblower reward system since 2019.

Self-Reporting Program

To promote the voluntary elimination of any unethical practices that may occur among LS ELECTRIC employees or in relation to stakeholders (customers, suppliers, shareholders, etc.) and to establish a transparent and sound organizational culture, we operate the self-reporting program to regularly report on the acceptance of bribes or entertainment according to the predefined reporting form.

Procedures to Respond to Ethics Management Violations

In accordance with the Code of Ethics and Conduct, strict disciplinary measures are taken against those who are in violation of these ethical standards.

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Strengthening Employees' Execution

Ethics Management Pledge

All our employees as well as subsidiaries sign the ethics management pledge every two years to raise their awareness on the execution of ethics management and establish a transparent work process.

Employee Survey

Ethics management surveys are performed every two years to measure employees' satisfaction with ethics management (ethics management index) and to monitor their compliance with the Code of Ethics and Conduct. This allows us to identify change in our ethics management performance and to gather employee suggestions and reflect them in ethics management.

Ethics Management Training

While ethics training for employees had been provided at the company level, this was changed into group-wide integrated training in 2013. Training materials have been made available on our intranet since 2017, and company-wide cyber training was completed by 2,032 employees in 2019 under the supervision of the HR department.

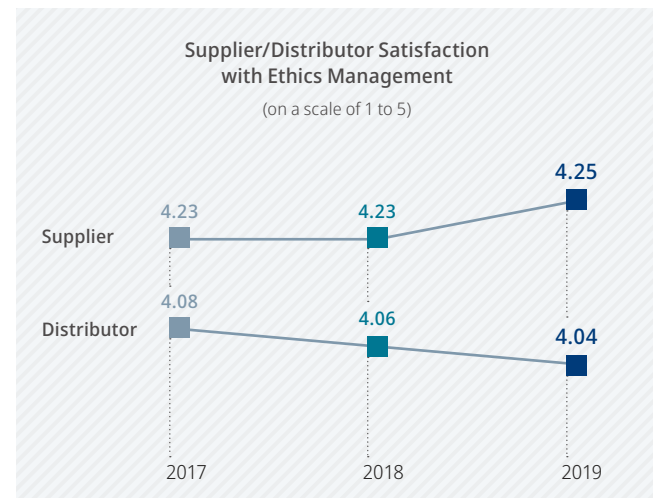
Strengthening Partnership with Suppliers and Distributors

Sending Suppliers and Distributors Official Letters Calling for Their Cooperation

During national holidays, we send our suppliers and distributors official letters calling for their cooperation to prohibit the practice of offering and receiving bribes, gifts or entertainment in doing business with LS ELECTRIC employees, encouraging them to join hands in practicing ethics management.

Supplier and Distributor Survey

Ethics management surveys are conducted each year to assess supplier/distributor satisfaction with LS ELECTRIC's ethics management and to monitor compliance with the Code of Ethics and Conduct. This serves to identify any change in our ethics management performance and to collect suggestions and reflect them in ethics management. The overall survey score for 2019 remained almost unchanged, with 4.25 points among suppliers and 4.04 points among distributors (on a scale of 1 to 5).



Ethics Training for Suppliers

Performance-sharing meetings and lectures by external experts are hosted under the supervision of the Win-Win Growth Team to spread a culture of ethics management and to disseminate and build consensus on LSPartnership, LS Group's management philosophy.

Compliance Management

Since the introduction of the compliance officer system in 2012, LS ELECTRIC has hosted the compliance management proclamation ceremony in 2014, adopted the Compliance Program (CP), and conducted self-directed reviews to ensure compliance in employee's daily business routines. Under the leadership of the head of Legal Affairs Group serving as the compliance officer, we categorize legal risks, perform self-initiated reviews, and offer compliance training to advance compliance management.

Compliance Officer System

Our compliance officer operates under the direct leadership of the Board of Directors (BOD) in accordance with Korea's Commercial Act (Article 542-13). Our compliance officer organization, created under Legal Affairs Group, reports compliance activities to the BOD each year. These activities include (1) categorization of legal risks that may occur in business conduct, (2) development of a checklist to prevent and manage legal risks, (3) support for working-level staff in conducting self-reviews through the use of the checklist, and (4) compliance training and sharing of regulatory revisions for strengthened compliance management.

Self-directed Compliance Review

LS ELECTRIC's compliance officer organization classifies legal risks related to business operations while developing and providing a checklist to be used for self-directed management and review in day-to-day business routines.

Training and Information Sharing for Strengthened Compliance Management

The compliance officer is tasked with providing annual theme-specific employee training and sharing domestic/overseas (draft) laws and regulations newly enacted or revised as well as governmental policies among relevant departments in order to raise employees' compliance awareness. In 2019, such training and information sharing on regulatory revisions was provided on 38 and 19 occasions respectively, strengthening our compliance management on multiple fronts.

Activity	Description
Operation of the compliance officer system	Categorize legal risks/update the checklist and conduct self-reviews (annual), review regulatory compliance (year-round)
Compliance training	Review the status of signing of contracts, offer bond training and consulting to business divisions and nation-wide distributors, review the Fair Trade Act, the Subcontract Act, and status of technology misuse, etc.
Sharing of regulatory revisions	Draft proposal on the 'notification of unjustified special provisions' under the Subcontract Act, partial revision of the Labor Standards Act, complete revision of the Industrial Safety and Health Act, and partial revision of the enforcement ordinance of the Information Communications Network Act

Compliance Management Declaration

LS aims to emerge as a company trusted by customers, and vows to practice compliance management as follows in conformity with its group-wide management philosophy LSPartnership:

01

First, we comply with domestic and international laws and regulations as well as corporate regulations in conducting business and do not engage in any unlawful practices.

02

Second, we strictly take responsibility for and deal with misconduct.

03

Third, we contribute to promoting the interests of stakeholders, from customers and shareholders to local communities, through compliance management, and fulfill our responsibility and obligation towards the nation and society.

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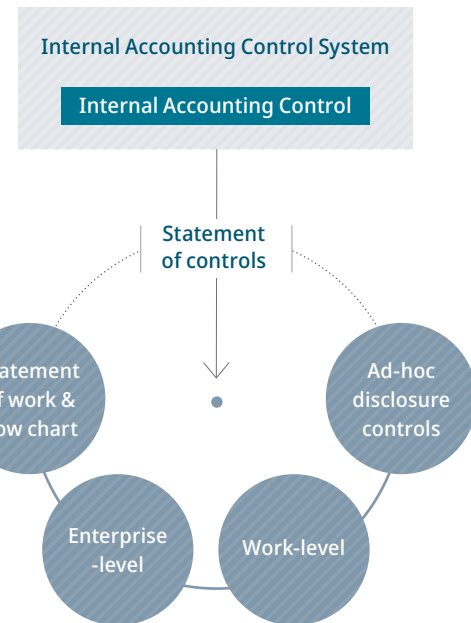
Integrated Risk Management

Internal Accounting Control

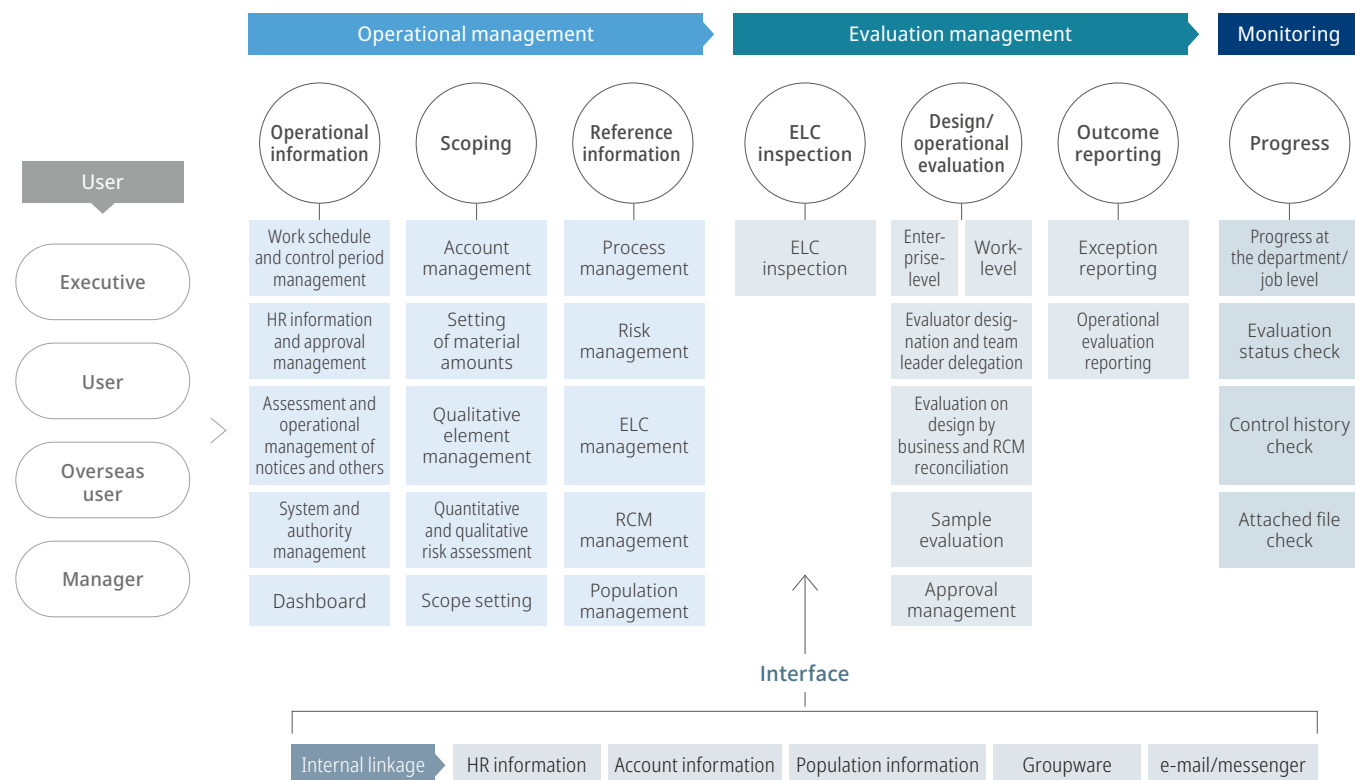
In line with the revision of the Act on External Audit on Stock Companies on November 1, 2018, all control items of our internal accounting control system underwent complete readjustment. In addition, systemic assessment and certification procedures were established to respond to the audits performed under this system while our internal accounting control system was optimized and fully restructured to improve our risk management performance at the global level.

Internal Accounting Control System

To prepare and disclose trustworthy financial statements, LS ELECTRIC ensures that its internal accounting control system is effectively designed and operated in order to prevent and identify any errors or fraudulent practices that may cause distortions on such statements. Our CEO reports on the operational status of the internal accounting control system to the general shareholder meeting, the Board of Directors and the Audit Committee, and the Audit Committee reports assessment outcomes of the system's operational status to the BOD.

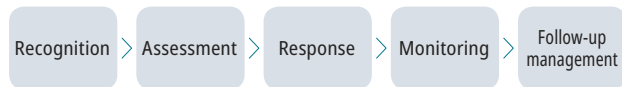


LS ELECTRIC's Internal Accounting Control System



Risk Management Process

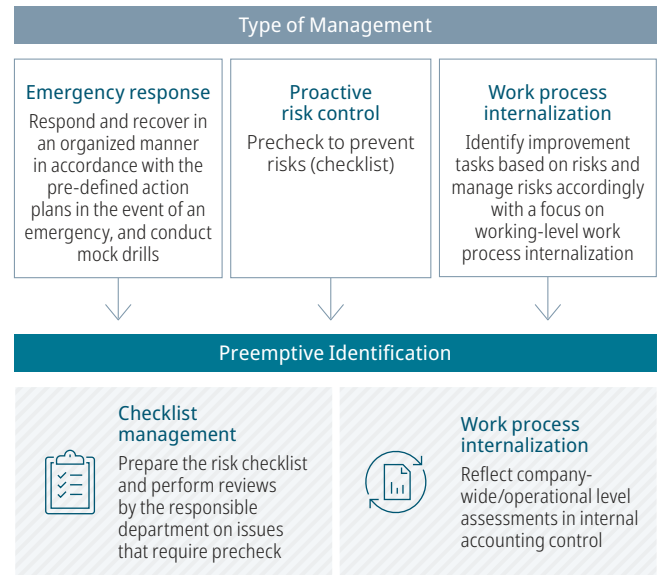
A precautionary management approach is taken in reviewing our entire work process to identify any potential risks. Once recognized, such risks are constantly reviewed and improvement measures are taken through robust follow-up management.



Preemptive Risk Identification

Our company-wide risks are categorized into emergency response, proactive risk control, and work process internalization by type of management. A preemptive approach was adopted in 2016 to identify and manage risks even before they occur, and this applied first to key risks to establish an agile risk response system.

Preemptive Risk Identification



Type of Risk Management

LS ELECTRIC defines risks as below across 104 different items in total under the category-division-section classification system. This system forms the basis to review type-specific risk management performance and conduct assessments by working-level and responsible departments in order to identify material risks and select 26 key management items.

Company-wide Pool of Risks

Category	External Environment Risk	Strategic Risk	Financial Risk	Compliance Risk	Operational Risk
Division	<ul style="list-style-type: none"> · Economy · Country/Politics/Society/Environment · Market · Natural/Man-made disaster 	<ul style="list-style-type: none"> · Business plan · Growth · PR/Communication 	<ul style="list-style-type: none"> · Market · Capital balance · Asset impairment · Financial settlement 	<ul style="list-style-type: none"> · Contract/Litigation/Trade · Law/Regulation · Ethics/Misconduct 	<ul style="list-style-type: none"> · Projects · Support process · Key process
Section	<ul style="list-style-type: none"> · Economic condition · Country · Politics · Competitor · Customer/Account · Purchase/Supplier · External stakeholder · Natural disaster 	<ul style="list-style-type: none"> · Business plan · M&A · Business portfolio · Social contribution · New business development and investment · Brand/Reputation · PR/Communication · IR 	<ul style="list-style-type: none"> · Credit rating · Commodity price · F/X · Liquidity · Trade receivables · Intangible asset · Tangible asset · Inventory asset · Investment asset · Asset impairment · Tax · Accounting fraud 	<ul style="list-style-type: none"> · Contract · Fair trade (anti-trust) · HR/Labor · IP/Privacy protection · Overseas/Trade · Corruption · Ethics/Compliance · Other laws & Regulations 	<ul style="list-style-type: none"> · Project cost · Purchase/Procurement · Design/Manufacturing · Bidding/Contract winning · Project management · IT · Corporation management · HR · Environment/Safety · R&D · Purchase/Procurement · Logistics · Production/Quality · Sales/Marketing
No. of risk items	13	16	22	19	34

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Core Issue

Customer Satisfaction

LS ELECTRIC's goal of customer satisfaction management is to ensure that customers buy the Company's products with confidence. As part of our endeavors to improve product quality and reliability, a development process based on the reliability management system has been up and running since 2017, and an R&D productivity enhancement system has been established to maximize R&D business performance and efficiency.



