

2020-2021 LG Innotek Sustainability Report

Right Promise Better Tomorrow

ENVIRONMENTAL
SOCIAL
GOVERNANCE



Right Promise Better Tomorrow

About This Report

Overview of the Report

The LG Innotek Sustainability Report 2020-2021 marks the Company's 12th sustainability report published since its first report was released in 2010. The Report serves as a channel to transparently disclose the activities taken and targets set to realize our sustainability management vision of becoming the Global No. 1 Material and Component Company to Bring a Better Tomorrow, and to continuously connect with every stakeholder through meaningful communication. In the course of 2020, we remained true and faithful to our promise of creating a better tomorrow. Going forward, we will continue to fulfill our responsibility and pursue harmonious growth with society and the environment.

Reporting Standards and Scope

Reporting Guidelines	GRI Standards Core Option
Reporting Scope	The scope of reporting includes economic, environmental and social activities and achievements across domestic and overseas worksites on a consolidated basis. There are possible variances in the reporting scope for some data and details on the reporting scope are made available in the annotations made on respective tables.
Reporting Period	Jan. 1, 2020 ~ Dec. 31, 2020 (fiscal year data) (This extends to Q1 of 2021 for a portion of the qualitative performance)

Credibility of the Report

Third-party assurance statement (Korea Productivity Center, p99)

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CEO Message



Dear Stakeholders,

First, let me extend my deepest gratitude for your encouragement and support that drove our continued progress over the past five decades.

We believe that our lasting growth and evolution into a centennial company will be made possible when we truly fulfill our social responsibility while delivering greater customer value to build stronger business competitiveness. To this end, LG Innotek will step up its endeavors for ESG (Environmental, Social, and Governance) management to emerge as the Global No. 1 Material and Component Company that contributes to creating a better tomorrow.

We will take the lead in our efforts to become trusted stewards of the environment and reduce our environmental impact to zero.

In line with the transition into a low-carbon society, we have set our mid/long-term goal to shift to renewable energy and achieve carbon neutrality. We will attain this goal by continuously increasing investments in the entire process of product development, manufacturing and sales while sharing our green management even more closely with customers and other stakeholders. This will also come in tandem with our full-fledged endorsement for global environmental policy initiatives.

We will pursue mutual growth with society at large.

We aim to create a workplace that instills a sense of pride and confidence among its employees, solidify sustainable partnerships with our suppliers on the basis of fair trade, and nurture our future leaders while sharing a sense of convivial warmth through social contribution programs, fulfilling our responsibility as a member of society.

We vow to further elevate our management transparency for shareholders and investors.

Our Board of Directors will assume stronger roles to improve governance and practice ESG management in a more substantial manner. The newly created ESG Board Committee will serve to strengthen our ESG executive capabilities on all levels. We will also ensure that related activities and achievements are disclosed transparently.

It is our sincere promise that LG Innotek will heed to the voice of wide-ranging stakeholders and reach out ever closer to them. We look forward to your unwavering interest in and support for our journey to build a better tomorrow.

July 2021

Jeong Cheol-Dong
President & CEO, LG Innotek

Cheoldong Jeong

Messages from Our Executive Members



CSO (Chief Strategy Officer)

Inkyu Lee
Executive Vice President

In the face of the unprecedented crisis caused by COVID-19, LG Innotek is fully committed to achieving sustainability management on the basis of its closely aligned response system. To put customer value first, we aim to establish a response system to preemptively identify even the issues that our customers have not yet brought to our attention, in addition to resolving customers' pain points through pinpointed marketing activities that target relevant issues, thereby continuously discovering innovative technology and products. To this end, we will advance our business structure to become more customer-centric and reinforce our global customer response along the entire value chain with the ultimate aim to emerge as the Global No. 1 Material and Component Company that brings only the best possible value to its customers.



CTO (Chief Technology Officer)

Minseok Kang
Executive Vice President

As a company, our ability to promptly deliver the value most desired by our customers bears the utmost importance. LG Innotek focuses on core technology R&D in the materials and components sector to swiftly deliver differentiated materials and components that meet the needs of our customers. We have established our mid/long-term company-wide technology roadmap to become a market trendsetter in products and technology, and are following this roadmap to engage in long-term development and leverage the outcomes of advanced R&D efforts to pave the way for sustainable growth. Proactive open innovation will also help broaden our technology development competency, and we are pushing the boundary into new areas and identifying future growth drivers through the win-win model with our cooperation partners. LG Innotek is tirelessly pursuing customer-driven technology innovation to become the Global No. 1 Material and Component Company.



CHO (Chief Human Resource Officer)

Chulyong Park
Senior Vice President

LG Innotek's aim in establishing its organizational culture is to ultimately create within its employees a strong sense of pride. We know that when employees feel proud to work for their company, they will wholeheartedly and enthusiastically engage in their work and do their utmost to deliver customer value to aid in customer success. This, in turn, enables us to achieve profitable growth and bring an even greater sense of pride to our employees. As we fulfill our corporate social responsibility within this virtuous cycle, we will take one step closer to realizing our vision to become the 'Global No. 1 Material and Component Company'. With establishing a sense of pride among our employees as our top priority, we have launched our unique PRIDE initiative. Along with our truly dedicated employees who make up the backbone of LG Innotek's journey to become the Global No. 1 Material and Components Company, we at LG Innotek will build upon the success of our last 50 years to usher in the next 100 years together.



CFO (Chief Financial Officer)

Changtae Kim
Senior Vice President

By harmoniously improving the financial and social values of our Company, we aim to position ourselves as an ESG leader in the industry. With that goal in mind, we are comprehensively reviewing our impact on customers, suppliers, local communities and employees from the ESG viewpoint as well as such financial aspects as sales and profit in the overall decision-making process. In particular, we will extensively supplement our governance and strengthen our preemptive risk management system this year to embark on the initiative to fully embed ESG management into our entire value chain.



Optics Solution Business Unit

Hyuksoo Moon
Senior Vice President

Optics Solution Business is engaged in the supply of camera and 3D sensing modules mounted on smartphones and other mobile devices. Since our products are adopted for mobile devices, our business is immensely impacted by changing customer requirements, from economic fluctuations in the domestic and international markets and changes in communication standards (e.g. 5G) to the deployment of new components to deliver improved camera quality on par with that of DSLR cameras. This also underscores the importance of communicating with our stakeholders over other business units. In line with the increasingly heightened need for social responsibility - including the use of green energy, we have joined the RE100 initiative to fully assume our social responsibility, and we will continue to create a green, ethical and safe workplace that respects the human dignity of our employees during all times - even amid the on-going COVID-19 pandemic.



Substrate and Material Business Unit

Kildong Son
Senior Vice President

The Substrate and Material Business is generating sustained business outcomes with its market-leading technology, strategic customer response, and competitive manufacturing capabilities in the semiconductor and display substrate sector. The mobile communication market continues to grow with 5G and information technologies, and its relevant markets are expanding in line with high-resolution and ultra-slim displays. LG Innotek's Substrate and Material Business will make proactive investments to become a first mover and secure R&D competency in new product/technology development, and build upon its exceptional technology and production capacity established as such to solidify its Global No. 1 position and pursue continued growth and development of its business.



Automotive Components Business Unit

Sungkug Kim
Vice President

The Automotive Components Business is operating on the strength of its product portfolio and growth roadmap designed in line with the emerging trends of autonomous driving (ADAS/AD) and electrification (e-Mobility), and this is expected to further accelerate in the post COVID-19 era. We will leverage our core technology to make autonomous driving/electrification a reality to render our everyday lives more convenient, to safeguard drivers and pedestrians and to preserve the environment for ourselves and future generations. We will continue to develop and upgrade our products and advanced technologies - ultra-high-speed communication, ultra-high-pixel cameras, radar, lidar, BBW/SBW motor controllers, BMS, DC/DC converters, and automotive LED lighting - that enable fully autonomous driving and fossil fuel-free electrification to set the trend of future mobility and improve our quality of life.

※ BBW: Brake by Wire
※ SBW: Steering by Wire



Electronic Components Business Division

Hongphill Kim
Head of Division

Our Electronic Components Business focuses on communication and power components that go into electronic products in such diverse sectors as display, home appliances, healthcare and security that are expected to grow further in the years ahead. Leveraging our core components brought to life through high-efficiency and high-integration design technology, we deliver satisfaction and truly impressive experience to customers while rendering our daily live more convenient to contribute to society and share value.



Business Audit Division

Changyup Lee
Senior Vice President

Behind the sustained growth we achieved in the face of numerous challenges and hardships over the past five decades, was our strong sense of responsibility and obligation towards our customers, our management philosophy of 'Creating Value for Customers' and 'Respecting Human Dignity' that respects employees and fairly treats them based on their competency and performance, and our 'Jeong-Do Management' that represents LG's distinctive code of conduct to steadily develop capabilities and play fair on the basis of ethics management.

With world-renowned competitiveness in the materials and components sector, LG Innotek will further solidify its culture of Jeong-Do Management to fully abide by its core fundamentals and principles to pursue continued growth as a great company that is both trusted and respected.



Quality Management Center

Sunghwan Cho
Vice President

Quality competitiveness plays a key role in advancing sustainability management. The incidence of quality issues may adversely impact our corporate reputation in addition to causing financial losses. LG Innotek pursues a culture of quality to score No. 1 in delivering it: we abide by our principles and fundamentals, and our employees are willing to share and improve on quality issues. By developing our No. 1 quality strategy with the integration of our global top-notch quality management system, we continue to progress with our detailed plans. In so doing, we will deliver the highest-possible quality and customer value that will enable our customers to recognize us as a trusted partner.



Production Technology Division

Sangseok Lee
Vice President

For LG Innotek to evolve into the Global No. 1 Material and Component Company and achieve sustainability management in today's digital transition age, it is critical that we strengthen our manufacturing competitiveness through Digital Transformation (DX). As such, we will combine digital technology optimized for our distinctive environment with production technology to create a Smart Factory, and will leverage Digital Twin technology to pioneer manufacturing innovation. We will also provide technology support to our suppliers to help them deliver maximum capacity and process automation to seek mutual growth.



Procurement Division

Yongki Lee
Vice President

As corporate social responsibility is becoming more important than ever, it is imperative that we not only make efforts internally but also set and manage strategies along the entire supply chain to preemptively respond to the shifting landscape and survive as a sustainable company. To this end, the Procurement Division will define its core values as 'nurturing competitive suppliers' and 'seeking mutual growth' through shared growth support, and grow together with suppliers through genuine and differentiated support. We will also continuously engage in wide-ranging activities and strengthen our management performance to contribute to the virtuous cycle within the supply chain and earn the respect of our customers in so doing.



Business Support Division

Baeksoo Cho
Head of Division

We will proactively fulfill social responsibility for the sustained growth of LG Innotek. Through the stable operation of the ESG Board Committee established under the BOD in 2021 as well as our company-wide ESG Executive Committee, we will elaborate on our ESG activity directions and tasks and strengthen our executive ability. This will surely help us deliver social value to all our stakeholders – whether they be customers, shareholders, employees, suppliers, or local communities – and transparently disclose our ESG activities and achievements to promote open communication. Furthermore, we will propose emerging environmental and social trends in making ESG management decisions to contribute to attaining the goal of becoming the Global No. 1 Material and Component Company in the truest sense of the phrase.



Safety and Environment Division

Yeongsu Park
Head of Division

LG Innotek has established a mid/long-term 2030 roadmap in the safety and environment sector to advance sustainable development across the globe as well as to minimize the environmental impact of its manufacturing operations. Specifically, we increase investments in energy-saving technology to attain the set GHG emissions reduction target and consistently engage in activities to improve our operational efficiency. Under the motto 'We never compromise on safety', we are hosting Safety Day events on the 4th of every month. All employees attend these events, including our senior management, to create a distinctive culture that values safety and the environment and to fundamentally manage compliance risks. We will also identify and improve risk factors through our safety and environment audit organization to ensure that LG Innotek remains a safe workplace free from injuries or accidents.

LG Innotek's Vision



LG Innotek's vision is to become the 'Global No. 1 Material and Component Company'.

We at LG Innotek define the Global No. 1 Material and Component Company as a company that leverages its exceptional technology and products to set global standards and lead the market, a company that customers go to first as a trusted partner, a company that competitors dare not trifle with, yet from which much can be learned, and last but not least, a company whose employees are second to none as a source of pride and confidence.

This vision will be attained when we deliver the core values of Customer Focus, New Challenge and Striving for Success.

Business Overview

Since its establishment in 1970, LG Innotek, as a globally renowned materials and components company, has led technology development in the industry. With a focus on mobile, automotive, display, semiconductor and Internet of Things (IoT), we grow hand-in-hand with our customers across broad business areas - ranging from materials and devices to components and modules. We established a network of eight production plants and nine sales locations in major regions of Korea and abroad to tap into the global market while operating six R&D centers in Korea to commit ourselves to developing innovative technology and market-leading products. This has driven our continued growth to reach KRW 9.5 trillion in 2020 sales.

The business environment remains challenging as the global smartphone and TV markets have been stagnating since 2015 and competition intensified against Japanese and Chinese component suppliers. This prompted us to realign our business structure towards high value-added products, increase sales among major customers and launch new products. This led to improved profitability along with y-o-y sales growth in 2017. To respond to the quickly evolving market, we separated our electronic component business from the Automotive Components Business in 2018 to be managed and operated separately. In 2019 and 2020, we identified and developed new business opportunities in future areas of promising potential along with the rationalization of low-profit businesses such as LED and HDI to deliver innovative customer value.

Company Profile

Date of Establishment August 22, 1970

CEO Jeong Cheol-Dong

Business Electrical and electronic components

Website www.lginnotek.com

Employees 10,827 employees

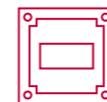
※ As of the 2020 annual report

LG Innotek's 3 Business Units [LG Innotek Product Overview](#)



Optics Solution Business

We are a global market leader in 3D sensing modules, including ultra-slim and ultra-high definition camera modules used for smartphones and tablets, and are expanding our business presence to automotive cameras, IoT and other adjacent areas.



Substrate and Material Business

We are taking the initiative in technology innovation as a supplier of semiconductor substrates, tape substrates, and photomasks that are deployed on smartphones, tablets, laptops, and LCD/OLED TVs.

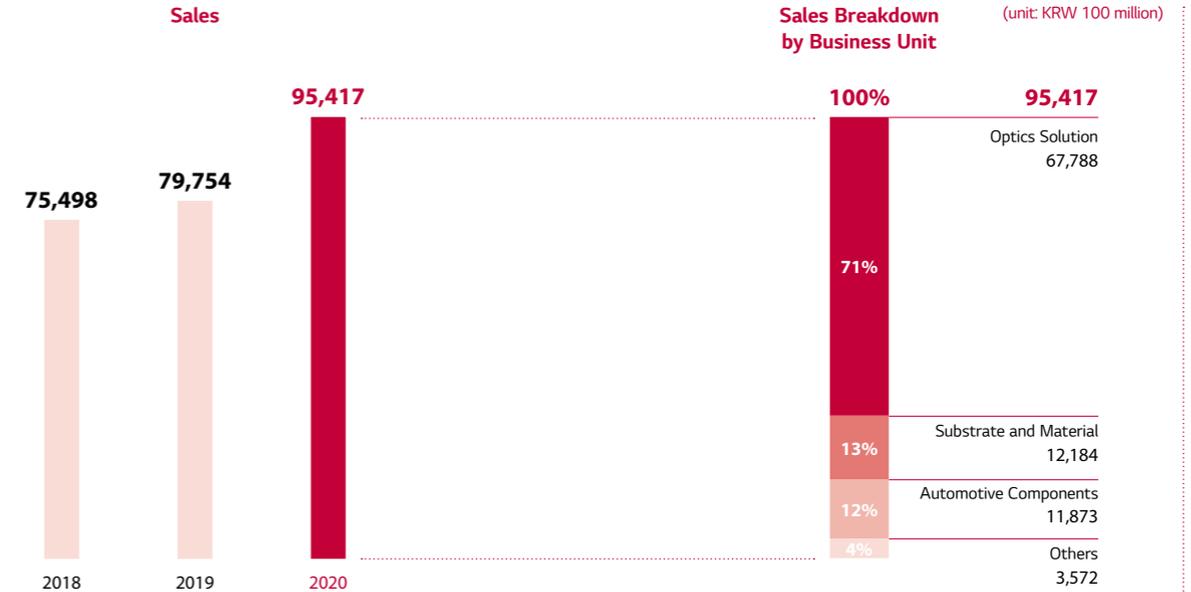


Automotive Components Business

Our automotive motors and sensors as well as communication/power/camera/lighting solution modules contribute to improving driving safety and convenience, and we are landing more orders, primarily from global customers.

1 Business Division:

Electronic Component Business Division



※ The data is as of the 2020 annual report, and other sales in 2020 represents the sum of sales from other business operations and related transactions.

Mobile

Bringing Contentment at Your Fingertips

LG Innotek produces cutting-edge components that enable the key features of mobile devices, including 3D sensing modules and circuit boards as well as camera modules adopted for smartphones, laptops and home appliances. Our ultra-slim and ultra-lightweight components allow mobile and electronic devices to transcend the limitations of design while our multi-functional and high-performance components serve to bridge the gap between what is imagined and what is made real.



Video introducing
LG Innotek's
camera module

Camera Module

A micro-sized/multi-functional camera module that maximizes user convenience through wide-ranging features including high-definition photography, auto focus, optical image stabilization, wide-angle photography, and high-magnification optical zooming



LG Innotek's
camera
module



3D Sensing Module

A 3D sensing module capable of extracting 3D depth maps by measuring the distance from the photographer to specified objects or locations



LG Innotek's
3D sensing
module



Substrate Solution

A component transmitting electrical signals between semiconductors and the mainboard that comes in high-density circuit substrate form with finer printable circuits than the typical counterparts

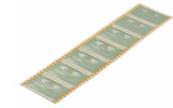


Display

Revealing the World More Vividly

LG Innotek develops and produces key components that determine the high-definition performance, quality and reliability of TVs, monitors and other display devices.

Our ultra-high-precision materials processing technology helps deliver high-quality images, and our power supply components usher in a new digital world.



Tape Substrate

A thin tape-shaped substrate on which display drive ICs are mounted to connect the panel with the PCB



Photo Mask

A glass substrate with semiconductor microcircuits composed of a number of circuits and patterns



Power Module

A power module component including Power Supply Units (PSU) for LED/OLED TVs that supports the stable operation of cutting-edge display products



Wi-Fi/Bluetooth Module

A communication component that supports internet access and data transmission through access to high-speed wireless communication networks



Digital Tuner

A component that amplifies selected input signals and converts them into digital ones to deliver crisper, clearer images



Automotive

- /Autonomous
- /Sensing
- /Communication
- /Battery
- /Navigation
- /Mirrorless
- /Ecology

100m

48 mph

Enabling the Best-ever Driving Experience

LG Innotek develops and produces automotive electronic components to deliver customer safety and convenience, leveraging its core technology accumulated in the cutting-edge electronic component sector. Our advanced technology helps provide the optimal driving environment for drivers under varying road and weather conditions, bringing to fruition the best-ever vehicle they had before only imagined.

- /Autonomous
- /Sensing
- /Communication
- /Battery
- /Navigation
- /Mirrorless
- /Ecology



1. Autonomous Driving Solutions



① Camera Solutions

An automotive camera component that collects data on what is surrounding the vehicle and transmits this to the driver to improve driver convenience



② Radar Solutions

A component that leverages high-frequency radar to identify the direction, speed, and distance of objects outside the vehicle to support ADAS and autonomous driving



③ Connectivity Solutions

An automotive electronic component that enables vehicle-to-everything wireless data communication (4/5G-V2X)

2. E-Mobility & Lighting Solutions



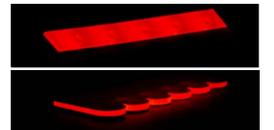
① Power Solutions

A component that supports EVs for power supply and battery charging/management including BMS, EVCC, and DC-DC converters



② Motor Solutions

Suspension/steering/transmission/brake motors and sensors that serve as key electronic components to deliver ride comfort and stable driving performance



③ Lighting Solutions

An automotive LED lighting component applicable across diverse automotive functionalities and areas

Global Network

AMERICAS



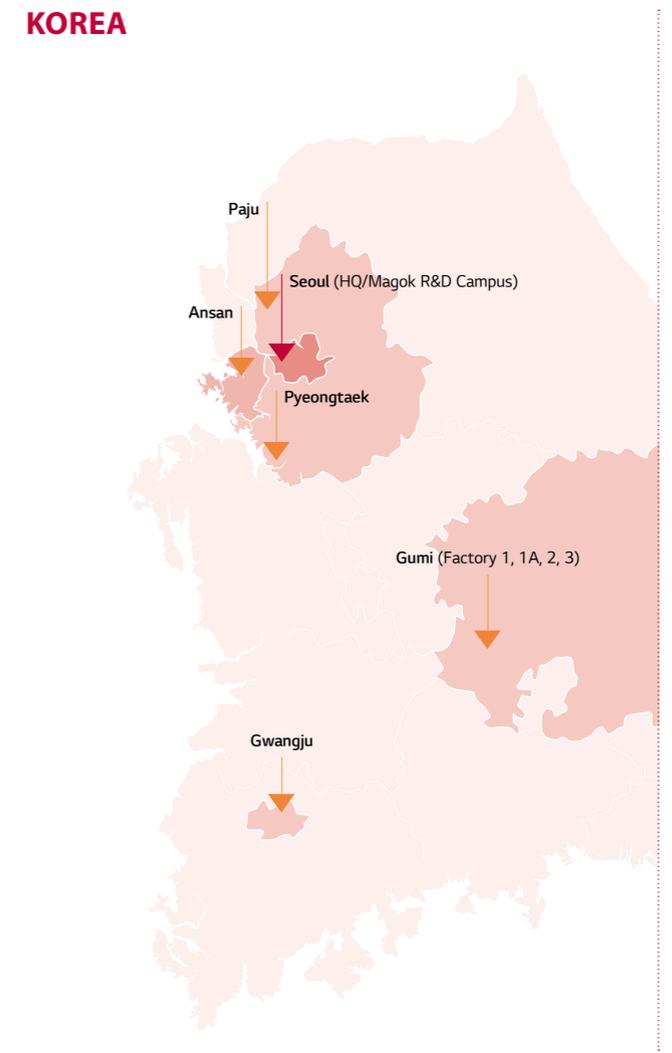
EUROPE



ASIA



KOREA



Operational System for Sustainability Management

Sustainability Management Vision

LG Innotek fulfills its social responsibility in a way befitting its status as the Global No. 1 Material and Component Company. We generate social value through ESG management while increasing our corporate value to pursue sustainable development.

Our new ESG vision is to become the 'Global No. 1 Material and Component Company Building a Better Tomorrow'. A 'Better Tomorrow' represents a future where LG Innotek's commitment to creating a sustainable society and becoming a lasting centennial company ultimately results in a healthier planet, a more flourishing and contented society, and more transparent management.

'Green management for a healthier planet', 'partnerships for elevating social value' and 'trustworthy governance' embody the strategic directions we aim to pursue in each of the ESG areas. In tandem with this, 10 implementation tasks were selected, and detailed targets were set to lead ESG management in the materials and components industry.

ESG Implementation System and Organizational Structure

As we are aware of the increasing importance of ESG in business conduct, we have established the ESG Board Committee under the Board of Directors in April 2021 and will fully reflect ESG in our major decision-making and business operations. This Committee consists of the CEO and four outside directors. Meanwhile, the ESG Executive Committee is chaired by the CFO with its work categorized into six areas, and serves to identify and implement ESG tasks to elevate our company-wide execution while functioning as a consultation body to discuss ways to collaborate further. The ESG Secretariat under the Business Support Division is responsible for risk management, stakeholder communication, and change management to improve our executive capabilities across each of the ESG areas at all levels.

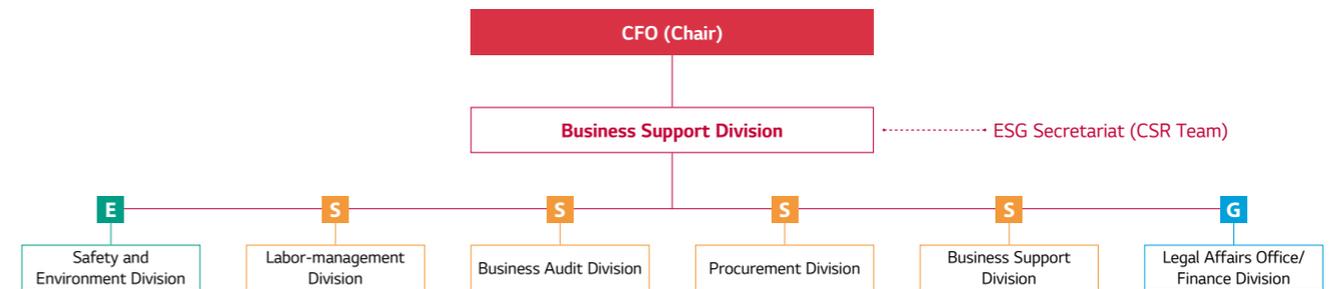
ESG Board Committee

Composition	CEO and 4 outside directors
Goal	Strengthen ESG (Environmental, Social and Governance) management to pursue long-term sustainable growth
Role	Handle ESG agenda items, including the management of carbon neutrality and green management, occupational safety, shared growth and shareholder rights
Operation	Half-yearly meetings convened/hosted
Establishment	April 29, 2021

Sustainability Management System



ESG Executive Committee



ESG Capacity Building

ESG Risk Management | In accordance with the Code of Conduct of the Responsible Business Alliance (RBA), we annually review the status of our CSR/ESG operations in the areas of labor & human rights, business ethics, the environment, and health & safety across our domestic and overseas worksites, and make necessary improvements on any issues brought forth. In March 2021, we conducted self-assessments at three of our domestic production worksites (Gwangju, Gumi, and Pyeongtaek) and at five of our overseas production subsidiaries (Yantai in China, Indonesia, Poland, Vietnam, and Mexico). No serious risks were detected as a result of these assessments, and ongoing progress is being made on the improvement items identified.

In August 2013, we established the Code of Conduct for our suppliers in order to provide them with an opportunity to join our CSR programs. In 2021, we completed the revision of the Code from the ESG viewpoint to pave the way to expand ESG principles across our supply chain. Our supplier CSR management process has been up and running since 2016 through annual self-assessments and on-site visits.

p64 [History of Supplier CSR Management](#)

Communication | We use diverse communication channels to identify and swiftly respond to the issues that garner interest among our stakeholders. While we fully address the inquiries and requests raised by our customers, investors and other stakeholders in relation to the fulfillment of social responsibility, we conduct surveys to directly connect with the concerns of our stakeholders.

Media research is also performed to identify the latest trends among domestic and international sustainability management evaluation agencies and country-specific regulations in order to integrate and identify requirements. We transparently communicate what is going on internally within our company to stakeholders through our website, YouTube, and press releases to elevate our external credibility while consistently sharing our CSR activities through the in-house communication channel (INNO.LIFE) and the intranet.



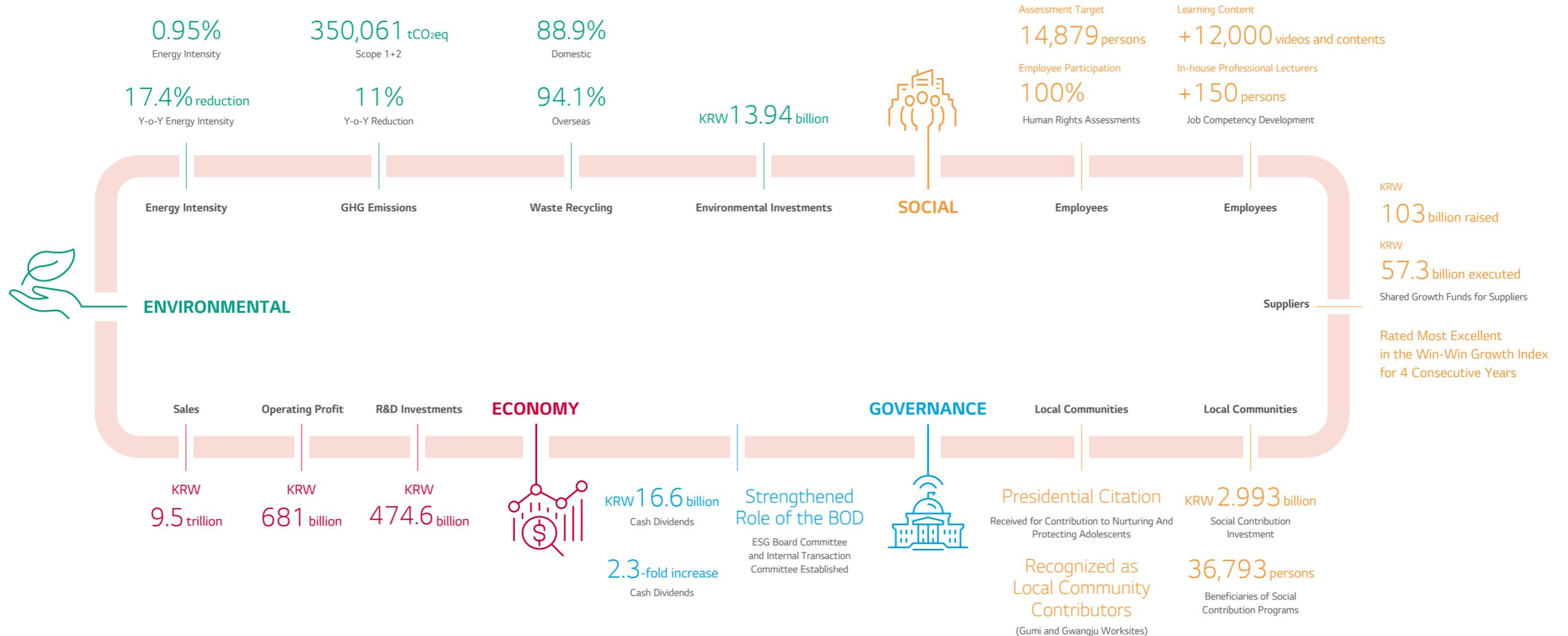
Listed as a DJSI Yearbook Member in 2021

Internalization of Sustainability Management

Category	Project	Purpose and Description
Training	Regular company-wide training	Share CSR issues related to LG Innotek to fully embed sustainability management into daily business routines (once a year) ※ Title of training: LG Innotek's Promise for Sustainable Growth
	New recruit training	Introduce the basic notion and necessity of CSR and LG Innotek's CSR activities
Publicity	Innotek ESG Insight	Share internal practices and external trends on sustainability management to improve employees' CSR mindset (bi-monthly)

2020 ESG Achievements at a Glance

LG Innotek is wholeheartedly committed to creating greater convenience and success in the world through ceaseless technology development and process innovation. With this goal in mind, we integrate ESG into each and every business area to generate sustainable value and earn greater trust from our stakeholders.



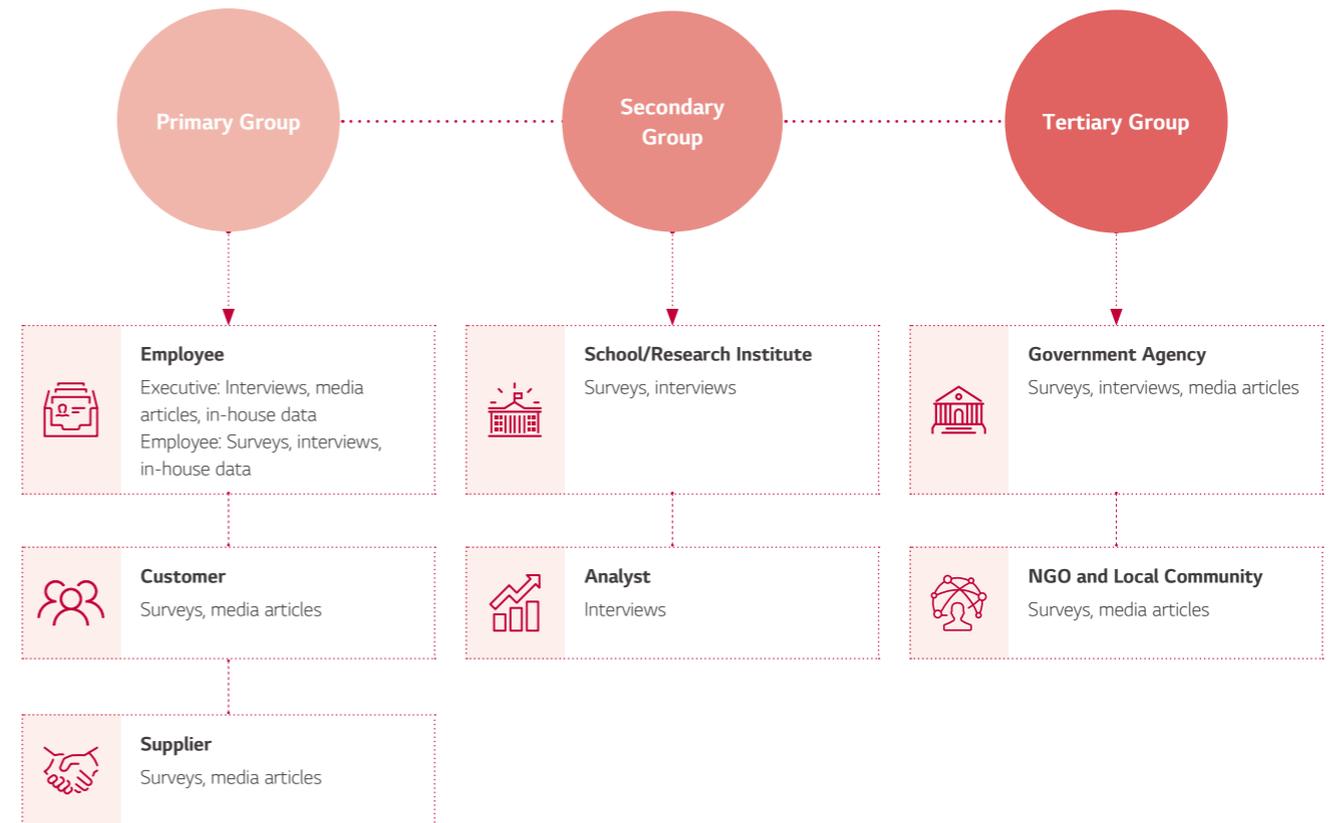
Stakeholder Communication

Stakeholder communication is gaining even greater importance in sustainability management. Our stakeholders are defined as those who exchange a wide-range of economic, social and environmental values with LG Innotek and either impact or are impacted by our business conduct. Our key stakeholder groups include customers, employees, shareholders & investors, suppliers, governments, industry players, NGOs, professional institutions, and the local communities where we are based. We clearly recognize the importance of stakeholder communication, and leverage communication channels (e.g. website) specialized for respective stakeholder groups to promote candid communication with them.

Communication Channels and Activities in 2020

Stakeholder	Channel
Customer	Exhibitions, customer satisfaction surveys, the company website, Newsroom, Facebook, sustainability reports
Employee	Open communication, CEO meetings, the Labor-Management Council, 59P and the in-house communication channel (INNO.LIFE)
Shareholder & Investor	General shareholder meetings, public disclosures (annual reports, sustainability reports), and IR events
Supplier	Online whistleblowing channel, Partner's Day, Shared Growth Camp, 65P
Government	Propose policy/regulatory improvements and participate in relevant consultations, cooperation programs, and discussion meetings
Industry, NGO, and Professional Institutes	Participation in associations and societies, joint collaboration programs , 34P and conference attendance
Local Community	Social contribution activities , 68P sisterhood ties, local community meetings, and sustainability reports

Participating Stakeholder Groups and Survey Methods



SPECIAL SESSION

Online Communication

LG Innotek operates a wide array of online channels to connect more closely with stakeholders – customers, talented individuals and investors among others – and to keep pace with the emerging corporate communication trend of shifting to virtual and online platforms. Through our corporate website, Newsroom (blog), Facebook and Youtube, we publicize our innovation technology, cutting-edge products and management activities in an honest and straight-forward way to enhance our corporate brand value.