[Goal 7, 11]

Ensure access to reliable and sustainable energy for all

7.2

Increase substantially the share of renewable energy in the global energy mix

11.3

Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management

KEY PERFORMANCE & TARGETS

Plans for 2019

Improve the performance of external R&D cooperation
Establish a digital-based development system
Strengthen the effectiveness of product verification
Enhance customer satisfaction through technology exchanges

Performance in 2019

Promoted external cooperation through specialized companies
Created a digital environment for product design and verification

Plans for 2020

Strengthen service solution capabilities based on Digital Transformation
Develop target products to increase sales in overseas markets
Develop devices and systems to respond to renewable energy and DC power distribution

COMMITMENT



Sean Cho Leader of Marketing Team
Global E&A Business Group

LS ELECTRIC continues to expand region-based exhibitions, seminars and technology exchanges to strengthen our touchpoints with customers. The year 2020 is meaningful in that Global E&A Business Group was newly launched and a new company name was unveiled. We will boldly expand our global stronghold and reinforce differentiated solutions powered by digital transformation to further solidify the basis to bring greater customer satisfaction across our global locations.



R&D expenses
KRW **126.6** billion



IPR (intellectual property rights)
registrations and applications
9,253 cases



Customer seminars hosted
803 occasions

Customer Satisfaction

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Goal of Customer Satisfaction Management

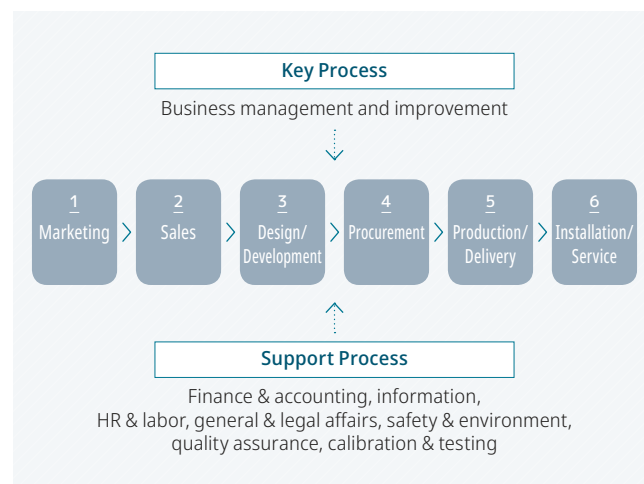
Our quality mission is to become a 'Great Company Prospering for 100 Years with Quality That Creates Customer Satisfaction', and this mission drives our commitment to continuous quality improvement and innovation to deliver products that customers can choose with confidence.



Quality Management System

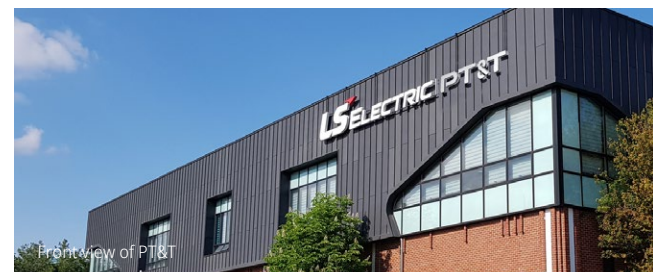
LS ELECTRIC's quality management process reflects the requirements of ISO9001(1993~), ISO14001(1996~), TS16949(2010~), and ISO45001(2020~), as well as regulatory/customer/market needs and necessary process improvements identified in the course of business conduct. We ensure that this system is implemented across our entire worksites in Korea and abroad to generate greater business outcomes.

Quality Management Process



Power Testing & Technology Institute

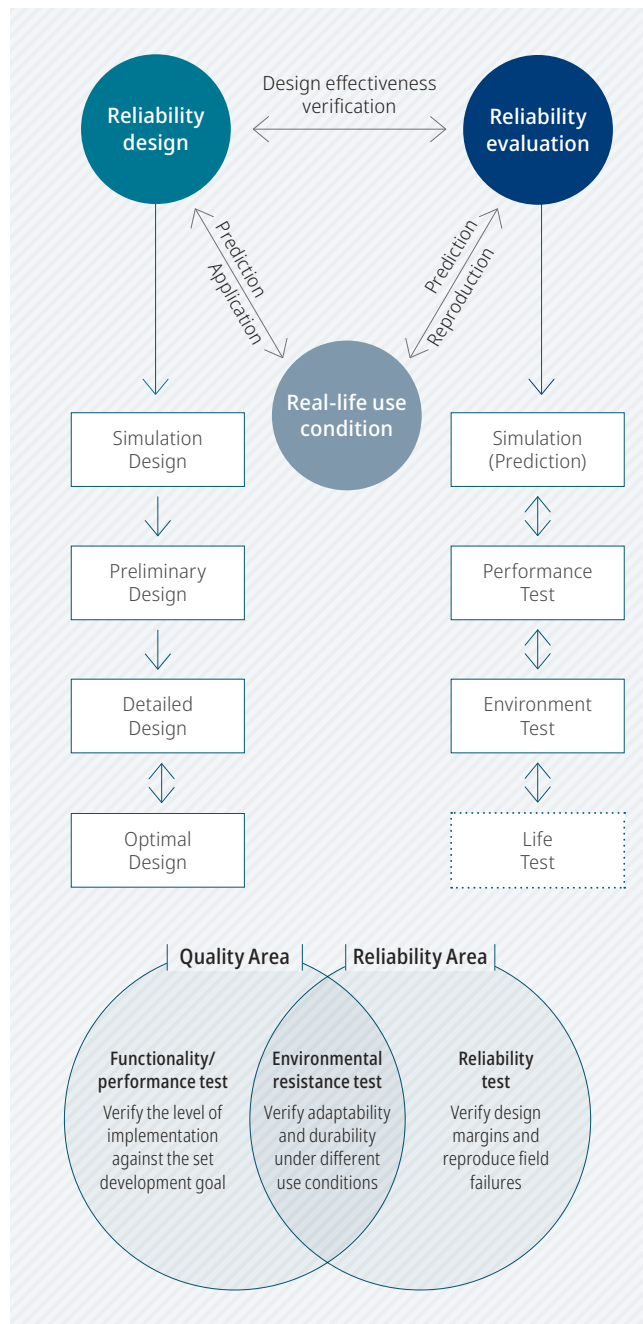
Established in 2000, our Power Testing & Technology (PT&T) Institute represents Korea's first private-sector testing lab armed with 2,000MVA short-circuit testing equipment, synthetic testing equipment (170 kV 50 kA) for ultra-high-voltage products, high-voltage testing equipment and reliability testing equipment to deliver internationally-recognized official testing services. In particular, the institute plans to add another 2,000MVA short circuit generator by 2022 to the first such generator currently under operation in order to resolve the shortage of high power testing capacity. When this second short circuit generator is completed, PT&T will be equipped with 4,000MVA short circuit testing capacity in total, and the combination of both stand-alone and parallel operation modes will help expand LS ELECTRIC's product testing scope and capacity and build testing competitiveness on par with global heavy electrical equipment companies.



Reinforcing Product Reliability

To improve product quality and reliability, a reliability-based design approach is taken throughout the entire product life cycle from development to release. Real-life use conditions where products are used and deployed are considered (durability and environmental resistance) while field-level failures and service life issues are analyzed and verified to be reflected in product designs in order to reinforce comprehensive quality assurance and deliver performance, functionality and reliability in so doing.

Robust Reliability Design

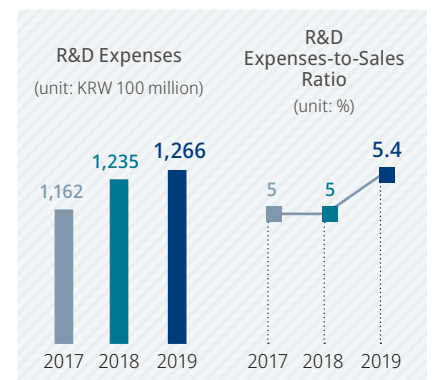


Status of R&D Operations

As a total solutions provider for smart power and automation, LS ELECTRIC aims to facilitate existing core business while swiftly securing next-generation growth drivers. In particular, an R&D productivity improvement system was established to maximize R&D business performance and efficiency, and we are focused on R&D capabilities to proactively respond to the rapidly-emerging Digital Transformation and pioneer Smart Energy and Smart Factory business. We operate specialized R&D centers in the four areas of Anyang, Cheongju, Cheonan and Busan as well as a R&D center at our Wuxi plant in China to provide localized shop floor support and create synergy with the design division. Furthermore, LS ELECTRIC is the first private sector company to operate a power testing lab (Power Testing & Technology) to elevate R&D competitiveness.

Investment Status

As we recognize R&D as the key to our corporate competitiveness, we invest nearly 5.4% of the sales in R&D to gain a sustainable competitive advantage and prepare for the future. Our R&D expenses mainly go to developing next-generation products, products and technology for new business, and core basic technology.



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Major R&D Outcomes in 2019

Developing market-leading products in the LVDC market

To become a pioneer in the Low Voltage DC (LVDC) market, we expanded our product line-ups to deliver the world's highest DC1500V-range capacity. Creating LVDC platforms, we swiftly respond to the needs for higher voltage and capacity in the ESS, PV, and charging stand sectors, and set a goal of reaching 10% in global market share in 2020.

Developing eco-friendly g³ 170kV GIS

We completed the development of 170kV GIS using the eco-friendly g³ insulating gas. Its greatest strength lies in reducing GHG emissions by more than 98% compared to conventional SF₆ gas through the adoption of the green insulating gas g³. Coming in compact size and delivering durability that extends its service life to 25 years, 170kV GIS is expected to become a leader in the eco-friendly GIS market.

Developing Smart LV switchgear solutions

Our Smart LV switchgear solutions render power devices smarter and improve their service connectivity to ultimately deliver useful services to customers. They also contribute to increasing the operational efficiency of power systems and the reliability of power supply.

Completing the development of the compact drive G100 with increased capacity

Compact drives are one of our new offerings designed to improve product service life and performance while dramatically reducing cost, and are expected to set the trend in the compact drive market.

Intellectual Property Strategy

We are establishing an innovative Intellectual Property (IP) portfolio to efficiently respond to rapidly-shifting business and market conditions – digital transformation technology and industrial convergence – and to improve our global business competitiveness. In particular, we continue to acquire IP to be used in the fields of IoT, big data and information and communications technology and build their application infrastructure to generate both tangible and intangible profits as a way to boost our technology competitiveness in the 4th Industrial Revolution era. Furthermore, we proactively share our technology by transferring our IP free of charge to SMEs to pursue shared growth and co-prosperity.

IP Registrations and Applications

(as of 2019, unit: cases)

Category	Domestic			Overseas		
	Patent	Design	Total	Patent	Design	Total
Registration	2,326	139	2,465	4,523	174	4,697
Application	1,058	1	1,059	1,027	5	1,032
Total	3,384	140	3,524	5,550	179	5,729

Sharing Technology with SMEs

In 2019, we joined the third technology sharing project supervised by the Korea Institute for Advancement of Technology (KIAT) to transfer 42 patents to 25 SMEs free of charge, which demonstrates our strong commitment to promoting shared growth and win-win management.



Design Management

LS ELECTRIC is the first in the industry to create a design center back in 2005 and has since remained agile in catering to increasingly specific and sophisticated customer needs in the producer-driven industrial equipment manufacturing industry. We integrated customers' emotional and user experience in our product design to elevate their aesthetic style and ultimately aim to bring sustainability to our design management.

Design Award

Recognized at the iF Design Award for 2 Consecutive Years

We received awards at the iF Design Award of Germany, one of the three most renowned global design awards, for two consecutive years. Susol Smart MCCB and iXP2 Series were honored at the award and we were listed in the Global Top 25 Index of the industrial equipment sector in recognition of our outstanding design competitiveness as well as world's top-tier quality.

Receiving the Good Design Awards

LS ELECTRIC had two of its products – Susol Smart MCCB and Modular Scalable PCS – honored with Korea's most prestigious 'Good Design' awards. In recognition of their exceptional design, these products were also granted the GOOD DESIGN mark certified by the Korean government.

iXP2 Series

This Human Machine Interface panel allows users to control a range of devices deployed in the industrial environment and provides information to users to assist their communication with devices. When installed, the slim design of the front panel is further highlighted, and its line-up that consists of four models based on display size adopts design elements that create a consistent product identity.

Susol Smart MCCB

This serves as a key power device that preemptively interrupts short circuits that may occur at a range of equipment and major facilities within plants or buildings in order to prevent fires from occurring. The diamond-shaped design motif is applied across the front section of the product to deliver simplicity in its overall look while creating refined details on a closer view.

Modular Scalable PCS

This device supports DC/AC conversion to store and use renewable energy generated through photovoltaic or wind power. As Korea's first to adopt a modular structure, its capacity is easily adjusted to meet changing conditions, and is differentiated from the competition for its efficiency and stability.

These products embedded with LS ELECTRIC's design identity are noted for their aesthetically-pleasing appearance that matches their exceptional performance as well as for applicability under diverse use conditions. Our distinctive Product Identity (PI) will be extended to wider product categories to build unrivaled dominance in brand competitiveness in every conceivable aspect including design and performance.



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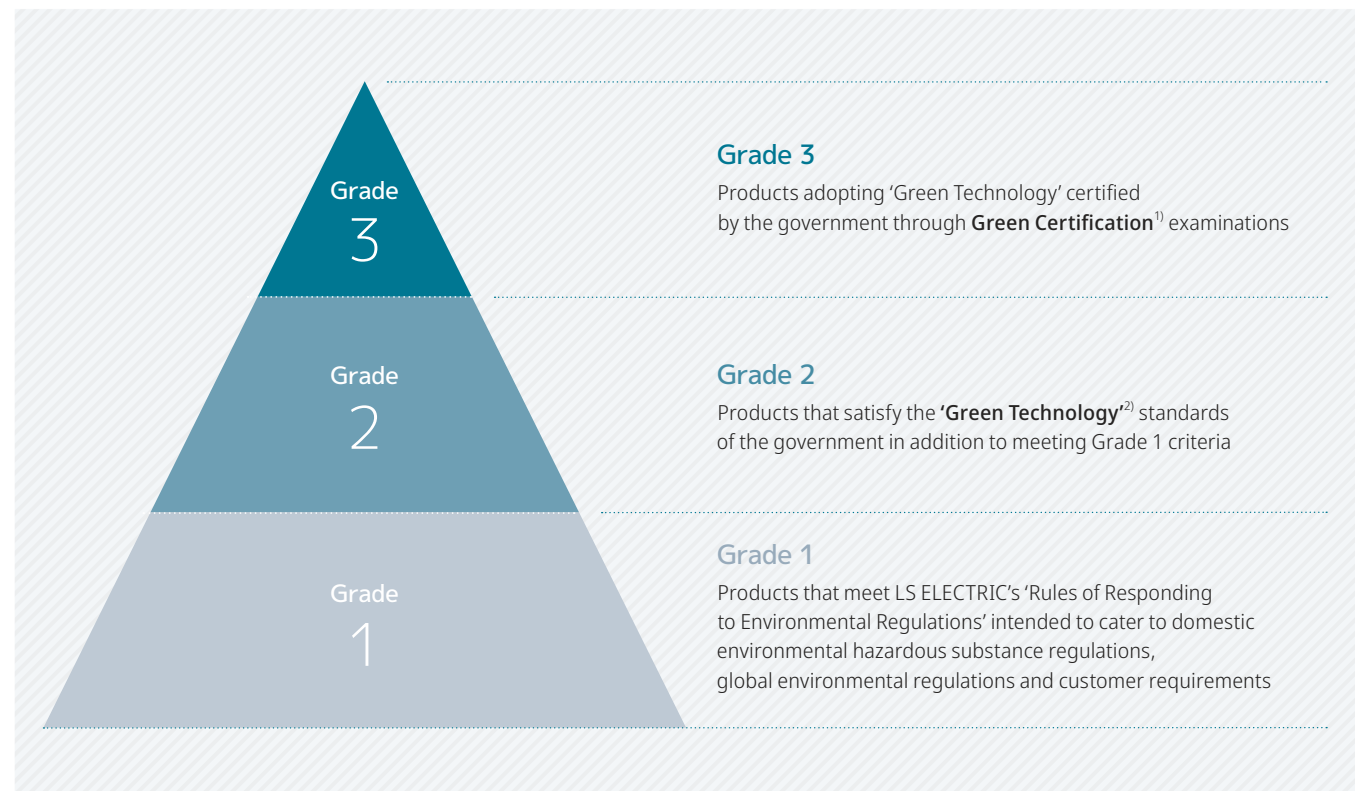
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Green Product Management

LS ELECTRIC defined the 'Green Product Grade Model' to elevate its status as a green energy company for 'Futuring Smart Energy' and to upgrade sustainability management, and is taking a systemic approach to the management of green products. Under this model, all our flagship product models are assessed for their eco-friendliness and each model is assigned one of the three grades accordingly to facilitate the development of customer-oriented green products.

Green Product Standards



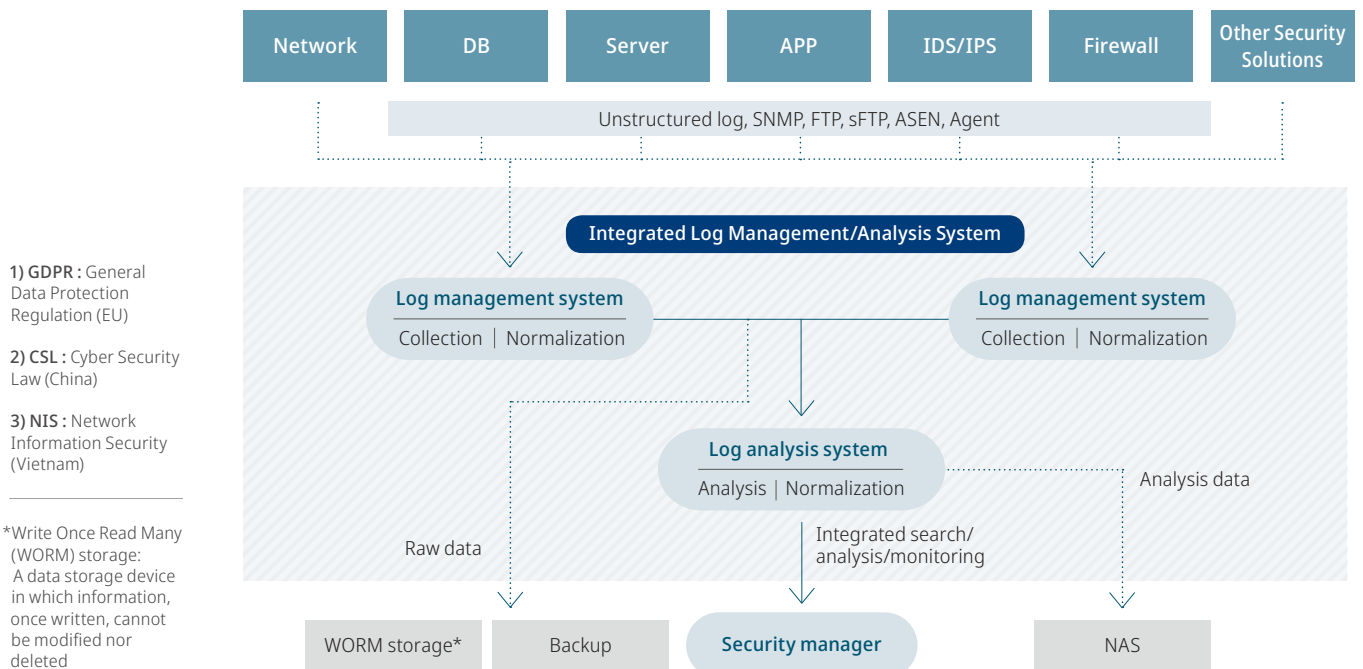
1) Green Certification: This governmental certification program aims to specify green technologies and businesses in accordance with the Framework Act on Low Carbon Green Growth to expand private sector's participation in green industries and promote the growth of high-tech markets and industries.

2) Green Technology: Green Technology refers to technologies that conserve and efficiently use energy and resources throughout the entire socio-economic activity cycle to minimize GHG emissions and pollutant generation in the fields of GHG emission mitigation, energy consumption efficiency improvement, clean manufacturing, clean energy, resource circulation and eco-friendliness.

Customer Information Protection

LS ELECTRIC is fully committed to addressing external threats and preventing internal information leaks. DB encryption, DB access control and server access control solutions are under operation to comply with the Information and Communications Network Act and the Personal Information Protection Act of Korea, and periodic employee training is provided. We are in thorough compliance with such global regulatory requirements as GDPR¹⁾(Europe), CSL²⁾(China), and NIS³⁾(Vietnam) as well as the domestic Personal Information Protection Act. In line with the rapidly-shifting digital transformation landscape, we also provide support for the uninterrupted production system through the deployment and standardization of a public cloud security system and Factory Operating Technology (OT) security.

Threat Log Management Process



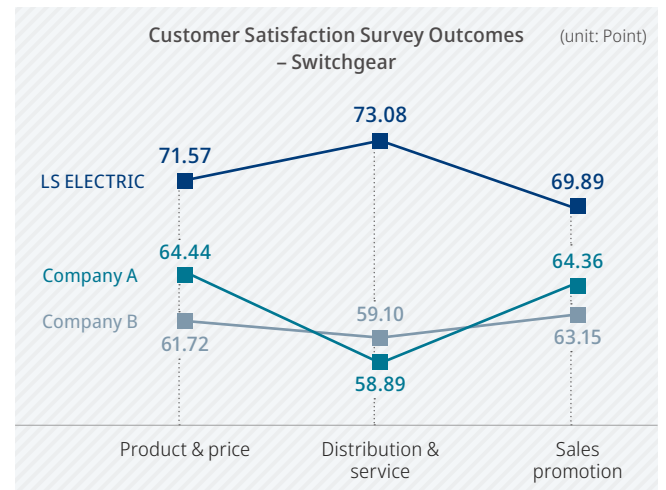
Customer Satisfaction Survey

LS ELECTRIC conducts annual customer satisfaction surveys on its major products in Korea and abroad.

Electric Power | In 2019, we surveyed more than 200 main customers on 15 questionnaire items to identify their satisfaction with our switchgears, one of our flagship products in power solutions business. We scored 72 points on average to outperform competitors.

Customer Seminars Hosted (unit: No. of occasions)

Event	Exhibition	Seminar
Electric Power	13	623
Automation	4	163
Total	17	786



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Customer Seminar

LS ELECTRIC is a regular participant in trade fairs hosted in Korea and abroad. We further reach out to customers to strengthen our direct interactions with them through exhibitions and seminars.



January

2019 AHR Expo | Atlanta, USA

AHR Expo is the world's largest Heating, Ventilation and Air Conditioning (HVAC) exhibition held in major cities in the US under the supervision of the American Society of Heating, Refrigerating and Air-Conditioning Engineers to unveil latest trends and technology in the HVAC industry. We joined this event in 2019 as part of our efforts to tap into the focus market of North America, and displayed varying products and solutions specialized in automation and power to serve the air conditioning system industry.



February

PV System EXPO | Tokyo, Japan

We attended the PV System EXPO 2019, Asia's largest energy exhibition, held as part of the World Smart Energy Week (WSEW). On the strength of RMU with its proven and extensive track records in Japan, we improved our reputation as a company recognized for EPC capabilities to provide end-to-end support for PV+ESS power generation business.



March

RAIL ASIA | Bangkok, Thailand

This event served to elevate our corporate reputation as a provider of integrated solutions (signal/power system) in the railway system sector in Thailand, the hub of transport and railway traffic in Southeast Asia. We focused on customer networking and sales/technology counseling.



April

Hannover Messe 2019 | Hannover, Germany

The Hannover Messe is one of the world's largest trade fairs held in Hannover, Germany. With DC Island as our main theme for this event, we presented our total power solutions in a virtual reality gaming environment for visitors to have immersive experience, and this was positively welcomed.



May
SPS 2019 | Parma, Italy

We attended the Italy's largest trade fair for automation systems to expand our automation product sales opportunity and create a customer network, accelerating our endeavors to tap into the European market.



July
KOSEF 2019 | Ho Chi Minh, Vietnam

We participated in the Korea Smart Electric & Energy Week 2019 (KOSEF 2019) held in Vietnam with a focus on integrated smart solutions to solidify our position in the Vietnamese power facility market and expand our presence in the high-end segment.



September
ENTECH 2019 | BEXCO, Busan, Korea

We joined the Environment & Energy Tech 2019 (ENTECH 2019) held in Busan to strengthen our customer loyalty in Busan City and the wider government supply market in addition to expanding our renewable energy business in the southern region of Korea. Presenting our future business directions on distribution class products, we promoted LS ELECTRIC as a reliable future partner for customers.



October
KSGE 2019 | COEX, Seoul, Korea

We attended the 'Korea Smart Grid Expo 2019' (KSGE 2019), the world's largest energy fair, with the motto of a 'digital solution provider to promote customer value of going digital'. We enhanced our corporate reputation as a global power company, and publicized our capabilities as a total solution provider ranging from generation to demand management and our advanced smart energy business model.



November
Bitgaram International Exhibition of Electric Power Technology Expo (BIXPO) 2019 | KDJ Convention Center, Gwangju, Korea

We participated in BIXPO 2019 organized by Korea Electric Power Corporation as a venue for global technology exchange in the power sector. Our key theme was digital transformation, and we showcased our business and technology capabilities, from GridSol Care/Smart Power Grid technology to Seogechado DC Island and ESS solutions.

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Core Issue

Safety and Environment

LS ELECTRIC operates a process-based safety and environment management system to create an injury/pollution/loss-free workplace. As part of our endeavors to respond to climate change, we promote green designs to help mitigate GHG emissions, and set our internal threshold in discharging environmental pollutants at 50% or below of the legally-permissible standards. We will realign our company-wide safety organizations and their roles & responsibilities while consistently making risk assessments and improvements to reduce injuries to zero across our worksites.



[Goal 6, 12, 13, 15]

Guarantee sustainable consumption and production modalities, and strengthen institutional capacity on climate change mitigation

6.3

Improve water quality by minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling

12.6

Adopt sustainable practices and to integrate sustainability information into the reporting cycle

13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, and impact reduction

15.a

Mobilize financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

KEY PERFORMANCE & TARGETS

Plans for 2019

Conduct activities to prevent safety incidents and promote health
Manage enterprise-wide SHE* operation
Establish fire and disaster prevention infrastructure
Operate an eco-friendly green workplace for sustainable management

*SHE : Safety, Health, Environment

Performance in 2019

Prevented safety incidents by improving on high-risk work through safety audits
Provided permanent safety management support for domestic/overseas projects awarded
Improved corporate reputation by renewing the Green Business designation

Plans for 2020

Manage risks based on the health and safety management system
Establish a fire fighting and response system
Create a Clean & Green workplace

COMMITMENT



Gi-Seon Kim Leader of Safety & Environment Team, Plant Support Group

Safety and environment are increasingly gaining importance and drawing greater attention, and their significance will only grow in the years ahead. Safety & Environment Team will do its utmost to prevent safety and environmental incidents from ever occurring across all our worksites and to ensure that all employees can work in a healthy environment, delivering 'workplace health and safety' in so doing.



Safety and environment investments

KRW **23.8** billion



Occupational injury rate

0.01 %



GHG emissions intensity

0.22 tCO₂eq/KRW million

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Safety and Environment Management System

LS ELECTRIC receives annual conformance verifications conducted by external verification organizations, and conducts internal verifications more than once every year. In 2020, we plan to transition to the international health and safety management standard of ISO 45001 to establish a global safety, health and environment (SHE) system that satisfies international standards.

SHE Vision and Strategy

LS ELECTRIC proactively responds to the needs of internal/external stakeholders for SHE management and fully complies with applicable regulations. We will consistently endeavor to establish an injury/pollution/loss-free workplace in Korea and across our overseas suppliers.

SHE Management Policy

Promoting green plants

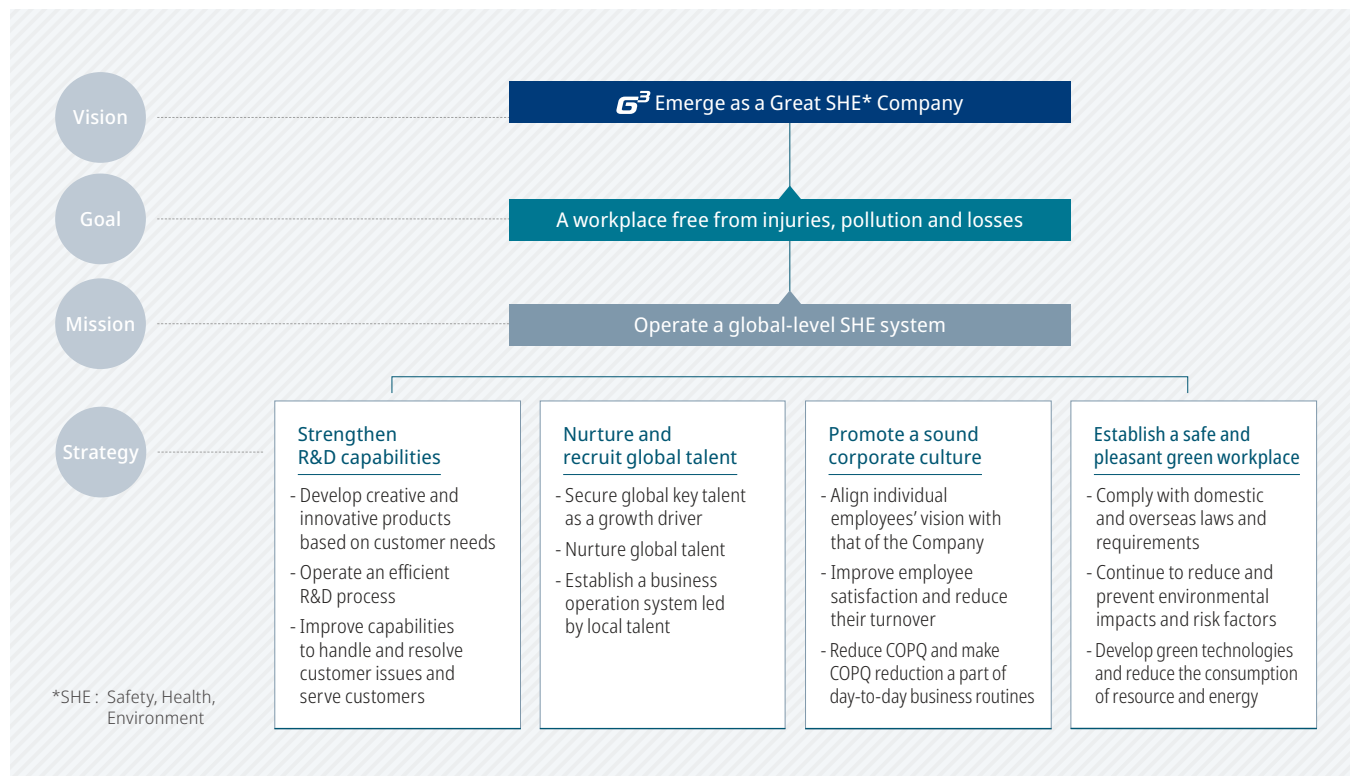
- Minimize environmental impacts in the entire process from product design to disposal to fundamentally prevent pollution
- Apply green production technologies to minimize the consumption of resources and energy
- Comply with international conventions, laws, internal standards and other requirements in the environmental sector

- Conduct periodic environmental assessments to analyze environmental performance and constantly improve the environmental management system
- Provide employees with education and training to raise their awareness on environmental conservation and encourage them to engage actively in environmental conservation efforts

Operating a safe and healthy workplace

- Place health and safety impacts first across all products, work areas, equipment, processes and technologies
- Set LS ELECTRIC's health and safety management standards above international conventions, laws and other requirements in the health and safety area, and constantly raise the bar on management performance through improvement
- Provide appropriate resources for health and safety improvement and encourage the proactive participation of employees through education and training
- Set and implement action plans to identify potential risk factors while minimizing and improving on health and safety hazards in order to prevent safety incidents and continue with improvement activities
- Improve productivity through health promotion and maintenance and the prevention of diseases, accidents and incidents

SHE Vision and Strategy



SHE Management System

LS ELECTRIC is operating a safety, health and environment (SHE) management system to fully respond to international conventions, governmental laws and policies, and stakeholder requirements. We analyze risks to reduce the discharge of air pollutants and waste generated from the production process and to prevent safety incidents affecting our employees while performing annual internal assessments to verify our compliance with this system.