 **Official Website**

Our official website takes a user-centric operational approach to help diverse stakeholders easily find and understand the information most relevant to them. We analyze the patterns of our visitors to create a user interface while producing and providing content by information type – company/product/recruitment/sustainability management – from the viewpoint of stakeholders. To deliver a differentiated user experience, LG Innotek’s unique brand identity is reflected in adopting an intuitive design approach while user convenience is improved through the screen layout design that is optimized for mobile and PC devices respectively.

 **Newsroom (Blog)**

LG Innotek Newsroom is a blog-format online channel where our new press releases and feature news, such as latest IT trends, can be found. The content is curated to help even those with novice-level knowledge easily understand materials, components and information technology, and view the various hosted events for visitors.

 **Facebook**

LG Innotek’s Facebook account serves as the Company’s official social media channel that promotes friendly communication with stakeholders and the general public on the online platform. The account not only provides corporate news, but also daily information and simple greetings, which we share candidly with the public.

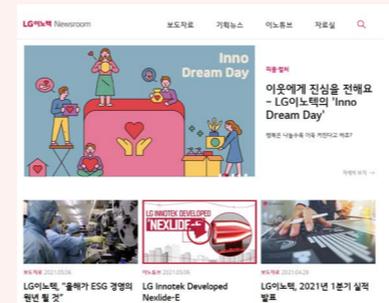
 **Youtube**

Our official Youtube channel vividly presents our ambition, transformation and growth to wide-ranging viewers including stakeholders and undergraduates. In fully leveraging the influence of Youtube and video content, fascinating narratives are made on a wide array of topics from our business competitiveness to organizational culture.

Official Website



Newsroom (Blog)



Facebook



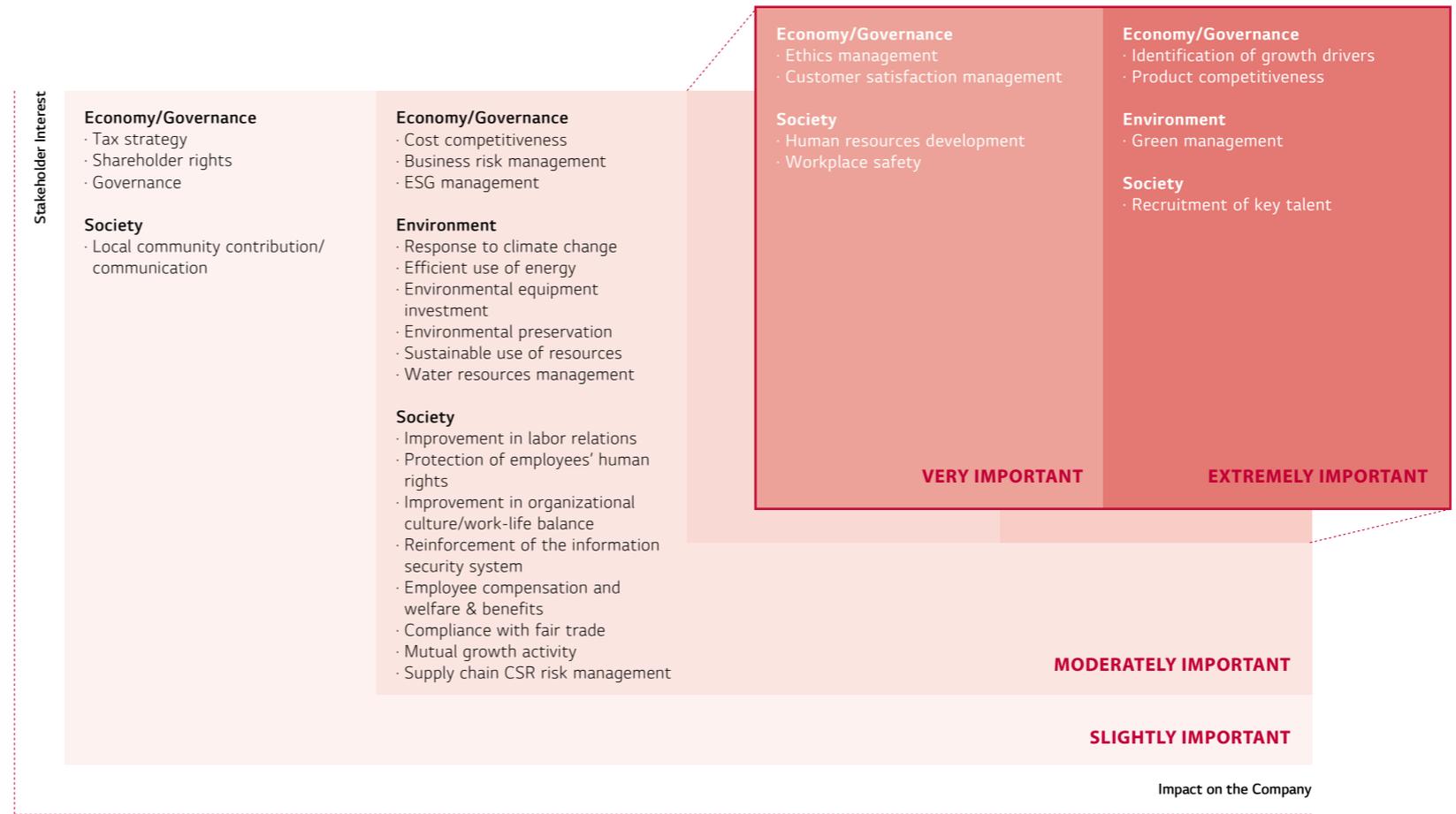
Youtube



Materiality Analysis

A materiality analysis was performed on the sustainability management issues identified through internal/external stakeholders in order to prioritize these issues and finalize on the ones that were highly material. Issues on corporate growth (identifying growth drivers, securing product competitiveness) and on the recruitment of key talent were chosen as material issues for two consecutive years, and issues on green/eco-friendly management were newly added this year.

Identifying growth drivers and securing product competitiveness will be addressed in the Focused Issue 1 section (Identifying market-leading products), and LG Innotek's EESH management system including green management in the Focused Issue 2 section of this Report. For details on the recruitment of key talent, please refer to the Focused Issue 3 section.





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ISSUE 2 Energy, Environment, Safety and Health (EESH)

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ISSUE 1 Identifying Market-leading Products

Materials and Components Market Trends

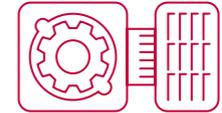
In 2020, the US-China trade conflict and COVID-19 gave rise to contraction across the overall industry. As governments around the world are introducing ambitious economic stimulus packages, however, we expect demand to recover earlier than forecast.

The non-contact trend that emerged in the wake of COVID-19 will boost demand for high-functional/high-pixel cameras, high-performance processors and RF semiconductor components along with the increased distribution of 5G smartphones, creating varying business opportunities and new growth momentum. The green new deal policy initiative adopted by governments across the globe is also restructuring the mobility market with green EVs playing a central role. Car makers are competing to become the first mover in the service and hardware sectors, as well as to establish market dominance, which will bring new growth opportunities to our automotive electronic components business.

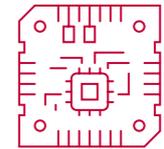
Current Product Line-up and Future Plans

Our camera module business expanded sales and strengthened competitiveness by building cost competitiveness and unveiling such premium products as triple cameras and 3D sensing modules. Our substrate business improved its business structure with a focus on high-frequency communication substrates and other high value-added products, and our automotive components business surpassed KRW 1 trillion in sales based on the strength of its differentiated products and technology.

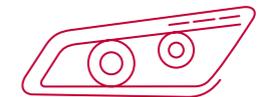
LG Innotek will continue to reinforce its technology competitiveness and proactively identify and develop next-generation growth drivers to remain an unrivaled market leader in the years ahead.



Camera Module



Semiconductor Substrate



Automotive Component



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Camera Modules/3D Sensing Modules

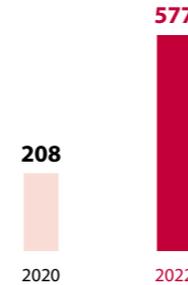
Our camera module business, which ranked 1st in the global camera module market in 2020, has consistently worked to push the boundary of cutting-edge technology since its market entry back in 2004. In 2005, we successfully developed the world's then thinnest ever 6.4mm 2 million-pixel autofocus camera module, and received heightened attention among industry peers with the development of a 5 million-pixel autofocus camera module that was on par with digital cameras in 2007. We also released the world's 1st 13 million-pixel OIS (Optical Image Stabilizer) autofocus camera module in 2013 just as the smartphone market was growing, and demonstrated our world-class top-notch technology yet again with the launching of the world's 1st-ever ultra-slim 1.5 mm and 16 million-pixel OIS autofocus camera module in 2014.

In particular, we developed a dual rear camera module with a 120-degree wide-angle lens in 2015, a 206-degree ultra-wide-angle camera which could be equipped on 360-degree virtual reality devices in 2016, and the world's 1st triple camera module in 2018, broadening the scope of the user experience along the way. In the 3D sensing module segment that is burgeoning for smartphone and automobile applications, we unveiled a front-end 3D sensing module in 2017 and then a rear-end 3D sensing module in 2020 in our continued effort to provide the greatest-possible user convenience.

LG Innotek will remain ahead of the competition to take action and blaze a new trail to continue to lead the camera module and 3D sensing module market with innovative products, solidifying its dominance as a global market leader.

3D Sensing Module Market Outlook

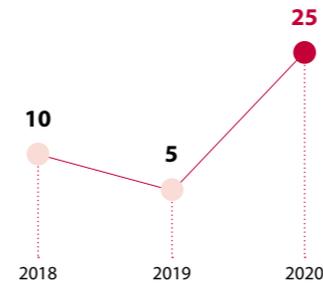
(unit: million units)



※ Source: Strategy Analytics

Optical Solution Sales Growth (y-o-y)

(unit: %)



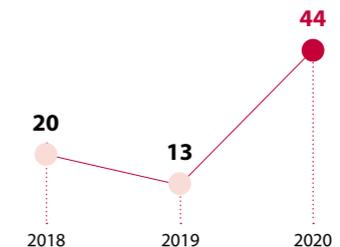
Semiconductor Substrates

As high value-added products that play a determining role in making products lighter, thinner and smaller, semiconductor substrates have come to deliver even higher performance and integration density. This falls in line with the heightened need for large-capacity semiconductor memory products and micro-sized components as smart devices increasingly fulfill more multi-functional purposes. This in return leads to substrate production methods and functions differentiated across different industry sectors.

LG Innotek owns industry-leading technologies that deliver high densities, fine line widths, embedded technologies, and the ultra-thin thickness that accompany the transformation of IT devices into lighter, thinner and smaller form factors and their convergence as well as the advancement of semiconductor technology. We also promptly respond to the shifting technology landscape to gradually widen our market presence into high value-added technology areas. As the focus of the semiconductor industry shifts from personal computers to smartphones and Internet of Things (IoT), there is a rapid growth demand for semiconductor substrates. Specifically, the expanding 5G smartphone market is expected to give rise to the increasing demand for RF communication components to respond to the wider frequency bands of 5G and for System-in Package (SiP) substrates to ensure signal stability and arrange a sufficient space for mounting components. Our SiP substrates are powered by high-end technology to reduce signal losses and deliver high density to enable 5G technology, and have secured the No.1 status through cooperation with global customers. LG Innotek will leverage its market-leading top-notch technology to continuously create customer value and reinforce its global market dominance in so doing.

Semiconductor Substrate Sales Growth (y-o-y)

(unit: %)



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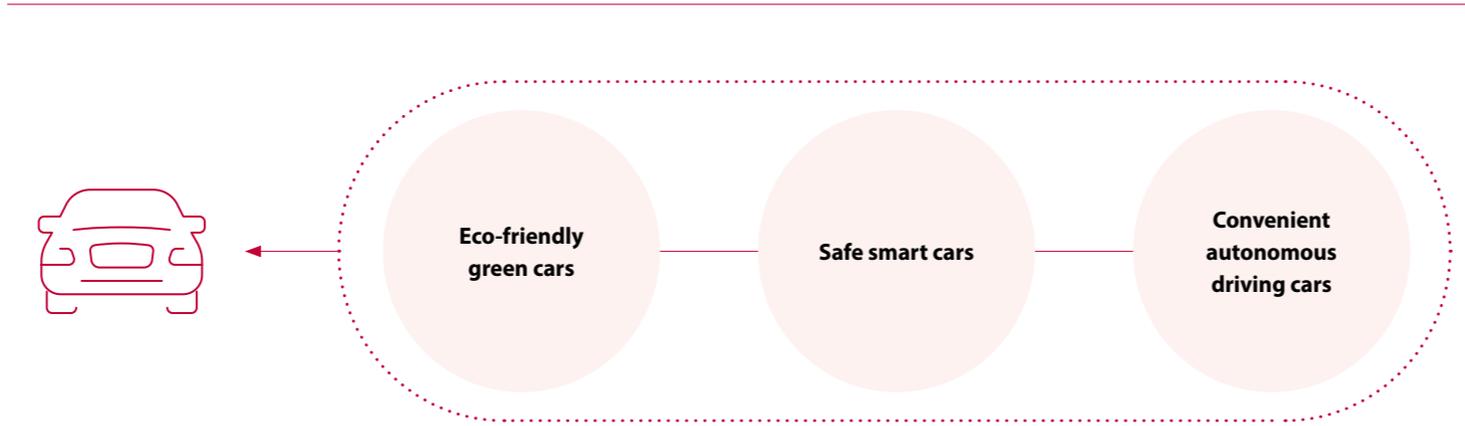
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Automotive Components

The increasing customer needs for eco-friendliness, safety and convenience are driving the shift toward smart and green cars. The accelerating convergence with information technology is also forecast to expedite electrification. Motors and communication/camera modules are gaining even greater importance as the key enablers for driving safety as well as essential components for convenience. Furthermore, competition or mergers & alliances are set to intensify among global electronic companies and automotive component makers as well as among car OEMs.

We proactively respond to changing market conditions on the strength of our source technology on materials and components that we have accumulated for over five decades. Harnessing our technology expertise to deliver the ‘ultra-small, ultra-thin, and ultra-lightweight’ smartphone electronic components, we created

wide-ranging component line-ups for electric vehicles and autonomous driving vehicles as well as for general vehicles, while delivering tailor-made products that cater to customer needs. Since 2005 when we initiated research on our flagship products of automotive components, motors and communication modules, they have been increasingly adopted by global tier 1 customers with each passing year. We own core technology in ‘automotive cameras’ that are set to witness accelerated growth in the upcoming years as one of the autonomous driving solutions.

LG Innotek continues to raise the ratio of high value-added products by developing control-integrated motors and combined modules. We are also swiftly responding to local needs with our overseas production bases playing a key role in Mexico, China, and Poland where our customers are located in order to elevate our global status in so doing.

Smart Car Market Size(unit)

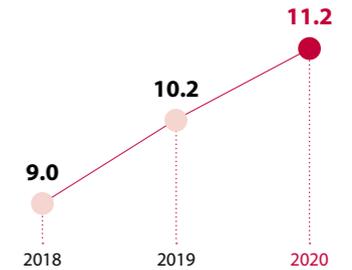
(unit: 1,000 cars)



※ Source: Yano (2020)

Automotive Motor Market Share

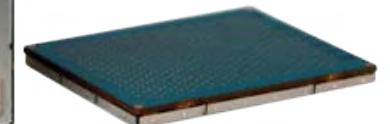
(unit: %)



Automotive 5G communication module



**Ultra-small
Ultra-thin
Ultra-lightweight**



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EESH Management Vision and Strategy

Mission	Through advanced EESH management, we ensure our workplace is injury/accident-free and eco-friendly and elevate the quality of life for all and preserve the environment.				
Vision	Global No. 1 EESH Leader in the Materials and Components Industry				
Strategy	Energy	Environment	Safety	Health	
	38P Energy Resource Conservation <ul style="list-style-type: none"> Achieve zero in UT accidents Reach 100% in energy efficiency Reach 100% in renewable energy use 	40P Response to Climate Change <ul style="list-style-type: none"> Reduce environmental impact to zero Reduce the use of harmful chemicals to zero Reach 100% in recycling waste 	54P Safety & Health <ul style="list-style-type: none"> Achieve zero in safety incidents Achieve zero in safety device errors Achieve zero in regulatory violation 	54P Safety & Health <ul style="list-style-type: none"> Reduce work-related diseases to zero Strengthen health promotion activities Reinforce healthcare management competency 	
	Establish a culture of safety and environment 		Develop an emergency response system 		Build globally recognized capabilities

EESH Management System as the Basis for Sustainable Management

LG Innotek set its vision of becoming the 'Global No.1 EESH Leader in the Materials and Components Industry', and is practicing change management in respective areas. A total of 70 provisions and guidelines have been stipulated in each of the safety and environmental areas, and an EESH management system has been established across all domestic worksites in accordance with such international standards as ISO 14001 (environmental management system), ISO45001 (health and safety management system), and ISO 50001 (energy management system). In particular, the Gumi 1/1A worksite was certified as a Green Company and is taking the lead in green management.

Response to EESH Regulations

We are clearly aware of the increasing importance of safety and environment and have established a safety and environment assessment system to reinforce the Check phase along the Plan-Do-Check-Action (PDCA) cycle in the safety and environment sector. We apply internal standards that are even more stringent than legally applicable regulations across all our worksites in Korea and abroad in making safety and environment assessments and improving our emergency response system. We have also developed a regulatory management system to preemptively respond to 53 safety and environment regulations, including but not limited to the Occupational Safety and Health Law, the Firefighting Framework Law, the Atmospheric Environment Preservation Law, and the Low-carbon Green Growth Framework Law. This system is also used to manage compliance risks in the safety and environmental sector accordingly.

	ISO 14001 certification achieved by facility	100%
	ISO 45001 certification achieved by facility	90%
	Provisions and guidelines in the safety and environment sector	70 provisions and guidelines
	Regulations addressed in the safety and environment sector	53 regulations

	Magok R&D Campus/ Headquarters	Green building certification	Grade Green 2
		Building energy efficiency	Grade 1
		LEED certification	Silver Level
	Gumi 1/1A worksite		Designated as a Green Company



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ISSUE 3 Recruiting Key Talent

LG Innotek implements a range of recruitment activities to secure talented individuals with exceptional expertise. We focus on job competency in recruiting and selecting talent, and engage our working-level employees in the entire recruitment process. We are also increasing on-demand recruitment for the timely hiring of top-notch talent.

Internship | All new hires with undergraduate degrees are required to undergo a month-long working-level internship screening, along with the existing interview screening. This allows us to rigorously verify the competency of our applicants while providing them with the opportunity to directly experience on-the-job practices, work conditions and our corporate culture. We believe this added investment of time and effort goes to greatly strengthen our competitiveness as an employer.

Industry-University Scholarship Students | Our major R&D positions are filled by talented individuals who are hired early on through wide-ranging programs and then nurtured accordingly. In hiring R&D employees with masters' and doctoral degrees, we select and develop talented individuals receiving industry-university scholarships through industry-university cooperation centers (talent recruitment/development channel based on industry-university project undertakings) along with relevant university departments and tracks. We also individually contact target labs working in areas highly relevant to our research operations at major universities to secure top-notch talent early on.

Industry-University Scholarship Students Recruited (unit: No. of persons)

Category	2018	2019	2020
No. of industry-university scholarship students recruited (in master's or doctoral courses)	34	20	18

Talent with Previous Work Experience | We are reinforcing our recruitment operations for applicants who have previous work experience and for recent graduates. To improve our business capabilities, we hire talented individuals who bring their diverse experience they've accumulated at leading companies and institutions in major areas as well as globally recognized work expertise.

Global Talent | LG Innotek hires exceptional R&D talent with master's/doctoral degrees and previous international work experience in the US, Japan and other regions. We host online and offline recruiting fairs to discover talent among those with master's and/or doctoral degrees from prestigious science and engineering graduate schools as well as employees with past work experience at leading global companies. In Japan, we identify and recruit talented individuals who have served as technical advisors to global components and materials companies based in the country. Our 'Global Internship' program for those studying abroad also enables us to expand the pool of global talents.

Major Development Courses for Key Talent

Course	Description and Purpose
LG MBA Course	Cover the basics on business/management based on the fundamental understanding of our customer-first philosophy and markets/customers/competitors
Global MBA Course	Nurture next-generation business leaders who will take the initiative and conduct business from a global perspective
Aalto MBA Course	Nurture global leaders by helping them develop competency as professional managers to drive our evolution into the market-leading 'No. 1 LG' and learn the latest international business expertise
External R&D Degree Course	Develop talent to lead our future core technology areas in consideration of mid/long-term business/technology directions and business issues
Entrepreneurship Course	Acquire knowledge on work in general and business insights along the value chain by completing training programs provided by position (head of business unit/head of production subsidiary/head of sales subsidiary)

Improving Flexibility and Efficiency in Recruitment

To respond to the rapidly shifting business landscape, we have re-inforced our on-demand recruitment with working-level employees playing a leading role to meet our talent needs at just the right time. In addition to conventional paper-based screening, personal/aptitude testing, and interviewing, our recruitment process has come to include AI-enabled paper-based screening and video interviewing, and reference check process to further verify the job competency of applicants and to improve fairness in the selection process and the suitability of the talent chosen. Furthermore, we leverage such channels as YouTube and online recruitment briefings to publicize our work environment, organizational culture and recruitment programs in a bid to elevate our brand as an employer and our reputation among potential applicants.

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SPECIAL SESSION

Efforts to Weather the COVID-19 Pandemic Together

Support for Employees

COVID-19 Prevention | To prevent the spread of COVID-19, which broke out for the first time in Korea in January 2020, LG Innotek has initiated an emergency response system in Korea and abroad to proactively respond to this global pandemic. We developed our own distancing guidelines on the basis of the social distancing policy of the Korean government and are fully complying with these guidelines to protect the safety and health of our employees. We provide face masks regularly to all our employees, and even to our internal suppliers, and mandate the wearing of face masks at the workplace. We also preemptively identify those who have come into close contact with individuals with confirmed or suspected cases and require them to self-quarantine to fundamentally eliminate the risk of COVID-19 spreading at our worksites.

Establishing Virtual Remote Work | We introduced the digital collaboration tool 'Teams' and the individual video conferencing system 'Webex' to create a virtual remote work environment and minimize the impact of COVID-19 in so doing. This platform supports collaboration and video conferencing from any location at any time and allows us to conveniently hold real-time meetings with global customers and conduct video interviews with our new hires. Our in-house trainings and workshops also went online. Creating a digital work environment that enables virtual work has made remote work a part of our daily business routine and helps keep our employees safe. [p48 No. 1 Culture](#)

Support for Suppliers

Financial Support | LG Innotek provided financial support to suppliers suffering from the prolonged COVID-19 outbreak. The shared growth funds grew by 40% to KRW 103 billion, which goes to fund suppliers in improving their business environment with facility investments, quality/productivity improvements, new technology/product developments, and joint entry into the global market. The loan appraisal standards were also eased for our suppliers, which enabled them to receive much-needed funding right when they needed it the most. From April 2020, we made early cash payments over a period of two months. These payments were worth nearly KRW 85 billion and were made within five days from each closing date, which helped our suppliers receive payments for their delivery and molding expenses, thereby greatly improving their cash flow.

Support for Business Activity | Even in the face of the global pandemic, we assisted our suppliers with whom we partnered in entering the global market by providing chartered planes, ensuring that their global production and business continuity remained uninterrupted.

Support for Local Communities with Disease Prevention/Relief Supplies



Donation of PPE for Healthcare Professionals

LG Innotek donated personal protection equipment (PPE) worth more than KRW 400 million, including protective suits and face masks to the Daegu Medical Association and the GyeongsangBukdo Medical Association, as well as electronic appliances required for screening centers located in the vicinity of its worksites.



Donation of Protection Supplies to the Underprivileged

We made financial donations valued at KRW 200 million to support the underprivileged heavily affected by COVID-19. We also provided such protection supplies as face masks, thermometers, and hand sanitizers to local children's centers and facilities caring for people with disabilities to continue our efforts to prevent the spread of COVID-19.



Global Donation of Relief Supplies

We donated 10,000 COVID-19 diagnostic kits worth KRW 170 million to Invest Indonesia and the Vietnamese government, and 160,000 face masks worth KRW 190 million to Yantai, Huizhou, and Beijing in China.





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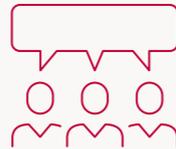
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- Our Activities at Customer Touchpoints
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Improving Customer/Market Value



APPROACH

LG Innotek takes the lead in creating customer value by leveraging its innovative technology. Not only do we merely supply components and parts, we provide differentiated services to deliver sustained customer value with the ultimate aim of becoming a company recognized and chosen by customers. At LG Innotek, the entire product development process from planning to production is aligned with the R&D process. We secure quality that satisfies customer needs through the prompt commercialization of new technology and products, and advance quality management along with marketing activities driven by customer value.

RISK & OPPORTUNITY

Businesses today face increasingly fierce competition in the rapidly-shifting global market. To preemptively respond to such changing market conditions, we pursue the convergence of our source technology to generate synergy and seek out new business opportunities. Furthermore, we improve our production technology and quality to increase profitability.



2020 PERFORMANCE

Developed the 'smartphone rear ToF module' and the 'high-magnification optical zoom camera module' to lead technology advancement in the mobile market

Established a leading position by developing and mass-producing half-tone/multi-tone masks

Unveiled the '5G-V2X communication module', the 'LED TV PSU' and 'high-efficiency ferrite-based' power components to pioneer the cutting-edge component market

2021 PLANS

Scale up business with a focus on securing global top-tier customers

Advance quality management to deliver products and services that create customer value

KEY PERFORMANCE

R&D Investment Value/Ratio (unit: KRW million)

2018	484,091	6.4%
2019	503,633	6.3%
2020	474,612	5.0%

■ R&D Investment Value ● R&D Investment Ratio

※ R&D Investment Value: R&D expenditures (total R&D expenditures – government subsidies)
 ※ R&D Investment Ratio: R&D expenditures against sales for the concerned year
 ※ The three years of data presented above was recalculated by excluding R&D expenditures of the LED business operations which were discontinued in 2020

Customer Satisfaction (unit: Point)

Category	2018	2019	2020
Customer satisfaction score	84	84	84

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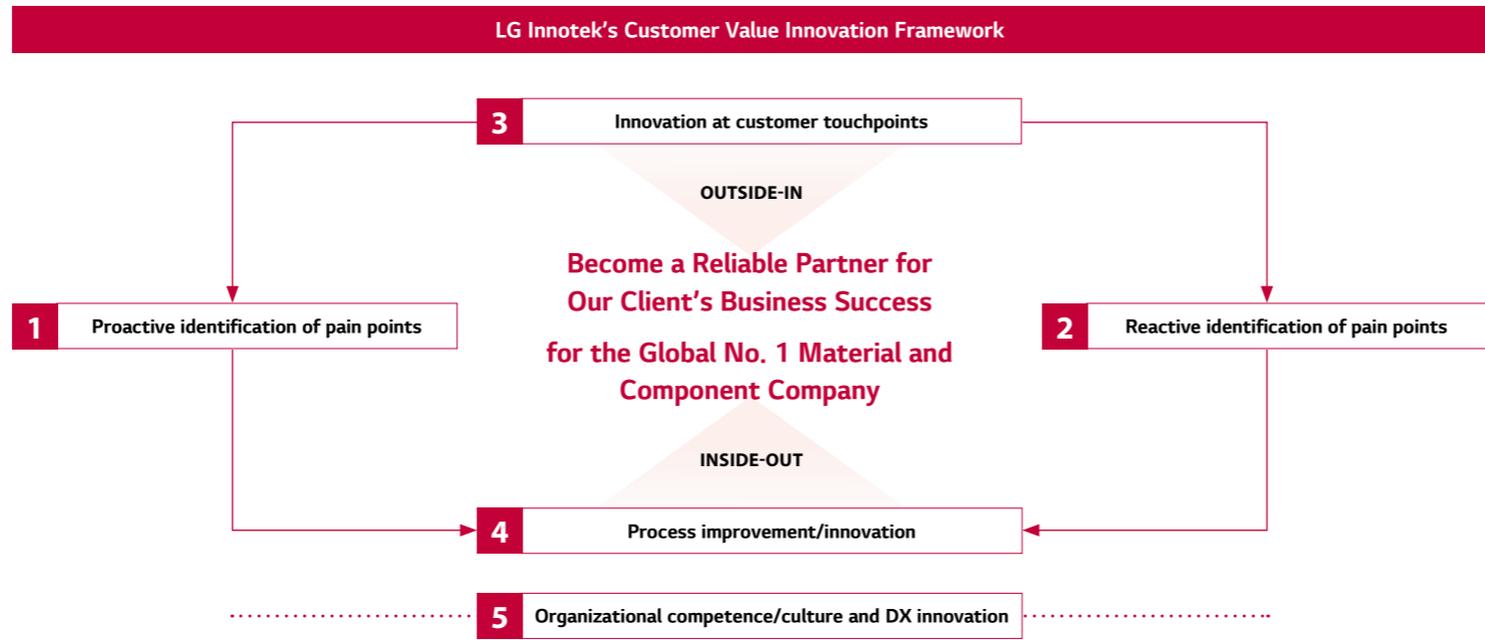
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Customer Value Creation

Customer Value Creation System



- 1 Proactive identification of pain points**
Create a database of market and technology trends to identify new business/product opportunities to deliver differentiated future value to customers
- 2 Reactive identification of pain points**
Collect, share and manage all VOCs generated along the value chain to provide fundamental TQRDCM* values that form the basis of business conduct
- 3 Innovation at customer touchpoints**
Establish the basis for Outside-In sensing to build stronger global customer service capabilities

- 4 Process improvement/innovation**
Accelerate process improvement and innovation on product planning, processing and quality assurance to build competency as the Global No. 1 Material and Component Company
- 5 Organizational competence/culture and DX innovation**
Clearly understand the shifting technology landscape in the digital age and build stronger digital competency to innovate work methods and our corporate culture

* TQRDCM: Technology, Quality, Responsiveness, Delivery, Cost, Management

Tailor-made Marketing

Drawing on source technologies accumulated over the past five decades, LG Innotek is proactively responding to shifting market trends and customer needs. We have established a customer value innovation system and set the goal to 'become a reliable partner for our client's business success' and emerge as the Global No. 1 Material and Component Company. We operate a dedicated department for customer value innovation, and are innovating our internal processes to obtain customer feedback on their pain points and conduct multi-layered, in-depth analyses on such customer concerns, thereby reinforcing contact point activities for our customers. We are building a management system tailored to customer needs throughout the entire process of R&D, production, and quality as well as marketing. We expand our partnerships with major global players to pave the way to grow sustainably, and deliver a diverse experience to our customers through elaborate market analysis with an aim to consistently propose optimized, tailor-made value to meet customer needs.

Identification of and Improvement on Customer Pain Points

LG Innotek's Pain Point system has been operating since 2016 to systematically manage a wide array of requirements made by domestic and international customers. Our customer satisfaction activities allow us to consistently and readily identify any needed improvements through customer contact points and make immediate improvements to deliver customer satisfaction. Such customer value innovation activities are integrated into our organizational capabilities and cultural DNA which are then accelerated through digital transformation. Our entire staff is wholly dedicated to identifying the genuine needs of our customers through their own perspective and creating customer value that lends itself to a truly impressive experience.



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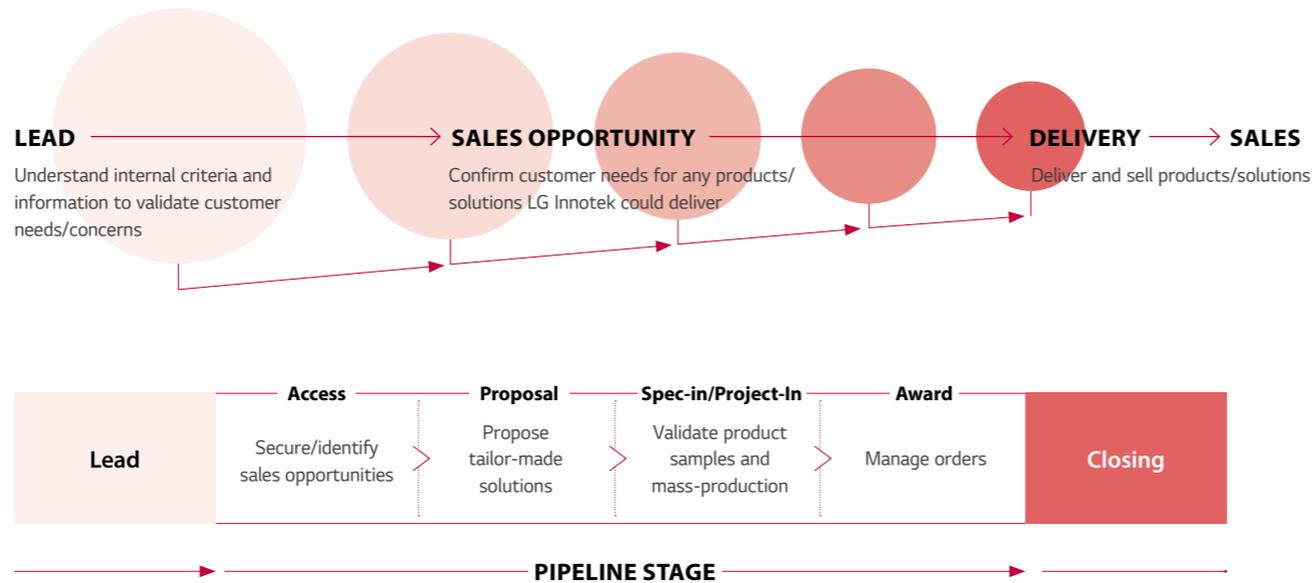
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Advanced Marketing

LG Innotek’s pipeline system serves to systematically manage the entire domain of business operations - from seizing new market/customer sales opportunities to developing and mass-producing products. We are raising the bar on our marketing management performance so that new opportunities and outcomes, identified from all our various marketing activities, are visualized and translated into final orders and sales. We plan to proactively leverage our marketing pipeline system to ensure that our order-winning capabilities are strengthened through data-based marketing advancement and process innovation.

We support our customers in the whole experience of selecting and purchasing products, and present a systemic view of the roles and responsibilities in each phase of the value chain in order to launch advanced marketing activities. Our independent employee training program, designed to take into account the distinctive characteristics of B2B customers, also helps our marketers build stronger competency. LG Innotek will work to push beyond the simple fulfillment of customer needs to present differentiated value and invaluable customer-centric solutions to build long-term partnerships with its customers.

Pipeline System



SPECIAL CASE

Best Practice of Customer Value Innovation

Recently, some of our global OEM customers have been suffering quality issues attributable to their component suppliers. As they launch recall campaigns to address these issues, there is a risk that such incidents could create a negative perception among consumers along with mounting economic losses. This prompted us at LG Innotek to further establish our quality excellence by guaranteeing we have absolutely no quality defects.

- Honored with the Supplier Quality Excellence Award from GM for 4 consecutive years
- Received JLRQ Certificate awarded by Jaguar Land Rover to excellent suppliers
- Ranked 1st in ASE-KH supplier assessments (consecutively for Q3 and Q4 in 2020)
- Ranked 1st in SPIL supplier assessments (consecutively for Q3 and Q4 in 2020)



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Our Activities at Customer Touchpoints

Unveiling Market-leading Technology and Identifying Customer Needs

LG Innotek attends domestic and international exhibitions that cover specific product categories to showcase its business competitiveness and technological prowess. This serves not only to promote our latest products and technology, but also reinforces our network with customers and helps us identify the needs of wide-ranging stakeholders, attracting new customers in so doing.