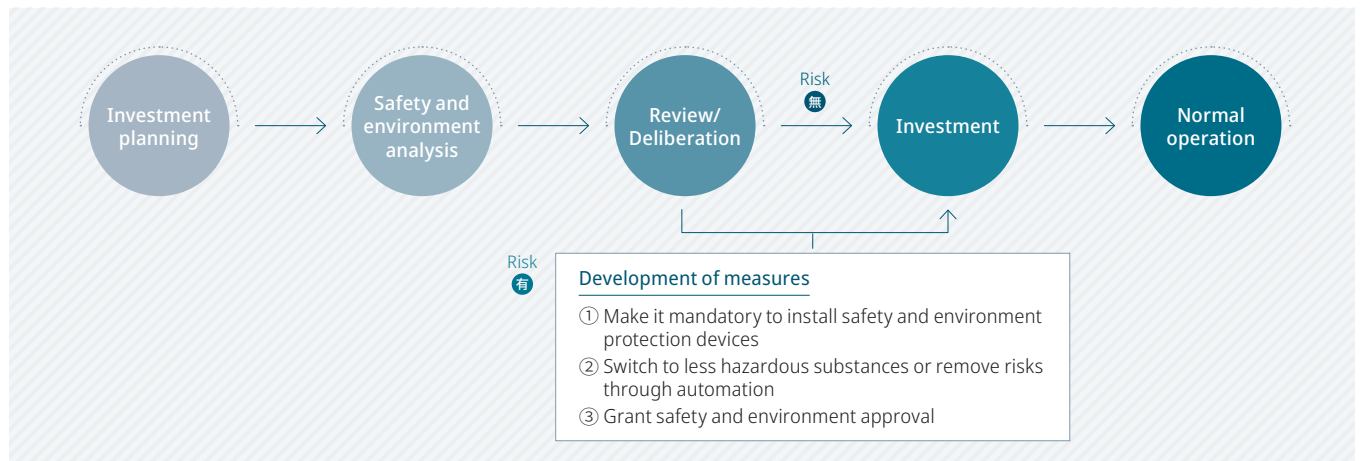
Safety and Environment Audit

Self-initiated safety audits are performed by all employees to create a pleasant and safe work environment and reduce injuries to zero across our worksites. In addition, each worksite conducts monthly field-driven safety checks to eliminate potential risks.

Safety and Environment Investment

To minimize our SHE impacts, we are building smart factories, invest in the rationalization of equipment and production lines, and continuously replace aging U/T power equipment. We will also continue to review investments made in photovoltaic equipment and ESS to proactively adopt green energy sources.

SHE Audit Process



Safety and Environment Investments Made

(unit: KRW million)

Category	2017	2018	2019
Develop eco-friendly products	9,052	5,879	8,519
Improve processes	191	271	14,044
Invest in safety and environment equipment	822	405	411
Maintain safety and environment equipment	488	274	875
Total	10,553	6,829	23,849

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Response to Climate Change

Climate Change Response Strategy

To respond to such climate change issues of global warming and ozone depletion, LS ELECTRIC has signed voluntary agreements to reduce energy consumption and GHG emissions to fully cooperate with the government in implementing its climate change response policy. To this end, we actively participate in the Carbon Disclosure Project (CDP) each year to present our commitment to GHG management, mitigation plans and risk & opportunity data, and widely publicize our GHG management strategy in so doing.

(unit: tCO₂eq)

Category		2017	2018	2019
GHG emissions (by source)	Scope 1	250,704	27,212	50,843
	Scope 2	25,553	32,785	35,284
	Scope 3	506,032	563,338	312,394
	Total	782,289	623,335	398,521

Our Cheongju plant is subject to the Korean government's GHG Target Management System and receives annual third-party verifications on its emission sources and quantities. As our Gas Insulated Switchgear (GIS) products generate GHG emissions when installed outdoors, we calculate and manage our Scope 3 emissions.

Developing Green Products to Reduce GHG Emissions

SF₆ gas, a well-known greenhouse gas (GHG), is consumed for the production of our Gas Insulated Switchgear (GIS) products. This prompted us to shift to g³ gas in developing our 170kV GIS as part of our full commitment to mitigating climate change. While this 170kV GIS is the same in size with other existing models, it is capable of lowering Global Warming Potentials to 87% and under.

Reducing Energy Consumption and GHG Emissions

Our energy consumption is monitored in real time through the GHG inventory and the energy management system. We mainly use electricity and LNG as primary energy fuel: electricity is used to power manufacturing processes and cooling/heating equipment, and LNG is consumed for company-wide heating equipment and cooking. As our energy consumption is constantly on the rise due to the broadening of business areas, the creation of new R&D centers and the expansion of plants, we strive to develop and implement investment plans to improve energy efficiency and mitigate our energy consumption in so doing.

Category		Unit	2017	2018	2019
Energy consumption	Electricity	MWh	57,153	70,317	75,677
		MWh/KRW 100 million (production value)	3.12	3.60	4.10
	LNG	km ³	2,337	2,733	2,424
		km ³ /KRW 100 million (production value)	0.13	0.14	0.13

Management of Environmental Pollutant Discharge

Air Pollutant Management

To respond to the tightening Clean Air Conservation Act, we set the internal threshold for discharging air pollutants generated from the manufacturing process at 50% and under of the legally-permissible standards. Our Cheongju and Cheonan plants have signed voluntary agreements with the Ministry of Environment to reduce their pollutant discharge between December and March when the concentration of particulate matter (PM) is notably high.

Water Use and Effluent Disposal

We source water from streams in the vicinity of our worksites through local governments. Mostly, water is used for daily purposes (e.g. cafeteria), and effluents generated from a portion of our manufacturing process are disposed of with the help of professional disposal service providers.

Waste Management

Due to the inherent characteristics of electric equipment manufacturing, metal pieces account for the majority of waste generated from our worksites. Waste is sorted out according to their recyclability and is treated lawfully and properly. In 2019, more than 86% of waste was recycled.

Chemicals Management

To comply with regulatory provisions set forth under the Chemicals Control Act, we manage chemical substances used at our worksites through the inventory developed based on warehousing data. Chemicals that enter our worksites are verified for their components through the use of the MSDS*, and employees handling such chemicals are provided with relevant information and training to ensure their safe use.

* MSDS : Material Safety Data Sheet

Workplace Safety Management

Workplace Safety Check

To preemptively check and eliminate risk factors, we shifted from patrol-based audits to theme-based intensive audits. In addition, subcontract consultation meetings are held each month to confirm health and safety concerns raised by internal suppliers and support their improvement.

Safety Inspection on High-Risk Machines and Devices

We request external professionals to perform annual safety inspections on such high-risk machines and devices as cranes and pressure containers. In addition, internal complete inspections are conducted on wire and fiber ropes every quarter to ensure that only conformant ropes are used.

Introduction of Safe Work Permits

The safe work permit system is up and running at the worksite level for such high-risk machines and devices as forklifts as well as for electricians and employees handling cranes and other heavyweight items. All our employees develop plans for qualification training and work safety so that they are equipped with safety skills and experiences on high-risk work.

Health and Safety Assessments on R&D Centers

Affiliated R&D centers are under operation in the four regions of Anyang, Cheongju, Cheonan and Busan. In conformity with the Korean government's 3rd Basic Plan on the Creation of a Safe Research Work Environment (2018~2022), we set up a hazardous factor database through the national research safety information system to provide researchers with safety information on R&D centers. Furthermore, Commission is operated to gather suggestions on the improvement of vulnerabilities and reflect them in R&D investment to ensure their execution.

Safety Management for Projects Awarded

For the installation and test-run of power devices across the entire process from power generation to final consumption, our Project Managers (PM) play a pivotal role in integrating risk assessments into our daily business routines even from the project initiation phase. responsible department was created as a dedicated safety management department for projects awarded, and staff exclusively responsible for safety management is assigned to respond to the reinforced Occupational Health and Safety Act and ensure professional safety management for project undertakings.

Health and Safety Target Management System

Health and safety assessments are included in the department-level Management Innovation Program (MIP) to measure our health and safety performance. The attainment of health and safety targets is assessed in nine grades to establish a self-initiated safety management system across respective departments and engage each and every employee in health and safety management.

Work Environment Improvement

We measure and assess the exposure of such hazardous factors as noise, dust, and harmful chemicals to promote the health and productivity of our employees while improving on identified issues to create a pleasant work environment. Work environment measurements are conducted periodically twice a year through external measurement organizations. As a result of ceaseless efforts for health and safety improvement, the exposure of hazardous factors in the work environment declined from 50% and under in 2018 to 40% and under in 2019 against the legally-permissible exposure standards (excluding noise).

Safety and Environment Consulting for Suppliers

We support the SHE operation of our suppliers each year to strengthen their safety and environment capabilities and improve their management performance. On-site visits are paid to suppliers to verify the improvements made, and SHE-related regulatory training is provided to fully assist responsible staff at suppliers in improving their competence.



Workplace safety check



Safety inspection on high-risk machines and devices



Crane inspection

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Core Issue

Shared Growth

Shared growth is the common denominator that forms the management philosophy that enables sustainable growth of LS ELECTRIC and its numerous suppliers. We value each and every supplier as treasured partner in our past, present and future. To drive the sustainable growth of our partners, we implement shared growth policies from supporting core capacity-building, financing and facility investment to developing a sound supply chain through subcontract regulation training and the shared-growth payment system. We will endeavor from multiple aspects with suppliers to 'create a culture of sustainable shared growth' and establish and disseminate such culture across the entire value chain.



[Goal 17]

Revitalize the global and supplier partnership for strengthened implementation tools and sustainable development

17.13

Enhance global macroeconomic stability, including through policy coordination and policy coherence

17.17

Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

KEY PERFORMANCE & TARGETS

Plans for 2019

Strengthen fair trade management
Conduct activities to increase the competitiveness of suppliers

Performance in 2019

Graded 'Excellent' in the Shared Growth Index
Systemized activities to prevent regulatory violations and ensure regulatory compliance
Disseminated a culture of shared growth through the broadened communication scope and diversified channels

Plans for 2020

Launch activities to support customized management capacity improvement
Adopt standard subcontract forms among suppliers
Facilitate benefits sharing

COMMITMENT



Giseok Yoon CEO, Hangil EST, Chair of the ACE Club

Today, suppliers are facing mounting difficulties due to rising wages and environmental regulations as well as increasingly growing needs for product competitiveness. Even amid such circumstances, LS ELECTRIC is committed to assisting its suppliers for their competitiveness and sustainable growth through wide-ranging shared growth policies, quality guidance and smart factory-related facility investments. As a supplier, we are confident that LS ELECTRIC will continue to build win-win partnerships with all its suppliers on the basis of long-lasting competitiveness and mutual trust.



Purchases from ACE Club members

KRW **231** billion



Financial support for suppliers

KRW **11.8** billion



Suppliers using the shared growth payment system

842 companies

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Establishing a Culture of Fair Trade

Signing and Fulfilling Fair Contracts

To comply with the Fair Trade Act and the Subcontracting Act and promote contractual fairness, we sign the Basic Trade Contract and the Standard Fair Trade Subcontract Agreement with suppliers each year. In 2019, the Contract was concluded with 660 subcontractors, and it reflected the standard subcontract agreement recommended by the Fair Trade Commission (FTC) and contractual provisions revised in 2019. In particular, the Contract fully integrated provisions to specify subcontract payment conditions and promote the rights and interests of subcontractors to establish fair and transparent transactions with suppliers. In signing the Contract, the 'Ethics Management Pledge' is also included to encourage suppliers to comply with general contract-related ethics provisions. In 2019, we signed the Standard Fair Trade Subcontract Agreement with 339 suppliers to demonstrate our commitment to fair trade and win-win cooperation.

Prevention of Regulatory Violation and Promotion of Regulatory Compliance

4 Action Plans for Win-Win Cooperation

The four action plans for win-win cooperation between large businesses and their SME supplies – signing contracts through a fair process, issuing and archiving written contracts, operating the Internal Subcontracting Audit Committee, and ensuring a fair supplier selection process – are reflected in our corporate standard rules on domestic procurement and supplier management, and fully implemented accordingly. The Internal Subcontracting Audit Committee meets every month



to deliberate on the risk of delaying payments to suppliers, the qualifications of newly-registered suppliers, and the appropriateness of supplier contract termination procedures, preventing any violation of the Subcontracting Act in so doing.

Dispute Resolution Mechanism

A mechanism is up and running to expedite the resolution of disputes with SME suppliers. This addresses non-payment or payment delays that may occur in subcontract deals between LS ELECTRIC and its suppliers as well as unfair practices on receipt of goods, product returns, subcontract payment decisions and amount reductions, and its scope spans issues that occurred within three years from the date of contract closure. In addition, we gather difficulties experienced by suppliers so that relevant departments (procurement, production, design, quality, etc.) can make necessary improvements, and use our shared growth portal TOPS to operate the subcontract dispute resolution mechanism and the cyber reporting channel to prevent disputes from occurring through such diverse channels.

Training on the Subcontracting Act

Annual training on the Subcontracting Act is provided to our employees and suppliers to comply with this Act and spread a culture of fair trade. In 2019, fair trade training was offered under the supervision of our Legal Affairs Group to all relevant departments in charge of design and R&D among others as well as procurement, and the scope of trainees will be further expanded. In addition, training is arranged on compliance/ethics management issues and case studies that occur frequently through internal procurement build-up meetings to help procurement staff develop their mindset on compliance with the Subcontracting Act.