Exhibition Activity

UPT | The UPT (Untact Promotion Tool) is our unique online platform to preemptively gather Voices of Customers (VOCs) and provide tailor-made content. As COVID-19 made it challenging to engage in in-person promotional activities, this prompted us to establish our own online platform to resolve customers' pain points (immediately check new product information, access customized information, and ensure that VOCs are reflected). We also worked to bolster virtual communication with customers as an integrative tool to proactively collect VOCs, identify products and areas of interest to customers, and deliver tailor-made content.

In 2021, we designed this platform to visualize our modules in three-dimensional form to intuitively present our core technology and illustrate how our new products and technology are differentiated from the competition in so doing. It provided consumers an opportunity to directly experience the performance and technology of LG Innotek components. Our showroom at the Headquarters was also renovated to enable visitors to reinterpret the video content available on the UPT platform through a differentiated, novel and exciting exhibition experience.

[LG Innotek's online promotion for 2021](#)



Videos available on the UPT (Untact Promotion Tool) in 2021

KPCA Show | The KPCA (Korea Printed Circuit Association Show) is Korea's sole and largest international electronic circuit exhibition held to introduce cutting-edge technology and share information among those working in the electronic circuit industry. LG Innotek has been a regular participant in the event as Korea's leading company in this sector.

In 2020, we highlighted our corporate image as a leader in the circuit board substrate industry and publicized how our 5G technology and products set us apart from the competition. Our network extended from the existing material suppliers (chemicals, equipment, etc.) to other businesses in the industry and we explored collaboration opportunities concerning new products. We also attended the international symposium to better understand the market and the latest technology (materials development/semiconductor packaging market trends) and to engage in active communication with customers and industry players.



KPCA 2020 held at Songdo Convensia, Incheon, Korea



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R&D Innovation

R&D Strategy

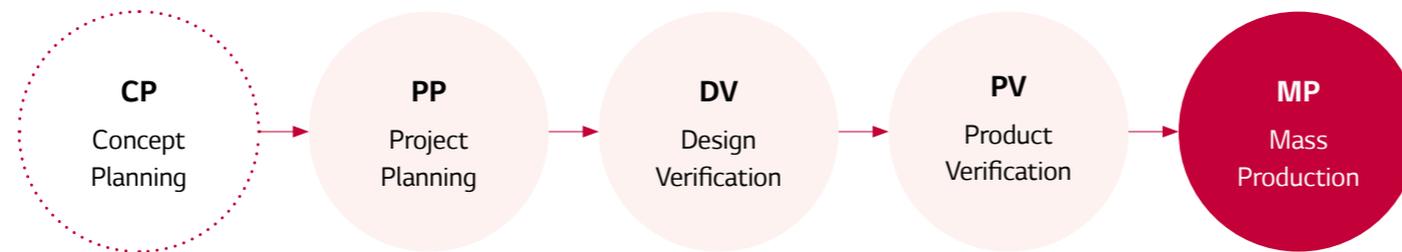
LG Innotek harnesses its world top-notch materials and components technology to develop key components in the optical, substrate and automotive sectors, and plays a leading role in the delivery of compact and high-functioning digital devices and the convergence of cutting-edge technology. On the strength of open innovation, we secure core source technology to lead next-generation materials and components technology, and further broaden its scope to discover future growth drivers. We are building a global R&D network with the world's leading companies and specialized research institutes to consistently establish technology leadership and explore

untapped technology areas for the future. We jointly undertake government-sponsored projects with public research institutes to secure innovative technology, and operate customized master's degree courses designed to meet specific business needs and various joint R&D projects as part of our cooperation program with prestigious universities, contributing to the development of both the nation and local communities.

R&D Process

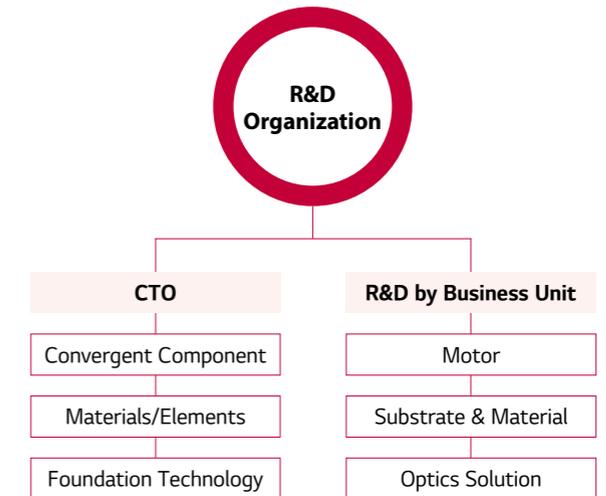
LG Innotek's PLM (Product Lifecycle Management) aims to systematically manage the entire product lifecycle spanning from technology development to production. This enables us to share innovative R&D outcomes and technology expertise at all levels, and comprehensively manage costs and deliverables at each phase of the project undertaking to constantly improve our technology and product competitiveness.

R&D Process Flow Chart



* NPI (New Production Introduction): Develop products in demand by product development projects, customers and markets

R&D Organizational Structure



※ As of the annual report published in Mar. 2021



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R&D Performance Management

Out of the major R&D outcomes produced for the year, exceptional projects and technologies are recognized to maximize the generation of synergy from technology and products. Furthermore, top-notch R&D outcomes are awarded to encourage and motivate our R&D workforce and employees.

SPECIAL CASE R&D Projects That Generated Exceptional Performance

Developing the World's 1st 5G Qualcomm Chip-based Automotive Communication Module

LG Innotek became the world's first to develop a 5G Qualcomm chip-based automotive communication module readily applicable to vehicles in real-life situations.

5G automotive communication modules deploy 5G mobile communication technology to support the transmission of data between a vehicle and a station and to enable wireless network connectivity. These modules combine a communication chip with memory, and an RF (Radio Frequency) circuit, and are usually installed within the interior of the vehicle or on the vehicle communication device located on the car roof.

Leading the Era of Autonomous Driving and Connected Mobility with Innovative Products

Our 5G automotive communication module enables the real-time sharing of road data, the measurement of precise locations, V2X (Vehicle-to-Everything) communication, and large-capacity data transmission, and thus fulfills a key functionality to make fully autonomous driving a reality.

Car OEMs are able to leverage our module to further accelerate their efforts to commercialize fully autonomous driving vehicles and connected cars while drivers enjoy a convenient, safe and pleasant driving experience.

Improved Data Response, Thermal Resistance and Convenience Responsiveness

Real-time response to changes in the driving environment is highly critical in delivering autonomous driving. LG Innotek's '5G automotive communication module' recorded a mere 0.001 seconds in response time (time taken for data to travel between a vehicle and a base station), which is only 1/50 of that of LTE modules.

Thermal Resistance

We adopted novel plastic-based materials that are less sensitive

to temperature fluctuations and employed a new method in the material hardening and dispensing process. As a result, our module keeps its form when exposed to intense heat that is usually generated by 5G modules and to direct sunlight on the car roof.

Compact Size

Our module is only half the size of a credit card, measuring 40mm, 50mm and 3.5mm in width, height and thickness respectively, all while containing within it nearly 480 components - including a communication chip, memory, an RF circuit and C (Cellular)-V2X. Created through the combination of LG Innotek's high-density, ultra-precision technologies, our module can be installed anywhere outside or inside a vehicle.

Convenience

Our module is designed to be compatible with LTE modules and thus it easily takes the place of the existing module without changing its location or design configuration. We also provide software optimized for the 5G module. Furthermore, our module can be used in any vehicle in any country and in all climates as it complies with the latest Release 15 of the 3GPP (3rd Generation Partnership Project), a group of international standard-setting organizations promoting technology cooperation for mobile communications.





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2020 R&D Outcomes

Business Area	Project	Development Outcomes & Expected Benefits
Camera module	Developed a high-magnification optical zoom camera module	- Lead technology advancement in the premium smartphone segment by developing highly reliable, high-resolution products
	Developed a smartphone rear ToF module	- Strengthen the business portfolio by commercializing 3D sensing modules
	Developed next-generation ToF technology	- Explore market/business opportunities by improving the functionality of 3D sensing modules
Substrate materials	Developed a substrate to replace coil winding for camera modules (OIS)	- Improve the OIS (Optical Image Stabilizer) functionality of smartphone cameras
	Developed 'heating' cameras	- Develop heating solution technology performing strongly in inclement weather conditions (snow/frost removal)
	Developed an automotive AVM system	- Establish an automotive electronic AVM (Around View Monitoring, 360-degree video surrounding the vehicle) system line-up
	Developed the world's smallest Bluetooth module	- Integrate nearly 20 components into a device measuring 6mm and 4mm in width and height - Deploy independently developed antenna integration technology - Initiate efforts to pioneer the ultra-precision, highly integrated circuit IoT market
Automotive component	Developed a 5G-V2X communication module	- Secure a competitive advantage over competitors by leading 5G technology - Complete a preliminary development project with the customer (Sep. 2019 ~ Dec. 2020) - Gain an advantage over competitors in reinforcement technology to cope with thermal shocks, over discharging protection technology for vehicle batteries, and standard API integration middleware design
	Developed a BLE communication module for digital keys	- Establish a competitive advantage in recognition scope and measurement accuracy by creating wireless link connections among dependent systems adopting BLEn (Bluetooth Low Energy protocol) - Mass-produce the world's 1st sensor-to-sensor mobile communication solution (Oc. 2020) - Extend the outdoor communication distance by 100m and reach 50cm in in-vehicle measurement accuracy (competitors record 100cm or higher)
	Developed an 11kW bi-directional DC-DC converter for ESS applications	- Secure and mass-produce the battery DC-DC converter line-up for ESS (Energy Storage System) applications
	Developed a DC-DC converter for mHEV applications	- Establish the competitiveness and line-up of DC-DC converters for mHEVs (mild Hybrid Electric Vehicles)
	Developed a head lamp LDM	- Secure a head lamp LDM (LED Drive Module) mass-production line-up
Power components	Developed a micro-sized vehicle camera platform	- Develop an automotive micro-sized camera platform by minimizing circuits/electromechanical components (reducing sizes and simplifying the assembly process)
	Developed a high-efficiency ferrite	- Reduce heat-induced power losses by 40% compared to general ferrite - Deliver the world's thinnest form factor with 9.9mm when applied to TV power modules - Reduce weight by 10% while improving energy efficiency by 1.2% when applied to automotive DC-DC converters

SPECIAL CASE Sustainable R&D

Development of a High-efficiency Magnetic Material (Ferrite)

In 2020, LG Innotek successfully developed a high-efficiency ferrite that posted the world's lowest-ever power losses.

This high-efficiency ferrite is capable of reducing heat-induced power losses by up to 40% compared to general ferrite, and maintaining low-loss characteristics at temperatures ranging between -40°C~140°C to deliver defect-free quality within the high-temperature interiors of TVs and under a host of driving conditions.

Using this material helps reduce the thickness of TV power modules by nearly 60% to 9.9mm, the world's thinnest-ever, while improving energy efficiency by up to 5%.

When applied to automotive DC-DC converters, LG Innotek's high-efficiency ferrite reduces the volume and weight by approximately 10% from existing converters, and also mitigates the risk of fire caused by overheated automotive power components.





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Open Innovation

We leverage innovative technology from outside LG Innotek and establish our business competitiveness through regular interactions and strategic cooperation with our partners. We also preemptively identify promising high-tech businesses to consistently strengthen our open innovation initiatives, including joint development and technology investment.

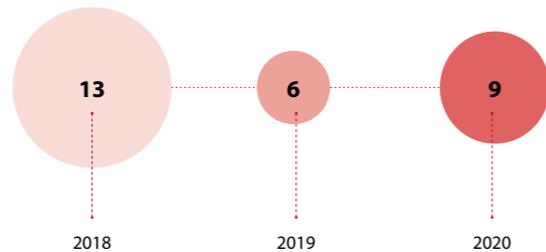
We established a government-sponsored project undertaking process to allow for the real-time management of phase-specific progress, the use of project expenses, and deliverables. To this end, the 'provisions on government-sponsored projects' were stipulated, and a dedicated department is tasked with operating this process. We will create industry-academia cooperation centers at respective universities and establish a bilateral cooperation process to integrate their pioneering technology into our products. To this end, we aim to recruit and nurture competent talent and strengthen our R&D capabilities.

Government-sponsored R&D Projects (2018-2020)

Project Area	Project Name	Sponsor Organization	Period
Components and materials technology development	Development of ultra-high-purity SiC materials	Korea Evaluation Institute of Industrial Technology	Sep. 2010 ~ Mar. 2019
	Development of ultra-high-purity SiC powder technology		
	Development of SiC epitaxial materials for energy semiconductor devices		
	Development of energy-saving high-heat dissipation nano composite materials		
Energy technology development	Development of medium/low-temperature thermoelectric generation devices through power modulation	Korea Institute of Energy Technology Evaluation and Planning	Sep. 2016 ~ Aug. 2019
Korean Smart Farm core technology development	Development of real-time biometric data/behavioral measurement and unmanned automation technology for chicken farms	Rural Development Administration	Mar. 2018 ~ Dec. 2020

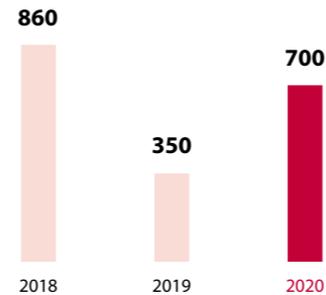
Industry-Academia R&D Projects

(unit: No. of projects)



Projects Undertaken

(unit: KRW million)



Project Expenditures

2018 2019 2020



Center Operation



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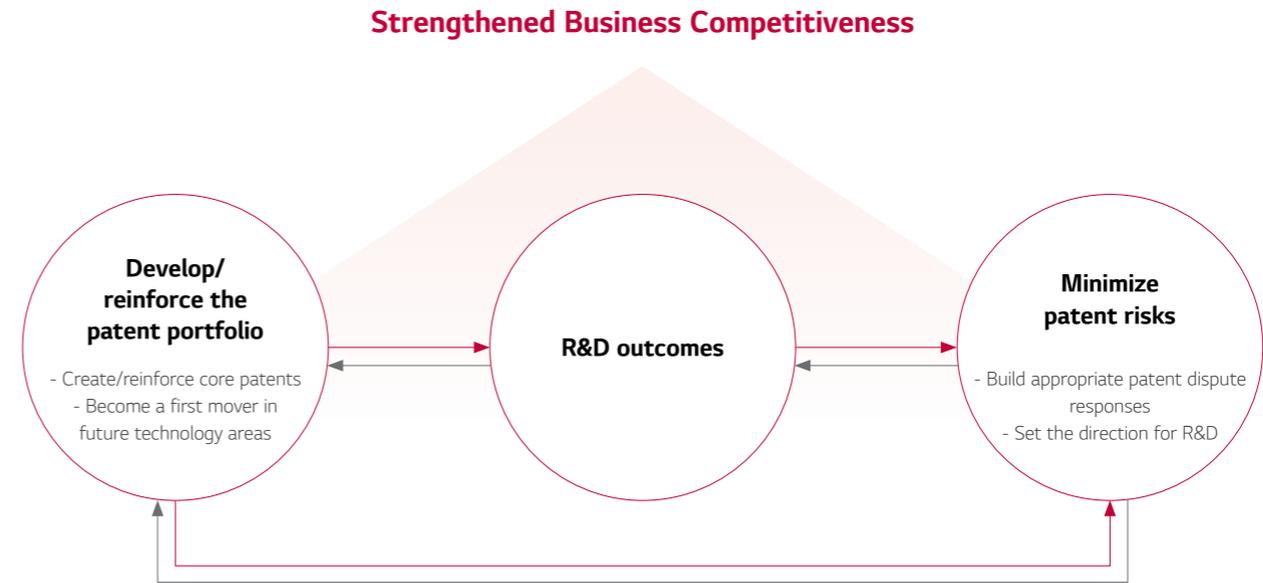
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Intellectual Property Protection

As the Global No. 1 Material and Component Company, LG Innotek takes a systemic and strategic approach to its patent operations to set the trend in the rapidly shifting technology landscape. Under our Intellectual Property Rights (IPR) vision of ‘from Innovation to Patent; from Patent into the Future’, we set out the ‘patent portfolio development/reinforcement strategy’ to continuously establish and strengthen the portfolio of our patents as the key outcomes of our entire R&D activities as well as the ‘patent risk minimization strategy’ to eliminate patent risk factors before they ever occur to anticipate appropriate responses to patent disputes. Driven by these two strategies, we are implementing strategic patent activities to develop and establish an internal system specialized in patent operations and to organically align this system with our R&D outcomes.

LG Innotek is extending the scope of its strategic patent activities from Korea to the wider world. As of the end of 2020, we posted 15,451 patent registrations in Korea and across the globe (6,204 in Korea and 9,247 in overseas) to solidify our position as a leader in the materials and components industry.

Patent Strategy/Management



Patent Applications & Registrations

	Category	2018	2019	2020
Registration	Korea	6,281	5,724	6,204
	Overseas	8,261	8,208	9,247
	Total	14,542	13,932	15,451

	Category	2018	2019	2020
Under application	Korea	7,679	7,417	5,562
	Overseas	7,518	5,876	4,311
	Total	15,197	13,293	9,873

※ The data was calculated as of March 2021, and may vary from the data disclosed in the annual report.

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Quality Management

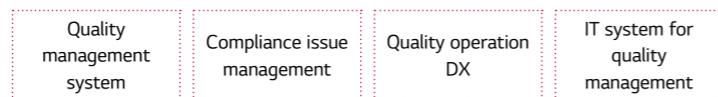
Quality Management Vision & Strategy

MISSION

- Making quality the basis of our business and delivering truly-impressive quality to customers
- Achieving zero defect leakage, quality accidents and loss

VISION

The best quality makes our customers winners



Quality Management System

LG Innotek's quality management system and process comply with the IATF 16949 quality management standard certification, and are operated in a way that caters to the specific customer needs of respective business divisions. The quality management department at the Headquarters established our No.1 quality strategy and operates the entire quality management system - from development to mass-production. Furthermore, product-specific audits are performed on the quality management system and process across all domestic and overseas worksites to strengthen our quality management capabilities. Quality experts are frequently sent to business divisions to improve on the issues identified and to deliver customer value with differentiated quality. A pool of auditors (212 auditors) is established at respective worksites in Korea and abroad to perform self-initiated internal audits, and continuous improvements are made to ensure that the basic principles of our quality management system are followed across all business areas.

Internalization of Quality Management

Taking a step further from the previous quality management philosophy of 'providing customers with services and products of higher quality to make them winners', LG Innotek is pursuing the 'world's No. 1 quality strategy'. To accomplish this strategy, we are establishing 'LG Innotek's distinctive culture of No. 1 quality' at all levels: we pursue 'compliance with the principles and fundamentals' and a 'different way of working', and engage all employees in the entire process of development, process and customer contact activities to encourage them to 'speak up' on quality issues and align their feedback

Decline in Quality Cost
(in terms of fail cost)

**18% improvement on average
for the past 3 years**

with quality improvements. We also continue to advance our quality management system by building an operational system that aligns standards, processes, quality IT infrastructure, preemptive alarming and error-proofing in order to deliver differentiated customer value. Such endeavors allowed us to reduce the fail cost (F-cost) continuously (an average of 18% improvement over the past 3 years), which surely contributed to our business performance.

Focus Areas of Supplier Quality Audits



Quality Management Support for Suppliers

LG Innotek provides tailor-made support to suppliers to assess their respective quality grades and help them improve their quality competency. Since 2017, we have teamed up with suppliers in product development to take preventive activities on the quality of their components which are at the source of our ultimate quality. We also operate quality training programs for suppliers and support their efforts to develop a quality management system to further pave the way for our suppliers in improving their own quality competence.

Delivery of Customer Value

LG Innotek delivers customer value to emerge as a partner consistently recognized by global customers. We create customer value in a proactive and differentiated way by assisting car OEMs in reducing their quality defects to zero and identifying their pain points. This earned us the Supplier Quality Excellence Award from General Motors for four consecutive years (2017~2020) and the Quality Certificate from Jaguar Land Rover in 2020. Looking ahead, we will continuously maintain and manage our competitive edge to ensure Zero Defect quality as our customers have come to expect so that we can provide them with truly flawless quality in our products.



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Reducing Our Environmental Impact to Zero



APPROACH

LG Innotek takes a proactive approach to green management to create customer value and contribute to our nation and society. We minimize our environmental footprint across our entire business operations while expanding green products and new green businesses. To attain the set GHG emissions reduction target, we continue to reduce our consumption of utility energy which accounts for a significant portion of total GHG emissions, and increase investments in technologies that help mitigate energy use to improve our operational efficiency.

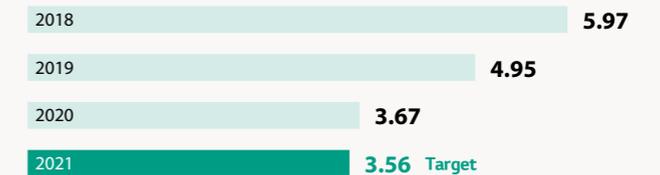
RISK & OPPORTUNITY

In line with the growing importance of environmental conservation all across the globe, comes the introduction of new regulations and an increasing demand for information disclosures on climate change responses. LG Innotek aims to turn the challenge of tightening regulations into an opportunity to become a first mover in the green industry by strengthening its EESH system, increasing investments in mitigating GHG emissions and energy consumption, and improving process activities. In preparation for the third planning phase of the Korean Emissions Trading System (2021~2025), we will introduce the revised energy management system standard (ISO50001:2018) to reduce our GHG emissions more efficiently.



KEY PERFORMANCE

GHG Emissions Intensity (tCO₂eq/KRW 100 million)



Energy Expense Intensity (unit: %)



※ Discrepancies may occur from the data presented in the previous year's report due to the inclusion of performance data from our overseas subsidiaries.

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Energy Resource Conservation

Energy Management Process

We introduced an energy management system back in 2012 to establish the standards we need to use to set, implement, verify and improve on energy consumption targets and plans. A company-wide energy policy and relevant regulations were implemented, and continuous system improvements are being made through internal/external audits and our voluntary participation in the energy efficiency target program.

We also advanced our energy conservation process along with the transition into ISO50001:2018 to engage all our employees in energy conservation activities. Any installation of new equipment begins with preliminary energy reviews before moving on to the Plan-Do-Check-Action (PDCA) cycle along the entire process - from energy supply to its use in establishing and operating our energy system. Outcomes on the savings generated, as well as process implementation, are shared with senior management.

Energy Conservation Activities

We have improved our process in line with the set energy conservation target while making investments in energy conservation. Ideas on improving energy conservation are generated and put into action on an ongoing basis. In 2020, nearly 1,100 energy-saving ideas were proposed under the leadership of our employees. Each of our worksites also identifies heavy energy-consuming equipment and improves their efficiency through functional analysis while flagging such equipment with the energy label to visualize how they are managed.

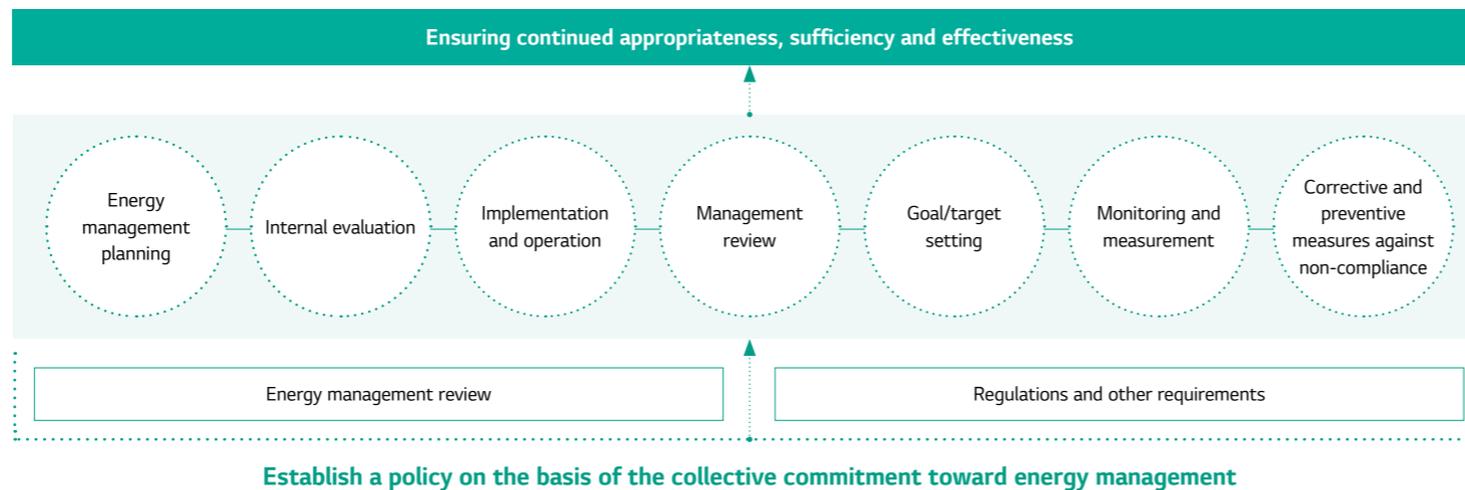
Furthermore, we have joined the 'Energy Cooperation Program' supervised by the Korea Energy Agency as a consortium member to visit suppliers to help them reduce energy consumption and identify energy-saving measures. In 2020, we supported three suppliers under this program.

Joining the Voluntary Energy Efficiency Target Program | We are participating in the voluntary energy efficiency target program supervised by the Korea Energy Agency. Under this program, we set our own energy target and launch company-wide conservation activities to attain the target. In 2020, we posted 15.1% in our intensity improvement rate, far exceeding the initial target of 2%.

Installing High-Efficiency Equipment | In installing new equipment, the Gumi worksite opted for high-efficiency equipment - such as high-efficiency freezers and non-purge dryers. Preliminary EESH evaluations are also made to systematically ensure energy efficiency in the initial equipment introduction phase.

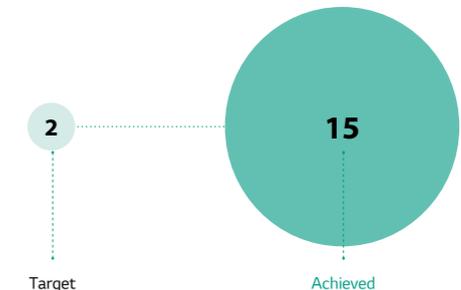
Optimizing Equipment | We lower air supply pressure, optimize clean room spaces and conditions, and tighten the management of idle equipment to optimize our energy supply and consumption, thereby creating a waste-free work environment. In particular, we are improving the air supply logic in conjunction with our manufacturing teams to discontinue energy consumption while equipment is idle so that expenses are reduced.

Energy Management Process



Energy Intensity Improvements in 2020 (y-o-y)

(unit: %)





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Energy Conservation Outcomes in 2020



KRW 900 million

Cost reduced through the use of recycled energy



KRW 300 million

Cost reduced through the creation of a steam network



KRW 5.2 billion

Total energy expenses saved

Energy Innovation

Introducing Renewable Energy | LG Innotek takes a multi-faceted approach to increasing the ratio of renewable energy. The Paju worksite adopted a photovoltaic (PV) equipment system for night-time lighting, and the Gumi worksite installed a solar-powered heating system for its in-house dormitory to provide heating and hot water. The Magok worksite also uses renewable energy through PV power generation.

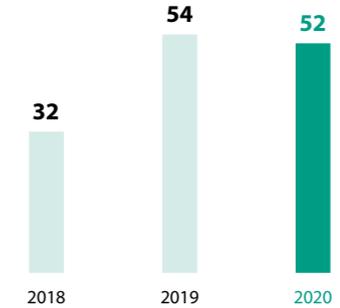
Using Recycled Energy | The Gumi worksite has been using the steam generated from waste incineration as recycled energy since 2012. This process entails the recovery and use of waste heat in place of LNG to help us save KRW 900 million each year in addition to mitigating GHG emissions. The Factory 2 and 3 in Gumi have built a steam network to post KRW 300 million in annual savings.

Energy Performance

Company-wide energy conservation activities allowed us to save KRW 5.2 billion in 2020. We reduced our GHG emissions as a result, creating benefits equivalent to those delivered by a forest of 3.9 million trees. To further mitigate energy expenses, we continue to host company-wide competitions to gather energy-saving ideas and make improvements on the shop floor.

Energy Expenses Saved

(unit: KRW 100 million)



Energy Consumed in 2020

(unit: MWh)

Category	Renewable energy sources	Non-renewable energy sources	Total consumption
Fuel consumed	-	64,221	64,221
Purchased power consumed	-	676,498	676,498
Purchased heat (hot water) consumed	-	5,416	5,416
Purchased steam consumed	50	62	112
Purchased cooling power consumed	-	-	-
Independently generated recycled energy consumed (non-fossil fuel)	481	-	481
Total energy consumption	531	746,197	746,729

※ The data may vary from the total sum due to the decimal rounding-off that applied in adding numbers from worksites and overseas subsidiaries.

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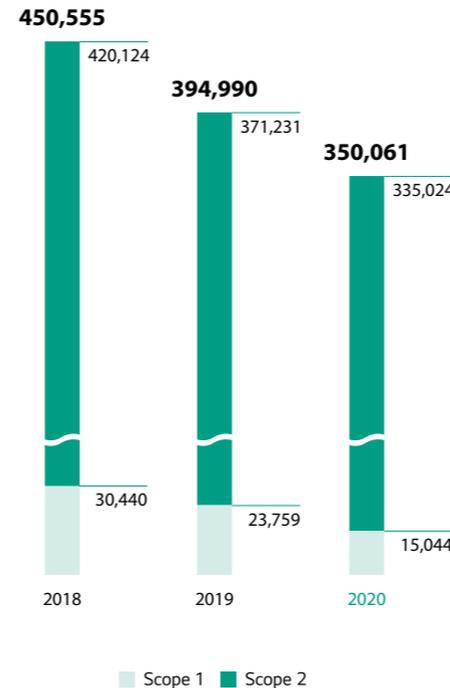
In conformity with the Korean Emissions Trading System (ETS), LG Innotek verifies its GHG emissions and energy consumption through third-party bodies and reports such outcomes to the government. In 2020, our total emissions from domestic and global worksites amounted to 350,061tCO₂eq (GHG emissions converted to CO₂ emissions), which means that we satisfied the regulatory standards stipulated under the ETS. To further reduce our GHG emissions, we have extended the scope of our GHG emission verification since 2012 to include Scope 3 (other indirect) emissions for management and verification in accordance with such international standards as ISO 14064-1.

GHG Emissions Mitigation Activities

In 2020, we set a goal to reduce our GHG emissions by 40% from business-as-usual levels, and increased investments in developing technology to mitigate the consumption of energy that accounts for a significant portion of GHG emissions. By installing high-efficiency equipment, improving the operational efficiency of energy consumption, and using waste steam generated from external waste incineration as well as internally generated waste heat, we posted 54% reductions in GHG emissions to fully attain the goal we set in 2020. We will formulate our mid/long-term carbon neutrality strategy to continuously identify and manage the challenges and opportunities brought about by climate change.

GHG Emissions

(unit: tCO₂eq)



- Scope 1: Direct emissions (fuel combustion, process emissions, and mobile combustion)
- Scope 2: Indirect emissions (electricity and steam)
- ※ There may be discrepancies in the numerical data in our annual report due to rounding up/down at the decimal level and from the reflection of the government's suitability evaluation outcomes in relation to GHG emissions calculation guidelines.
- ※ Discrepancies may occur from the data presented in the previous year's report due to the inclusion of performance data from our overseas subsidiaries.
- ※ Total emissions may vary from the sum of emissions from respective worksites due to rounding up/down at the decimal level.

Developing New Green Products and Increasing Investment in New Business

We are increasing the ratio of new green products by taking into account the improvement of energy efficiency and resource conservation and recycling in addition to the substitution of hazardous substances from the product development phase. We are also expanding investments in new green businesses in the optics solutions, substrates & materials, automotive components, and electronic component sectors.

Building and Strengthening Green Partnerships

LG Innotek is working on multiple fronts to manage its GHG emissions along the entire process from product development to manufacturing. Since we established a supplier CSR management process in 2016, we have assisted domestic/international suppliers each year in performing checklist-based self-administered CSR assessments on GHG emissions and the overall environment as well as health and safety and in receiving on-site consulting. We will continue to expand such partnerships to help our suppliers lay the basis for their green management system.



Awarded by CDP Korea in recognition of exceptional performance on climate change response and water management



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Green Management

Waste Management

With an increasing number of recyclable items including valuable metals recovered from waste, we are launching the 5R (Reduce, Reuse, Recycle, Retrieve, and Refine) campaign to reduce the generation of waste and maximize recycling rates.

At LG Innotek, work is under way to achieve the resource circulation certification, resource circulation quality labels and the Zero Waste to Landfill certification at respective worksites to increase our recycling rates and manage resource circulation outcomes on all levels. We are working to certify all our domestic worksites under these certification programs by 2022. We are also reducing the use of disposal plastics to lay the foundation for the management of waste resource circulation performance while developing technology to independently process designated waste.

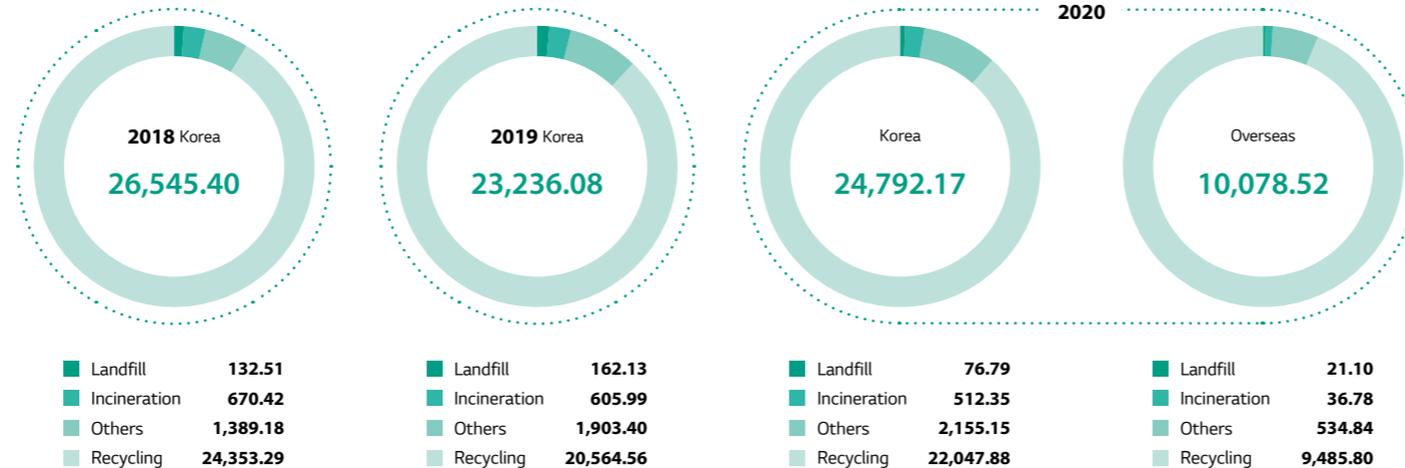
In alignment with the Allbaro system of the Ministry of Environment, we closely monitor the entire lifecycle of waste, from its discharge at the workplace to its final disposal. Regular assessments and reviews are also conducted on waste processing and recycling companies each year. We turn general waste into solid fuel and reuse it as supplemental fuel while making plastic and as other recyclable waste into recycled raw materials, and waste solvents into recycled fuel oil to be used as supplemental fuel.

We have established a waste treatment process by waste type to minimize the environmental load generated, and joined the packaging recycling cooperative to expand the scope of recycling and increase resource circulation.

In addition, we respond to and continuously review the obligation to recycle electrical and electronic products, while as an electrical and electronic component maker, we are not subject to the Waste Electrical and Electronic Equipment (WEEE) Directive that sets recovery targets for end-of-life electrical and electronic products.

Waste Generated by Year

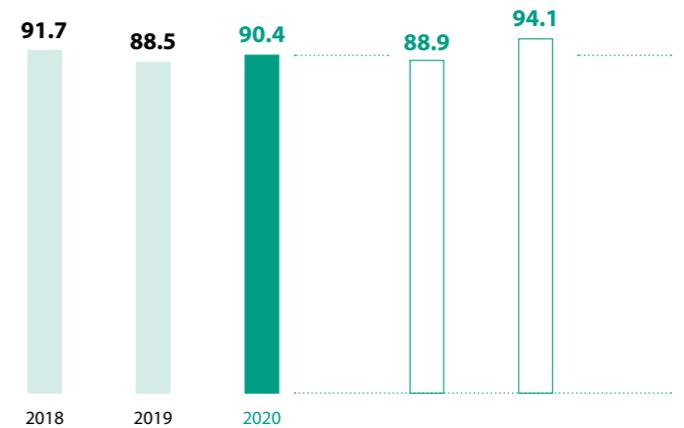
(unit: Ton)



※ The 2018 and 2019 data are based on domestic worksites, and the 2020 data are based on all our worksites in Korea and abroad.

Waste Recycling

(unit: %)



※ The 2018 and 2019 data are based on domestic worksites, and the 2020 data are based on all our worksites in Korea and abroad.



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Water Resources Management

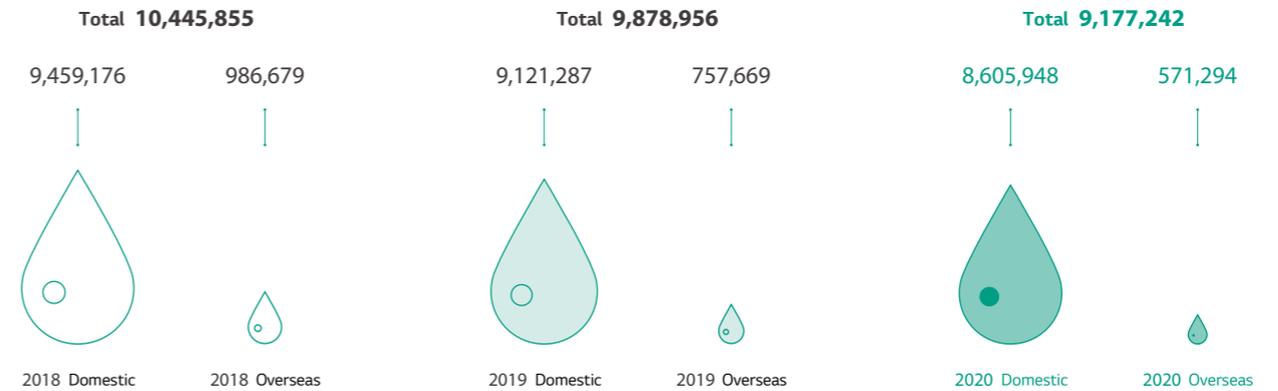
In line with the mounting global interest in water resources management, we are strengthening our response to water resources risks. Water consumption is forecast and managed at our domestic and overseas worksites, and assessments are made with the help of risk measurement tools. The Gumi worksite which is the largest worksite, is using gray water as industrial water as a way to recycle water resources. In recognition of such endeavors, we were placed on the Leadership A- List and have been named a top performer for four consecutive years in the 2020 CDP Water Management program. Water risks are indirectly checked and managed as part of the safety and environment status reviews performed on suppliers.

Activities and Plans on Water Resource Risks

Direction	Program	Activity
Establish a water resources management system	Manage water consumption	<ul style="list-style-type: none"> · Manage the intensity of annual water consumption · Develop water consumption mitigation processes and review their application
	Increase the amount recycled	<ul style="list-style-type: none"> · Increase investments in recycling equipment - Invest in the recycling of water and effluents/gray water - Research on the promotion of recycling through industry-academia cooperation
Establish a mid/long-term roadmap	Respond to regulations	<ul style="list-style-type: none"> · Monitor global regulatory trends and develop preemptive responses · Ensure more stringent management than legally applicable discharge standards
Preemptively manage water resource risks	Respond to effluent leaks and legal risks	<ul style="list-style-type: none"> · Operate an emergency response system and conduct drills · Strengthen the effluent monitoring system · Join CDP disclosure activities

Water Resources Used

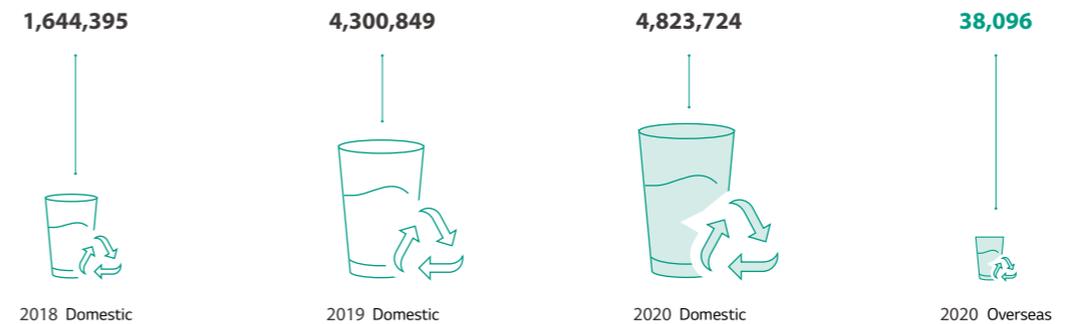
(unit: Ton)



※ The 2019 data contains discrepancies from those of the previous year's report due the change in the data calculation criteria at some worksites (Cheongju and Poland).

Water Resources Recycled

(unit: Ton)



※ The 2018 and 2019 data are based on domestic worksites, and the 2020 data are based on all our worksites in Korea and abroad.
 ※ The data from 2019 onwards reflect the sum of reused effluents, leading to discrepancies from the data presented in the previous year's report.



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Pollutant Management

Environmental Pollutant Management and Regulatory Compliance

We apply internal standards that are even more stringent than the legally applicable regulations in managing pollutants generated from the manufacturing process. Improvements were made on external risks in accordance with ISO 14001, and regulatory checklists were introduced to follow the PDCA cycle for environmental management. Furthermore, we are committed to fundamentally improving on environmental pollution and minimizing environmental pollution loads through the maintenance of pollution prevention equipment, the adoption of eco-friendly equipment, and process improvements. The sum of these endeavors has allowed us to report 'zero' for any major violation of environmental regulations and in the payment of penalties over the past three years.

Regular measurements are performed on effluents and air pollutants while equipment is installed to mitigate their discharge and abide by the established standards for discharge. We introduced low-NOx burners on 83% of our boilers (20 out of 24 boilers) that are one of the major pollutant generators at our worksites to mitigate our NOx emissions. Regular THC (Total Hydrocarbon Content) measurements are also made to control VOCs (Volatile Organic Compounds).

Air and Water Pollutants Discharged

		Unit	2018	2019	2020
Atmospheric Pollutants			Domestic	Domestic	Domestic Overseas
Emissions	SOx	Ton	20.6	16.4	1.4 3.3
	NOx		64.4	25.7	10.9 3.7
	Dust		15.5	15.1	12.7 6.8
	Total generation		100.6	57.2	25.1 13.8
Discharge concentration against the regulatory standards	SOx	%	-	17.1	7.3 -
	NOx		-	8.2	0.7 -
	Dust		-	50.2	42.5 -
Water Pollutants					
Amount discharged	BOD	Ton	2,429	318	311 7
	COD		1,834	283	209 49
	SS		358	105	128 19
	T-N		-	165	77 9
	T-P		-	5	4 0.3
	Total discharge		4,621	876	729 84
Emission concentration against the regulatory standards	BOD	%	-	20.1	9.5 -
	COD		-	18.1	7 -
	SS		-	4.8	4.6 -
	T-N		-	10.5	4.6 -
	T-P		-	2.3	3.3 -

※ NOx: Nitrous oxide
 ※ SOx: Sulfur oxide
 ※ BOD: Biochemical oxygen demand
 ※ COD: Chemical oxygen demand
 ※ SS: Suspended solid
 ※ T-N: Total nitrogen
 ※ T-P: Total phosphors



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Management of Chemicals

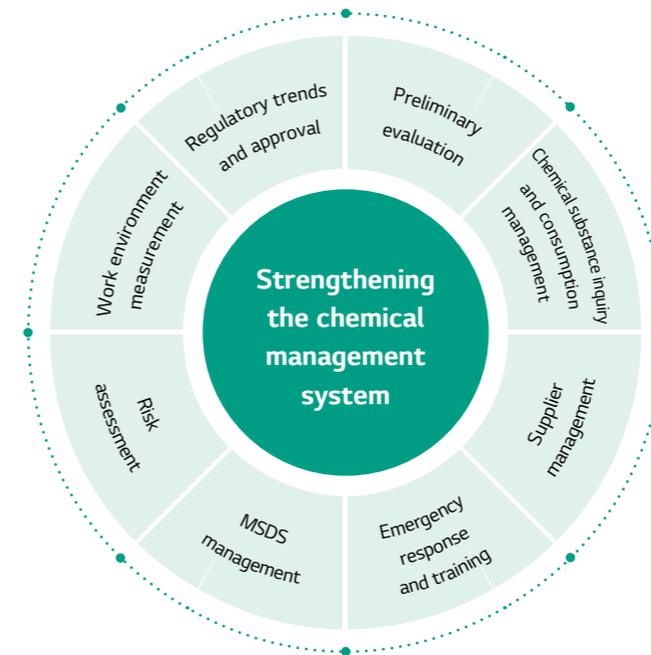
LG Innotek has established a chemical management system to comply with the Act on the Registration and Evaluation of Chemicals and the Chemical Substances Control Act. Any and all chemicals that enter our worksites undergo preliminary examinations, and are reviewed for their inclusion on the list of regulated substances and their harmfulness prior to use. GHS/MSDS* that illustrate the safe use of chemical substances are made available near those processes handling harmful chemicals, and employees handling such substances receive regular training. Furthermore, all employees attend online training for two hours or more per year on the management and handling of chemical substances.

Patrols were conducted to identify and improve upon safety hazards. Double-layer pipes and leak sensors were installed to prevent chemical spills, and employees who handle hazardous chemicals are provided with emergency protective gear and trained on how to respond to chemical leaks to rigorously ensure the safety of our employees. MSDS-based risk assessments and work environment measurements are made across all our product categories to evaluate their safety, and these assessment criteria may apply equally to the product consumption phase.

* GHS: Globally Harmonized System of classification and labelling of chemicals

* MSDS: Material Safety Data Sheet that contains information required for the safe use and management of chemicals

Chemical Management System





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Product Stewardship

LG Innotek takes environmental factors into account - even from the product development phase. Extending from the 5M (Man, Machine, Material, Method, and Measurement) model of quality management to include the environmental aspect, we cater to customer needs and environmental impact factors. In particular, environmental LCAs (Life Cycle Assessments) are performed to calculate and manage GHG emissions along the entire process of product development, purchasing, quality control and manufacturing.

In conformity with international standards (RoHS, ELV, and REACH) and the policies of our customers regarding hazardous substances, LG Innotek classifies such substances into banned and monitored substances respectively to ensure that these regulated materials are not used for production. We make doubly sure that regulated substances are not contained in components or packaging materials or in products while establishing and operating an integrated management system. [LG Innotek's product environment regulations](#)

Enhanced Hazardous Substance Testing | We evaluate components to ensure they contain no hazardous substances all the way from the procurement phase and pursue necessary improvements to make sure that the products we offer our customers are eco-friendly and green. All materials entering our worksites are verified through hazardous substance screening (XRF, Py-GC/MS) and precision inspections (GC/MS).

Hazardous Substance Management System (HSMS) | This IT-based HSMS system enables us to manage information on hazardous substances concerning any and all procured components and packaging materials.

Green Supply Chain Management | We provide regular training on hazardous substances to supplier employees responsible for green management to help them build capacity to respond to such substances.

Green Program | Our Green Program evaluates the hazardous substance management system of our suppliers to ensure they comply with environmental regulations as well as our requirements on hazardous substances. We only do transactions with suppliers who satisfy our Green Program standards.

Management Process for Sustainable Manufacturing

	Development	Purchase	Quality	Manufacturing
Design Green product design	<ul style="list-style-type: none"> - Design products that satisfy customers' hazardous substances policy 	<ul style="list-style-type: none"> - Share standards on the management of hazardous substances contained in products with suppliers 	<ul style="list-style-type: none"> - Establish hazardous substances management standards and operate a relevant review system - Review products for their design compliance with customers' hazardous substances regulation policy 	
Approval Component qualification inspection	<ul style="list-style-type: none"> - Request the development of components that meet model design standards on hazardous substances 	<ul style="list-style-type: none"> - Develop components that comply with the requested hazardous substances standards - Register suppliers who meet hazardous substances management standards 	<ul style="list-style-type: none"> - Inspect requested components for their compliance with hazardous substances standards and grant approval accordingly - Assess suppliers for their hazardous substances management system and make improvements 	
Mass production Component procurement inspection, production model verification		<ul style="list-style-type: none"> - Request suppliers to submit Certificate of Analysis on hazardous substances as well as information on the substances contained in raw materials 	<ul style="list-style-type: none"> - Inspect components procured for mass production on their containment of hazardous substances 	<ul style="list-style-type: none"> - Review the use of components that satisfy model design standards on hazardous substances
Shipment Product shipment verification/inspection			<ul style="list-style-type: none"> - Inspect compliance with customers' hazardous substances policy prior to shipment - Sample and inspect shipped products for their containment of hazardous substances 	



Hazardous Substances/Environmental Training for Suppliers

70 employees at 61 companies

2018

93 employees at 59 companies

2019

Training not provided due to COVID-19
Official notices/training materials distributed (twice a year)

2020



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Our Promise to Employees



APPROACH

LG Innotek aims to create a 'dynamic workplace that its members are proud to be a part of'. When members are proud of their company, this motivates them to fully engage in work with enthusiasm and deliver differentiated value to customers, ultimately driving customers' success. We firmly believe that our evolution into a true Global No. 1 Material and Component Company will be made possible with the help of our employees who take pride in working for an outstanding company.

RISK & OPPORTUNITY

Companies are expected to fulfill ever-higher standards with respect to our corporate growth and vision, along with the treatment & compensation, work arrangements & systems, work culture and potential for personal growth we provide to our employees. These are considered critical factors that determine a potential candidate's commitment in joining a company and definitely makes an impact on an employee's work engagement. In 2020, LG Innotek defined improving the pride of its employees as the first step to achieve its vision, and has since operated its unique PRIDE program to this end.



2020 PERFORMANCE

- Defined the 5 domains of PRIDE that influence the pride of employees as well as their goals
- Implemented specific tasks to attain respective goals

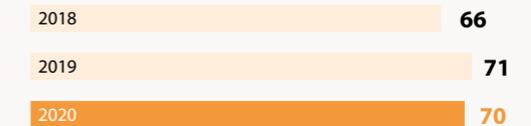
- P** — Set mid/long-term business goals and implement business-specific strategies
- R** — Provide more competitive rewards
- I** — Customized work environment and system
Strengthen the flexibility of work arrangements, improve childcare support programs, provide care for overseas business travelers and the families of employees, improve the cafeteria environment, etc.
- D** — Dynamic work culture based on 'autonomy and responsibility'
Accelerate the innovation of ways of working, develop a digital work system
- E** — Develop employees into experts through open opportunity
Open Career Market, Learning Innovation, etc.

2021 PLANS

- Improve the quality of existing activities and continuously identify new tasks (PRIDE)
- Strengthen job competency courses on R&D, production technology, and quality as well as the leadership pipeline for employees' competency development
- Develop online training courses to create a learning environment that supports capacity-building at any time and location

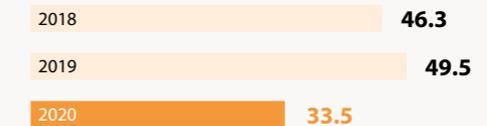
KEY PERFORMANCE

Employee Satisfaction (LG Innotek Culture Index) (unit: Point)



※ Change in the organizational culture index survey questionnaire (2020)
2018-2019: LG Innotek culture survey "I can't wait to go to work."
2020: LG Innotek PRIDE survey "I am proud to be a member of LG Innotek"

Training and Exercise Expenditures (unit: KRW 100 million)



※ Training expense in 2020 was temporarily reduced since most offline training programs were substituted to online ones.



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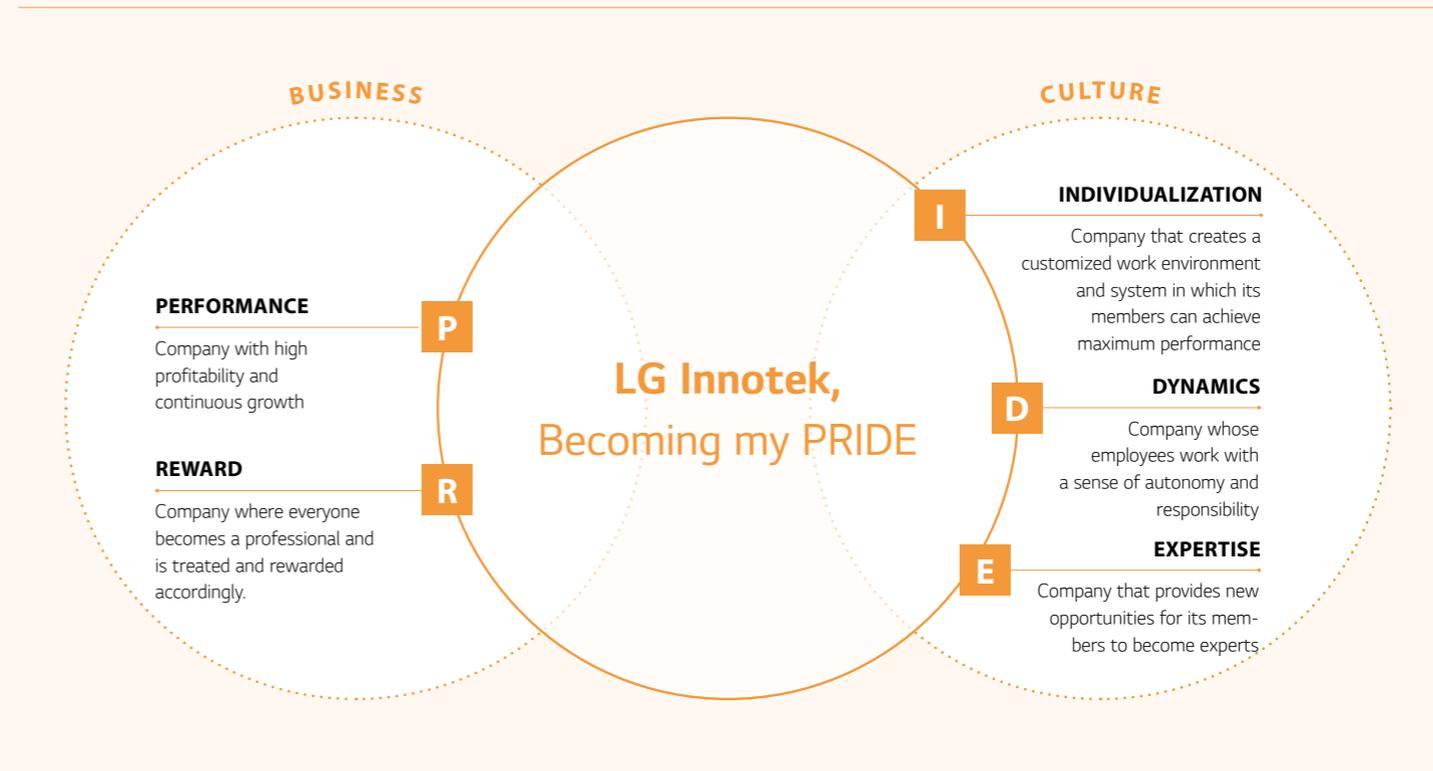
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SPECIAL SESSION

PRIDE, LG Innotek

LG Innotek believes that employees fully engage in their work with enthusiasm when they are proud of their company and their work, and this is the true driver behind the creation of customer value. As we aim to deliver differentiated value to customers and evolve into the Global No. 1 Material and Component Company, we motivate our employees to become proud of their company as an agent of achieving our corporate vision. LG Innotek's PRIDE is an acronym of Performance, Reward, Individualization, Dynamics and Expertise. Each of these represents the five domains that influence the pride of LG Innotek employees. We are gradually expanding the scope of specific tasks to generate outcomes in these domains.



- P** → Set mid/long-term business goals and implement business-specific strategies
- R** → Provide more competitive rewards
- I** → Customized work environment and system
Strengthen the flexibility of work arrangements, improve childcare support programs, provide care for overseas business travelers and the families of employees, improve the cafeteria environment, etc.
- D** → Dynamic work culture based on 'autonomy and responsibility'
Accelerate the innovation of ways of working, develop a digital work system
- E** → Develop the expertise of all employees through open opportunities
Open Career Market, Learning Innovation, etc.



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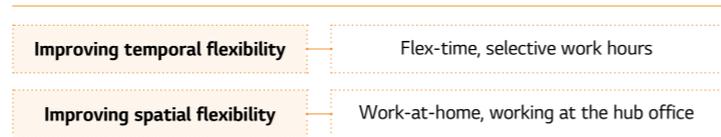
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No. 1 Culture

Improving the Flexibility of Work Arrangements

We enabled our employees to choose the most optimal work arrangements to fully engage in their work and to maximize their performance. For work hours, we increased the scope of employees who are eligible for flextime and let our employees pick their own work hour windows. To minimize the need to work in a specific location, we adopted a work-at-home policy and operated a hub office (located near the Seoul Station) to help reduce employee commute times and more efficiently manage business trips. Standing meeting rooms and Focus Zones were also arranged to help employees focus on their work.



Hub office

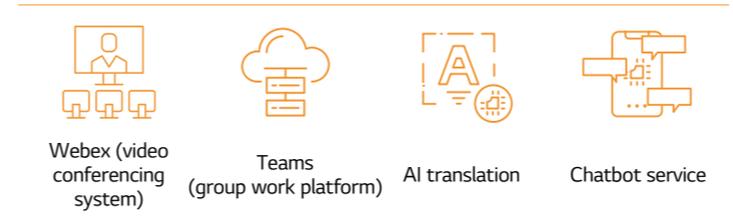
Work Culture Driven by Customer Value

As we all concur that creating customer value serves as the basis for sustainable management, we place customer value at the center of our endeavors to develop our work culture. The Leader Vision Relay event is hosted to convey the philosophy of our top management on the meaning of customer value and work methods that are centered around customer value to raise our employees' awareness at

all levels. Videos were also produced to present seven real-life cases on creating customer value to embed concrete actions to deliver customer value into our daily business routines.

Digital Work Environment Free from Time/Space Limitations

We are creating a digital work environment for our employees to effectively work from any location at any time. Webex and Teams were introduced to support seamless workflow and strengthen collaboration while continuous system improvements are made to enable remote work and the virtual work environment. AI translation and chatbot services are also arranged to increase work efficiency. We will accelerate our transition into a digitally-based work environment to embrace even smarter work practices in the ever-changing work environment.



Creative Workplace That Values Equality

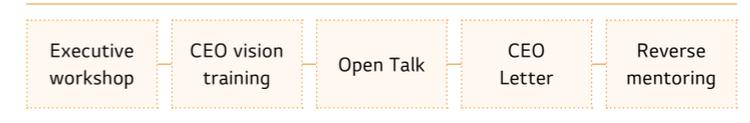
We aim to create an organizational culture that values equality to enable our employees to freely exchange their ideas and unleash their creativity in so doing. Our employees no longer address each other by job title but by their name followed by a simple 'Mr.' or 'Ms.', and the 'Wise Language Use' campaign is under way to encourage the use of more equitable terms, rather than ones that are 'top-down' and place focus on status.

In addition to the i-Lab, which allows employees to translate their own ideas into specific tasks to commercialize, we also initiated the

'Fail Smart' program to help employees change their perception regarding failure and test their limits through creative exploration.

Facilitation of CEO-Employee Communication

A company's competitive edge is often determined by its continuous and uninterrupted communication. With this in mind, LG Innotek is facilitating a range of communication programs. We host regular executive workshops to share our CEO's philosophy and management policy concerning company-wide business strategies and organizational culture approaches. Annual CEO vision training is also provided for all employees to affirm their commitment to attaining the set goal as well as our As-Is status, and methodologies to realize the vision. Furthermore, small group meetings are hosted with the CEO under the name Open Talk to build consensus between the CEO and employees while monthly CEO message letters are delivered to our employees. Our reverse mentoring program, attended by 23 executives, offers an opportunity for Millennial employees to serve as mentors to senior management, including the CEO, to promote intergenerational communication and in-depth understanding.



Making a Winning Team (MWT)

Making a Winning Team (MWT) represents our change management activity: team members gather every month to take the initiative in their change management. In alignment with our company-wide corporate culture strategy, respective teams identify and implement their own change management task to improve their team-level organizational culture.

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Competency Development

Common Required Training

We provide on-boarding training to help new hires develop basic skills, job position-specific required training for specialists and professionals and other positions to develop competency required for their specific job position, and common competency training designed to improve work productivity. In particular, on-boarding training includes a one-year soft-landing program for new recruits during their first year to assist them in acclimating to LG Innotek early on (LG Group/LG Innotek introductory training, basic R&D training, manufacturing field hands-on experience, DX and basic competency training, mentoring, etc.).

Professional Job Training

We continue to develop and operate annual professional job training to help all our employees build global top-notch expertise in their respective work. Such training is categorized into the R&D Academy, quality/production technology/test deep learning, R&D technology theory/application, and latest technology trends (autonomous driving, AI) and so on. Training courses are available online so that employees can learn at the time and place of their own choosing.

Leadership Training

Leadership Development Course | To assist our executive, team leaders and research/functional fellows to strengthen their leadership skills as leaders of their organization, we have provided training on situation-based practice methods and solutions since 2014. Differing themes are selected each year - member nurturing, CARE coaching, conflict management, motivation techniques and others - to help these individuals induce actual behavioral change and successfully fulfill their leadership roles.

Next-generation Leadership Course | Training is provided for outstanding specialists and professionals to build their leadership competency in advance. This offers them an opportunity to learn career development, interpersonal skills, collaboration, mindset and leadership skills required to become leaders through case studies.

Inno-Smart Learning

Also, our online learning platform Inno-Smart Learning provides a wide array of learning content spanning from the areas of professional job training to leadership, foreign languages, digital technology, and liberal arts. Notably, more than 150 internal instructors are currently engaged in the production of in-house training materials that address the successes and shortcomings of the actions taken in specific scenarios as a way to develop more customized curriculum. We continue to expand our pool of in-house training experts in respective job areas.

12,000 training contents
Inno-Smart Learning

150 internal instructors
In-house training curriculum development

Learning Mileage

Our Learning Mileage program was designed to encourage self-initiated learning for our employees. Through this program, employees earn mileage points as they complete training courses, obtain qualifications, pass language proficiency tests, participate in CoP (Community of Practice), and take lectures of internal instructors. It is mandatory for each employee to earn 50 mileage points a year to support our growth - both on an individual and organizational level.

Employee Training Hours (unit: No. of hours, in Korea)

	Category	2018	2019	2020
Training hours per employee	Office worker	68.7	64.8	34.4
	Line worker	23.3	27.9	20.7

Internal Recruitment and Job Rotation

Open Career Market serves to provide opportunities for overseas expatriation, new business development and degree earning to enable our employees to experience various job areas and develop their skills. We also encourage each organization to reach and exceed the set ratio in implementing the job rotation system so that employees can broaden their work experience across diverse business areas and job categories.

Internal Recruitment (unit: %, in Korea)

	2018	2019	2020
Ratio of positions filled through internal recruitment	19	28	22

Talent Development Strategy



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Work-Life Balance and Welfare & Benefits

Flexible Work Policy and Vacation

We facilitate flexible work arrangements to promote our employees' work-life balance and improve our vacation practices. Our flexible work policy allows employees to design their own work schedule in consideration of their individual and organizational conditions. Flextime, selective work hours, flexible work hours, work-at-home, and hub office operations all contribute to an employee's improved work engagement and satisfaction.

Our annual vacation calendar was designed to help employees get adequate rest and refresh themselves. This helps our employees schedule their vacation ahead of time and plan for sufficient breaks. We also introduced a vacation program that provides long-term employees with two to four weeks of vacation for every five years of continuous service so that our employees can fully recharge and pursue self-development.

Support for the Work Environment

LG Innotek is committed to creating an optimal work environment to motivate employees and help them develop a greater sense of pride in their work and company.

In-house Cafeteria | In-house cafeterias operate at all our work-sites and professional meal service companies provide our employees with a wide array of healthy, tasty and nutritious menus. In 2020, a company-wide management system (e.g. company-wide cafeteria operation committee) was established to repair and renovate the old interiors and facilities of worksites that needed such improvements. We will continue to regularly monitor and improve our cafeterias by gathering employee feedback on the quality of the menu items (their composition and taste) as well as hygiene and health.

Dormitory | LG Innotek operates dormitories for employees who live far from the workplace to help them lessen the burden of commuting so they can enjoy more comfort and stability in their everyday lives. Approximately 2,700 employees live in our dormitories, and single newly hired employees can stay in these dorms for up to seven years. These facilities are subject to monthly checks to ensure they are safe and secure for our employees.

Strengthening Childcare and Family-friendly Support Systems

LG Innotek has retained its title as a Family-friendly Company by the Ministry of Gender Equality and Family since it was first certified in 2014. To alleviate employees' burden in taking parental leave, we improved our performance appraisal system to grant B or higher salary grades to employees who took 3-month or longer parental leave. We also facilitated the use of reduced work hours so that employees do not suffer career discontinuation while caring for their children, and introduced the 'One-Click Parental Leave' program to allow employees to apply for both maternity and parental leave simultaneously to improve the ease of this process.

Childcare centers are operating to reduce employees' childcare burden and achieve a more harmonious work-life balance. Our work-sites in Seoul, Gumi and Pyeongtaek directly establish and operate these centers while worksites in Gwangju and Ansan do so through the contract they signed with external facilities. In partnership with professional childcare service providers, we deliver a safe and healthy environment for 125 children with high-quality childcare programs.

Welfare & Benefits Programs

We operate an array of welfare and benefits programs to promote the work-life balance of our employees. To ensure these programs provide practical assistance, we regularly gather employee feedback. In 2021, new programs were added, and existing ones were improved concerning medical expenses, family events, and school entrance gifts for the children of our employees.

Welfare and Benefits Programs



Housing & Personal Life

- Dormitory and company housing
- Support for moving expenses incurred from job relocation
- **Housing loan support (increased in 2020)**
- Group insurance
- **Financial support for family events (increased in 2021)**



Family

- Children's tuition
- Comprehensive health check-ups for spouses of employees
- **Medical expenses for employee families (increased in 2021)**
- Corporate childcare centers
- **Congratulatory school admission gifts for children of employees(expanded in 2021)**



Health

- (Comprehensive) health check-ups
- Counseling centers
- Health management centers
- Medical expense support for employees



Leisure

- Condominiums
- In-service training institutes
- Optional welfare benefits
- In-house clubs

Welfare & Benefits Expenditures

(unit: KRW 100 million)

2018	2019	2020
1,445	1,381	1,480



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Compensation System

Compensation System

Our employee compensation package consists of a basic annual salary, incentives, and profit sharing, and is provided in such a way as to motivate employees through performance-based real-time compensation.

Compensation System

Fixed	<ul style="list-style-type: none"> Basic annual salary: Annual salary (wage: paid monthly, holiday bonus: paid on holidays for New Year's Day and the Korean Thanksgiving Day)
Variable	<ul style="list-style-type: none"> Profit sharing: Paid in alignment with the Company's business performance Regular incentive: Paid in alignment with the level of achievement of the set corporate goal and individual annual performance Irregular incentive: Paid in alignment with project performance on the individual/team level

Performance Management Process

Our performance management process follows the cycle of goal setting, review & appraisal, and feedback to ensure the fairness and transparency of performance management. All employees receive performance appraisals each year, and this is complemented with a separate process to review their performance and offer coaching on an ongoing basis. Besides, all office workers will be subject to multi-dimensional evaluation in 2021, which was preliminarily implemented on team managers in 2020. The extension of multi-dimensional evaluation is expected to enhance fairness, collaboration, and opportunities of competency development.

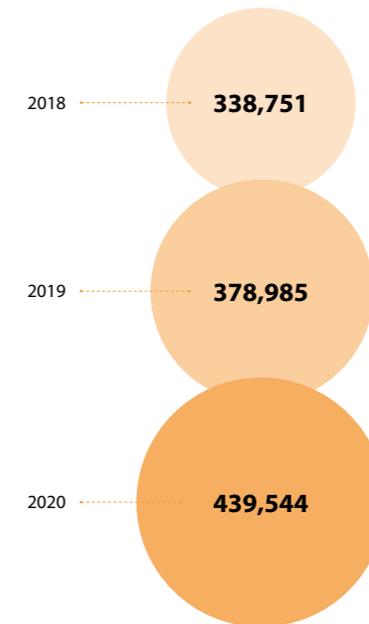
Compensation by Job Group

We provide competitive compensation considering our internal job position system and external market value, and ensure fair compensation based on employee performance. LG Innotek follows relevant regulations on minimum wage, and there is no disparities in wage by gender. (The ratio of entry-level office worker's wage against the minimum wage is 175%, as of 2021)

Retirement Pension

To ensure the stable provision of pension payouts for our employees, the fund contributions made by our employees during their service are managed by nine different external financial institutions. Our retirement pension program, categorized into annuity payments and lump-sum payments, has been operating since 2011 to provide strengthened protection for the retirement security of our employees.

Year-end Balance of Retirement Pension Funds (unit: KRW million)



※ Operation of the retirement pension funds: The Defined Benefits (DB) option was introduced for all our employees. The Defined Contribution (DC) option, however, is applied to employees who are subject to the salary peak program (transition from the DB to the DC option at the time of joining this program) and to employees whose pension payouts could drop due to reduced work hours.



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Human Rights and Equal Employment

Compliance with Global Labor Guidelines

We fully respect the dignity of each and every employee and strictly prohibit any form of discrimination in compliance with our management philosophy of ‘respecting human dignity’ and the International Labor Organization’s Convention on Discrimination in Employment and Occupation. No employee is discriminated against in terms of their employment, promotion, compensation, training opportunities, or retirement benefits on the grounds of gender, religion, race or age, and are given equal opportunity and are rewarded based on their competency. We strictly ban child labor for children 15 years old and younger, and place restrictions on the employment of adolescents aged 18 and under. We prohibit any form of forced labor that imposes unjustifiable restrictions on the freedom of movement or goes against the will of the employee, as well as intermediary exploitation.

Global labor guidelines

Ban on Discrimination and Harassment

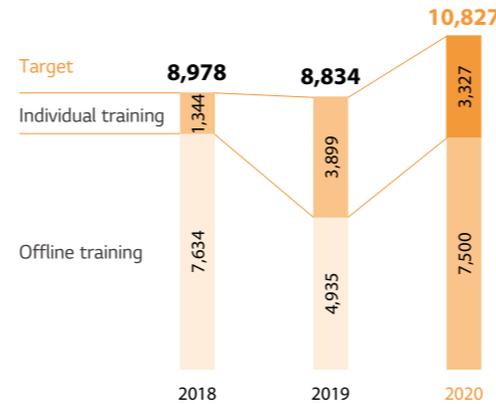
Policy/Process | LG Innotek established regulations concerning discrimination and harassment in 2020. We created channels to report on discriminatory and harassment practices to immediately extend protection to those affected as well as a process to investigate such incidents to take corrective (disciplinary) measures.