Post Verification on the Legality of Subcontracts

Each year, semi-annual monitoring is performed on our transactions with suppliers who signed the Standard Fair Trade Subcontract Agreement, and internal reviews are made on any violation of the obligations or prohibitions imposed on us as a large business under the Subcontract Act. Monitoring conducted twice in 2019 revealed that we signed the Basic Trade Subcontract with all 339 suppliers with whom we also signed the fair trade agreement, and unfair decisions on subcontract payments or the imposition of unfair special provisions did not occur. In the event of design modifications or change in raw material prices, we surely adjust prices for suppliers, and technical data requests are issued following prior consultation with suppliers in requesting the provision of suppliers' management data.

Support for Suppliers' Growth and Development

ACE Club: Member Selection and Support

Our ACE Club was designed to select outstanding suppliers based on the three criteria of Activity (taking swift action), Challenge (pushing the envelope) and Excellence (achieving top-tier performance as an exceptional partner) and to offer guidance on quality, production and overall management and recognize their status as a shared growth partner. This program was launched back in 2008, and members are chosen through annual comprehensive assessments on their quality, on-time delivery, cost competitiveness, and advocacy for shared growth. ACE Club members are eligible for wide-ranging benefits including productivity improvement activities, domestic/overseas benchmarking and innovation exchange activities as well as preferential payment conditions, and are given full support in developing their global competitive edge.



Domestic/Overseas Innovation Benchmarking

To raise suppliers' innovation mindset and improve their global competitive edge, we have provided them with an opportunity since 2008 to visit leading companies and trade fairs in Korea and abroad to observe the rapidly-shifting market landscape and learn know-how on quality and production management. In 2019, domestic benchmarking activities were undertaken for each major line of business while Korean SMEs, who have established global presence and are doing business with leading players in Vietnam, were benchmarked to explore ways to strengthen capacity as a global supplier and to resolve management issues through market surveys for overseas business development.

CEO Seminar

CEOs of Ace Club members are invited to annual seminars that address topics related to business administration including management strategy, marketing, leadership and economy. Distinguished experts and LS ELECTRIC executives serve as lecturers and interactive discussions take place on major business issues. In May 2019, a special lecture was given on the theme of 'management insight' with the help of a professional instructor to discuss how to recognize one's role as a CEO, broaden insights and strengthen leadership skills.



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Innovation Contest and Discussion

The Innovation Contest has been hosted at the end of each year since 2018. While the event had focused on the Innovation Exchanges at the ACE Club level, its scope extended from 2019 onwards to include major suppliers to share the outcomes of innovation activities undertaken during the year. At the Innovation Contest held in 2019, six suppliers presented their best innovation practices and received rewards, which promoted good-faith competition among suppliers, disseminate an innovation-driven mindset and recognize innovation outcomes.

ACE Club Innovation Exchanges

Our innovation initiative, previously led by ACE Club CEOs, evolved to focus on working-level employees at respective members from 2017 onwards, and this led to the operation of the ACE Club Innovation Exchanges. Attended by working-level staff, these exchange events serve to share common practices and launch practice-based innovation activities to generate mutual synergy. In 2019, the Action Learning activity was undertaken by identifying innovation tasks at respective suppliers. Visits were also paid to Korean SMEs operating in Vietnam to build consensus on the need for overseas market development, and suppliers joined the volunteer activity dubbed 'Hands on Program' with LS ELECTRIC employees, received fair trade training, and visited the Korea's largest energy fair 'Energy Plus 2019'.



Innovation Contest

CSR Activities Undertaken with Suppliers

Our annual 'Love Volunteering' activities were launched in 2015 to join hands with suppliers in contributing to local communities and practicing the true spirit of sustainable management. In 2019, 20 ACE Club CEOs and LS ELECTRIC employees attended the "Hands on Program" as volunteers and donated the toy-shaped soaps they made to orphanages. Such activities served for LS ELECTRIC and ACE Club members to practice both shared growth and sharing-driven management.

ACE Club Reflection

Our ACE Club Reflection program intends to review ACE Club activity outcomes over the year, encourage respective members to identify implications on their own activities, and discuss ways to facilitate ACE Club operations in the upcoming years. The ACE Club activities for the year 2019 helped strengthen partnerships between LS ELECTRIC and its suppliers through CEO communication events and CSR programs in addition to reinforcing suppliers' capabilities through CEO Seminars, domestic/overseas benchmarking and the Innovation Exchanges. The ACE Club Reflection served to look back on the significance of wide-ranging activities undertaken for the year, share ideas among members on necessary improvements, and explore ways to further boost the competitiveness of the ACE Club.



CSR activities undertaken with suppliers



ACE Club Innovation Exchanges



ACE Club Reflection

Strengthened Support for Shared Growth

Financial Support

We support low interest rate loans to suppliers to help facilitate their financing of facility investment and plant expansion for productivity improvement. In 2019, KRW 31 billion funds were raised – KRW 3.6 billion in direct support, KRW 14.8 billion in combined support, and KRW 12.6 billion in special support – and KRW 11.8 billion was provided to 62 primary and secondary suppliers to contribute to improving their financial liquidity and business stability. Our financial support benefits not only primary but also secondary suppliers to spread a culture of shared growth, and such support will continue well into 2020 to offer varying benefits to these suppliers. In addition to low interest rate loan support, we endeavor to improve subcontract payment conditions and to increase the rate of cash payments to help increase the cash liquidity of suppliers.

Financial Support Provided (unit: KRW 100 million)

Category	2017	2018	2019
Direct	28	24	36
Combined	81	70	74
Special	30	20	8
Total	139	114	118

Suppliers That Received Support (unit: No. of companies)

Category	2017	2018	2019
Direct	26	28	24
Combined	26	22	25
Special	16	13	13
Total	68	63	62

Response to Conflict Minerals

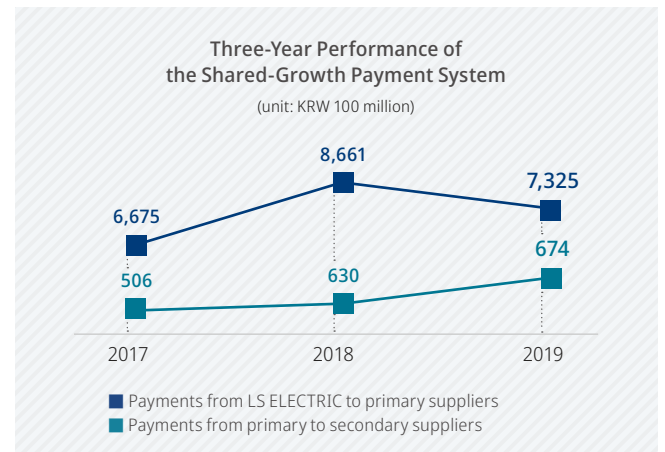
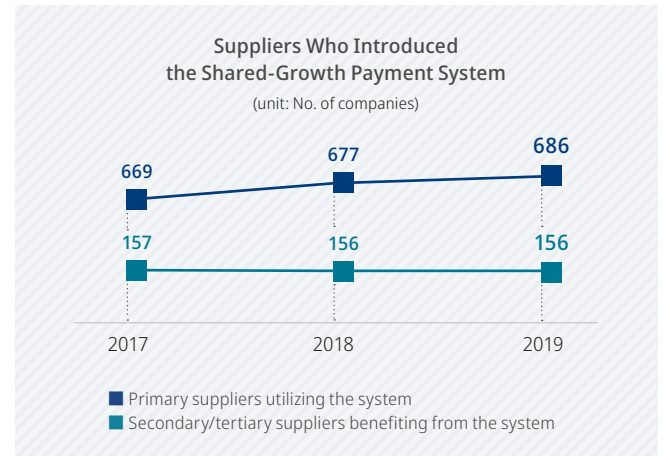
In 2017, we established a conflict mineral response system to cope with conflict mineral regulations adopted widely across the globe and to prevent relevant risks that may occur at our suppliers. Since procedures to verify the use and source of conflict minerals contained in parts and raw materials provided by suppliers represent a key part of conflict minerals management, we provided presentations and training in 2019 to establish the integrity of conflict mineral data offered by suppliers. LS ELECTRIC will collaborate with suppliers to continuously advance its conflict minerals management and fully respond to tightening regulations in EU and across the globe.

Shared-Growth Payment System

In August 2013, we became the industry's first to introduce a shared-growth payment system to allow secondary and tertiary suppliers as well as primary suppliers to extend secured loans of credit sales based on LS ELECTRIC's credit. As of 2019, this financial support system was joined by 842 primary/secondary/tertiary suppliers to post nearly KRW 799.9 billion in payments made. Our shared-growth payment system will assist suppliers in duly receiving their payments and resolving concerns over dishonored payments to create a sound ecosystem along the supply chain.

Support for the Production Management System (NAMOS ERP System)

To help suppliers establish their own management system through efficient production and inventory management, we provide them with a production management system (NAMOS ERP) connected with our order information system free-of-charge. In 2019, support was offered to stabilize the system operation and increase its availability as well as to improve the system in consideration of supplier conditions, perform semi-annual availability assessments and offer feedback, and host discussions and training with responsible staff at suppliers.



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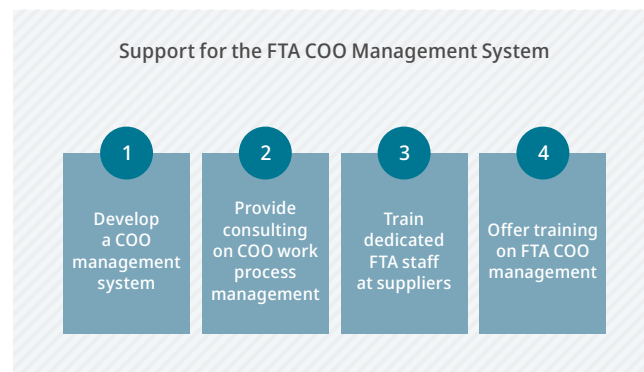
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Support for the FTA Country-of-Origin Management System

We have assisted suppliers since 2016 in establishing an FTA country-of-origin (COO) management system and consigning COO management to licensed customs agents to ensure the integrity of COO certificates of suppliers and minimize the risk of post-verification. A total of 48 suppliers were supported in developing a COO management system, receiving COO work process consulting and FTA COO management training, and nurturing dedicated FTA staff. Eight additional suppliers were also provided with free-of-charge consulting through government-assisted projects. Such endeavors allowed our customers to post nearly KRW 5.9 billion in customs benefits as of 2019, and our suppliers to build capabilities to stably perform COO management in alignment with LS ELECTRIC's COO management system.



Technology Protection

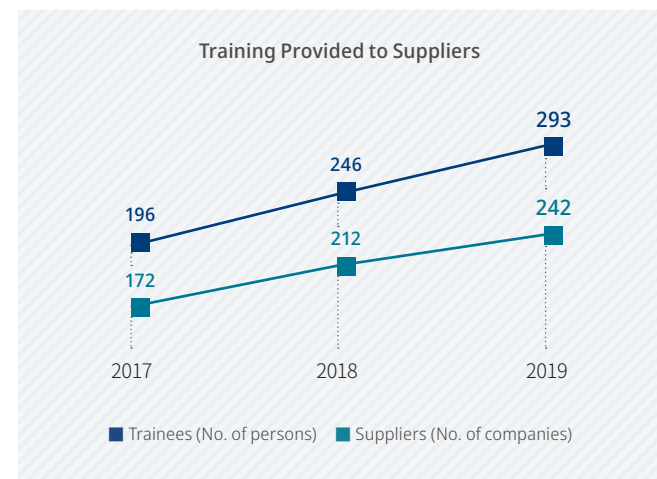
In line with aggravating damage caused by the leak of trade secrets, we introduced the Certification of Original Documents on Trade Secrets in 2015 to assist suppliers in protecting their technology and trade secrets. Operated by the Korea Institute of Patent Information, this certification was designed to confirm the ownership of SME's proprietary technology and business information, and can be used by our suppliers to prepare for any theft or leak of such critical corporate assets. In 2019, we helped protect a total of 34 technologies and trade secrets, and we plan to extend the scope of this system to support suppliers wishing to protect their technology.

Purchasing (Investment) Support

When suppliers need to invest in IT, measurement and carrying equipment and other facilities, we put to use our purchase capabilities to support their purchasing operation. Our suppliers are assisted to make purchases under competitive conditions ranging from the selection of companies and the review of amounts, and this supported eight suppliers on 13 investment cases in 2019.

Training Support

To assist our suppliers in developing their own management capabilities, we have provided supplier training programs since 2007. They focus on essential job training in alignment with the Korean Standards Association and other professional training institutions to cater to specific needs of SMEs. In 2019, LS ELECTRIC employees with expertise in pertinent fields served as lecturers to offer training on FTAs, NAMOS, supplier capacity improvement, and production base technology, and wide-ranging courses (16 courses and 21 sessions) on quality, production, cost and business administration were provided to 293 employees at 242 suppliers.



Communicating with Suppliers and Disseminating a Culture of Shared Growth

New Year's Greetings and Benefit Sharing

Events are held to make 'New Year's greetings and commitment to shared growth for LSpartnership' and to 'share Q-D benefits and discuss shared growth policies' to present the benefits jointly generated with suppliers and LS ELECTRIC's business directions and procurement policies in order to build consensus on supplier partnerships.

Communication between LS ELECTRIC and Primary/Secondary Suppliers

As the vertical dissemination of a shared growth culture gains greater importance, LS ELECTRIC has promoted communication with the CEOs of primary and secondary suppliers since 2013. Such endeavors evolved into 'communication and cultural experience' activities in 2018, and communication activities were undertaken with six primary and secondary suppliers in 2019.

Establishment and Operation of the 'Joint Workers' Welfare Fund' for Suppliers

The 'LS ELECTRIC Shared Growth Joint Workers' Welfare Fund' was created in 2018 as a corporation to promote the welfare of supplier employees, and its operation initiated in 2019 with KRW 5.7 billion in funds raised. The fund aims to improve welfare services for member employees including school tuitions for their children, health check-ups and funeral support, and has benefited 1,604 employees at 17 suppliers on a cumulative basis.

Shared Growth Innovation Meeting

The Shared Growth Innovation Meeting has been held since 2014 to support suppliers in ensuring their parts quality. This meeting is attended by major suppliers to review monthly quality status and share improvements made and subcontracting issues, serving as a regular communication channel between LS ELECTRIC and its suppliers. In 2019, the scope of issues addressed was extended to include procurement policies, shared growth policies, worksite-specific quality policies, safety and environment regulations, hazardous substance regulations, and company-wide common issues (FTA and conflict minerals).

Supplier Code of Conduct

In 2019, LS ELECTRIC set forth the Supplier Code of Conduct with an aim to share and practice its management philosophy from the corporate social responsibility (CSR) perspective. The code was prepared with reference to OECD and RBA guidelines and feedback from relevant departments with a focus on social issues, and consists of respect for employees' human rights, workplace safety, eco-friendly management, compliance with business ethics, shared growth, and social contribution. This code will be included in the appendix of the basic contract signed with suppliers and shared with suppliers through presentations and other publicity activities.



Communication between LS ELECTRIC and Primary/Secondary Suppliers

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Core Issue

Employees

LS ELECTRIC supports employees to improve their quality of life through work & life balance. To this end, a wide array of programs are under operation, including Vacation Weeks, family-friendly programs, events that invite employee families, and daycare centers, and we are relentlessly committed to recruiting and nurturing outstanding individuals. In 2020, we will secure core capabilities for strengthened global competitiveness and develop global talent to reinforce our global competency.