Sexual Discrimination/Harassment Prevention Training | Training is provided to all employees to prevent discrimination or harassment that may occur due to ‘differences’ in gender, position or disability at the workplace. For suppliers, we offered labor/human rights training to relevant personnel and managers as part of the CSR risk assessments conducted on suppliers.



Anti-Sexual Harassment Training

(unit: No. of persons, in Korea)



Labor and Human Rights Training for Suppliers

(unit: No. of companies)

Category	2018	2019	2020
Labor and human rights training for suppliers	37	22	Not provided in 2020 due to COVID-19 and to be resumed in 2021

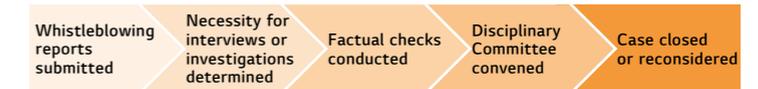
Grievance Handling Status Survey | Since 2013, our Junior Board (consultative body representing office workers) and the labor union have jointly taken stock of how employee grievances are handled. Such surveys are conducted each year to receive grievances and to alert employees to workplace discrimination and harassment and to raise their awareness on relevant issues. In 2020, a total of seven reports were submitted concerning discrimination/harassment, and all of these reports were handled through investigations and disciplinary measures.

Reports Submitted and Investigated on Gender-based Discrimination

(unit: No. of cases, in Korea)

Category	2018	2019	2020
Reports submitted	7	4	3
Reports handled through appropriate action	7	4	3

Whistleblowing/Handling Process | We operate an online whistleblowing center on our intranet for employees to report on human rights infringement or harassment in order to protect their human rights. When employees submit their reports, we inform them of handling procedures, along with responsible personnel and confidentiality guidelines to guarantee anonymous reporting. We also assigned 11 counseling/investigation staff members (7 male and 4 female) dedicated to grievance handling at respective worksites to ensure their methodical handling and investigation.



Labor/Human Rights Assessment and Due Diligence

Worksite Assessment | LG Innotek engages in regular/ad-hoc due diligence activities through signal management, HR audits, labor-management surveys, and the year-round labor relations management system to identify and analyze potential risks. Risk assessments are conducted based on the checklist that consists of 23 topics and 120 detailed items on domestic worksites and overseas production subsidiaries. In addition, our worksites and subsidiaries implement their mitigation and prevention process to address the vulnerabilities identified through assessments in the areas of discrimination, harassment, and compliance with working hour limits in accordance with the PDCA cycle based on audit outcomes. For employees identified vulnerable to the infringement of human rights as a result of such assessments, we take extra care and review their potential risks. Our labor-management surveys, 24/7 whistleblowing channels, and personal performance appraisal interviews all include employee grievance interviews to doubly make sure that we protect the human rights of our employees. To prevent the spread of COVID-19 in 2020, our overseas worksites solely received signal management in its simplified format.



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Human Rights Due Diligence/Assessment (at all domestic and overseas worksites)
Activity and Process

Activity	Cycle	Method/Description
Signal Management	Monthly	<p>Checklist-based self-review and due diligence on labor relations management activities by senior management/management supervisors</p> <p>Definition of labor relations actors (head of subsidiary/HR team leader, labor relations personnel, organizational manager) → Define missions and R&Rs by actor → Disseminate and assign roles → Self-review (Q1) → Monitoring & Feedback → HQ-level due diligence (Q4)</p>
HR audit	Yearly	<p>Checklist-based due diligence on compliance with labor/human rights standards</p> <p>Plan → Development of survey questions and evaluation methods → Data collection → Analysis → Action plan development → Action plan implementation and monitoring</p>
Labor-management survey	Yearly	<p>Employee surveys on organizational culture/satisfaction with work conditions</p> <p>Plan → Question design → Data collection → Analysis/survey → Improvement activity → Checkup</p>

Labor/Human Rights Due Diligence Checklist

Area	Topic
Recruitment	Recruitment process, child/adolescent worker management, retirement policy
Contract	Employment contract, fair dismissal
Work Hours	Compliance with work hour standards (forced labor), women and maternity protection, leave/holidays
Promotion	Promotion policy
Appraisal	Appraisal criteria and appropriateness
Compensation	Social insurance, wage payment, welfare & benefits
HR Regulations	Recruitment of and welfare for people with disabilities, rules of employment, anti-discrimination, gender-based discrimination/harassment
Type of Employment	Dispatched/contract workers
Compensation/Disciplinary Action	Compensation/disciplinary regulations
Labor Management	Labor union formation, labor relations/bargaining, other management issues

Results and Actions Taken for Improvement

2020 Human Rights Survey Overview

- Survey target: 14,879 persons
- Response rate: 100%
- Target groups of labor/human rights risk management
Female employees (2,970 persons), ordinary employees/employees who do not assume any positions (13,892 persons), and employees with disabilities (270 persons)
- Human rights infringements identified: 7 cases
- Ratio of improvement measures taken for non-compliance: 100% (7 disciplinary measures taken, training provided to those at risk of non-compliance on 3 occasions)

Survey Results at Domestic Worksites

In Korea, evaluations and preemptive/follow-up management were performed under the supervision of labor/human rights departments at the Headquarter, and a labor/human rights survey was conducted in 2020 as part of a series of management measures. As a result of the survey performed on all five domestic worksites (Gwangju, Gumi, Magok, Ansan, and Paju), incidents where the victim wished to expose the actions of perpetrator, were addressed through disciplinary measures. Recurrence prevention training was provided to groups identified as potentially engaging in such incidents and campaigns were launched on compliance with relevant standards. In addition, year-round assistance is provided to prevent any labor/human rights non-compliance from occurring by identifying regulatory/institutional changes and trends to provide guidelines and instructions.

Survey Results at Overseas Subsidiaries

Our labor/human rights departments at the Headquarter have assigned a total of 15 tasks to overseas subsidiaries to improve on vulnerabilities at respective subsidiaries, and conduct monthly reviews on their progress in implementing the given tasks and compliance with guidelines. In case there are still areas falling short of the set standards even after improvement, support will be reinforced at the Headquarter level to help all overseas subsidiaries strengthen their labor relations management capabilities.

Major Improvement Tasks by Overseas Subsidiary

Improvement Task	Target
Strengthen the role of the organizational manager as a 'People Manager'	China (Yantai), Indonesia, Poland
Operate communication programs led by the head of subsidiary to promote 'open' management	Indonesia, Poland, Mexico
Conduct 'Care Coaching' interviews for employees	Indonesia, Poland, Mexico
Develop and provide leadership capacity building training for organizational managers	Vietnam, Indonesia, Poland, Mexico

Supplier Assessment | Our contractors (inside the facilities) receive semiannual assessments/reviews by labor/human rights experts. Overall status assessments are made in the first half, and this is followed by the status review in the second half performed on the improvements identified earlier. In 2020, due diligence was performed on 18 suppliers to consistently identify their progress and improvement status. For raw/subsidiary material suppliers, labor/human rights items are included in the CSR/ESG risk assessments.

Labor/Human Rights Due Diligence Performed on Internal Suppliers in 2020

Category	Details
Target	18 companies
Period	May in the 1 st half, November in the 2 nd half
Scope and Content	<p>5 areas and 34 subtopics with respect to unlawful worker dispatch</p> <ul style="list-style-type: none"> · Has the contractor exercised a significant command of supplier employees? · Are supplier employees substantially incorporated in the business of the contractor? · Do suppliers independently exercise their decision-making rights over personnel matters/absenteeism? · Do suppliers have expertise/technical competence in their work? · Do suppliers have their independent corporate organization and facilities?
Results and Corrective Measures	No major risk of illegal worker dispatch was found.

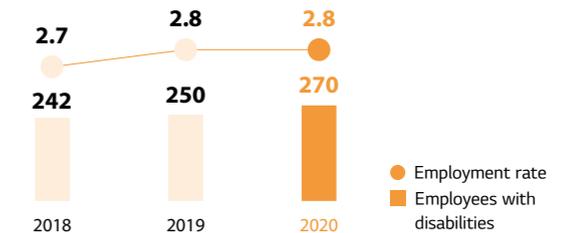
Employment of People with Disabilities

LG Innotek has been dedicated to the employment of people with disabilities as a way to fulfill its social responsibility towards the underprivileged. Such recruitment is arranged in connection with local special education institutions, and additional points are given to applicants with disabilities in the paper-based screening process. Furthermore, we first identify shop floor work that is appropriate for people with disabilities and exclusively assign this work to employees with disabilities.

Subsidiary for Inclusive Employment

In May 2012, LG Innotek established the subsidiary 'Inno-with' as a standard worksite hiring people with disabilities. The company provides cleaning services, and nearly 54% of its workforce consists of people with disabilities. Furthermore, each of our worksites is equipped with a range of amenities and working conditions to support employees with disabilities.

Employment of People with Disabilities (unit: No. of persons, %, in Korea)



※ Sum of employees at LG Innotek and its subsidiary Inno-with, a standard worksite employing people with disabilities
 ※ Employment rate: The calculation method was changed in 2020 to be based on the annual average number of employees.
 ※ Employees with disabilities: The data was calculated by combining the number of employees with severe and mild disabilities. One employee with severe disabilities counts as two employees with mild ones.



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Safety & Health

Safety Culture



Safety and Health Management System

LG Innotek places top priority on commitment to safety among employees, suppliers, and local communities. Our safety and environment policy was amended to follow the PDCA (Plan-Do-Check-Action) cycle to conduct management reviews, set safety & health targets, make necessary improvements and perform internal audits. A dedicated safety culture task force was also launched to systematically manage our safety culture activities that have voluntarily been implemented by respective worksites on the basis of our definition of safety culture: 'LG Innotek: safe from risks commonly recognized by all employees'. Under the motto of 'Never compromise on safety', 4C safety principles were set forth for leaders and members to follow.

LG Innotek's Safety Motto

We Never Compromise on Safety.

As leaders, we act on the following 4C principles.

- CORE** — We are keenly aware of the core safety and environmental risks of our organization at this very moment and guarantee that they are being managed.
- CARE** — We protect our employees and those associated with our responsibility from the risks of safety and environment.
- COMMUNICATION** — We encourage by sharing rather than reporting, listening rather than instructing, and consulting rather than criticizing.
- CONSISTENCY** — We ensure the consistency of communication by way of roles and responsibilities rather than by temporary interest, and are first to engage ourselves.

As members, we act on the following 4C principles.

- CORE** — We identify risks prior to work and initiate work with the confidence that risks are under control.
- CARE** — We do not overlook risks that we witness in the course of work with colleagues or suppliers.
- COMMUNICATION** — We immediately report any near-miss accidents or potential risks to managers.
- COMPLIANCE** — We do not engage in work when we are unable to comply with basic safety rules and work procedures.



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LG Innotek's Basic Rules on Safety

To ensure clarity and agility in employees' recognition of basic rules on safety, we have defined the following list to clearly state what to do and what not to do in promoting safety.

DO

1. Recite the safety motto and check work procedures before starting work
2. Immediately report to the disaster prevention center upon the identification of safety risks or the occurrence of accidents
3. Inform suppliers of potential risks and issue a safety permit before work
4. Comply with the safety guidelines for all work procedures
5. Wear appropriate personal protective equipment for each specific task
6. Wear a seatbelt while in a vehicle and observe the speed limit
7. Perform sufficient warm-ups before sports activities and other physical events
8. Be aware of the necessary emergency protocols for fires, earthquakes and other emergency situations and act accordingly

DO NOT

1. Do not arbitrarily remove or change safety equipment (prior permission is required when necessary)
2. Do not work at elevated heights if safety handrails and bars have not been installed and the appropriate safety equipment is not worn
3. Do not work alone in sealed spaces (oxygen concentration and hazardous gas should be measured)
4. Do not use fire in the presence of flammable materials
5. Do not handle heavy objects when there are risks of breakaways or conduction
6. Do not conduct live-wire operations
7. Do not use (chemical) substances before gaining approval from EESH evaluations
8. Do not drive under the influence of alcohol nor smoke in non-smoking areas

Operation of the Safety and Health Consultation Body

Occupational Safety and Health Council | Our Occupational Safety and Health Council, composed of an equal number of members from the labor union and senior management, convenes at least once every quarter. The council deliberates and decides on major issues of occupational safety and health, including but not limited to the improvement of process safety and working conditions, the promotion of employee health, the development and revision of safety and health regulations, and the prevention of accidents in order to elevate our safety and health performance and prevent safety incidents.

EESH Council | The EESH (Energy, Environment, Safety, Health) Council meets quarterly to formulate company-wide solutions to issues identified, and continues to elevate the level of our safety and health operations by building capacity and exploring ways forward for our safety and environment management.

Safety Day | On Safety Day, executives responsible for respective production processes are engaged in reviewing risk factors at their worksites and presenting major safety guidelines in alignment with the patrol activities led by production teams in order to make improvements.

Safety and Environment Standards



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LG Innotek's Safety Culture Activity System

Our safety culture activities are centered around the three pillars of system supplementation, competency building and employee engagement/communication.

1 System supplementation

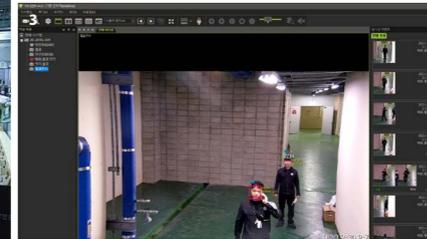
- Design safety and health roles and responsibilities by job level (senior management, supervisor, member)
- Develop safety and health leadership courses by job level
- Establish a system to investigate and analyze any accidents or incidents
- Provide risk management coaching to suppliers

2 Competency-building programs for safety and health experts

- Safety and health leadership courses by job level (senior management, manager, on-site supervisor, EESH staff, etc.)
- Safety and health professional courses on safety culture
- Accident investigation professional courses provided through the accident-based learning system

3 Employee engagement/communication

- State senior management's commitment, identify on-site risks, and make improvements
- Operate regular executive safety and health meetings and safety rallies, and disseminate safety and health messages
- Communicate with employees
 - **Safety culture publicity activities:** Hold safety and health workshops, safety broadcasts, and safety and health best practice and fire prevention slogan competitions
 - **Information sharing:** Share safety newsletters and safety and health information and issues
 - **Risk identification/improvement:** Interview with working-level staff and executives



1. DX (CCTV monitor)
2. DX (autonomous driving robot)
3. DX (face recognition)

System Supplementation

DX (Digital Transformation) for Safety Management | LG Innotek is embracing digital technology to make up for the limitations that are often found in the conventional human-dependent approach for safety management. Smart CCTVs enabled by deep learning deploy AI algorithms to monitor high-risk spaces and areas that are overlooked in the safety management system.

These Smart CCTVs detect smoke & fire, the access of unauthorized personnel, compliance on the use of safety helmets and any abnormal noise on the basis of real-time situational learning. We also created 57 scenarios on accidents that may occur within surveillance zones to perform tests and verify the reliability of these cameras. To extend the scope of digital technology applications, we are considering the use of autonomous driving robots and smart drones, and the Pyeongtaek worksite demonstrated the performance of autonomous driving robots.

Employee Engagement

Safety and Environment Best Practices for 2020

To highlight the importance of safety and the environment and disseminate safety awareness among all employees, we hold the Safety Man Competition and fire prevention slogan contests at each of our worksites. Hosted by the CEO and the Head of the Safety and Environment Division each year, these events help instill a sense of pride and motivation as the employees who have made significant contributions to improving our safety and environment are rewarded.

Safety and Environment Best Practices of 2020

Individual Award	Prevention of safety accidents (being jammed) through the fundamental elimination of human error
Group Award	Development of safety management fool-proof DX through the application of the interlock MES system



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Identification and Improvement of Near-Miss Accidents | Our 'Near-Miss Accident Management System' aims to identify and improve on risk factors that may give rise to accidents. All employees voluntarily engage in discovering and improving unsafe conditions and behaviors found within their worksites, which in turn elevates their safety awareness, competency and performance each year.



3,096 accidents

Near-Miss Accidents Identified
On a cumulative basis for 3 years
between 2018 and 2020

Safety Talk | At LG Innotek, Safety Talk is hosted by the meeting leaders prior to meetings to communicate on the topic of safety. New safety and health issues are regularly presented, and all meeting participants are encouraged to speak up and freely engage in discussion.



Operation of the Emergency Response System and Exercises | To prepare for emergencies, we perform regular inspections and monitoring on all facilities related to safety and environment including chemical, environmental, UT, and electrical facilities. Situation-specific scenarios and emergency response procedures were developed by categorizing emergency scenarios – fires, gas and chemical leaks, blackouts, and earthquakes – and training is provided to all employees each year for respective emergency situations in accordance with the set annual plans. To help employees strengthen their emergency response competency, scenario-based evacuation/response drills are conducted twice a year.



Safety Newsletters | Safety Newsletters are published every month to provide all employees with information on safety and health issues. The newsletter includes Safety Campaign, which contains safety-related training information, Safety News that reinterprets external safety and health issues, Safety Quiz with corresponding answers in the newsletter, and other practical safety and health information such as infectious diseases and CPR.



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Safety Rules for Visitors | LG Innotek provides visitors with a video on safety rules produced in consideration of plant-specific risks to ensure the safety of all visitors - from their entry into the plant to their return home. To ensure the safety of people entering the plant, every visitor is required to watch the video prior to coming to our plant to indirectly experience possible risk scenarios within the plant and develop a basic understanding on the safety guidelines for respective situations.

Safety Keeper | Our Safety Keeper program serves as a venue to provide safety and health information and communicate on safety. This program consists of sharing safety best practices, offering extensive knowledge on work safety, chemicals, health, and regulations. Also, the program contains Safety Issue which provides information on safety accidents and their prevention measures, Safety and Health Q&A that allows employees to ask any question anonymously, and Safety Man that recommends effective safety improvement activities.



Safety Keeper poster

Employee Health Promotion

Hazard Exposure Assessment and Work Environment Management | We identify and assess the level of employees' exposure to hazard factors twice a year to take stock of the work environment where chemicals are handled for processes and to prevent ill health caused by exposure to chemical substances. Our internal criteria are 50% more stringent than the legally mandatory criteria in mitigating exposure to chemicals.

Safety and Health Training | We provide environmental, safety and health training to all our employees and suppliers. Regular safety training is offered to plant workers (over two hours per month) and office workers (over one hour per month), and managers and supervisors receive more than 16 hours of such training per year. To minimize facility and property damage in the event of an emergency, customized annual training for respective types of emergencies is provided to all employees to strengthen their emergency response competency.

Health Promotion Activities | We provide special medical exams for employees handling chemicals and for employees and their spouses aged 35 and up with annual comprehensive health check-ups in addition to general health check-ups. We support those diagnosed with specific medical conditions as a result of such check-ups through counseling and follow-up management while operating in-house health management centers for employees to receive necessary counseling and treatment that fits into their daily lives.

To promote the health of our employees, we also provide a range of engagement programs for smoking cessation, obesity treatment, and the prevention of metabolic syndrome and musculoskeletal diseases. CPR training is also offered to our employees and suppliers to ensure immediate first aid treatment in the event of an emergency.

Health Care Services Provided

(unit: No. of persons, in Korea)

Category	2018	2019	2020
Health management center	19,433	20,699	15,185
Health check-up	15,463	15,366	17,508
Health promotion activity	2,248	3,094	1,062



Smoking cessation clinic



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- Safety & Health

Labor-Management Cooperation and USR

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Improvement in Governance

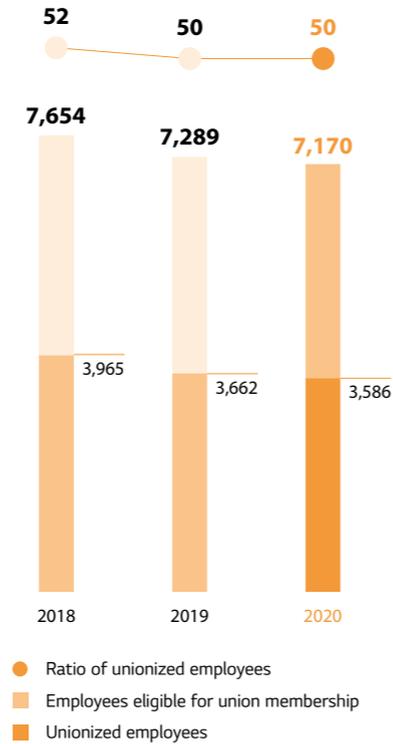
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Labor-Management Cooperation and USR

Employees Eligible for Union Membership (unit: No. of persons, %, in Korea)



Value-Creating Labor-Management Relationship

LG Innotek upholds the freedom of association and collective bargaining across all its worksites, guarantees the right to form labor unions and representative bodies, and respects the rights of its employees to join labor unions. Cooperation and free flowing dialog between labor and management has contributed to reaching dispute-free agreements since 1991, setting an example in labor relations for other companies. The Labor-Management Council serves as a well-functioning communication channel in improving our cor-

porate competitiveness and the quality of life for our employees, and also plays a role in engaging employees in business operations. The Council meets at least once a quarter, and consists of senior management including the CEO and the union representatives including the Union Chair. Council members share business outcomes and discuss the improvement of wages and welfare & benefits as well as the handling of grievances. Collective bargaining agreements are reached on an annual basis.

Labor-Management Communication

Our labor union is composed of 3,586 members (as of the end of 2020) at three branches (Gwangju, Gumi, and Pyeongtaek) nationwide. LG Innotek guarantees autonomy in the operation of the union, and constantly interacts with the union in relation to working conditions. In introducing a new system or revising the existing ones, we collect feedback in advance and fully reflect such feedback in our business conduct to maintain and develop a labor-management culture that promotes win-win partnerships. The Junior Board (JB) Council, as a consultative body that represents office workers, is also engaged in discussions on HR systems and working conditions for office workers through regular meetings hosted between senior management and council representatives.

USR

Union Social Responsibility (USR) represents the forward-looking initiative undertaken by our labor union to fulfill their responsibility as a member of society by joining forces in advancing the rights and interests of union members and resolving social issues through transparent and ethical union activities. LG Innotek's labor union declared its commitment to USR in 2012 and has since launched a wide array of programs.

Key USR Activities

USR Innovation Line | Since 2013, projects have been undertaken under the leadership of labor union executives to propose ideas on quality and productivity improvement and put such ideas into action to strengthen our shop floor competitiveness. The USR Innovation Line incentive program was operated to elevate an innovation-driven mindset and stimulate friendly competition among union branches to boost their executive capabilities. In 2020, a total of five innovation tasks were launched to eventually contribute to improving profitability by KRW 11 billion.

USR Innovation Line Tasks in 2020

Worksite	Business Division	Major Improvement Activity
Gwangju	Automotive Components	Improve automotive communication productivity by 30%
Gumi	Optics Solution	Improve on FOL defects and AA LCB defects
	Substrate and Material	Achieve TS maximum production volume
Pyeongtaek	Automotive Components	Improve productivity in TAS Line 5
Paju	LED	Improve the yield of the automotive high value-added PKG Model

COVID-19 Prevention Activities | LG Innotek's labor union launched its own COVID-19 prevention activities across its four worksites in Gumi, Gwangju, Pyeongtaek, and Paju to contribute to curbing the spread of COVID-19 in local communities. More than 900 employees, including labor union executives and line workers joined hands: groups of 20~80 members were organized at respective worksites to launch these activities every week, and following prevention and safety training, union members disinfected commonly used areas at the worksites (staff lounges, entrances, cafeterias and restrooms) to lend a helping hand in overcoming this global pandemic.



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Labor Union Offering Counseling Services | Our labor union provides counseling services to lend an ear to the voice of employees at respective levels and help resolve their grievances. Annual counseling plans are developed, and individual sessions are arranged primarily for such vulnerable groups as expectant mothers, employees with disabilities, industrial trainees, female employees, employees who have been with the Company for less than a year, and employees who have recently relocated to a new worksite. To ensure counseling expertise, all members of the union labor leadership, including the Union Chair, completed counseling training in 2014, and all labor union executives received such training in 2015. Presently, all labor union executives are actively engaged in counseling.

Prevention of Occupational Injuries | To prevent occupational injuries, safety and health training is provided once a month or more to union members by union leadership (48 sessions provided across the board in 2020). This is followed by Energy, Environment, Safety and Health (EESH) patrols performed at worksites to practice and disseminate a culture of safety across the board. In so doing, internal environmental risk factors have been prevented in advance and activities have been undertaken to mitigate carbon emissions, setting the condition to conserve energy.

Healthier Low-sodium Diet in the Workplace | Starting with the Gumi worksite in January 2014, we have provided healthy low-sodium meals at company cafeterias to help promote employee health. High-sodium soups were replaced with low-sodium menu items such as vegetables, fruit, salad, and nuts. This helps us look out for the health of our employees, and those with specific medical conditions (obesity and hyperlipidemia) are encouraged to opt for low-sodium meals.

Support for Suppliers | LG Innotek's labor union supported suppliers in Pyeongtaek, Gumi and Gwangju for nearly seven months between February and September of 2020 when COVID-19 was fully spreading. More than 50 union members were directly engaged in assisting suppliers by offering productivity/quality consulting, eliminating potential risk factors, and improving their work environment. This helped three of these suppliers reduce costs by approximately KRW 410 million per year and raise their sales.

Dpamstech, an automotive component maker, was able to reduce defect rates by half through the process improvement task undertaken to strengthen preemptive defect management. SungAn TechWin, an inspection and packaging company, was assisted in consolidating redundant processes and optimizing the traffic flow to reduce the time taken for processing by 33%. Furthermore, Smartek, a substrate material inspection company, installed inspection equipment sensors and automated its processes as a result of process consulting offered by our labor union and was able to raise its daily inspection volume by 7%.

Support for Veterans' Families/People with Disabilities | LG Innotek's labor union launched the event 'Share Love with Veterans' Families' at the four nationwide worksites in Gumi, Paju, Pyeongtaek and Gwangju in commemoration of the Memorial Month of June. This event intended to pay tribute to those who sacrificed their lives

for the nation and help their families facing financial hardship. Ever since 2012, we have extended our gratitude to more than 5,000 such families by repairing their houses, installing green lighting devices, hosting music concerts, offering cultural experiences, and lending a helping hand in the farming communities in which they reside.

In 2020, we donated food, home appliances and other daily supplies to 180 families of low-income veterans in cooperation with the respective Regional Office for Patriots Affairs. The Paju worksite delivered healthy food to 284 veterans who fought during the Korean War in celebration of the 70th anniversary of the war.

Since 2012, we have supported students with disabilities either through engagement activities (cultural experiences, field trips to our worksites, and career counseling) or donation activities (scholarships, electronic devices, school uniforms, and meal expenses) in accordance with the agreement signed with special education institutes in the vicinity of our worksites and the Korea Employment Agency for the Disabled. Specifically, we have focused on providing practical assistance to these students by helping bring them closer to their dreams and enable them to become viable members of society through offering vocational experience and recruiting outstanding students since 2017. In addition, we have helped children and teens with disabilities from low-income households pay their medical expenses in alignment with the Severance Hospital since 2017.

USR COVID-19 prevention activity



USR's support for suppliers



Support for veterans' families





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Our Promise to Suppliers



APPROACH

LG Innotek considers its suppliers as important business partners, and is creating a culture of partnerships where everybody wins. On the basis of our 'Jeong-Do Management' philosophy, we generate synergy with suppliers and fully comply with fair trade laws and regulations. In addition to technology and financing support, we assist suppliers in strengthening their capabilities to respond to sustainable management and improving awareness on social responsibility.

RISK & OPPORTUNITY

We have been promoting equivalent, mutually beneficial partnerships with our suppliers since 2010. To ensure that our suppliers are agile in responding to the rapidly-changing environment, we provide training programs to varying levels of supplier employees, from the CEO to working-level staff. In addition to technology cooperation in multiple areas, we also undertake joint innovation activities to reinforce the basis for sustainable management with our suppliers.



2020 PERFORMANCE

Achieved ratings of 'Most Excellent' for 4 consecutive years in the 2019 Win-Win Growth Index

Assisted suppliers in strengthening their competitive edge through quality innovation, technology guidance, employee training, and management consulting

Provided funding support and improved payment conditions to help suppliers become more financially sound

Provided training and consulting support to secondary suppliers

2021 PLANS

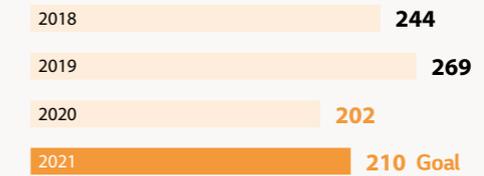
Continue to operate programs to pursue mutually beneficial partnerships with our suppliers

Create a win-win partnership network by arranging opportunities for interactive communication

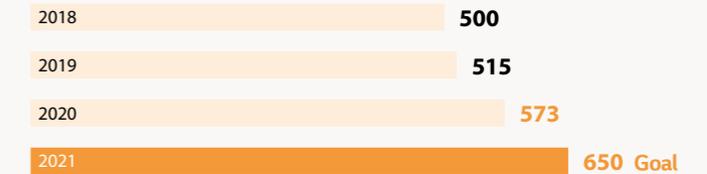
Reinforce cooperative and beneficial partnerships with secondary and tertiary suppliers

KEY PERFORMANCE

Suppliers Attending Training (unit: No. of companies)



Financing Support for Suppliers through Shared-Growth Funds (unit: KRW 100 million)





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Sustainable Supply Chain Management

Integrated Supply Chain Management

We have established a supply chain management portal to strengthen our supply chain infrastructure, and continue to practice change management to better respond to customer needs.

We ensure transparency in our information flow among R&D, purchasing, production, marketing and other business domains, and make efforts to deliver on our promise for suppliers to create a virtuous cycle while building mutual trust.

Purchasing Policy

To comply with applicable regulations and ethics of LG's Jeong-Do Management philosophy and fulfill our corporate social responsibility, we established our global purchasing policy that outlines basic work rules to follow in our purchasing operations. Composed of 45 provisions in 11 sections, this policy concerns purchasing roles, discretionary power, separation of tasks, business norms, social responsibility, supplier selection & management, and contract signing and was distributed to our purchasing staff at all levels in Korean, English and Chinese. Our global purchasing policy serves to help employees better understand purchasing operations and provide standards to follow in performing purchasing work in a fair and transparent manner.

Purchasing Status and Global Supply Chain

At LG Innotek, six overseas production subsidiaries, along with domestic worksites, make purchases valued at approximately KRW 6.8 trillion per year through 843 suppliers located in nearly 30 countries. We host the annual 'Sourcing Fair' and the 'Global Supplier Tech Fair' to identify new competitive suppliers as well as new technologies and processes on an ongoing basis.

To select suppliers in accordance with our fair and transparent assessment criteria, we evaluate their competitiveness based on such

Purchases Made from Suppliers by Region/Subsidiary (unit: KRW million)

	Region	2018	2019	2020
Korea		3,484,696	3,594,855	4,782,207
Vietnam	Haiphong	902,707	1,235,991	1,445,524
China	Yantai	462,160	327,738	343,390
Poland	Wroclaw	16,687	31,966	62,344
Mexico	San Juan del Rio	12,001	5,777	12,789
Indonesia	Jakarta	129,451	133,552	137,933
Others		178,013	142,635	46,374
Total		5,185,715	5,472,514	6,830,561

※ The LED business that was discontinued in 2020 was classified as 'Others'.

Regular Supplier Assessment System

Target	Suppliers of raw and subsidiary materials
Method	Calculate scores gained in the seven categories of T, Q, R, D, C, M, and E (full score = 100) * Technology, Quality, Responsiveness, Delivery, Cost, Management, and Environment
Ratings	Grant one of the five ratings of S, A, B, C, and D
Application of Rating Outcomes	1) Outstanding suppliers: Grant precedence in development and volume allocation 2) Suppliers who fail to meet the set criteria: Consider imposing restrictions in new development

Suppliers Pledging to Comply with the Code of Conduct for Supplier



fundamental factors as technology, quality, overall management, compliance and environmental management, and also examine their performance in sustainability and social responsibility requirements. Those suppliers who are qualified for such assessment criteria are required to sign and submit their 'pledge on the signing of the business contract, the fulfillment of social responsibility, and ban on the use of conflict minerals' at the time of registration and to faithfully comply with relevant provisions. Once registered, our suppliers receive regular semiannual assessments on their engagement in shared growth activities and their commitment to disseminating shared growth to secondary suppliers. We also provide such assessments on their competency concerning technology, quality, punctual delivery times and financial status. Suppliers with outstanding results are granted precedence in development and volume allocation, while those who fail to meet the set criteria are evaluated for the continuity of business relationships and may be subject to restrictions on new business development as a way to manage the risks such suppliers may cause.

Risk Review

In addition to regular supplier assessments, we also perform credit assessments on our suppliers through specialized credit rating agencies to monitor their business performance and financial risks. Since 2020, we have performed real-time management on suppliers at risk of facing financial distress by obtaining additional data from credit rating agencies regarding changes in credit offerings and other relevant information as well as annual financial performance. For high-risk suppliers, risk mitigation plans are developed in consideration of their strategic importance, and change in risk factors are constantly monitored. In preparation for natural disasters, conflicts, or shortages of raw materials, we analyze our company-wide supply chain to identify components that hold a high future risk for supply disruption and develop countermeasures through the dualization or diversification of supply sources to prevent risks from occurring.

ESG in the Supply Chain

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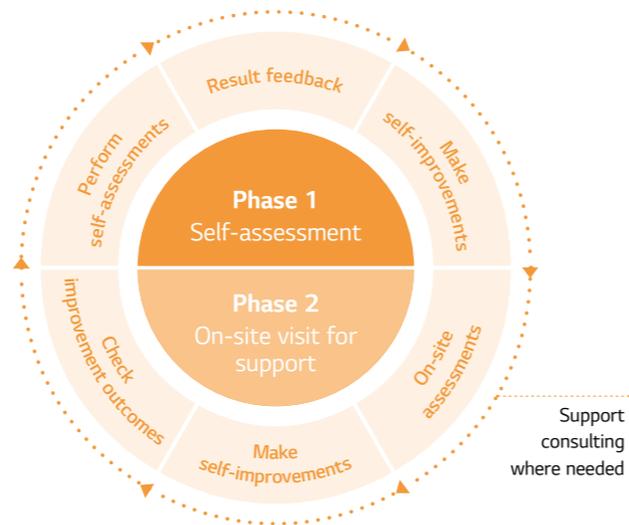
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Supplier ESG Assessment Process and Result Management



Establishment and Operation of the Code of Conduct for Suppliers

LG Innotek established the 'Code of Conduct for suppliers' based on the 'Responsible Business Alliance Code of Conduct', and supports suppliers to establish their sustainability management system. In so doing, we request that suppliers create a safe work environment, consider social, environmental, and ethical aspects in business conduct, and respect the dignity of their employees, thereby fulfilling their responsibility in doing business in an eco-friendly and ethical manner. This is reflected in our master purchasing agreement form so that suppliers satisfy such requests in their day-to-day business operations.

🌐 [LG Innotek's Code of Conduct for suppliers](#)

Supplier ESG Assessment and On-site Review

Our suppliers perform the annual 'ESG self-assessments', as part of our efforts to improve the sustainable competitiveness of our suppliers. Suppliers are recommended to perform self-initiated assessments and make improvements on their operational status in the areas of labor & human rights, ethics, health & safety, and the environment. This comes in tandem with continued support by way of on-site visits and relevant consulting in consideration of assessment outcomes and purchasing impacts in order to extend the scope of our ESG risk management along the entire supply chain.