[Goal 3, 5, 8]

Ensure the healthy life of employees, and provide equal opportunities for decent work regardless of gender

3.8

Achieve universal health coverage, including financial risk protection and access to quality essential health-care services

5.5

Ensure women's participation and equal opportunities for leadership

8.5

Achieve full and productive employment and decent work for all women and men and equal pay for work of equal value

KEY PERFORMANCE & TARGETS

Plans for 2019

Strengthen global competency by nurturing global talent
Improve HR systems as a global company
Increase opportunities for communication with employees

Performance in 2019

Strengthened talent development to generate global outcomes
Established global HR programs and their operational systems
Reinforced execution by establishing a sound corporate culture

Plans for 2020

Recruit and nurture key talent to strengthen global competitiveness
Define and implement global HR strategies to develop global business
Establish a new corporate culture (agile culture, smart working)

COMMITMENT



Sang-Tae Park Leader of HR Team, HR/Management Support Group

LS ELECTRIC recruits and nurtures talented individuals in accordance with its talent management philosophy that the source of its core competitive edge lies in outstanding talent. In particular, we operate a range of training programs to help employees develop their competence and build job expertise as a way to secure human resources. To create the optimal work environment and corporate culture that enable employees to unleash their full potential, we strengthen communication between senior management and employees and practice family-friendly management. Going forward, we will launch a variety of initiatives to become a healthy organization that promotes employee satisfaction and growth.



New recruits in 2019
(based on permanent positions)

87 persons



Training expenses per employee

KRW 2 million



Ratio of unionized employees

31.8%

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Work & Life Balance

LS ELECTRIC operates Vacation Weeks, family-friendly programs, events that invite employee families, and daycare centers to support employees to achieve the right work & life balance and enjoy a better quality of life in so doing.

Vacation Weeks

Vacation Weeks allows our employees to take breaks within the limit of their paid leave and individual annual leave. Under this program, our employee can refresh themselves when the need arises to improve their work efficiency. In addition to summer vacation, LS ELECTRIC employees can take Vacation Weeks for three to five days in the first and second half to recharge their energy.

Family-friendly Programs

Family would be the most important factor that determines one's quality of life. As we believe that 'happy families mean happy employees', we provide a wide array of family-friendly programs as below.

Family Happiness Camp | Parents and children are given an opportunity to think about their happiness as a family to better communicate with one another. Family members learn how to pay compliments from each other's perspective and how to express themselves, and think about what they can do for family happiness.

Happy Time with Daddy | This serves to build closer bonds between dads and their children through divers and fun activities, including sports day, treasure hunt, and cooking class.

Dream Camp | Children of LS ELECTRIC employees are encouraged to find their dream and vision and learn how to make their dream come true on their own. Dream Camp helps these children think about their

future career and vision and reflect on their habits and learning methods to achieve their dream.

Go Camp | Every July, Go Camp is hosted for employees' children who attend elementary and middle schools to support their emotional stability and logical reasoning during their formative period. In addition to playing go, diverse activities are provided to help these children develop strategic thinking and teamwork skills.

Fun Sports Day on Children's Day | Fun Sports Day is hosted for employees' children and families on Children's Day to encourage participating children to recognize the importance of family, develop a sense of pride in the company their parents work for, and enjoy a productive and pleasant time together.

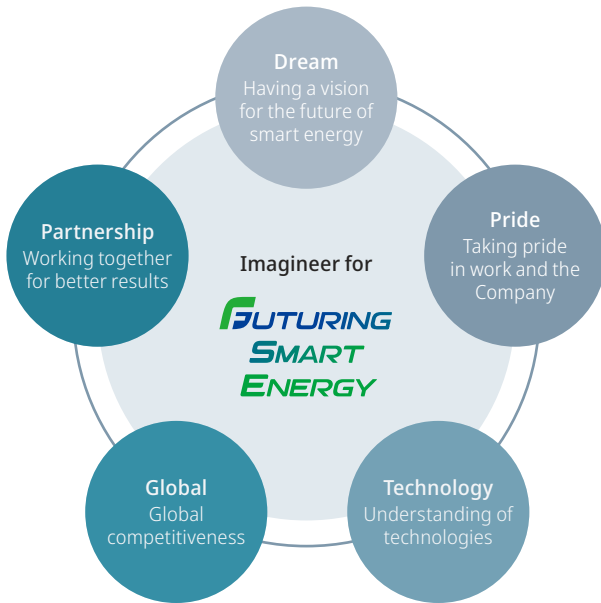
Smart Working, Happy Life!

This event intends to celebrate employees promoted to manager positions by inviting their families and executive member families. Marking its 10th anniversary this year, this event also serves to request newly-promoted managers to sincerely fulfill their role and extend gratitude to their families for their support, sharing our corporate vision with them in so doing.

Daycare Centers

LS ELECTRIC operates workplace daycare centers for employees' work & life balance. The LS Daycare Center opened in Anyang in 2015 for employees working at the Headquarters and the Anyang R&D Campus, and our Cheongju plant opened a jointly-operated daycare center as a member of the consortium in the Cheongju Industrial Complex. These daycare facilities are operated by professional institutions to ensure that employees' children are well taken care of in a secure environment.





Recruiting and Nurturing Outstanding Talent

Ideal LS ELECTRIC Employee

LS ELECTRIC's ideal employee is defined as an 'Imagineer for the Future of Smart Energy', and was announced in 2016 to proactively respond to the shifting business paradigm while recruiting and nurturing talented individuals for the attainment of our 'G365' Vision. 'Imagineer' is the combination of 'Imagine' and 'Engineer', and describes ideal LS ELECTRIC employees who take pride in their work and the Company (Pride) and have a vision for the future of smart energy (Dream) based on their understanding of technologies (Technology) and global competitiveness (Global) to work together for better results (Partnership).

Global Talent

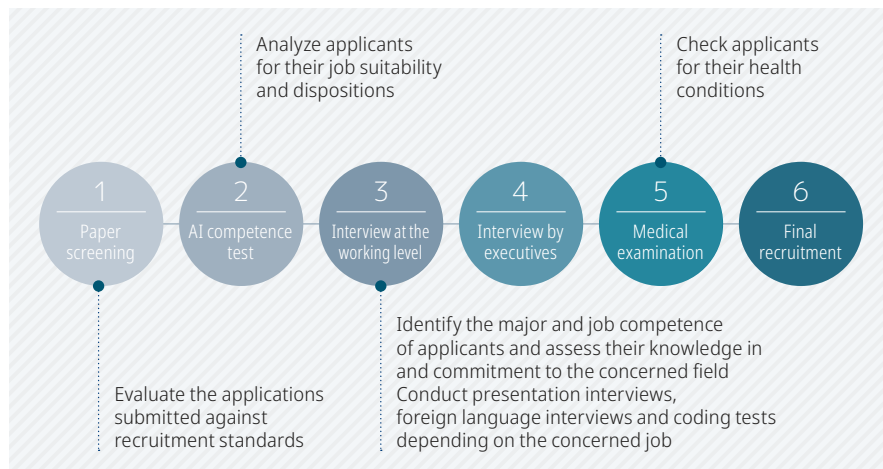
We set our course of action forward as becoming a 'global top-tier electric power company', and are exploring a variety of opportunities to expand our global business presence. As of the end of 2019, more than 1,000 employees are working at eight production and sales corporations in the US, Europe, China, Vietnam and Japan and 12 overseas branches in Thailand, Indonesia and Russia. To tap into the wider global market and increase sales, the Global Talent Map was developed to identify and nurture necessary talent over the mid/long-term, and global recruitment is being gradually expanded across North America, China, Europe and Southeast Asia.

Diverse Recruitment Channels and Processes

In addition to regular public recruitment in the second half of each year (non-career track) and quarterly on-demand recruitment (career track), we launch global recruitment campaigns for Korean students at overseas universities in North America and China and foreign nationals with exceptional technology qualifications (R&D). On-campus recruitment, corporate-funded scholarships, search firms and other diverse channels are also leveraged to hire outstanding talent and swiftly place them in working-level assignments.

To select brilliant talent, we put first their interest in and commitment to their desired job in the recruitment process, and assess their basic competence and growth potential through paper screening. The ratio of objective assessment indicators was raised (AI competence test, English proficiency test, presentation interview, and software coding test) to prevent any unreasonable discrimination from occurring while the interview process was standardized and interviewers were trained to ensure consistency in the assessment process.

Recruitment Process



LS ELECTRIC Experience Programs



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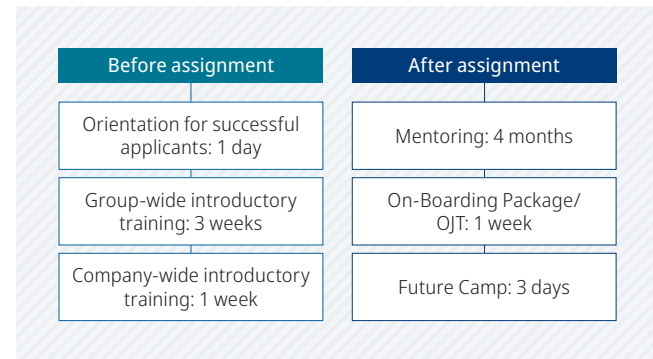
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Onboarding Program for New Recruits

A variety of programs are under operation to assist new recruits in adapting to their new life at LS ELECTRIC. On the day of announcing successful applicants, they receive a congratulatory letter and a basket of flowers, and an orientation session with other new recruits and HR managers to develop a sense of belonging and community. Once they join the Company, group/company-wide introductory training is offered to help develop knowledge, skills and attitudes required in performing their work, and mentoring and OJT programs are provided to improve their common/job-specific competence. When the first one year passes, they are given an opportunity through Future Camp to look back on their past one year and envision their future at the Company to think about their individual and organizational vision.



* LS Group training curriculum

Position	Global	Position Level	Organizational Development	Job	Customer/Supplier
Executive	Foreign language	New executive	Executive seminar	R&D SW (13 programs)	Power Solutions (8 programs)
Senior Manager	Global Lounge Program Overseas dispatch UT-Austin China Biz. Academy/On-boarding for returning expatriates External language learning support based on goal consensus	Leadership School for team leaders New team leader New team leader WS	Coaching LS MBA, LS T-MBA LCP(Leadership Challenge Prg.) Innovation capacity/improvement for office workers	HW (4 programs) Design (12 programs) CAE (17 programs) Common (5 programs)	Automation PLC (12 programs) HMI (2 programs) Drive (2 programs)
Manager	Global communication Strategic Language (2nd Foreign Language) Speaking Understanding different cultures(US/China/Middle East/Tan/Vietnam)	Solution Leader Program Competency Lv. 4 Performance Lv. 3 Competency Lv. 3 Performance Lv. 2 Competency Lv. 2 Performance Lv. 1 Competency Lv. 1	LS MBA, LS T-MBA LCP(Leadership Challenge Prg.) Innovation capacity/improvement for office workers	Quality (8 programs) DT (4 programs) Production (4 programs) Purchase (2 programs) Support (8 programs) Sales (7 programs)	Automation PLC (12 programs) HMI (2 programs) Drive (2 programs)
Associate Manager	In Company English Daily News Briefing Intensive(English/Chinese)	LS Future Camp Introductory program for non-career employees(LS ELECTRIC) Introductory program for non-career employees(LS Group)	Mentoring	Quality (8 programs) DT (4 programs) Production (4 programs) Purchase (2 programs) Support (8 programs) Sales (7 programs)	Automation PLC (12 programs) HMI (2 programs) Drive (2 programs)
Production supervisor/Production worker		Capacity-building for production supervisors Capacity-building for production workers	Innovation capacity improvement for production workers	Common (9 programs)	Supplier (8 programs)

Development of Human Resources

LS ELECTRIC operates wide-ranging training programs, from position-specific/job-specific programs to global and organizational development programs to help employees improve their job competence. In particular, a global lounge was created at the Headquarters and the Cheongju plant for global capacity-building to assist employees in developing language skills and embracing different cultures. Furthermore, customers and students in the power solution and automation markets are supported with in-depth theory and product learning for the dual purpose of customer assistance and social contribution.

Fair Appraisal and Compensation

LS ELECTRIC firmly believes that fair performance appraisal and compensation forms the basis for its sustainable development as a company. As such, our performance appraisal system is operated in such a way that targets are set at the group and division level to attain company-wide management goals, and they are translated into team/individual-level targets. In conducting performance assessments, the rate of allocating individual assessment grades is adjusted in alignment with their organizational assessment grades to synchronize organizational and individual performance, and assessment outcomes are used in making bonus, salary, promotion and career development decisions.

Operational Process

Goal consensus	Appraiser	Interview	Appraisee
Goal setting	Organizational (team) goal	Goal consensus	Individual goal setting
Application for goal consensus			
Interview			



Goal revision/interim check	Appraiser	Interview	Appraisee
Progress check	Frequent observation and appraisal	Check and support	Self-check
Goal addition and correction			



Appraisal	Appraiser	Interview	Appraisee
Self-appraisal	Appraisal by the superior	Agreement on the result and feedback	Self-appraisal
Interview			
Appraisal by the superior			

Respect for Human Rights and Protection of Basic Rights

Institutional mechanisms are arranged to ensure that our employees do not suffer any unjustified discrimination on the grounds of gender, race, religion or hometown. Diversity management policies are implemented and constantly improved to motivate employees to fully engage in their work. To this end, we provide an environment to give equal opportunities to all employees to unleash their full potential. We are in thorough compliance with relevant provisions ratified by domestic laws and the International Labor Organization, and have not been aware of any violation occurring in this regard. LS ELECTRIC is committed to the supplementation and further development of institutions to respect human rights. To provide better working conditions, wage and collective agreement negotiations are conducted with the labor union each year to respect its collective bargaining rights. Our employees are not subject to any disadvantage for their involvement in labor union activities and are thus guaranteed the freedom to engage in such activities.

Win-Win Labor-Management Partnership

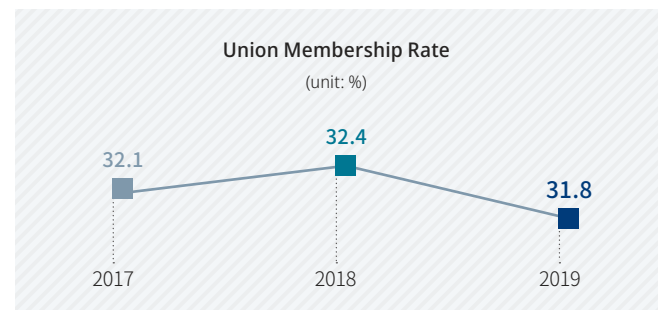
Since our labor union was established back in 1987, LS ELECTRIC and its labor union have been dedicated to building a win-win labor-management partnership. The Labor-Management Council serves as a channel to discuss not only labor conditions and welfare benefits but also workforce arrangement and relocation and the Company's growth strategy with the labor union to create a reasonable labor-management culture. In addition to the labor union, separate office worker representative bodies (LinkerS, Smart Board, ACE Board) are under operation to promote communication and feedback collection across different worksites and job levels and to continuously improve the work environment and treatment for employees.

Labor Union Membership

In accordance with the collective agreement and labor rules, 31.8% of the total employees were unionized as of the end of 2019.

(unit: No. of persons)

Category	Job Category	2017	2018	2019
Non-union member	Office worker	2,081	2,043	2,060
	Production advisor/others	78	78	80
Union member	Production worker	1,021	1,018	999



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Core Issue

Local Community

It is with the strong sense of solidarity that LS ELECTRIC extends its helping hand in a sincere and sustained manner to resolve social conflicts and issues that plague the vulnerable. Guided by the three principles of Partnership, Initiative and Sustainability, we launch tailor-made social contribution activities in Anyang, Cheongju, Cheonan, and Busan where our plants are operated in addition to making donations to low income groups. Since 2019, we have launched 'Let's Start Together with LS ELECTRIC' as a sponsorship program for children.



[Goal 1, 4]

End all forms of poverty, and provide and increase access to quality education for all

1.4

Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services

4.5

Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable

KEY PERFORMANCE & TARGETS

Plans for 2019

Strengthen activities for the Social Contribution Council composed of members from local communities, academia and governments

Establish customized support programs at the community level

Initiate 'Let's Start Together with LS ELECTRIC' as a sponsorship campaign for children

Performance in 2019

Expanded the participation of the Social Contribution Council in Anyang

Established three major social contribution campaigns to protect children, seniors and the environment

Launched Let's Start Together with LS ELECTRIC as a new social contribution program

Plans for 2020

Create global social contribution programs that befit our status as a global citizen

Ensure the continuity of locally-customized social contribution programs

Internalize awareness of social responsibility through increased employee engagement

COMMITMENT



Eunjeong Kim goodneighbors

'When we go tougher, it brings greater hope'

Good Neighbors and LS ELECTRIC initiated the Dream program in 2019 as part of the Let's Start Together with LS ELECTRIC campaign. This program was designed to donate essential learning supplies to children from low income families at the beginning of new semesters. Good Neighbors will join hands with LS ELECTRIC to undertake sustainable social contribution activities that truly cater to the needs of beneficiaries to help children lead a flourishing life.



Employees who participated in volunteer activities (including redundancies)

6,076 persons



Annual donations made

KRW 5,638 million



Social contribution expenses

KRW 56 million

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Social Contribution Philosophy and System

Social Contribution Philosophy

LS ELECTRIC's social contribution is aligned with other LS Group subsidiaries to ensure consistency. LS Group's management philosophy 'LSpartnership' means that we create greater value moving together as a trusted partner, and embodies the identity of our social contribution initiatives.

In line with this philosophy, LS Group aims to become a 'reliable partner to support the underprivileged and future generation', and focuses on generating greater value through sharing and cooperation between volunteers and beneficiaries, undertaking social contribution programs in Korea and abroad.

LS Group's Social Contribution Philosophy

A reliable partner to support the underprivileged and future generations

A.

Create greater value through sharing and cooperation between volunteers and beneficiaries based on the philosophy of LSpartnership

B.

Develop and operate programs among respective subsidiaries with consistent themes in line with LS Group's philosophy to combine capabilities and create synergy

LS ELECTRIC's Social Contribution Philosophy

Lend a helping hand in a sincere and consistent manner with a sense of solidarity to resolve social conflicts and support the vulnerable

Partnership

Interest and engagement in social conflicts and vulnerable groups

Initiative

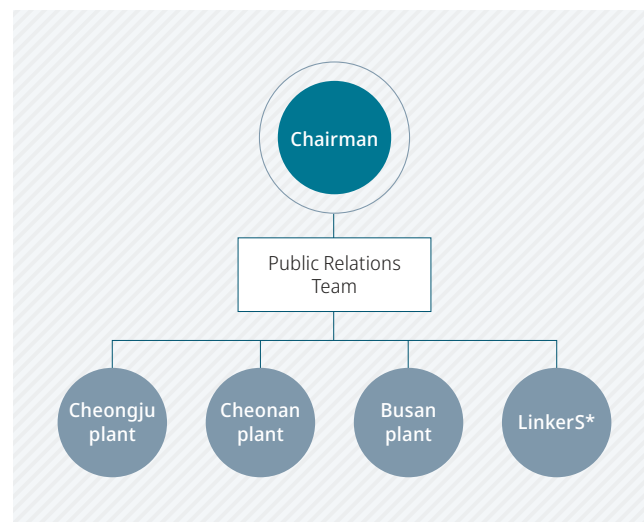
Sincere and spontaneous actions

Sustainability

Consistent and steady execution

Social Contribution Implementation System

LS ELECTRIC is operating independent programs newly developed from the long-term perspective to fulfill its responsibility as a corporate citizen in addition to existing group-wide programs, creating greater synergy in so doing. The Public Relations Team supervises our company-wide social contribution operations, and respective plants implement tailor-made programs with the HR Support (Support Innovation) Team and LinkerS (representative body for office workers) playing a central role.



LinkerS: LinkerS was launched as LS ELECTRIC's representative body for office workers to establish an open-minded culture and lead social contribution initiatives, currently has 17 active members.

LS Group's Social Contribution Initiatives

LS Dream Science Class

Since 2013, LS Group has operated LS Dream Science Class in conjunction with the Child Fund and the National Academy of Engineering of Korea to provide science experiment and cultural experience programs to elementary schools located near its worksites. This program benefits fifth and sixth graders during vacation through science experiment/practice lessons and weekly culture and arts experience programs led by undergraduates with science and engineering majors chosen through open competition serving as instructors and mentors following the completion of training. In Cheongju, Anyang, and Busan, LS ELECTRIC employees volunteer as daily instructors for science experiment/practice classes and help children tour our worksites as part of LS Dream Science Class.

LS Overseas Volunteer Group/LS Dream School

The LS overseas volunteer group consists of 20 undergraduates chosen through open competition as well as employees from LS Group subsidiaries and experts from NGOs cohosting the initiative. Volunteers receive nearly two-month professional training and make preparations to reach out to children in developing countries with sincere affection and caring attitudes. The LS overseas volunteer group has been engaged in overseas volunteering every two years since 2007, and the LS Dream School project was launched in 2013 in alignment with the volunteer group to choose two schools suffering a shortage of classrooms and aging facilities and to build new buildings for them. This program resulted in the opening of 12 new schools as of 2019.



LS Dream School / LS overseas volunteer group



LS Dream Orchestra

LS Dream Orchestra

Modeled after El Sistema, a Venezuelan music program designed for underprivileged children, LS Dream Orchestra was launched in June 2012 to provide consistent classical orchestra education to children. This program is recognized for its contribution to promoting the holistic and emotional development of children and empowering them to lead a more flourishing life. LS ELECTRIC vows to do its utmost to help children learn the spirit of teamwork and challenge and become a responsible member of society while developing their passion for music and discovering their talent through orchestra activities.

LS ELECTRIC's Social Contribution Initiatives

Tailor-made seasonal support programs are operated year-round in alignment with local communities and civil organizations. The 'Let's Make Green with LS ELECTRIC' campaign offers daily living support to local seniors and helps preserve the urban ecosystem and resolve environmental issues while the 'Let's Start Together with LS ELECTRIC' campaign supports local children and students to move forward with a healthy mind and body in a safe environment. LS ELECTRIC fulfills its social responsibility through the continued implementation of such varied sponsorship programs.

Children Sponsorship Program

Our child sponsorship campaign was initiated in 2019. As part of this campaign dubbed 'Let's Start Together with LS ELECTRIC', we launched the 'LS ELECTRIC Learning Kit Donation' program to donate bags and school supplies worth more than KRW 20 million to nearly 150 elementary school students from low income families in Anyang in cooperation with Good Neighbors.

Environmental Clean-up Program

'Let's Make Green with LS ELECTRIC' aims to preserve the urban ecosystem and resolve environmental issues. Volunteers including our employees, the Environmental Action Association, and local residents visit Anyang Stream in Gyeonggi Province and Musim Stream in North Chungcheong Province to throw Effective Microorganism (EM) soil balls into the water, pick up waste, and eliminate invasive plants disturbing the ecosystem to make these streams cleaner. In addition to Anyang, regular environmental improvement activities are undertaken across streams and forests in the vicinity of our worksites.



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Daily Support for Seniors

Since 2014, we have donated winter clothes to low-income seniors living alone in conjunction with the Anyang Senior Welfare Service Center and other local social organizations. Every year, our volunteers visit their home and practice the spirit of warmth, spending quality time together.

Social Contribution Satisfaction Survey

We have conducted stakeholder surveys since 2018 to identify the level of their awareness, satisfaction and preference concerning our social contribution programs. Respondents include local public officials, local welfare center staff and volunteers, and social contribution experts, and survey results are reflected in designing customized programs for the following year. In particular, our social contribution programs are restructured to focus on those programs that generate greater satisfaction among beneficiaries and to identify new programs that cater to their requirements.

Tailor-made Seasonal Support

Since 2014, we have donated winter clothes, meal boxes for the Korean Thanksgiving, and cooling devices to low-income and underprivileged groups in local communities. On New Year's Day, we invite seniors living alone and people with disabilities and serve them rice cake soup in celebration. We have supported people with disabilities living at home with outings and cultural experience programs starting with Anyang in 2017 where our Headquarters is located, and plan to extend and continue this initiative in other local worksites.

Customized Social Contribution Initiatives

Donating KRW 100 Million to the Underprivileged in Cheongju

We have recently sponsored social welfare activities designed for the self-reliance of underprivileged groups in Cheongju where Cheongju plant are located as a way to fulfill our corporate social responsibility. The KRW 100 million we donated to Cheongju City in October 2019 went to fund the 'Cheongju Welfare Festival', a 'customized support program for low income groups', and community-level social security councils to provide diverse welfare service information and experience programs to local residents.

Donating Kimchi for the Upcoming Winter Season

We made kimchi and donated them to neighbors who find it difficult to make kimchi themselves during the cold winter season. This was led by more than 50 Volunteer Club members who prepared necessary ingredients, made kimchi and then delivered them to seniors living alone and people with disabilities in local communities. Volunteer Club continues with volunteer activities with the belief that their small yet meaningful contributions will eventually empower less privileged members in society to lead a better life.

Donating Briquettes

We donated more than 2,400 briquettes to families in Cheongju who face difficulties in paying their heating bills during the cold winter season. Nearly 30 members of the neighborhood patrol group as well as LS ELECTRIC employees joined hands to provide such tailor-made support to people in need. Volunteer Club, a volunteer group launched by our employees with an aim to practice love for neighbors and promote harmony among employees, has been lending its helping hand to those in need for the past three decades.



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Summarized Statement of Financial Position

(unit: KRW million)

Item	2017	2018	2019
Assets	2,255,821	2,405,836	2,538,144
Current assets	1,416,121	1,536,084	1,666,900
Non-current assets	839,700	869,751	871,244
Liabilities	1,107,681	1,108,364	1,175,462
Current liabilities	649,818	700,173	753,779
Non-current liabilities	457,864	408,191	421,683
Equity	1,148,140	1,297,471	1,362,683
Total equity attributable to stockholders of the Company	1,145,723	1,294,510	1,360,591
Non-controlling interests	2,417	2,962	2,091
Total liabilities and equity	2,255,821	2,405,836	2,538,144

Summarized Statement of Comprehensive Income

(unit: KRW million)

Item	2017	2018	2019
Sales	2,343,745	2,484,978	2,346,849
Operating income	158,442	205,048	168,549
Income from continuing operations before tax	138,489	177,790	146,957
Net income	106,005	132,235	103,043
Total comprehensive income for the current term	105,534	128,026	100,401

Summarized Statement of Cash Flows

(unit: KRW million)

Item	2017	2018	2019
Cash flows from operating activities	144,598	204,655	216,080
Cash flows from investing activities	(163,772)	67,346	(78,623)
Cash flows from financing activities	(54,074)	(80,570)	(57,835)
Change in cash and cash equivalents	(73,247)	191,431	79,621
Cash and cash equivalents at the beginning of the year	340,137	261,507	455,629
Effects of exchange rate changes on cash and cash equivalents	(5,383)	2,692	(743)
Cash and cash equivalents at the end of the year	261,507	455,629	534,507

Balance in Government Subsidies

(unit: KRW million)

Item	2017	2018	2019
Machinery	7	560	510
Office equipment	41	30	21
Buildings	225	205	184
Development expenses	1,678	1,548	291

Safety and Environment Indicators

Sector	Item	Unit	2017	2018	2019	Note	
Investment in safety and environment	Green product development	KRW million	9,052	5,879	8,519		
	Process improvement	KRW million	191	271	14,044	- Investment in transforming Cheongju plant into a smart factory, renovating the testing equipment line, and rationalizing transformer equipment	
	Investment in environmental and safety facilities	KRW million	822	405	411		
	Maintenance of environmental and safety facilities	KRW million	488	274	875	- U/T power expansion and aging facility replacement	
Environment	Dust emissions	kg	824	677	1,033		
	Water consumption	km ³	212	175	165		
	Effluent discharge	m ³	45	22	28		
	Waste discharge	General	ton	4,251	4,250	4,386	
		Designated	ton	99	106	78	
	Waste recycling	%	86	87	86		
	GHG emissions (by source)	Scope 1	tCO ₂ eq	250,704	27,212	50,843	
		Scope 2	tCO ₂ eq	25,553	32,786	35,284	
		Scope 3	tCO ₂ eq	506,032	563,338	312,394	
Subtotal		tCO ₂ eq	782,289	623,335	398,521		
GHG intensity	tCO ₂ eq/KRW million	0.43	0.32	0.22			
Energy	Electricity consumption	MWh	57,153	70,317	75,677		
		toe	13,135	16,173	17,406		
	Electricity intensity	MWh/KRW 100 million	3.12	3.60	4.10		
	Gas (LNG) consumption	km ³	2,337	2,733	2,424		
		toe	2,432	2,850	2,528		
	Gas (LNG) intensity	km ³ /KRW 100 million	0.13	0.14	0.13		
Safety	Occupational injury rate	%	0.04	0.03	0.01		
	Training hours (cumulative)	hour	90,446	91,325	89,438		
	Trainees (cumulative)	No. of persons	19,027	19,458	18,960		
Raw materials	Steel	ton	12,181	7,908	8,203		
	Non-ferrous metal	ton	3,884	3,512	3,324		
	Resin	ton	700	626	532		
Production amount		KRW 100 million	18,320	19,544	18,443		

* GHG emission data may differ from that of the Greenhouse Gas Inventory and Research Center due to differences in the required aggregation range.