CSR Self-assessments Made by Suppliers (unit: No. of companies)

	2018	2019	2020
Total suppliers	955	922	843
Suppliers who performed self-assessments	427	336	75
Ratio	45%	36%	9%

※ In 2020, assessments were scaled down due to COVID-19, and will be expanded in 2021.

Responsible Mineral Sourcing 🌐 LG Innotek's conflict mineral management

LG Innotek is proactively joining hands with the global community to ban the use of any unethically mined tantalum (Ta), tin (Sn), tungsten (W), or gold (Au) within the 10 conflict-affected countries including the Democratic Republic of the Congo in Africa and its adjoining countries. We have established our conflict mineral policy and relevant management standards and procedures while using the CMRT (Conflict Minerals Reporting Template) to examine our suppliers who use these minerals for their consumption of such minerals as well as the smelters and refiners they do business with. We also assist suppliers to source minerals used for products from smelters and refiners fully conformant with the RMAP (Responsible Minerals Assurance Process). In line with emerging issues on human

rights, health & safety, and the environment that may occur in the cobalt mining process, we have applied the CRT (Cobalt Reporting Template) to examine cobalt-processing smelters and refiners since 2019. Furthermore, we remain vigilant in identifying associated trends and cooperate to ensure our regulatory compliance through wide-ranging communication channels with our customers, related institutions, and the consultative body created with LG affiliates.

Suppliers Examined for Their Use of Conflict Minerals (as of Mar. 2021, unit: No. of companies)

Category	Supplier	Smelter & Refiner
Survey through the CMRT (Conflict Minerals Reporting Template)	299	271
Survey through the CRT (Cobalt Reporting Template)	120	24

Dissemination of Sustainability Management

We include CSR in the training curriculum designed for the CEOs, executives and working-level staff of our suppliers to disseminate sustainability management. With the training programs on Jeong-Do Management and compliance management, we underscore the importance of integrity in business conduct, prohibition of illicit gains, and compliance with fair trade regulations so that our suppliers contribute to the civility of our society as an ethical company. In the environmental sector, we share global regulatory trends, along with any incidents that occurred concerning environmentally harmful substances that go into components and conflict minerals, while presenting appropriate responses to these issues. Our Green Program is underway to promote the green growth of suppliers and grant certificates by evaluating suppliers for their fulfillment of environmental management system requirements. In 2021, we are extending the scope of our win-win partnerships to secondary suppliers, with nearly 50 secondary and below suppliers signing fair trade and shared growth agreements with primary suppliers.



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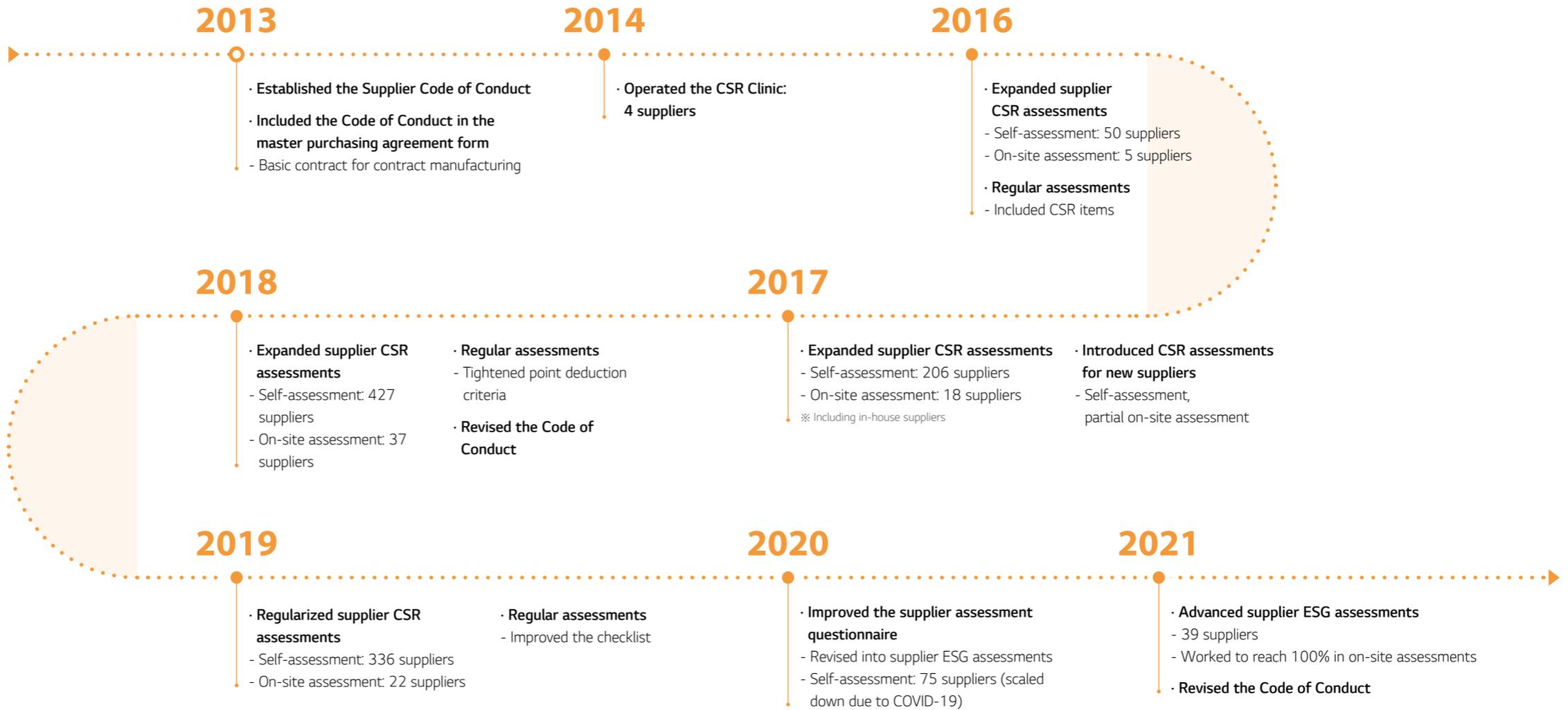
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History of Supplier CSR Management





Win-Win Partnerships with Suppliers

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Shared Growth with Suppliers

With following fair and transparent procedures, LG Innotek selects suppliers and supports them in the areas of technology, finance, management, HR & welfare, and communication improvement. We also support our suppliers with technology innovation, core competency development, management innovation, and quality & productivity improvement to promote win-win partnerships. We operate the 'Ethics Hotline' as a grievance handling and whistleblowing mechanism, and created a communication channel on our online purchasing portal to respond to any inquiries or suggestions from suppliers in an expedient and accurate manner. By regularly visiting primary and secondary suppliers, we not only identify their level of satisfaction with win-win partnership activities and business transactions, but also make necessary improvements on identified issues.

Support Activities by Area

Technology Support | We host the 'Supplier Tech Fair' as a venue for suppliers to share their new technology and products so that they can tap into wider markets, and engage in annual innovation activities with suppliers for the purpose of mutual development. Four subcommittees are under operation throughout the year by supplier business type to help suppliers build independent capacity from their own core technology and for us to share the breadth of our expertise on manufacturing productivity innovation. By localizing and developing materials, components and core components that are heavily dependent on imports, we not only help suppliers increase their sales, but also reduce our costs through productivity and quality innovation. Meanwhile, we operate the 'Innovation Partnership' program in collaboration with the Corporate Agricultural Partnership Foundation. Under this program, large businesses raise funds and provide professional consulting to assist suppliers in making shop floor improvements with an aim to improve the productiv-

ity of suppliers, facilitate their exports, and create smart factories. Through 95 projects, we helped 35 companies enhance their competitiveness since 2014. In addition, we support the 'Technology Escrow' program and the 'Certification of Original Documents on Trade Secrets' to help our suppliers safeguard their critical technology and trade secrets by shouldering all affiliated expenses.

Financial Support | We make full cash payments to our suppliers to facilitate their financing, and have shortened the payment period to 10 days with three book-closing dates per month. The shared growth funds, designed to provide low-interest-rate loans to suppliers to help fund their business operations, rose to KRW 103 billion in size. This enables nearly 40 suppliers per year to improve their quality and productivity, localize core components and materials, make equipment investments, and develop cutting-edge technology. We also made a network loan agreement with the Industrial Bank of Korea to allow our suppliers to take out loans to finance their business operations. The granting of such loans is contingent on the performance of these suppliers in supplying to LG Innotek. The 'Shared Growth Payment' system has been under operation since 2015 to help secondary suppliers receive their due payments and secure liquidity. In 2020, we paid KRW 1.1121 trillion to suppliers through this system so that secondary suppliers could reliably collect their payments from primary suppliers, and KRW 26.5 billion was paid to secondary suppliers as a result.

Our Shared Growth Policy



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Technology Support	35 suppliers in total, 95 projects undertaken
Operational Size of the Shared Growth Funds	KRW 103 billion (raised in 2021)

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HR & Welfare Support | We provide a broad range of on/offline training courses led by professional educational institutions that reflect supplier needs to help them strengthen the competitiveness of their human resources. We also offer them an opportunity to attend recruitment fairs as well as financial assistance to help secure outstanding talent. The LG Innotek employee welfare mall is open to the employees of our suppliers, so they can just as easily access the welfare and benefits our own employees enjoy.



Online training website

Training Support Provided to Suppliers in 2020 (unit: No. of companies and persons)

Type	Course	Supplier	Trainee	Curriculum
Online	Job and competence-building training: 365 courses on work training, management, language skills, and self-development	168	1,071	365
	Core Skills/job competence training by job position	18	38	37
Offline	Quality/productivity improvement training	16	27	
Total	A total of 402 courses operated, including 365 online and 37 offline courses	202	1,136	402

※ Offline training was scaled down to comply with the COVID-19 mitigation policy

Management Support | Our 'Business Doctor' program provides on-site consulting service from a group of advisors from the Federation of Korean Industries to help suppliers address their business difficulties and elevate their competitiveness. This program is recognized as a successful shared growth model as it enables our suppliers to improve their business environment and lay the basis for growth while providing an opportunity for LG Innotek to improve its product quality.

Strengthened Communication | We engage in open communication with our suppliers to improve the quality of our shared growth activities. Diverse on/offline communication channels are available to enhance mutual trust, share information, and establish business transparency. Our senior management personally visits our suppliers to reflect the candid voice of suppliers in shared growth activities (Shared Growth Camp). To further enhance our communication with our suppliers, we host shared growth discussions (Shared Growth Academy) attended by top management from more than 80 suppliers. We also visit secondary suppliers to identify areas in need of support to improve business transactions between primary and secondary suppliers, which ultimately plays a leading role in disseminating a culture of shared growth.

Major Communication Activities

Program	Frequency
Online VOC operation on the purchasing portal	Year-round
Ethics Hotline created and operated for our suppliers	Year-round
Jeong-Do Management survey on suppliers	Annual
Discussion meeting with suppliers (Shared Growth Camp hosted by subcommittee)	5 times per year
Shared Growth Academy (CEO training/discussion)	Annual



Shared Growth Academy (training for the top management of suppliers, VOC collection for win-win partnerships)



Discussion meeting with suppliers (Shared Growth Camp by subcommittee)



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Our Promise to Local Communities



APPROACH

As a corporate citizen, LG Innotek is engaged in a broad array of social giving initiatives to contribute to local communities. We support adolescents to explore suitable career paths, lend a helping hand to the underprivileged, and pursue communication and co-prosperity with local communities. To this end, we follow our principles of 'beneficiary-centeredness, continuity, and voluntary employee engagement' in undertaking the 'Kium (Nurturing)' program of 'Junior Pine Tree Class' designed for the development of children and teens and the 'Nanum (Sharing)' program of 'Good Neighbor Plus' intended to support the underprivileged.

RISK & OPPORTUNITY

We heed the call of pressing social issues and join hands to resolve these issues from the long-term perspective to expand the foundation of shared prosperity with local communities.



2020 PERFORMANCE

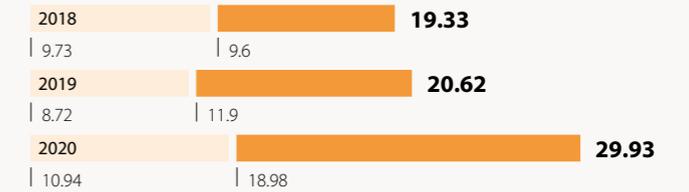
- Donated protection supplies to local communities and the underprivileged who suffered due to COVID-19
- Switched to virtual means in providing educational support for children and teens to help lessen the educational gap amid the COVID-19 outbreak
- Received the Presidential Citation for our contribution to nurturing and protecting adolescents
- Recognized under the Corporate Social Responsibility in the Community program (hosted by Ministry of Health and Welfare) - Gwangju and Gumi worksites

2021 PLANS

- Proactively operate tailor-made activities serving the absolute needs of the underprivileged to offset and prevent any overlooked areas within the welfare system amid the prolonged COVID-19 pandemic
- Reinforce support for children/adolescent education (increase the No. of beneficiaries from 970 in 2020 to 1,800 in 2021)
- Extend the Corporate Social Responsibility in the Community recognition program (4 worksites)

KEY PERFORMANCE

Social Contribution Investments in 2020 (unit: KRW 100 million)



* Social contribution expenses*

** Cash donations**

* Including the donations made by employees
 ** We have not made any donations towards sponsoring political organizations or to support specific interest groups over the past three years.

Number of Beneficiaries in 2020 (unit: person)

Junior Pine Tree Class	15,710
Good Neighbor Plus	9,674
Overseas Programs	11,409



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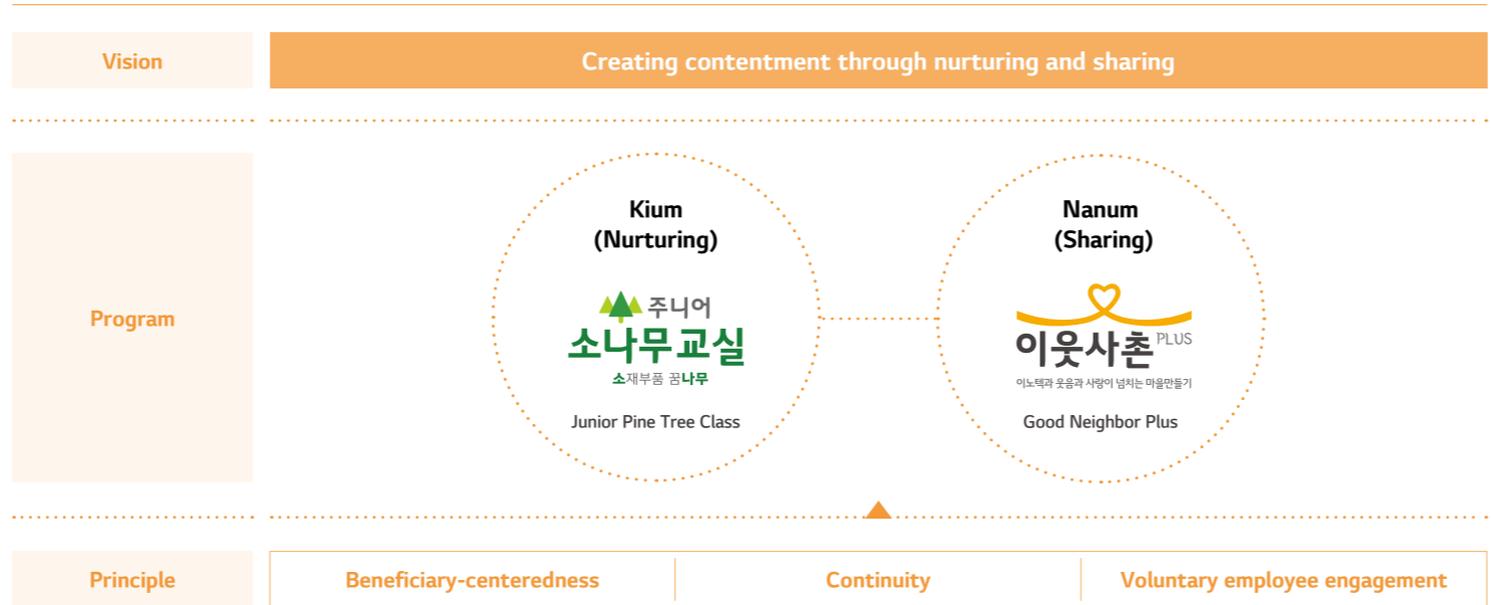
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Social Contribution System / Employee Engagement

LG Innotek operates systemic and ongoing social contribution programs for respective beneficiary groups to help children and teens aspire to manifest their dreams and for the vulnerable to feel the warmth of sharing. [▶ Video of 'LG Innotek: Nurturing the seeds of hope with care and trust'](#)



Corporate Social Responsibility in the Community Recognition Program

In 2020, The Gumi and Gwangju worksites were recognized under the Corporate Social Responsibility in the Community program. This program, jointly hosted by the Ministry of Health and Welfare and the Korea National Council on Social Welfare, identifies and recognizes companies and organizations that have consistently engaged in social-giving activities.

The Gumi worksite has steadily supported adolescents to experience sports and orchestra activities in alignment with local children's centers. The Gwangju worksite has also provided scholarships to

low-income individuals and has helped with crop harvests and house repairs under the One Company One Village sisterhood program to revitalize the local economy and serve the interest of local people. In cooperation with social welfare organizations that care for people with disabilities and the elderly, we have been engaged in improving the living conditions of these groups and providing daily necessities to those in need.

In 2021, the Magok and Pyeongtaek worksites will join our efforts to fulfill corporate social responsibility by promoting the self-reliance of less-fortunate groups under the principles of beneficiary-centeredness, continuity and voluntary employee engagement.

Hope-Sharing Fund

The Hope-Sharing Fund is made possible through the donations of our employees for social-giving. Our employees may open as many accounts as desired (KRW 1,000 per account) or donate a portion of their monthly wages or bonus amounting to less than KRW 1,000 to contribute to the funds. Our executives donate a designated amount from their base salary every month, and LG Innotek makes donations that double the amounts donated by employees so that the funds raised as such are invested in social contribution activities. At the Gwangju worksite, employees lead such donation activities to provide meals for the vulnerable families in local communities.

Employee Volunteering

In 2020, our volunteer activities went contact-free due to COVID-19. A number of employees personally made mask lanyards, scarves, and braille word cards and donated them to the underprivileged and visually impaired children. Our plan is to expand virtual volunteering that our employees can readily join, even amid the protracted COVID-19 outbreak, and continue to implement sharing activities in 2021.



88%

Employees Contributing to the Hope-Sharing Fund (as of Apr. 2021)

KRW **323 million**

Employees' Contribution to the Hope-Sharing Fund in 2020

496 hours

Employee Volunteer Hours

※ Employee volunteering scaled down due to COVID-19, and will go virtual to expand its operational scale.

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Social Contribution Programs

Junior Pine Tree Class (Nurturing)

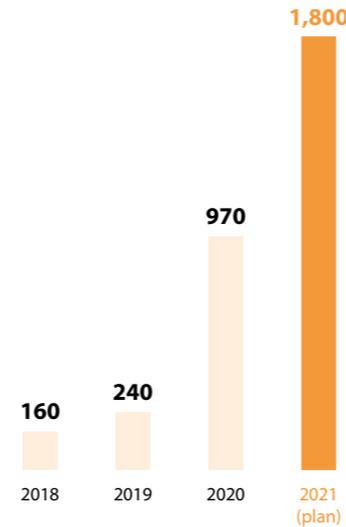
To nurture future leaders in the materials and components industry, LG Innotek has provided after-school academies and local children's centers with science classes on materials and components. We also help them improve their learning environment and support their learning and experience-based activities. In September 2020, we signed a business agreement with the Ministry of Gender Equality and Family and the ChildFund Korea to further bolster our assistance for underprivileged children and teens. Such endeavors were recognized as we were honored with the Presidential Citation at the event hosted by the Korean government to reward those credited with nurturing and protecting adolescents in 2020.

Materials and Components Science Class | Launched back in 2011, LG Innotek's Materials and Components Science Class is provided through the talent donations made by employees. Upon signing a business agreement with the Ministry of Gender Equality and Family in 2014, we have expanded our support for science education. In 2020, this Class went online due to COVID-19. Under this virtual Science Class program, we produced online video lectures and provided them with experimentation kits to nearly 970 adolescents attending after-school academies. In 2021, we will significantly scale up our support to reach 1,800 teens at local children's centers as well as after-school academies.

Improving the Learning Environment | In 2020, we chose six after-school academies suffering from dilapidated infrastructure and renovated their classrooms and hallways and donated necessary learning equipment. Our plan for 2021 is to help remodel those after-school academies and local children's centers in need of repair work and donate learning equipment to create a more engaging learning environment.

Students Attending Materials and Components Science Class

(unit: No. of persons)

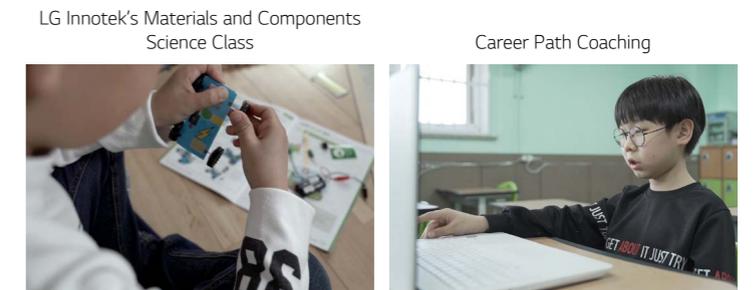


Support for Junior Pine Tree Class (based on Korea)



Providing Career Path Coaching (Dream Sketch) | In 2020, LG Innotek launched an online career path coaching program for adolescents attending after-school academies to help them independently explore career options and take control of their future. This program is operated through the talent donations made by LG Group employees who are qualified professional coaches. In 2021, we will increase the number of beneficiaries to offer even more teens an opportunity to receive career path coaching.

Cultural Experience/Learning | We have supported local children's centers located in the vicinity of the Ansan and Gumi worksites with learning and cultural experiences since 2011. Employees from the R&D Campus in Ansan have visited three local children's centers with whom it signed a mutual agreement to support their learning since 2015, and donated face masks and other personal protection equipment to local children's centers in 2020. Since 2016, the Gumi worksite has supported 47 nearby local children's centers with learning supplies, orchestra activities, and cultural experiences that engage teens. In 2020, we donated more than 2,500 books worth KRW 30 million to the Gumi City Library (Yangpo), and provided children facing difficulties due to COVID-19 with online learning devices, face masks and other personal protection equipment.



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Support for Servicemen and Women | Since 2012, when we first forged sisterhood ties with the 2nd Armored Brigade in Paju under the One Company One Barrack program, we have annually provided our servicemen and women with essential items needed for their military life. In 2019 and 2020, we supported clubs and small group activities undertaken as part of the employment and startup support program led by the Korean armed forces with our renewed awareness on youth unemployment issue. Going forward, we will focus on activities that offer practical help to members of our military.

Good Neighbor Plus (Sharing)

LG Innotek stands true to its promise as a good neighbor and one that is there to support the independence of vulnerable households and people with disabilities while pursuing a harmonious rapport with local communities. Each of our worksites identifies and provides a much-needed service in the community and seeks opportunities to reach out to local residents.

Such endeavors were rewarded as the Gumi and Gwangju worksites were named local community contributors in 2020. The Gumi worksite was honored with the Minister of Health and Welfare Award for its wide-ranging support activities to minimize the areas within the welfare system that are commonly overlooked and for its One Company One Village program to contribute to revitalizing farming villages and promoting inter-generational exchange.

Support for the Underprivileged | We maintain partnerships with beneficiary organizations in the vicinity of our six domestic worksites to support low-income households, families of war veterans, families of North Korean defectors, and seniors residing alone. Our employees offer hot chicken soup with ginseng in the summer, traditional rice cakes during the Korean Thanksgiving holidays, and kimchi in the winter to reach out to those in need and extend the warmth of sharing.

Support for People with Disabilities | We improve the environments of special education institutions and facilities and support them with

cultural experiences, educational activities and rehabilitation. In 2020, we provided these institutions with face masks, hand sanitizers and other personal protection equipment to respond to COVID-19 while consistently offering practical assistance to improve the welfare of people with disabilities.

Support for Local Communities | LG Innotek has endeavored to revitalize the local economy and culture. The Gwangju and Gumi worksites have forged One Company One Village ties with Goseo-myeon (Damyang Country, South Jeolla Province), and Cheongsan-ri (Euisong County, North Gyeongsang Province) respectively to perform environmental clean-ups and offer a helping hand during the busy farming season. We also signed social contribution agreements starting with Shinpyeong-dong, Gumi City, in 2019 and then with Hanam-dong, Gwangsan-gu, Gwangju City and Jinwi-myeon, Pyeongtaek City in 2020 to strengthen mutually beneficial cooperation with local communities.

Donating supplies to vulnerable individuals in Gumi



Donating kimchi to the underprivileged during the cold winter season in Pyeongtaek



Support for Good Neighbor Plus in 2020 (based on Korea)

Donations made	KRW 1.81 billion
Beneficiaries	9,674 persons
Organizations supported	52 organizations



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Global Social Contribution

LG Innotek undertakes social contribution programs that cater to the specific needs of local communities where its overseas production subsidiaries are located to improve solidarity and communication with these communities.



KRW 443 million

Global social contribution investments made
※ Including overseas investments funded by the Headquarters

11,409 persons

Beneficiaries of global social contribution programs

Yantai, China

In 2020, the Yantai subsidiary partnered with the local government to donate face masks and other protection supplies amid the COVID-19 pandemic and improved the environment of the nearby Chaoshui Village. The subsidiary continues to provide the SOS Child Village with learning supplies and the nearby Bajiao Village with daily necessities.



Yantai subsidiary donating learning supplies to the SOS Child Village

Haiphong, Vietnam

The Vietnamese subsidiary has helped renovate the cafeterias and restrooms at a local school for the visually-impaired in Haiphong over the past three years to provide these students with a more pleasant learning environment. In 2020, the subsidiary donated COVID-19 protective suits and diagnostic kits valued at over KRW 100 million to Haiphong City as well as 20,000 face masks and protective suits to the health authorities of Haiphong in partnership with LG Electronics and LG Display in Vietnam. In addition, the subsidiary made donations to the central region of Vietnam which suffered major flooding, and provided nutritious porridge to the patients at local hospitals in Haiphong.



Donating protective suits and diagnostic kits to Haiphong City

Wrocław, Poland

The Polish subsidiary in Wrocław is undertaking wide-ranging social giving activities where its employees take on a prominent role. They raised funds to donate daily necessities and clothes to underprivileged families, and purchased and donated rehabilitation supplies for people with disabilities to cater to the specific needs of local communities.



Donating supplies to the underprivileged in Wałbrzych

Jakarta, Indonesia

The subsidiary in Indonesia donated sheep to events hosted in celebration of the Idul Adah holiday to interact with the local community as a responsible member. On the occasion of Lebaran, Indonesia's largest national holiday, the subsidiary visited local orphanages to donate daily necessities and groceries while providing special face masks and protective suits to healthcare professionals at local hospitals who put in long hours amid the COVID-19 pandemic to help weather the crisis.



Donating sheep to celebrate the Idul Adah holiday



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Improvement in Governance



APPROACH

LG Innotek is committed to expanding its shareholder-friendly policies and transparently operating the Board of Directors. We consider the fulfilment of our legal and ethical responsibility as the prerequisite for our business conduct, and will continue to stabilize and reinforce our management system at all levels. [LG Innotek's disclosures](#) [LG Innotek's governance report](#)

Compliance with Key Indicators of Corporate Governance

(as of May 31, 2021)

Category	Key Indicator	Compliance	Details
Shareholder	1. Announce the call of the general shareholder meeting 4 weeks in advance*	0	29 days in advance
	2. Implement the electronic voting system*	0	Introduced on Jan. 25, 2021
	3. Convene the general shareholder meeting outside the period of when such meetings are normally held*	0	Hosted on Mar. 18, 2021
	4. Notify shareholders of dividend policies and dividend payment plans at least once a year**	0	Made available through the official website, disclosures and IR events
BOD	5. Develop and operate the CEO succession policy (including an emergency appointment policy)	0	In possession of the succession policy
	6. Develop and operate an internal control policy	0	Internal Transaction Committee
	7. Separate the BOD chairmanship and the CEO	X	
	8. Adopt cumulative voting	X	
	9. Develop policies to prevent the appointment of executives who are responsible for damaging the corporate value or infringing upon the rights and interests of shareholders	0	Article 382/542 of the Commercial Act and Jeong-Do Management/ethical obligations/quality/safety and environment
	10. Verify the non-existence of outside directors who have served for more than 6 years	0	Not existent
Audit Organization	11. Provide training at least once a year on the internal audit organization**	0	Supervised by Samil PwC
	12. Establish an independent internal audit department (internal audit operation support organization)	0	Establishment of the Audit Support Office
	13. Verify the existence of accounting or financial experts within the internal audit organization	0	Chair of the Audit Committee Chae Joon
	14. Host meetings with external auditors by the internal audit organization at least once a quarter without attendance of senior management **	0	Audit Committee convened
	15. Verify the development of procedures to enable the internal audit organization to access important management-related information	0	Article 3 of the Audit Committee Regulations

* This indicator is as of the general shareholder meeting hosted right before the submission of the governance report (May 31, 2021)

** This indicator is to verify whether the concerned item was observed within the target disclosure period.



2020-2021 PERFORMANCE & PLANS

More than double dividend payments from the previous year (Total cash dividends paid increased from KRW 7.1 billion to KRW 16.6 billion)

Appoint independent directors to fill both the Chair and all positions of the Outside Director Candidate Recommendation Committee to establish its independence

Establish the Internal Transaction Committee under the BOD to improve transparency in related transactions among affiliates

Operate the ESG Board Committee to generate sustainable future value and strengthen the fulfillment of social responsibility

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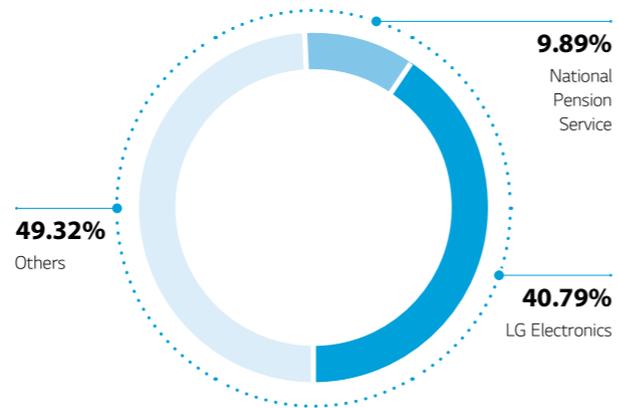
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Protecting Shareholder Rights and Interests

Composition and Status of Shareholders

As of December 31, 2020, LG Innotek issued 23,667,107 common shares, and has not issued any other type of share. Our largest shareholder is LG Electronics, owning 9,653,181 shares or 40.79% of our total shares. Excluding 2,600 non-voting treasury shares, we apply the One-Share, One-Vote rule. We heed to the voice of our minority shareholders as well as to that of our major shareholders, and protect the exercise of shareholder rights as stipulated in applicable laws and regulations.

Shareholders (as of Dec. 31, 2020)



- Others 11,672,790 shares
- National Pension Service 2,341,136 shares
- LG Electronics 9,653,181 shares

※ The above data on equity ownership represents the percentage calculated against total outstanding shares.
 ※ The data is based on the equity ownership of shareholders as of the most recent book closure date of Dec. 31, 2020.

Shareholder Return Policy

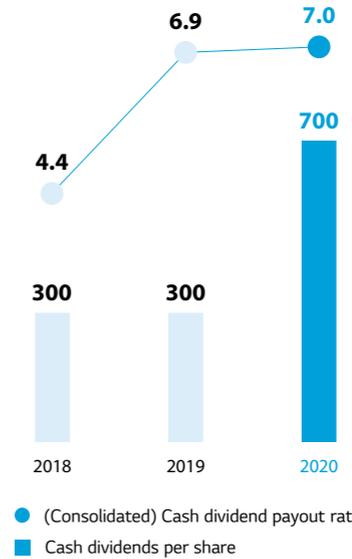
LG Innotek's dividend decisions are made by comprehensively considering its business performance, investments made for sustainable growth, improvements made on its financial structure and business conditions among others.

At LG Innotek, dividends are paid from Free Cash Flow, and we plan to gradually increase our dividend payout ratio in line with improvements made on our financial structure including debt-to-equity ratios. Such decisions, however, will be made flexibly and in consideration of shifting business conditions and our management strategy that includes future investment plans in order to pursue sustainable growth and improve shareholder value.

Total dividend payments for the fiscal year 2020 amounted to KRW 16.6 billion (KRW 700 in dividends per share), which represents a y-o-y 133% increase in consideration of our performance improvement. Going forward, we will continue to protect the rights and interests of shareholders and ensure shareholder-friendly dividend practices. As soon as internal reviews are completed, our mid/long-term dividend policy will be fully disclosed through disclosures, our official website and other varying channels.

Major Dividend Indicator

(unit: KRW, %)



(unit: KRW million)

Category	2018	2019	2020
Total cash dividends	7,099	7,099	16,565
(consolidated) Net income	163,100	102,302	236,123

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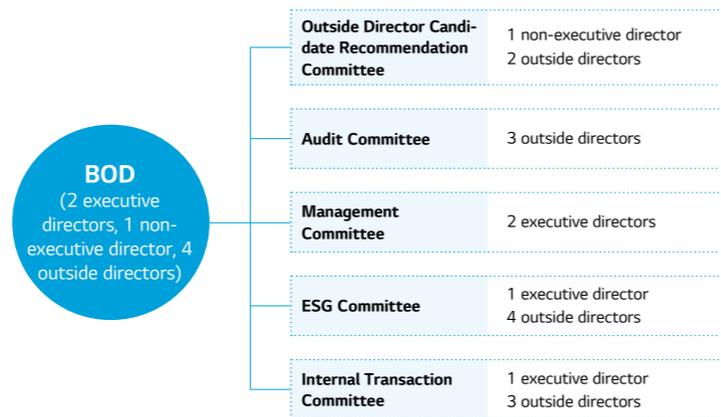
Operation of the BOD and the Audit Organization

Board of Directors

Our Board of Directors (BOD) faithfully fulfills its essential role in deciding on basic corporate policies and important matters on business operations in accordance with applicable laws and regulations and the Articles of Incorporation, and in supervising directors for their execution of given duties. As of June 2021, our BOD consisted of two executive directors, one non-executive director, and four outside directors. To comply with relevant regulations and improve the expertise of the BOD's decision-making process, it operates the Audit Committee, the Outside Director Candidate Recommendation Committee, and the Management Committee. Notably, the Audit Committee is exclusively composed of outside directors appointed at the general shareholder meeting to ensure its autonomy and function as an effective supervisor. Our BOD meets at least seven times a year. In 2020, the BOD held seven meetings along with six Audit Committee meetings and one Outside Director Candidate Recommendation Committee meeting to deliberate on a total of 41 agenda items.

[LG Innotek's BOD composition](#)

BOD Composition (as of June 2021)



Directors and Auditors

(as of the end of Mar. 2021)

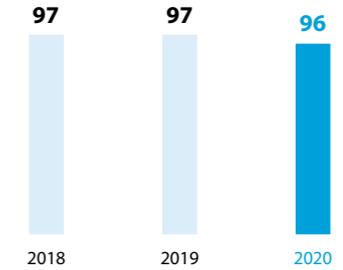
Director	Name	Association/Position
Executive director	Jeong Cheol-Dong	CEO, LG Innotek
	Kim Chang-Tae	CFO, LG Innotek
Non-executive director	Jung Yeon-Chae	Electronics Team leader, LG Corporation
	Ju Yeong-Chang	Professor, Seoul National University
	Yoo Young-Soo	CEO, Loon Shot Korea
Outside director	Chae Joon	Professor, Seoul National University
	Park Sang-Chan	Professor, Kyung Hee University

Director Performance Appraisal and Remuneration

In reappointing outside directors, our BOD Secretariat independently evaluates them in consideration of their meeting attendance, expertise, and contribution to business performance. The remuneration limit of directors is set reasonably in accordance with their level of attainment in meeting management goals, and is put in place through the decision made at the general shareholder meeting. To ensure the independence of outside directors, we provide them with a base pay and reimburse them for their business travel expenses, but do not grant them any performance-based compensation.

Attendance of Outside Directors

(unit: %)



※ Based on the 2020 annual report

Independence, Expertise and Diversity of the BOD



At LG Innotek, outside directors account for the majority of the BOD (four out of seven) to maintain its independence. Our outside director appointment process complies with applicable provisions as stipulated in Article 542-8 of the Commercial Act and Clause 5 Article 34 of the enforcement decree of the Act. Outside director candidates are nominated by the Outside Director Candidate Recommendation Committee and individually appointed at the general shareholder meeting. Presently, our pool of outside directors consists of experts in the areas of finance, business administration and technology, and these directors bring their professional knowledge and experience to the table to decide on major issues of business management, provide advice, and monitor business operations. In appointing directors, we value diversity and do not discriminate on the grounds of gender, ethnicity or country of origin. In conformity with applicable regulations, none of our outside directors serve for a period of more than six years, and we are considering the appointment of female directors in 2022.



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APPROACH

While generating financial outcomes is undoubtedly the most critical consideration for any company, the methods and procedures they adopt to achieve such outcomes is equally important for their long-term sustainable growth. LG Innotek implements the following activities in the areas of ethics management, fair trade, risk management, information security, and tax policy, in order to minimize any possible risks in business conduct.

RISK & OPPORTUNITY

A company's failure to comply with basic laws and ethics not only incurs financial risks, but also impacts its outward reputation and credibility, which could ultimately play a part in determining its future survival. LG Innotek fully complies with anti-corruption, fair trade and information security principles on the foundation of LG Way and Jeong-Do Management.



2020 PERFORMANCE / 2021 PLANS

Jeong-Do Management

LG's Jeong-Do Management will continue to pursue sound business conduct. We maintain our systems and policies to review and improve our business activities in real time while reinforcing our annual employee training in line with our two-track management strategy.

Fair Trade

We consistently improve our business practices to identify the latest trends in fair trade in addition to reviewing business issues to completely avoid the violation of any applicable laws or regulations. Furthermore, we provide phase-specific training programs to help our employees improve their awareness on fair trade.

Risk Management

We created a dedicated risk response organization and classified risks into five different areas to respond to them accordingly. With the Business Audit Division playing a central role, we are building a company-wide risk management system and develop detailed risk response scenarios to regularize our risk review and response process across the entire business operations.

Information Security

To ensure LG Innotek remains a trusted business partner to its customers, we have bolstered our information security system by key assets. We will analyze risks for respective types of assets and implement security measures accordingly to raise the bar on our information security performance.

Tax Policy

LG Innotek is in full compliance with applicable laws and regulations in Korea and abroad to fulfill its tax obligations. We also periodically revise our internal tax regulations to proactively respond to any changes in the tax environment.

KEY PERFORMANCE

Jeong-Do Management Training (corporate ethics) (unit: No. of persons)

		2018	2019	2020
Employees who completed training	Korea	4,643	7,924	3,990
	Overseas	26	964	946
Training completion rate	Korea	56%	100%	50%

※ Online training: Provided to all employees every two years (2017, 2019), and went virtual in 2020 due to COVID-19

Fair Trade Violations (anti-competitive cases) (unit: No. of incidents)

Category	2018	2019	2020
Sanctions imposed	0	0	0

※ 2021 target: Zero

Breaches on Privacy (Data leaked, stolen, or lost) (unit: No. of incidents)

2018	2019	2020	Total
0	0	0	0

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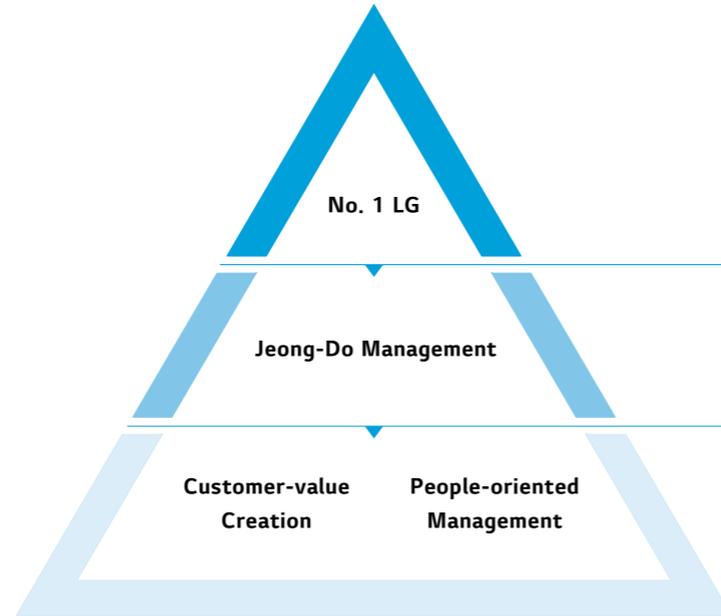
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Jeong-Do Management

LG Way



The ultimate goal of LG is to be recognized as the market leader in business performance as well as in management practices

Vision

Ethical management and code of conduct to enable capability development and fair competition

Behavioral Mode

The fundamental organizational principle guiding LG from beginning as a firm

Management Principles

LG Way and Jeong-Do Management

As the foundation that guides all LG employees in their thinking and action, LG Way dictates how we practice 'Jeong-Do Management' to live by LG's management philosophy of 'Creating Value for Customers' and 'Respecting Human Dignity' in order to attain the vision of 'No.1 LG'. LG's Jeong-Do Management represents LG's distinctive code of conduct to steadily develop capabilities and play fair on the basis of ethics management. By Jeong-Do Management, we do not merely practice ethics management but take a step further to build competence to outperform competitors and generate substantial performance.

LG Code of Ethics

LG's ethics management is based upon the systemic hierarchy of the Code of Ethics as declaratory ethical principles, implementation guidelines as practical guidelines and the implementation guideline book that illustrates detailed action principles. The LG Code of Conduct, the overarching basis for all of the above, consists of six chapters and defines the code of conduct for all LG employees.

System and Structure of the LG Code of Ethics

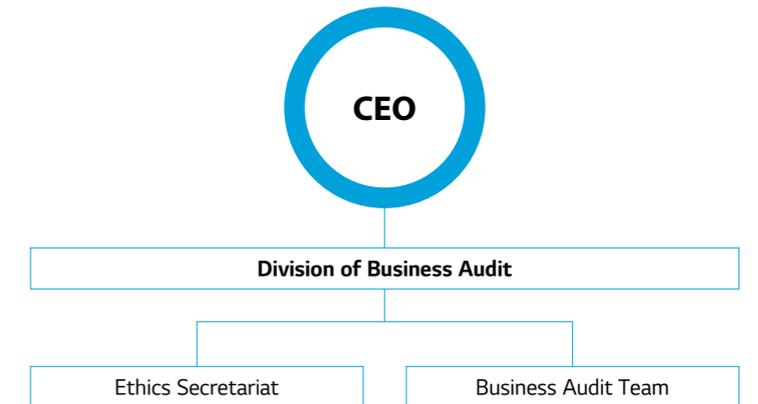


- | | |
|---|--|
| Chapter 1 Responsibilities and obligations for customers | Chapter 4 Basic ethics of employees |
| Chapter 2 Fair competition | Chapter 5 Corporate responsibilities for employees |
| Chapter 3 Fair transactions | Chapter 6 Responsibilities for the nation and society |

Jeong-Do Management Organization

The practice of Jeong-Do Management is deeply embedded into every aspect of how LG Innotek operates as an organization. The Ethics Secretariat engages in Jeong-Do Management training and publicity operations to investigate and prevent corruptive practices identified through whistleblower reports or assessments. The Business Audit Team is tasked with work process assessment and management consulting to contribute to monitoring Jeong-Do Management risks and strengthening our competitive edge at all levels.

Organizational Structure for Jeong-Do Management





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Activities to Practice and Internalize Jeong-Do Management

Training | We provide training in consideration of employees' job description and position to help them develop knowledge and internalize Jeong-Do Management. Offline training is offered to newly-appointed leaders and expatriates as well as to new recruits with or without previous work experience while customized training that caters to the work characteristics of different divisions, as well as manager training, is conducted. This operates in tandem with the regular offering of online training for all employees.

Promotion | We publish monthly Jeong-Do Management Newsletters and create a wide array of promotional materials, including digital brochures that our employees can use to readily refer to the Code of Ethics at any given time, to raise the ethics awareness of all employees and to alert them to this critical issue. Quizzes and events are also held to continuously increase employee engagement.

Jeong-Do Management Pledge | Our employees sign the 'Jeong-Do Management pledge' each year to remind them of the importance of Jeong-Do Management and comply with its principles in their day-to-day business activities. Suppliers who sign a new contract are also requested to do the same to join in the effort to promote fair trade.

Monitoring | Jeong-Do Management surveys are conducted each year at the group-wide level to review employees' compliance with LG Way and their awareness on Jeong-Do Management. Domestic and overseas worksites are subject to on-site reviews, regularly monitored for any sign of corruptive practices, and monitored quarterly for any violations of revised regulations as a way to prevent the risk of corruption.

Infrastructure | We operate the 'cyber whistleblowing' and the 'grievance handling system' to prevent the violation of the Code of Ethics and to swiftly handle any occurring violations and practice Jeong-Do Management in so doing. In addition, rewards are granted on the reports submitted on corruptive practices to effectively eradicate such practices and encourage whistleblowing. The privacy and identity of any whistleblower is fully protected, and if such individuals suffer any disadvantage, we ensure that this is fully remedied, and that corresponding compensation is provided.

Pledge Signed to Prevent Conflict of Interest (unit: No. of persons)



※ Pledge is signed annually by all employees, both in Korea and abroad.

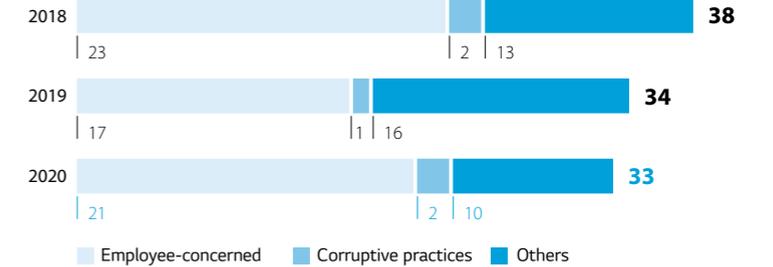
Rewards Granted to Whistleblowers

Reporting method	· Report and submit documents evidencing corruptive practices · For urgent matters, reports can be made on factual grounds, without evidenced documents
Reporting channel	· Cyber whistleblowing system, post, phone, fax, or personal visit
Submitted to	· Ethics Secretariat under the Business Audit Division
Payment criteria	· When the Company's profits increase while losses decline (up to KRW 1 billion) · When direct profit increases occur or the retrieval of financial losses is confirmed (20% of the concerned amount) · When it is difficult to calculate the equivalent value of rewards, payments worth KRW 10 million or under are made.

Reporting Channels and Procedures



Whistleblower Reports Submitted (unit: No. of reports)



Monitoring on regulatory violations in 2020 4 times

Jeong-Do Management Newsletter 12 publications

SPECIAL CASE

Compliance Review to Further Prevent Risks

To fulfill our responsibility for regulatory compliance as the most fundamental driver for sustainability management, LG Innotek conducts annual compliance reviews under the leadership of its legal affairs organization. Prior to these reviews, we identify major regulations and risks associated with business operations, survey employees on their compliance status, and generate necessary improvements to report them to the BOD each year.

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Fair Trade and Competition

Fair Trade Operation System

LG Innotek is keenly aware that compliance with fair trade regulations forms the basis for its business conduct and is a prerequisite for all employees to meet. The head of the Business Support Division is publicly appointed as the Compliance Officer, and the 'compliance operational rules' were initiated to establish independent and neutral organizational operations and to clarify the roles and responsibilities of responsible executives.

Distribution of the Fair Trade Compliance Guidelines

Our compliance guidelines are distributed in an e-book format to illustrate pertinent compliance laws and regulations and legally appropriate work procedures so that our employees are able to clearly understand and abide by compliance procedures. These guidelines are updated each year by reflecting regulatory amendments.

Operation of Employee Training Programs

We provide our employees with consistent and systemic compliance training to establish a culture of fair trade and competition. Each year, our employees receive basic courses that cover regulatory provisions and guides concerning the subcontract law and the prohibition of illegal support and cartel as well as advanced courses that address department-specific work. We also publish compliance newsletters twice a month to regularly inform employees on compliance guidelines. In 2020, three advanced courses were provided including anti-cartel training for marketing employees and anti-cartel training arranged based on local regulations for US sales subsidiaries, in addition to basic training.

Employees Who Took Compliance Training

(unit: No. of persons)

Category	2018	2019	2020
Trainees	1,901	3,458	4,570

Compliance Newsletters Published

(unit: No. of newsletters)

Category	2018	2019	2020
Newsletters issued	2	6	24

Development of Monitoring and Disciplinary Systems

We operate a risk monitoring process and conduct annual regular reviews on the risk of illegal support to prevent the violation of subcontract regulations. Whenever violations are either confirmed or highly suspected to have occurred, they are referred to the Disciplinary Committee and subject to stringent sanctions to improve the commitment of employees to fair trade compliance and prevent the reoccurrence of regulatory violations. We created compliance whis-

Risk Monitoring Process

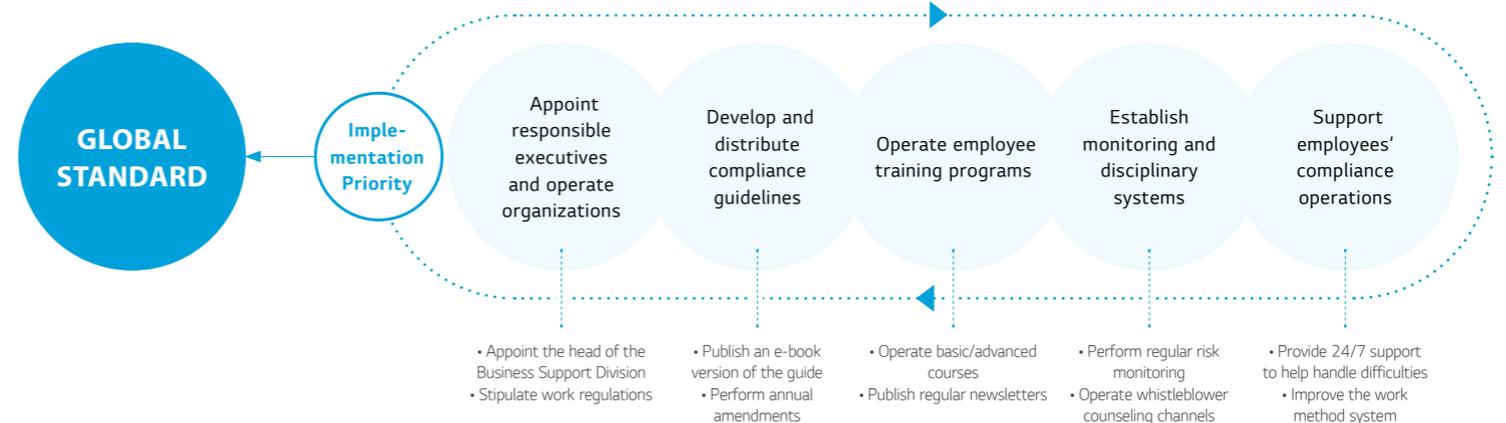


teblowing/counseling channels on our website to heed the voice of our suppliers and other external stakeholders.

Support for Employees' Compliance

We provide year-round assistance through responsible departments to help employees resolve compliance-related difficulties - all while making fundamental improvements to our work methods and systems to prevent any risk of violation.

Compliance Implementation System



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Risk Management

Company-wide Risk Management System

Some of the risks that have recently arisen in Korea and abroad are of the magnitude of even being able to threaten the existence of businesses. In line with the mounting significance of risk management, LG Innotek recognizes risk management as a highly significant priority, and is stipulating risk management roles, responsibilities, processes and implementation standards at all levels to effectively respond to risks the moment they occur. In addition, our CFO also serves as the CRO and a department tasked with developing a risk management system is under operation under his/her leadership to minimize management risks and tangible/intangible losses through systemic risk management, which will be operational in ordinary times as well in crisis situations.

Company-wide Risk Management Committee

We operate the 'Company-wide Risk Management Committee' to focus all our organizational capabilities in making decisions and unified responses on internal/external risks.

Risk Management Committee



Subcommittees and Response Processes by Risk Type

The Company-wide Risk Management Committee operates nine subcommittees to address five risk types (business operations, disasters, safety & the environment, security, and publicity), and is establishing risk management regulations for each of the sub-

committees to define the risk response process. Executives at the respective subcommittees make initial responses and perform analyses upon any risk occurrence, rate the level of risk according to the predetermined criteria, address the risk situation in need of unified responses, and swiftly notify the relevant subcommittees.

Risk Response Process



Type of Risk and Subcommittee (5 types and 9 subcommittees)



Integration into Business Strategies

LG Innotek holds monthly management meetings to jointly take stock of business operations by business division and discuss improvement plans to prevent risks. In the R&D sector, we develop technology and products according to future trends and customer needs. We are also broadening our business presence into high value-added material sectors, and have chosen the increasingly growing automotive electronic components market as our future growth driver, paving the way for our sustainable growth.

Financial Risk Management

GIFIS and ICM operation | We operate the Global Integrated Financial Information System (GIFIS) to provide senior management with a unified view on cost, accounting, finance and other financial information to assist their decision making in preparation for risk factors. We have also introduced the Internal Control Management (ICM) system to conduct regular self-assessments and verifications on major work processes to prevent and address risk factors.

Foreign exchange risk | We have established 'foreign exchange management rules' to ensure the soundness of our financial structure, and assigned dedicated staff to manage foreign exchange transactions, foreign exchange cash flows and positions, and foreign exchange profits and to identify and forecast trends in currency rates and the foreign exchange market.

Credit risk | We perform real-time monitoring to manage credit risks at the company-wide level. These risks are preemptively detected and prevented, and bond hedging instruments are arranged to minimize losses and increase our recovery rates.

Liquidity risk | Our liquidity risk management system develops monthly cash flow plans for three months out to forecast the cash flow from operations, investments and financial activities. Liquidity amounts are preemptively identified, secured and maintained to manage potential liquidity risks.

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Information Security

At LG Innotek, the following information security management system is up and running to protect tangible/intangible corporate assets from security incidents and threats and to comply with applicable laws and regulations.

Organization and Operational System

We have appointed the Chief Information Security Officer (CISO) and are operating two departments dedicated to information security operations under the leadership of the CISO.

- **Mission:** Protect tangible/intangible corporate assets and minimize losses from security incidents
- **Information Security Goal**
 - Defend against external intrusion
 - Prevent any internal data leaks
 - Ensure compliance with pertinent laws and regulations

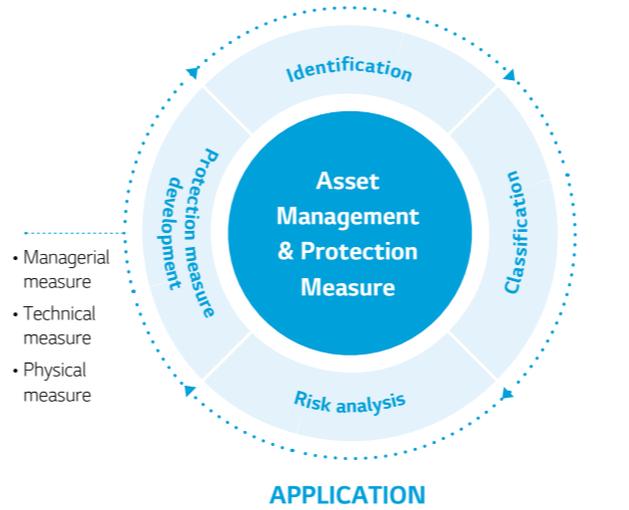


The Security Strategy Team develops company-wide security strategies and policies and performs internal audits and reviews. The Security Operation Team is tasked with planning and operating information security activities that best suit the characteristics of respective worksites in conformity with our company-wide security strategies and policies.

Information Security Policy and Measures

LG Innotek's information security organization is responsible for establishing information security policies that guide all our information security activities. The organization analyzes security threats against the assets we own and manage, and leverages the outcomes to implement managerial, physical and technical measures to prevent, detect and address security incidents.

Information Security Policy and Activity



APPLICATION



Information Security Training in 2020

Company-wide basic training	6,816 trainees (100% completion rate)
Personal data protection training	3,949 trainees
Job-specific information security training	3,265 trainees
Organizational leader training for production operations	299 trainees

Audit/Review

LG Innotek performs annual internal information security audits at its Headquarters, domestic worksites and at overseas subsidiaries to consistently improve its information security performance and establish compliance with applicable laws and regulations. This comes in tandem with periodic review activities conducted at respective worksites.

Improvement in Employees' Awareness

At LG Innotek, our goal is to deeply embed information security into our cultural DNA. To this end, we engage in regular training and year-round publicity activities to help employees accurately understand the Company's information security policy, make sound judgements and take action accordingly when the need for security arises while performing the functions required of their position. In addition, we conduct a host of information security mock drills for employees to build stronger response capabilities in the event of security incidents.

Information Security Certification

LG Innotek's information security performance is certified through the international information security standard ISO 27001. As of 2021, the Headquarters, all domestic worksites, and subsidiaries in Yantai in China and in Vietnam remained certified under this standard, and we are extending its scope to other overseas subsidiaries.

Customer Data Protection

Over the past three years, not a single incident occurred in relation to customer data leaks or relevant disputes, which testifies to our commitment to protecting customer data to the same level we do our corporate assets.

Personal Data Leaked, Stolen, or Lost (unit: No. of incidents)			
2018	2019	2020	Total
0	0	0	0



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Tax Policy

LG Innotek fully complies with tax laws and regulations in Korea and abroad in its entire business transactions to faithfully fulfill its tax obligations as stipulated by law, and maintains transparent relationships with the tax authorities in the countries where its subsidiaries are based.

We establish internal regulations and processes to preemptively manage and minimize tax risks while assisting internal tax staff with career management and actively leveraging external tax experts to conduct tax operations.

Compliance with Tax Regulations and Cooperation

We abide by domestic and international tax laws and regulations, and operate a professional tax department to proactively respond to a variety of transactions that could potentially pose tax risks. Furthermore, we clarify internal processes and regulations to preemptively manage tax risks and accurately calculate tax sums, faithfully

fulfilling our tax obligations while establishing sound tax-paying practices. On the basis of trustworthy relationships, we closely cooperate with the tax authorities in the respective countries where we operate to contribute to strengthening mutual competitiveness by way of development of tax systems and pertinent regulations.

Fulfillment of Global Tax Obligations

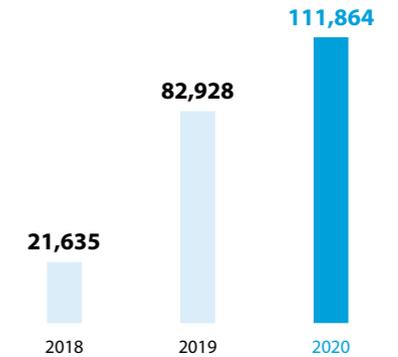
LG Innotek is establishing a tax process overseas that is equivalent in effectiveness to the one we operate in Korea, and complies with country-specific tax regulations in conducting related party transactions. We review the transfer prices of respective overseas subsidiaries in conformity with pertinent OECD and other global standards in order to prevent risks, and make full and transparent disclosures on the tax payments we make in respective countries and relevant transaction data to overseas tax authorities.

Disclosure of Details on Corporate Income Tax Expenses and Transparency Improvement

We make regular disclosures of our annual reports on the electronic disclosure system of the Korean Financial Supervisory Service (DART) to improve the transparency of our tax status to our stakeholders. These reports fully describe our sales, net income, corporate income tax expenses and other relevant data.

Furthermore, final reviews are made by internal and external tax experts on major tax items before we fulfill our reporting obligation in order to ensure the appropriate application of tax regulations and to protect our stakeholders in so doing.

Corporate Income Tax Expenses Paid (unit: KRW million)



Breakdown of Tax Payments by Region (cash basis, based on audit reports) (unit: %)

Category	2018	2019	2020
Korea	83.9	84.7	95.9
Overseas	16.1	15.3	4.1

※ As more than 90% of LG Innotek's sales are generated within Korea, the tax payments made in countries outside of Korea are reported within the single integrated category termed 'overseas'.

Tax Strategy and Principles





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Principles of Sustainability Management

LG Innotek has established and is implementing the codes and policies below in making decisions and taking action in the areas of labor, environment, health & safety, and ethics to fulfill its social responsibility and advance sustainability management. These are available in their full version on our official website.



Code of Ethics



Global Labor Policy



Supplier Code of Conduct



Safety, Health, Environment, and Energy Policy



The Ten Principles of the UN Global Compact

As a member of the UN Global Compact (UNGC) Korea, LG Innotek fully endorses the Ten Principles set by the UNGC.



Network Korea

Human Rights

- Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and
- 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 labour; 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;
- 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.

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Support for the underprivileged (Good Neighbor Plus)

[p60 - p70](#)



Support for employees' health check-ups

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Improvement in learning environments through Materials and Components Science Class (Junior Pine Tree Class)

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Protection of biodiversity and environmental preservation

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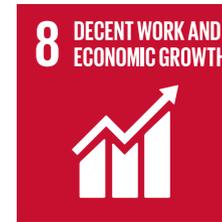
Water resources management

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Energy conservation and use of renewable energy

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Identification of market-leading products

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Industrial development through innovation

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Support for the underprivileged (Good Neighbor Plus)

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Responsible production

[p36](#) Quality Management

[p45](#) Product Stewardship

[p62](#) Sustainable Supply Chain Management



Response to climate change

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[p106](#) TCFD Guidance



Protection of biodiversity and environmental preservation

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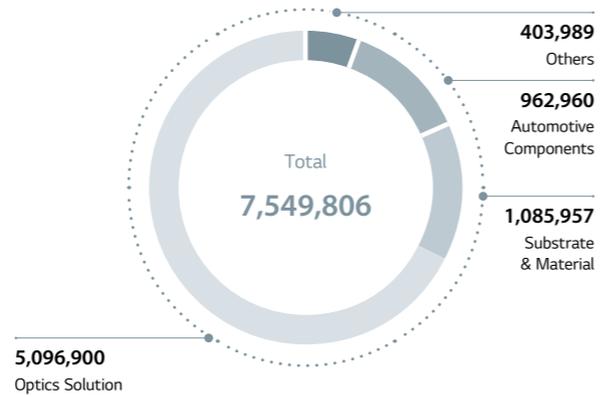
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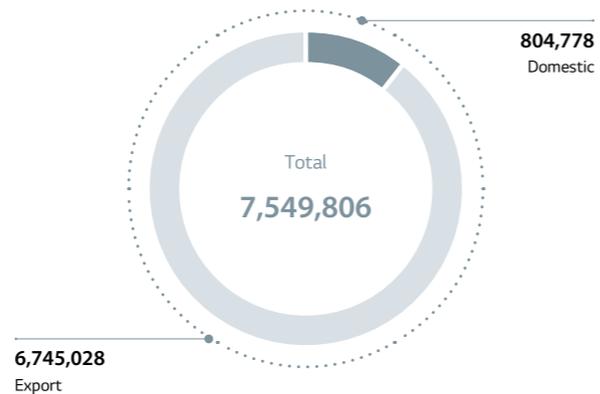
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2018

Sales Breakdown by Business Division (unit: KRW million)

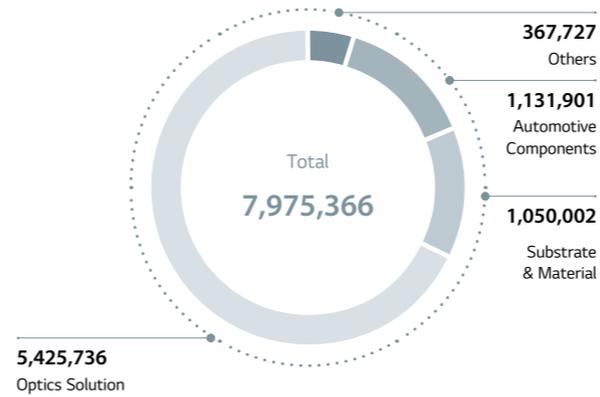


Domestic/Export Sales (unit: KRW million)

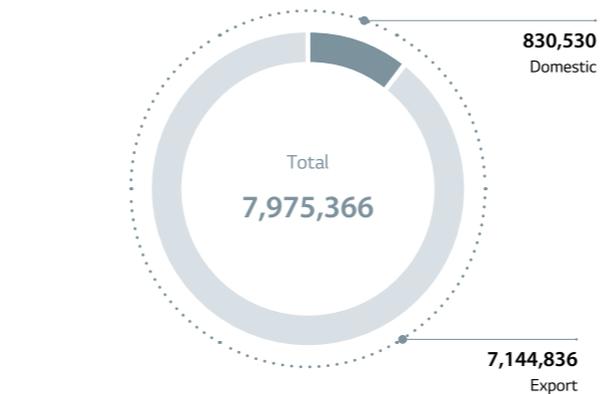


2019

Sales Breakdown by Business Division (unit: KRW million)

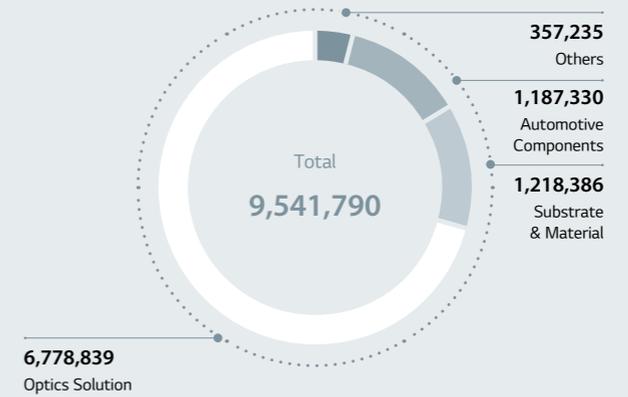


Domestic/Export Sales (unit: KRW million)

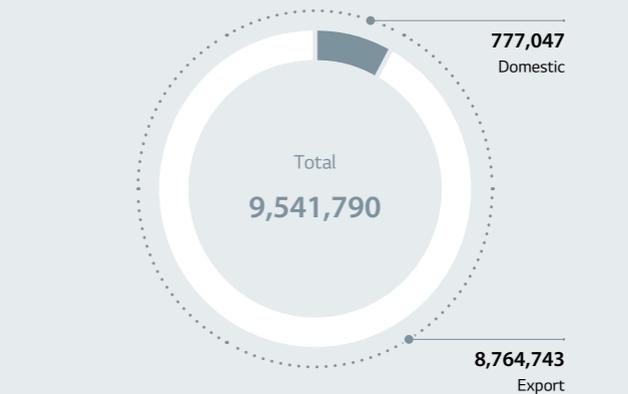


2020

Sales Breakdown by Business Division (unit: KRW million)



Domestic/Export Sales (unit: KRW million)



※ Restated in accordance with the calculation criteria of the two preceding periods as LED business which was discontinued in 2020 was classified as profits/losses from discontinued operations

※ Business performance of the electronic component business was included in the Others (electronic components and others) category in our Sustainability Report.



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Summarized Consolidated Statement of Financial Position

Category	Unit	2018	2019	2020
Current assets		2,233,328	2,530,944	3,161,800
Quick assets		1,713,080	2,042,795	2,302,406
Inventories		520,248	488,149	859,394
Non-current assets		3,522,739	3,239,837	2,876,801
Investment assets		35,128	34,691	53,941
Tangible assets		2,927,265	2,707,628	2,367,767
Intangible assets		309,378	276,821	188,101
Other non-current assets		250,968	220,697	266,992
Total assets		5,756,067	5,770,781	6,038,600
Current liabilities	KRW million	1,584,398	2,046,234	2,284,222
Non-current liabilities		2,053,434	1,519,942	1,326,690
Total liabilities		3,637,832	3,566,176	3,610,912
Capital stock		118,336	118,336	118,336
Capital surplus		1,133,646	1,133,646	1,133,646
Capital adjustment		-321	-321	-321
Accumulated other comprehensive income		-40,147	-36,318	-45,483
Retained earnings		906,719	989,262	1,221,510
Minority interest		2	-	-
Total equity		2,118,235	2,204,605	2,427,688

Summarized Consolidated Statement of Income

Category	Unit	2018	2019	2020
Sales		7,549,806	7,975,366	9,541,790
Operating income		284,964	476,353	681,019
Net income from continuing operations		180,202	150,039	330,903
Net loss from discontinued operations	KRW million	-17,102	-47,738	-94,775
Net income		163,100	102,300	236,128
Basic and diluted earnings per share (continuing operations) (unit: KRW)		7,615	6,340	13,983
Basic and diluted earnings per share (discontinued operations) (unit: KRW)		-723	-2,017	-4,005
No. of consolidated companies	Companies	11	11	11

Debt-to-Equity Ratio

Category	Unit	2018	2019	2020
Debt-to-Equity Ratio	%	172	162	149

Interest Expenses

Category	Unit	2018	2019	2020
Interest Expenses	KRW million	54,345	63,769	49,687

Government Subsidy

Category	Unit	2018	2019	2020
Asset	KRW million	964	1,210	998
R&D expenses	KRW million	894	38	79

Shareholder Data

Category	2018		2019		2020	
Total	23,667,107	100%	23,667,107	100%	23,667,107	100%
LG Electronics	9,653,181	40.79%	9,653,181	40.79%	9,653,181	40.79%
Foreign shareholders	5,575,223	23.56%	7,604,445	32.13%	7,969,582	33.67%
Domestic institutions and individuals	8,436,103	35.64%	6,406,881	27.07%	6,041,744	25.53%
Treasury stock	2,600	0.01%	2,600	0.01%	2,600	0.01%

* Shareholder data are based the roster of shareholders registered on the Korea Securities Depository at the end of the concerned financial year.

※ Restated in accordance with the calculation criteria of the two preceding periods as LED business which was discontinued in 2020 was classified as profits/losses from discontinued operations

※ Refer to LG Innotek's annual report as of Dec. 31, 2020 (Financial Supervisory Service's electronic disclosure system)



Environmental Data

※ On a consolidated basis in principle: when the reporting scope varies, data was categorized into domestic and overseas.

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GHG/Energy

Category	Unit	2018		2019		2020	
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
GHG							
Total emissions		450,555		394,990		350,061	
scope1	tonCO ₂ -eq	27,598	2,842	21,599	2,158	12,737	2,308
scope2		341,843	78,281	294,959	76,274	275,755	59,270
scope3		214	-	186	-	166	-

※ Scope 1: Direct emissions (fuel combustion, process-induced emissions, and mobile combustion)

※ Scope 2: Indirect emissions (power and steam)

※ The data may vary from the numerical data presented in the annual report as a result of reflecting the outcomes of the government's adequacy assessments in relation to GHG emissions calculation criteria and differences in decimal rounding.