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HR Indicators (as of the end of 2019)

Sector		Unit	2017	2018	2019	Note
Total employees	Executives	No. of persons	20	18	21	
	Permanent employees	No. of persons	3,168	3,128	3,093	
	Temporary employees	No. of persons	214	225	233	Including responsible employees and temporary employees
	Total	No. of persons	3,402	3,371	3,347	
Employees by region	Anyang	No. of persons	1,030	1,011	953	
	Seoul	No. of persons	-	-	123	LS Yongsan Tower
	Cheongju	No. of persons	1,525	1,511	1,449	
	Cheonan	No. of persons	509	488	473	
	Busan	No. of persons	182	186	183	
	Others	No. of persons	156	175	166	
	Total	No. of persons	3,402	3,371	3,347	
	Total	No. of persons	3,402	3,371	3,347	
Employees by age group (permanent employees)	20's	No. of persons	272	210	180	
	30's	No. of persons	1,027	997	967	
	40's	No. of persons	1,179	1,150	1,109	
	50 and older	No. of persons	690	771	837	
	Total	No. of persons	3,168	3,128	3,093	
New recruits (permanent)		No. of persons	41	65	87	
Turnover (permanent)		%	5.26	3.50	3.68	Including employees who resigned due to retirement age
Female employees (permanent)		No. of persons	418	420	304	
Female executives (permanent + temporary)		%	10.4	12.5	10.7	
Female managers		No. of persons	36	43	59	In manager and higher positions
Ratio of female managers		%	3.0	3.4	4.1	Against total managers
Employees with disabilities		No. of persons	50	50	57	Based on permanent positions
Ratio of employees with disabilities		%	1.6	1.6	1.8	
Foreign national employees (permanent + temporary)		No. of persons	12	12	11	Foreign national employees working in Korea
Training expenses per person		KRW 1,000/person	1,652	2,017	1,974	
Training hours per person		PD/person	7	7	8	1PD = 8 hours of offline training and 1 month of online training
Welfare and benefit expenses		KRW million/person	16	16	17	Based on permanent positions
Employees who took childbirth leave		No. of persons	13	10	15	
Employees who took parental leave		No. of persons	14	19	14	Based on employees who returned to work after parental leave
Employees who returned to work after parental leave		%	100	100	100	

* Funds under management are based on the year-end balance of pension fund operators.

Operational Status of the Retirement Pension Fund

Sector		Unit	2017	2018	2019
Defined Benefit (DB)	Funds under management*	KRW million	183,483	180,120	198,501
	Subscribers	No. of persons	3,252	3,062	2,831
Defined Contribution (DC)	Funds under management	KRW million	-	-	-
	Subscribers	No. of persons	92	239	346

Shared Growth Indicators

Indicator		Unit	2017	2018	2019	Note
Ethics index of suppliers		Point	4.23	4.23	4.25	
Ethics index of distributors		Point	4.08	4.06	4.04	
Signing of the Shared Growth Agreement	No. of agreements signed	No. of cases	337	351	258	
	Funds raised	KRW 100 million	238	310	310	
Financial support to suppliers	Support amount	KRW 100 million	139	114	118	
	Suppliers who received support	No. of companies	68	63	62	
Shared-growth payment support for suppliers	Total shared-growth payments made	KRW 100 million	7,182	9,291	7,999	
Training support for suppliers	No. of participants	No. of persons	196	246	293	
Technology sharing for suppliers	Beneficiary suppliers	No. of companies	-	-	42	Provision of patent license free-of-charge
Technology protection for suppliers	No. of cases	No. of cases	11	12	34	Certification of Original Documents on Trade Secrets
Technology development support for suppliers	New product development projects	No. of cases	1	-	-	
	Technology cooperation projects	No. of cases	-	-	-	
ACE Club (Supplier Association)	Members	No. of companies	19	17	17	
Innovation capacity support for the ACE Club	Suppliers who received support	No. of companies	19	17	17	
	Employees who received support	No. of persons	19	17	17	
Benefit sharing with suppliers	Participating suppliers	No. of companies	279	248	238	
Communication with suppliers		No. of occasions	3	3	3	2017: CLO Talk Concert 2018: CLO Talk Concert, Donggamdonghaeng (meaning the same feeling, the same way) 2019: CLO Talk Concert, Donggamdonghaeng

Purchase by Region

Indicator	Unit	2017	2018	2019	Note
Asia (excluding the Middle East)	%	70	68	59	
Europe	%	23	25	33	
Americas	%	5	5	5	
Middle East	%	1	2	3	
Others (Oceania and Africa)	%	0.02	-	-	
Total	%	100	100	100	

Social Contribution

Indicator	Unit	2017	2018	2019	Note
Donations made	KRW million	494	5,932	5,638	Donations recordable
Social contribution expenses	KRW million	50	53	56	
Social contribution activities	No. of cases	119	122	97	
Participants in social contribution activities	No. of persons	1,590	1,677	6,076	Including redundancies

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To the Readers of 2019-2020 LS ELECTRIC Sustainability Report:

Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of LS ELECTRIC to verify the contents of its 2019-2020 LS ELECTRIC Sustainability Report (Hereby referred to as "the Report"). LS ELECTRIC is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

LS ELECTRIC describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI Standards which covers the followings.

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards
 - Management approach of Topic Specific Standards
 - Economic Performance : 201-1, 201-3, 201-4
 - Procurement Practices : 204-1
 - Anti-Corruption : 205-1, 205-2, 205-3
 - Materials : 301-1, 301-2
 - Energy : 302-3, 302-4, 302-5
 - Water : 303-1, 303-2
 - Emissions : 305-1, 305-2, 305-3, 305-4, 305-5, 305-7
 - Effluents and Waste : 306-1, 306-2, 306-3, 306-4, 306-5
 - Environmental Compliance : 307-1
 - Employment : 401-1, 401-3
 - Labor/Management Relations : 402-1
 - Occupational Health and Safety : 403-1, 403-2, 403-3, 403-4
 - Training and Education : 404-1, 404-2, 404-3
 - Diversity and Equal Opportunity : 405-1
 - Freedom of Association and Collective Bargaining : 407-1
 - Child Labor : 408-1

- Forced or Compulsory Labor : 409-1
- Human Rights Assessment : 412-2
- Local Communities : 413-1
- Public Policy : 415-1
- Customer Health and Safety : 416-1, 416-2
- Marketing and Labeling : 417-3
- Customer Privacy : 418-1
- Socioeconomic Compliance : 419-1

This Report excludes data and information of joint corporate, contractor etc. which is outside of the organization, i.e. LS ELECTRIC, among report boundaries.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with LS ELECTRIC on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability

- LS ELECTRIC is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder LS ELECTRIC left out during this procedure.

Materiality

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

- LS ELECTRIC is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

Responsiveness

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

- The assurance team could not find any evidence that LS ELECTRIC's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI standards.

Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

· LS ELECTRIC selected a wider range of material topics compared to others and presented an in-depth report on plans and performance. It also provided a simple and easy-to-understand explanation of its industrial devices and software which readers may find hard to understand, along with a balanced report on corruption and irregularities. We recommend that LS Electric reinforce the analysis and report on economic performance in the context of sustainability and expand quantitatively measurable KPIs.

Our independence

With the exception of providing third party assurance services, KMR is not involved in any other LS ELECTRIC's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

July, 9th, 2020

CEO *E. J. Hwang*



GRI Standards Index

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GRI Standards Index 1

Topic	Disclosure	Page	Omissions/Comments	
Organizational profile	102-1	Name of the organization	10	
	102-2	Primary brands, products, and services	18-25	
	102-3	Location of the organization's headquarters	10, 17	
	102-4	Location of operations	16-17	
	102-5	Nature of ownership and legal form	12-13	
	102-6	Markets served	16-17	
	102-7	Scale of the organization	10-11	
	102-8	Information on employees and other workers	10, 78	
	102-9	Supply chain	14-17	
	102-10	Significant changes to the organization and its supply chain	10, 14-17	
	102-11	Precautionary Principle or approach	37-39	
	102-12	External initiatives	29, 85	
	102-13	Membership of associations	85	
Strategy	102-14	Statement from senior decision-maker	6	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	34-37	
Governance	102-18	Governance structure	12-13	
Stakeholder engagement	102-40	List of stakeholder groups	14-15	
	102-41	Collective bargaining agreements	69	
	102-42	Basis for identifying and selecting stakeholders	14-15	
	102-43	Approach to stakeholder engagement	14-15	
Report profile	102-44	Key topics and concerns that have been raised through stakeholder engagement	30-31	
	102-45	Entities included in the consolidated financial statements	16-17	
	102-46	Defining report content and topic boundaries	30-31	
	102-47	List of material topics	30-31	
	102-48	Restatements of information	-	No restatements made
	102-49	Changes in reporting	-	No changes
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	2	
Report profile	102-54	Claims of reporting in accordance with the GRI Standards	2	
	102-55	GRI Index	82-84	
	102-56	External assurance	80-81	

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GRI Standards Index 2

Topic		Disclosure	Page	Omissions/Comments
Management Approach	103	Management approach	33, 41, 53, 57, 65, 71	
Economic Standards				
Economic Performance	201-1	Direct economic value generated and distributed	13, 15	
	201-3	Defined benefit plan obligations of the organization	78	
	201-4	Financial assistance received from the government	76	
Procurement Practices	204-1	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation	14-15, 79	
Anti-corruption	205-1	Total number and percentage of operations assessed for risks related to corruption and significant risks related to corruption identified through the risk assessment	34-37	
	205-2	Communication and training about anti-corruption policies and procedures	34-37	
	205-3	Actions taken on confirmed incidents of corruption	-	No cases of corruption recorded during the reporting period
Environmental Standards				
Materials	301-1	Materials used by weight or volume	77	
	301-2	Percentage of recycled input materials used	-	No recycled input materials used
Energy	302-3	Energy intensity	77	
	302-4	Reductions in energy consumption	54, 77	
	302-5	Reductions in energy requirements of products and services	54, 77	
Water	303-1	Water withdrawal by source	77	Water supply
	303-2	Water sources significantly affected by withdrawal of water	54, 77	Water sourced from local governments
Emissions	305-1	Direct (Scope 1) GHG emissions	54, 77	
	305-2	Energy indirect (Scope 2) GHG emissions	54, 77	
	305-3	Other indirect (Scope 3) GHG emissions	54, 77	
	305-4	GHG emissions intensity	77	
	305-5	Reduction of GHG emissions	54	
Effluents and Waste	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	54, 77	
	306-1	Total volume of effluent discharges by destination and quality of the water	54, 77	Effluents treated through outsourcing
	306-2	Total weight of waste by type and disposal method	54, 77	
	306-3	Total number and total volume of recorded significant spills	-	No significant spills of hazardous substances recorded during the reporting period
	306-4	Hazardous waste transported	-	Fully outsourced
	306-5	Water bodies that are significantly affected by effluent discharges	-	Fully outsourced
Compliance	307-1	Sanctions for non-compliance with environmental laws and/or regulations	-	No non-compliance with environmental laws/regulations during the reporting period

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GRI Standards Index 3

Topic	Disclosure	Page	Omissions/Comments	
Social Standards				
Employment	401-1	Total number and rate of new employee hires and employee turnover during the reporting period	78	
	401-3	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work by gender	78	
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	69	
Occupational Health and Safety	403-1	Percentage of workers that are represented by formal joint management-worker health and safety committees	77	
	403-2	Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities	55, 77	
	403-3	Workers involved in occupational activities who have a high incidence of high risk of specific diseases	55	
	403-4	Health and safety topics covered by formal agreements with trade unions	55	
Training and Education	404-1	Average hours of training per year per employees (by gender, by employee category)	78	
	404-2	Job training or life-long training programs provided to facilitate continued employability and the management of career endings resulting from retirement of termination of employment	68	
	404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period	68	
Diversity and Equal Opportunity	405-1	Composition of the organization's governance bodies and percentage of individuals within such bodies by gender, age group, and other indicators of diversity such as minority	78	
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk, and measures taken to correct or prevent such violations	-	No violation
Child Labor	408-1	Operations and suppliers considered to have significant risk for incidents of child labor, and measures taken by the organization to contribute to the effective abolition of child labor	69	
Forced or Compulsory Labor	409-1	Operations and suppliers considered to have significant risk for incidents of forced labor, and measures taken by the organization to contribute to the effective abolition of forced labor	58, 69	
Human Rights Assessment	412-2	Total number of hours devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, and percentage of employees trained	69	
Local Communities	413-1	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	74	
Public Policy	415-1	Total monetary value of political contributions made by the organization	-	None
	416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	55	
Customer Health and Safety	416-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services (by incidents resulting in a fine or penalty/warning)	-	None
	417-3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	-	None
Customer Privacy	418-1	Total number of substantiated complaints received concerning breaches of customer privacy and/or identified losses of customer data	-	None
Socioeconomic Compliance	419-1	Total monetary value and number of significant fines for non-compliance with laws and/or regulations	-	No violation recorded during the reporting period

UN Global Compact



This is our **Communication on Progress** in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

The Ten Principles of the UN Global Compact		Page	LS ELECTRIC's Policy
Human Right	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	p.32~39, Ethics Management p.69, Employees	LS ELECTRIC's Code of Ethics LS ELECTRIC's Code of Ethics and Conduct for employees
	Principle 2: make sure that they are not complicit in human rights abuses.		
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;		
	Principle 4: the elimination of all forms of forced and compulsory labour;		
	Principle 5: the effective abolition of child labor; and		
	Principle 6: the elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	p.50~55, Safety and Environment	LS ELECTRIC's environmental policy
	Principle 8: undertake initiatives to promote greater environmental responsibility; and		
	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.	p.32~39 Ethics Management p.69 Employees	LS ELECTRIC's Code of Ethics LS ELECTRIC's Code of Ethics and Conduct for employees

Memberships

Domestic	Overseas
<p>Korea Chamber of Commerce and Industry, Korea International Trade Association, Federation of Korean Industries, Korea Electrical Manufacturers Association, Korea Smart Grid Association, Korean Standards Association, Korea-Japan Economic Association, Korea Electric Association, Korean Institute of Electrical Engineers, Korea Electrical Contractors Association, International Contractors Association of Korea, Korea Listed Companies Association, Korea Engineering and Consulting Association, Korea New & Renewable Energy, Korea Photovoltaic Industry Association, Korea Fire Safety Institute, Construction Association of Korea, Korea Customs Association, Korea Invention Promotion Association, Korea Electrical Contractors Association, ,ODVA Korea, Korea Industrial Technology Association, Korean Association for ECOS, Korean Information & Communication Contractors Association, Korea Railway Association, Korea Railway Signal Engineering Association, Korea Mech. Const. Contractors Association, Korea Fire Facility Association, Korea Electric Engineers Association, Korea Products Safety Association, Korea Smart Manufacturing Industry Association, Korean Institute of Power Electronics, Korea Institute of Information & Telecommunication Facilities Engineering, Korean Institute of Electrical and Electronic Material Engineers, Korea Software Industry Association, Korea Software Technology Association, Korea Intellectual Property Association, Korea Industrial Safety Association, Korea Association of Standards & Testing Organizations, Green Company, Environmental Preservation Association, etc.</p>	<p>UN Global Compact, Mechatro Link, Ether CAT Tenchnology Group, CIRED, CAN in Automation, ESA in the US</p>

Awards

Awardee	Date (month/year)	Award	Hosting Organization	Award Description
Company	Feb. 2019	Top 100 Global Innovators	Clarivate Analytics	Top 100 Global Innovators
Company	Feb. 2019	iF Design Award	if International Forum Design	Award
Individual	Apr. 2019	Award of merit for science and technology development (Jeongjoon Lee, Senior Vice President)	Ministry of Science and ICT	Minister's Citation
Individual	Oct. 2019	Award of merit in celebration of World Standards Day (Jeongjoon Lee, Senior Vice President)	Ministry of Trade, Industry and Energy	Bronze Tower Order of the Industrial Service Merit
Individual	Oct. 2019	Award of merit for the development of the electricity industry (Seog-Won Lee, Director)	Ministry of Trade, Industry and Energy	Minister's Citation
Individual	Oct. 2019	Award of merit for the smart grid industry (Hee-Jung Kim, Team Leader)	Ministry of Trade, Industry and Energy	Minister's Citation

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