Category	Unit	2018		2019		2020	
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
Energy							
Total consumption		995,184		886,268		746,729	
Consumption by energy source							
Consumption of fuel		101,407		87,360		64,221	
Consumption of electricity purchased		777,318		694,155		676,498	
Consumption of heat purchased	MWh	-		-		5,416	
Consumption of steam purchased		116,073		104,457		112	
Consumption of cooling purchased		-		-		-	
Consumption of renewable energy independently generated (through non-fossil fuel)		386		296		481	
Energy saving							
Amount reduced against the set target	TJ	-		-		32,279	
Improvement in reductions made against the set target	%	-		-		15.1	
Expenses reduced	KRW 100 million	32		54		52	
Renewable energy							
Total renewable energy consumed		337,854		249,963		435,588	
Independent generation	TJ	337,854		249,963		435,588	
GHG emissions reduced as a result of PV energy generation		290,696		215,073		375,124	

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Water Resources

Category	Unit	2018		2019		2020	
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
Water							
Total water withdrawn		10,445,855		9,878,956		9,177,242	
Water resources withdrawn		9,459,176	986,679	9,121,287	757,669	8,605,948	571,294
Surface water		0	2,541	0	2,377	0	3,899
Underground water		46,881	0	66,088	0	0	0
Production water		8,034,138	26,114	5,069,195	32,063	3,977,785	24,488
Tap water	Ton	732,502	958,024	758,613	723,229	729,568	542,907
Effluents from other organizations		645,655	0	3,227,391	0	3,898,596	0
Total consumption		10,445,855		9,878,956		9,177,242	
		9,459,176	986,679	9,121,287	757,669	8,605,948	571,294
Water resources recycled		1,644,395	-	4,300,849	-	4,823,724	38,096
Recycling of water resources	%	17.4	-	47.2	-	56.1	6.7
Discharge		※ Water discharged equal to supply water					
Total water discharged		-		-		7,711,191	
Wastewater generated/ discharged	Ton	8,640,721	-	8,005,189	-	7,263,213	447,978
Intensity of water resources discharged	Ton/KRW 100 million	119.9	-	103.6	-	78.8	-

※ On a consolidated basis in principle: when the reporting scope varies, data was categorized into domestic and overseas.

※ The data includes the performance of overseas subsidiaries, and thus may vary from the data presented in the previous year's report.

※ The data may vary from the total sum due to the decimal rounding-off that applied in adding numbers from worksites and overseas subsidiaries.

Pollution

Category	Unit	2018		2019		2020	
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
※ Overseas: Worksites in Yantai (China), Indonesia and Vietnam							
Air pollutants							
Total emissions		100.6	-	57.2	-	25.1	13.8
SOx	Ton	20.6	-	16.4	-	1.4	3.3
NOx		64.4	-	25.7	-	10.9	3.7
Dust		15.5	-	15.1	-	12.7	6.8
Emissions concentration against the legal threshold		-	-	-	-	-	-
SOx	%	-	-	17.1	-	7.3	-
NOx		-	-	8.2	-	0.7	-
Dust		-	-	50.2	-	42.5	-
※ Total generation, T-N discharge (overseas): Vietnamese worksite ※ BOD, COD, SS discharge (overseas): Vietnamese and Yantai worksites							
Water pollutants							
Total discharge		4,621	-	876	-	729	84
BOD		2,429	-	318	-	311	7
COD		1,834	-	283	-	209	49
SS	Ton	358	-	105	-	128	19
T-N		-	-	165	-	77	9
T-P		-	-	5	-	4	0.3
Discharge concentration against the legal threshold							
BOD		-	-	20.1	-	9.5	-
COD	%	-	-	18.1	-	7	-
SS		-	-	4.8	-	4.6	-
T-N		-	-	10.5	-	4.6	-
T-P		-	-	2.3	-	3.3	-

※ NOx: Nitrous oxide

※ SOx: Sulfur oxide

※ BOD: Biochemical oxygen demand

※ COD: Chemical oxygen demand

※ SS: Suspended solid

※ T-N: Total nitrogen

※ T-P: Total phosphorus



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Waste

Category	Unit	2018		2019		2020	
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
Waste							
Total generation		26,545.40	-	23,236.08	-	24,792.17	10,078.52
General waste	Ton	16,544.29	-	13,432.08	-	14,508.49	10,069.12
Designated waste		10,001.11	-	9,804.00	-	10,283.69	9.40
Treatment							
Landfill		132.51	-	162.13	-	76.79	21.10
Incineration	Ton	670.42	-	605.99	-	512.35	36.78
Others		1,389.18	-	1,903.40	-	2,155.15	534.84
Recycling							
Amount recycled	Ton	24,353.29	-	20,564.56	-	22,047.88	9,485.80
Recycling rate	%	91.7	-	88.5	-	88.9	94.1

※ The data includes the performance of overseas subsidiaries, and thus may vary from the data presented in the previous year's report.
 ※ The data may vary from the total sum due to the decimal rounding-off that applied in adding numbers from worksites and overseas subsidiaries.

Environmental Expense/Investment

Category	Unit	2018		2019		2020	
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
Environmental Expenses							
Total		18,573	-	14,266	-	21,610	407
Air	KRW million	2,327	-	2,197	-	2,819	8
Water		12,007	-	7,812	-	13,305	280
Waste and others		4,238	-	4,257	-	5,485	124
Environmental investment							
Total		17,905	-	14,795	-	13,940	-
Air	KRW million	9,983	-	4,350	-	4,560	-
Water		5,961	-	6,833	-	5,750	-
Waste and others		1,961	-	3,612	-	3,630	-

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Response to Hazardous Substances Contained in Products LG Innotek's response to hazardous substances

Business Division	Product Category	RoHS2* (10 substances)	ELV* (6 substances)	Halogen (Br, Cl)	Antimony (Sb2O3)	Beryllium	PFOA	PFOS	Note
Optics Solution	Camera Module	●		●		●			These are minimum requirements, and regulated substances are added by product category in accordance with customers' internal regulations.
	Laser Module	●		●		●			
	VCM(Voice Coil Motor)	●		●					
Substrate & Material	Tape Substrate	●		●					
	Package Substrate	●		●	●	●	●	●	
Automotive Components	Automotive Lighting System	●							
	Automotive Power	●							
	Automotive Camera	●							
	Automotive Communication System	●							
	BMS	●							
	ABS, EPS, TAS, TOS, Sensor			●					
Electronic Components	Display Power	●							
	Adaptor	●							
	Tuner	●							
	Mobile Router	●							
	Bluetooth Module	●							
	WiFi Module	●							

* Substances regulated under the RoHS2 Directive: Pb, Cd, Hg, Cr⁶⁺, PBBs, PBDEs, DIBP, DBP, BBP, DEHP

* Substances regulated under the ELV Directive: Pb, Cd, Hg, Cr⁶⁺, PBBs, PBDEs



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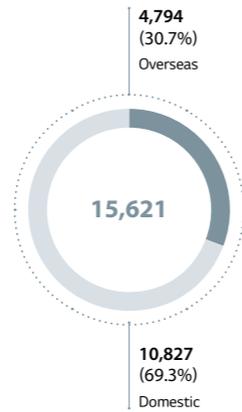
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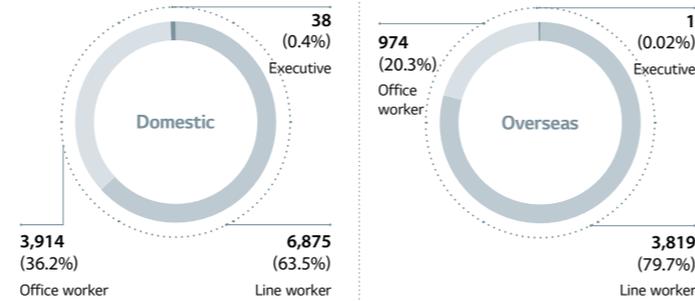
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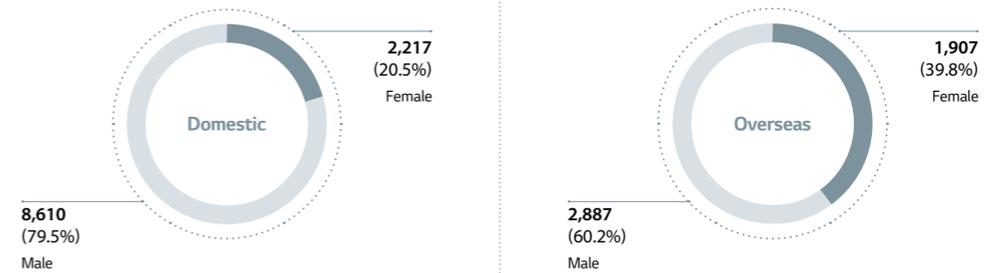
Total Employees (unit: No. of persons)



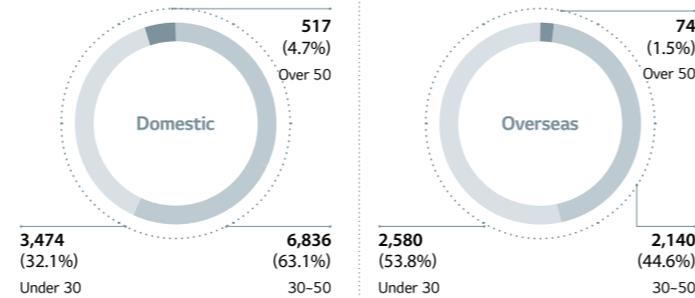
Employees by Job Position/Category (unit: No. of persons)



Employees by Gender (unit: No. of persons)



Employees by Age (unit: No. of persons)



Employees by Other Criteria

Category	Unit	Description	No. of persons
By degree (for office workers)	Domestic	High school diploma	31
		College degree	361
		University degree	2,424
		Masters' degree or higher	1,198
By contract type (based on annual reports)	Domestic	Non-fixed-term contract worker	7,522
		Contract worker	3,305



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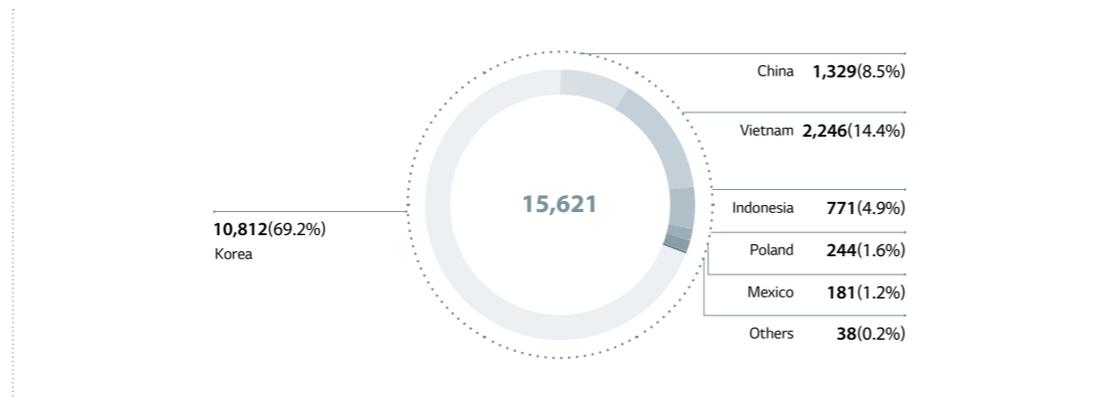
Female Employees

Category	Unit	Description							
		Domestic				Overseas			
Total female employees	No. of persons (%)	2,217(20.5)				1,907(39.8)			
Female managers		74(4)				132(30.8)			
		Management		Junior Management		Senior Management		Top Management	
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
By job position	No. of persons	447	283	380	265	66	18	1	-
		Line		Sales generation		STEM			
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas		
By job category	No. of persons (%)	1,591(23.0)	1,623(42.5)	67	-	256	-		

※ Revenue-generating job category: Employees working in such revenue-generating job categories as marketing and sales

※ STEM job category: Employees working in the science, technology, engineering and mathematics job categories

Breakdown of Employees by Country



※ Ratio of employees by country based on the total number (15,621) employees.

※ Foreign-national employees at domestic worksites: 15 employees

Training Expenses

(unit: KRW 100 million, in Korea)

2018	2019	2020
46.3	49.5	33.5

Training Hours

(unit: No. of hours, in Korea)

2018		2019		2020	
Office worker	Line worker	Office worker	Line worker	Office worker	Line worker
68.7	23.3	64.8	27.9	34.4	20.7

Training Hours in 2020

(unit: No. of hours, in Korea)

Category	Description	
By gender*	Male	61.6
	Female	59.5
By age*	Under 30	82.4
	30-50	59.4
	Over 50	44.2

* Based on learning mileage awarded to officer workers and may vary somewhat from actual training hours



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Employee Satisfaction Survey

(unit: Point, in Korea)

	2018	2019	2020
	66	71	70

※ Change in the organizational culture index survey questionnaire: 2018~2019 (LG Innotek culture survey "I can't wait to go to work.")
2020 (LG Innotek PRIDE survey "I am proud to be a member of LG Innotek")

Employee Satisfaction Survey 2020

(unit: Point, in Korea)

Category	Description	
By gender	Male	72
	Female	63

New Recruits

(unit: No. of persons, in Korea)

	2018	2019	2020
	351	197	285

(unit: No. of persons, in Korea)

New Recruits in 2020

Category	Description	
By gender	Male	240
	Female	45
By age	Under 30	162
	30-50	122
	Over 50	1

(unit: KRW 10,000, in Korea)

Average Recruitment Expenses per Employee

	2018	2019	2020
	338	417	252



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Employee Wages (unit: KRW million, in Korea)

2018	2019	2020
642,094	610,629	657,028

Wage (unit: KRW 10,000, in Korea)

2018	2019	2020
6,000	6,400	6,900

※ Based on annual reports

Average Wage in 2020 (unit: KRW 10,000, in Korea)

Category	Description	2020
Male	Wage	7,200
	Bonus	1,100
Female	Wage	5,300
	Bonus	700

Median Wage (unit: KRW 10,000, in Korea)

2018	2019	2020
6,212	6,500	7,000

Median Wage in 2020 (unit: KRW 10,000, in Korea)

Category	Description	2020
Male	Wage	7,300
	Bonus	1,100
Female	Wage	5,800
	Bonus	700

Turnover (unit: %, in Korea)

Category	Description	2018	2019	2020
Turnover	Office worker	6.4	6.8	5.8
	Line worker	6.9	6.9	3.4
Voluntary turnover	Office worker	4.3	2.5	3.3
	Line worker	5.2	4.9	4.7
		3.2	2.6	1.8

Turnover in 2020 (unit: %, in Korea)

Category	Description	2020
By gender	Male	5.6
	Female	6.9
By age	Under 30	11.1
	30-50	4.7
	Over 50	7.0

※ Based on domestic office workers

Support for Parental Leave (unit: %, in Korea)

Category	2018	2019	2020
Employees who returned to work after parental leave	128(87.1)	145(90.6)	121(85.1)
Employees who continued to work one year or longer following parental leave	119(76.8)	112(76.2)	123(76.9)

Average Years of Employment (unit: No. of years, in Korea)

Domestic	Overseas
7	4.2



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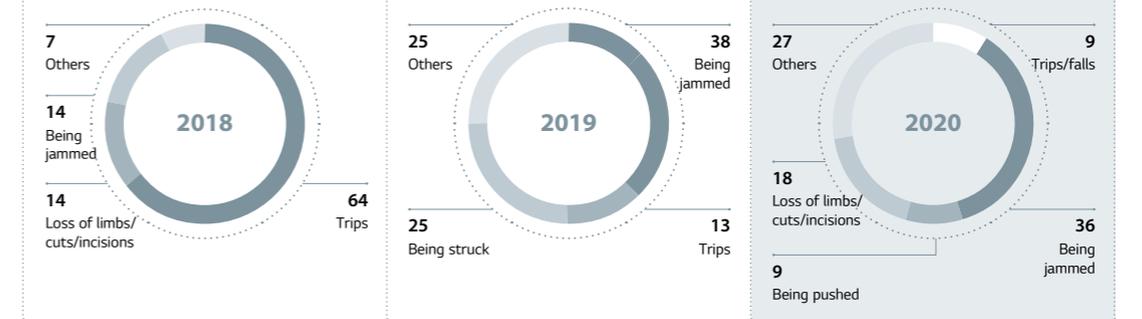
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Safety and Health

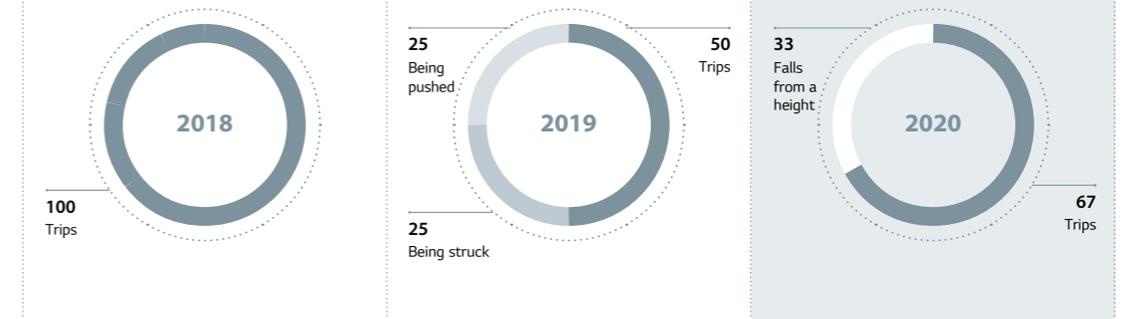
Category	Unit	2018	2019	2020
Employees				
LTIFR	% , per 1 million work hours	0.388	0.232	0.317
OIFR		0.055	0.029	0
Injury ratio	%	0.076	0.047	0.077
Work-related illnesses	No. of persons	2	1	0
Work-related fatalities	No. of persons	0	0	0
Severity rate of injury	% , per 1,000 work hours	0.041	0.023	0.012
Suppliers (Internal Contractors)				
LTIFR	% , per 1 million work hours	0.065	0.208	0.052
Work-related fatalities	No. of persons	0	0	0
Work-related illnesses	No. of persons	0	0	1

- ※ LTIFR (Lost Time Injury Frequency Rate): Percentage of lost work time measured per one million work hours
- ※ OIFR (Occupational Illness Frequency Rate): Percentage of work-related illnesses occurring per one million work hours
- ※ Injury ratio: Percentage of workers who were injured against total workers
- ※ Work-related illness: Caused by physical risks, chemical substances, dust, pathogens or work that puts undue burden on the body
- ※ Severity rate of injuries: Lost work days/total work days X 1,000
- ※ The data include data from overseas subsidiaries, and may vary from the data disclosed last year.

Type of Injuries Affecting Employees



Type of Injuries Affecting Supplier Employees





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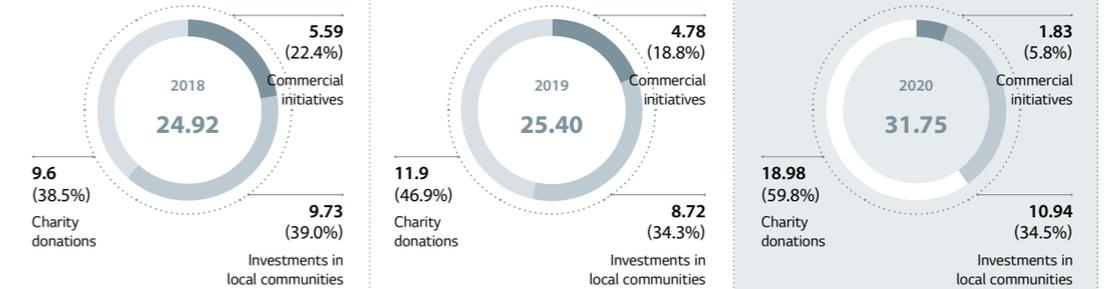
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Supplier

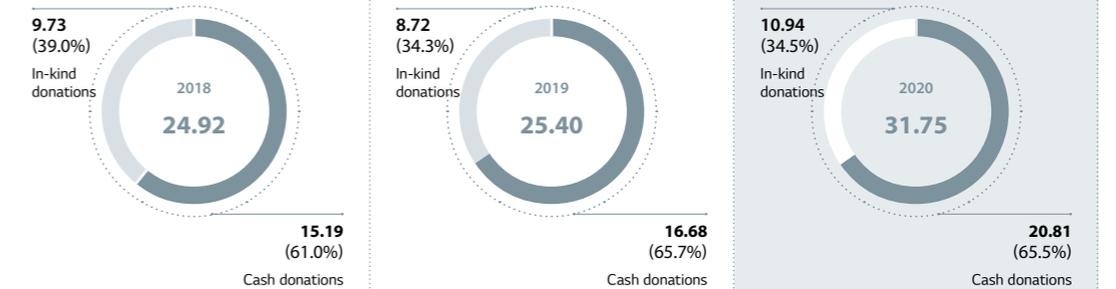
Category	Unit	2018	2019	2020
No. of suppliers	No. of companies	955	922	843
Total annual expenses of raw materials	KRW million	5,185,715	5,472,514	6,830,561
Local purchases	KRW million	1,608,047	1,801,481	2,020,784
Local purchases ratio	%	31.0	32.9	29.6
Certified Smelters and Refiners	No. of companies	250	234	265
Suppliers identified as being high-risk through supplier assessments*	No. of companies	46	22	-

* This refers to the number of suppliers who received less than satisfactory scores as a result of CSR self-assessments, and these suppliers received secondary on-site reviews and assessments.
In 2020, on-site reviews were scaled down due to COVID-19, and will be resumed and scaled up in 2021.

Social Value Created through CSR Initiatives (by donation purpose)



Social Value Created through CSR Initiatives (by donation type)



※ Social contributions are categorized into indirect cash donations and in-kind donations made by directly purchasing products/services. The overhead expenses generated in the course of creating social value have amounted to zero for the past three years.



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Jeong-Do Management

Category	Unit	2018	2019	2020	
Whistleblower reports submitted on Jeong-Do Management	In relation to employees	No. of reports	23	17	21
	Corruption	No. of reports	2	1	2
	Others	No. of reports	13	16	10
Cases investigated from the reports submitted	No. of reports	31	30	28	
Companies that attended sessions hosted on supplies' ethics management	No. of companies	94	75	Not conducted *	
Attendance in sessions hosted on suppliers' ethics management	%	85	96	Not conducted *	
Supplier Code of Conduct Guides distributed	No. of companies	205	436	432	
Supplier Code of Conduct Guides distributed (in Korea)	%	100	100	100	
Supplier Code of Conduct distributed to primary suppliers	No. of companies	94	75	Not conducted *	
Supplier Code of Conduct distributed to primary suppliers	%	85	96	Not conducted *	
Suppliers who participated in ethics management surveys	No. of companies	427	336	Not conducted *	
Suppliers who participated in ethics management surveys	%	45	36	Not conducted *	

* Offline events were not held due to COVID-19, and instead relevant activities were implemented in virtual formats.

Information Security

Category	Unit	2018	2019	2020	
Complaints concerning information security raised externally and validated internally	No. of cases	0	0	0	
Complaints concerning information security raised by regulators	No. of cases	0	0	0	
Information security reviews made monthly					
Clean Desk review	No. of cases	56	70	36	
Mail monitoring review	No. of cases	1,131,939	2,055,033	2,107,925	
Response to customers' information security audits	No. of cases	3	5	3	
Practice/awareness of information security among employees	%	-	85	92	
New recruits who completed information security training	Office worker	No. of persons	-	-	252
	Line worker	No. of persons	4,763	4,456	5,300
New suppliers that completed information security training	No. of companies/ persons	26 companies/ 58 persons	39 companies/ 39 persons	49 companies/ 51 persons	
Security personnel who completed official human rights training	No. of persons	180	150	150	
Information security awareness improvement/publicity activities (annual)	No. of cases	62	64	49	

Tax

Category	Unit	2018	2019	2020	
Income tax expenses (accrued)	KRW million	21,635	82,928	111,864	
Income tax expenses (cash basis)	KRW million	61,019	28,633	70,741	
Breakdown of tax payments by region (cash basis)	Domestic	%	83.9	84.7	95.9
	Overseas	%	16.1	15.3	4.1
Profit before tax (PBT)	KRW 100 million	2,387	1,840	1,582	
Breakdown of PBT payments by subsidiary	Domestic	%	95	86.1	93.8
	Overseas	%	5	13.9	6.2
Effective tax rate	%	23.3	22.2	22.4	



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Independent Assurance Statement

To the Stakeholders of LG Innotek

The Korea Productivity Center (hereinafter the "Assurer") was appointed by LG Innotek (hereinafter the "Company") to provide independent assurance of its "2020-2021 LG Innotek Sustainability Report" (hereinafter the "Report"), and hereby presents the following assurance statement.

Responsibility and Independence

The Company is fully responsible for the reliability and accuracy of all the information and opinions presented in the Report. The Assurer is responsible solely for the third-party assurance of the content in the Report. As an independent assurance agency, the Assurer was neither involved in the process of preparing the Report, nor in any conflicts of interest that may undermine our independence.

Assurance Standard and Method

This assurance was conducted in accordance with Type 1 assurance carried out at the Moderate Level, based on AA1000AS (2008). Type 2 assurance was also applied to specific indicators that require verification of the reliability of information collection processes pertaining to GHG emissions, water consumption, waste management, lost time injuries frequency rates (LTIFR), and industrial accident rates. The Assessor reviewed whether the Client complied with the four principles of inclusivity, materiality, responsiveness, and impact presented by AA1000AP (2018). Based on the four-principle composition method, we carried out the assessment service about domestic and overseas.

On the basis of documents and information presented by the Client and in the field interviews, we checked all indicators and information specified in the Report to confirm their balance, comparability, accuracy, timeliness, clarity, and reliability.

Methodology

This assurance was conducted through the following methods:

- Verified if the requirements for the Core option of the GRI Standards were fulfilled.
- Verified the compliance with the principles of the Report contents and quality based on the GRI Standards.
- Verified the selection of material issues covered and the appropriateness of the contents
- Verified the suitability of the contents and any errors in expression through a comparison analysis with other sources
- Verified the basis of Core data and information and the internal process and system through on-site inspection at the headquarters in Seoul.

Findings and Conclusion

It is the Assurer's opinion that the Report represents the sustainability efforts and performance results of the Company in a fair and accurate way. In addition, the Assurer verified if the requirements for the Core option of the GRI Standards were fulfilled.

Universal Standards were prepared in full compliance with the requirements of the Core option while Topic-specific Standards were reviewed in line with disclosures of the material topics identified through the process of determining report content as follows.

Material Issues	Material Topic	Disclosures
ISSUE 1 Identifying Market-Leading Products	• Economic Performance	• 201-1
	• Indirect Economic Impacts	• 203-2
ISSUE 2 EESH Management (Energy, Environment, Safety, Health)	• Energy	• 302-1, 3, 4, 5
	• Water and wastewater	• 303-1-5
	• Emissions	• 305-1-5, 7
	• Wastewater and waste	• 306-1-4
	• Workplace health and safety	• 403-1-10
ISSUE 3 Securing Core Talent	• Employment	• 401-1
	• Training and Education	• 404-2

Inclusivity: Stakeholder Engagement

The Assurer confirmed that the Company communicated with stakeholders to comply with the Inclusivity principle through the relevant communication channels. The Company defined its seven stakeholder groups as customers, employees, shareholders and investors, suppliers, government, industry/NGOs/professional organizations and local communities, and collected opinions from stakeholder through communication channels that considered the different characteristics of each stakeholder. Collected opinions were reflected in management strategies, and is also verified that this type of management decision-making process is a good example.

Materiality: Identification and Reporting of Material Issues

The Assurer verified that the Company used a materiality test process for identifying its material issues. In particular, the Company identified its material issues through an annual external environmental analysis, including examining global standards such as the GRI Guidelines, UN SDGs, ISO26000, and RBA, as well as media research and investigating issues related to the domestic and international electronic parts industry. The Company also used an internal environmental analysis, such as reviewing issues from previous reports and examining management issues in the selection of material issues.

In addition, the Assurer verified that the Company proposed its future strategy to respond to the selected issues by reporting the issues derived from the materiality test process in accordance with the Stakeholder Matrix.



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Responsiveness: Organization's Response to Issues

It was verified that the Company diagnosed major expectations that affect the stakeholders' performance and established appropriate measures to respond to them, of which the contents were properly stated on the Report. In particular, the Assurer verified the Company's response to material issues objectively through an annual survey and interview of stakeholders. Moreover, the Report earnestly discloses all corresponding activities and their performances regarding the major issues of sustainability management.

Impact: Measuring Sustainability Impact

LG Innotek considers the social impact of the organization by establishing the boundaries of the impact of major issues. Moreover, through EESH management, the Report focuses on impacts and social issues related to safety and the environment, and earnestly discloses the product and development activities aimed at minimizing these negative impacts. Not only this, but efforts to improve value for stakeholders through management activities, such as employee participation and supplier proliferation with respect to ESG, are also included in the report.

Limitations

The Assurer verified the Report based on the aforementioned assurance standards with rationality and reliability. The on-site verification was carried out at the headquarters in Seoul. The

financial data in the Report was verified through the financial statements and disclosure information, which was audited by an auditor, while the aggregated data at the corporate level are used for the verification of Environmental and Social performance. The Assurer discloses that the results may vary if further verification procedures are performed. The Assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Recommendation

The Assurer recognizes the diverse efforts and performance made by the Company and suggests the following for the Company's publication of the Report in the future and the improvement of its sustainability standards:

- LG Innotek has identified and reported on 'EESH' management, a global issue in the material and parts industry, as a key issue. Economic performance, indirect economic effects, and social and environmental considerations relating to energy, water and wastewater, emissions, wastewater and wastewater, industrial safety and health, employment, training, and education are all confirmed to be included within this report. It is recommended that the monitoring system and status of implementation be continuously disclosed so that LG Innotek can constantly share its EESH strategy and performance trends with stakeholders moving forwards.



June 2021

Wan-Gi Ahn, CEO

Seung-tae Cheong, Director

Bo-bi Kim, Research fellow

The Sustainability Management Center of the Korea Productivity Center is a fully qualified independent assurance agency. It is officially certified by AccountAbility that established AA1000, the international standard for stakeholder engagement and assurance. It has the Assurance Committee with of experienced experts who are qualified for the consultation and assurance of sustainability practice.

* AA1000AS (2008): AA1000 Assurance Standard (2008) is the global assurance standard established by AccountAbility to provide a comprehensive way of verifying an organization's management, compliance with the principles and reliability of performance data for reporting its sustainability issues.

** AA1000APS (2008): AA1000 AccountAbility Principles Standard (2008) is the global assurance principles established AccountAbility to provide the basis for the AA1000 Assurance Standard.



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Universal Standards (GRI 100)

Classification	Disclosure	Disclosure Title	Reporting Topic / Note	page
Organizational profile	102-1	Name of the organization	Business Overview	8
	102-2	Activities, and primary brands, products and services	Business Overview; Business Areas	8-11
	102-3	Location of headquarters	Global Network	12
	102-4	Location of operations	Global Network	12
	102-5	Nature of ownership and legal form	Improvement in Governance; For further details, please refer to our 2020 annual report and governance report available on the Korean electronic disclosure system (DART).	74
	102-6	Markets served	Global Network	12
	102-7	Scale of organization	Business Overview; Business Areas	8-11, 85-86
	102-8	Information on employees and other workers	Appendix (Social Data)	8, 91-95
	102-9	Organization's supply chain	Our Promise to Suppliers (Sustainable Supply Chain Management)	62
	102-10	Significant changes to the organization and its supply chain	As our LED business was discontinued in 2020, the concerned data was classified as profits/losses from discontinued operations. For further details, please refer to our 2020 annual report disclosed on the electronic disclosure system (DART).	8, 85-86
	102-11	Precautionary principle or approach	Improvement of Management Transparency (Risk management); For further details on financial risks, please refer to pages 72-80 of our 2020 annual report available on the Korean electronic disclosure system (DART).	79
Strategy	102-12	External initiatives	Memberships, Recognitions & Awards	108
	102-13	Membership of associations	Memberships, Recognitions & Awards	108
Ethics and integrity	102-14	Statement from senior decision-maker	CEO Message	4
	102-15	Key impacts, risks, and opportunities	CEO Message; Materiality Analysis; Improvement in Governance	4, 18, 74
Governance	102-16	Values, principles, standards, and norms of behavior	Operational System for Sustainability Management	83-84
	102-17	Mechanisms for advice and concerns about ethics	Jeong-Do Management	76-77
	102-18	Governance structure	Improvement in Governance; For further details, please refer to our governance report made available on the Korean electronic disclosure system (DART).	74
	102-19	Delegating Authority	Operational System for Sustainability Management (ESG Board Committee, ESG Executive Committee)	13-14
	102-20	Executive-level responsibility for economic, environmental, and social topics	Operational System for Sustainability Management (ESG Board Committee, ESG Executive Committee); Improvement in Governance	13-14, 74
	102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Communication; Materiality Analysis	16-18
	102-22	Composition of the highest governance body and its committees	Improvement in Governance (BOD)	74
Governance	102-24	Nominating and selecting the highest governance body	Improvement in Governance (BOD); For further details, please refer to our governance report made available on the Korean electronic disclosure system (DART).	74
	102-26	Role of highest governance body in setting purpose, values, and strategy	Improvement in Governance (BOD); For further details, please refer to our governance report made available on the Korean electronic disclosure system (DART).	74
	102-27	Collective knowledge of highest governance body	Improvement in Governance (BOD); We operate the BOD Secretariat that consists of the director and two working-level staff to support the smooth operation of the BOD and its committees and assist directors (including outside directors) in performing their overall work. The Secretariat provides information on agenda items in advance so that directors can fully review them prior to BOD or committee meetings, hosts separate presentations when needed, and regularly informs directors on other major pending issues concerning the Company. To help directors better understand the Company's business activities, outside directors engage in regular on-site inspections on domestic and overseas worksites. For further details, please refer to pages 243-244 of our 2020 annual report available on the Korean electronic disclosure system (DART).	74
	102-28	Evaluating the highest governance body's performance	For further details, please refer to our governance report made available on the Korean electronic disclosure system (DART).	74



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Classification	Disclosure	Disclosure Title	Reporting Topic / Note	page
	102-29	Identifying and managing economic, environmental, and social impacts	Materiality Analysis	18
	102-30	Effectiveness of risk management processes	Improvement of Management Transparency (Risk management); Operational System for Sustainability Management (ESG Board Committee, ESG Executive Committee)	79, 13-14
	102-31	Review of economic, environmental, and social topics	Operational System for Sustainability Management (ESG Board Committee, ESG Executive Committee); Improvement in Governance (BOD)	13-14, 74
	102-33	Communicating critical concerns	Operational System for Sustainability Management (ESG Board Committee, ESG Executive Committee)	13-14
	102-34	Nature and total number of critical concerns	Materiality Analysis; Focused Issues	18-25
Governance	102-35	Remuneration policies	Our directors and auditors are compensated within the limit approved at the general shareholder meeting in consideration of their position and responsibility pertaining to the standards set by the BOD. Directors who also serve as executives are paid an annual salary, role-based pay, and bonus pay in accordance with internal executive HR regulations, and outside directors receive an annual salary in conformity with internal outside director compensation standards. Annual salaries are determined by considering inflation rates, external competitiveness, and business performance while role-based pay is determined based on the role assumed and bonus pay based on business/individual performance. For further details, please refer to pages 257-263 of our 2020 annual report available on the Korean electronic disclosure system (DART).	-
	102-36	Process for determining remuneration	Our Promise to Employees (Compensation system)	51
	102-38	Annual total compensation ratio	Appendix (Social Data): For data on the status of executive remuneration, please refer to pages 257-263 of our 2020 annual report available on the Korean electronic disclosure system (DART).	95
Stakeholder engagement	102-40	A list of stakeholder groups engaged by the organization	Stakeholder Communication	16
	102-41	Collective bargaining agreements	Appendix (Principles of Sustainability Management)	83-84
	102-42	Identifying and selecting stakeholders	Stakeholder Communication	16
	102-43	Approach to stakeholder engagement	Stakeholder Communication	16
	102-44	Key topics and concerns that have been raised through stakeholder engagement	Materiality Analysis	18
	102-45	Entities included in the consolidated financial statements (subsidiaries and joint ventures)	For further details, please refer to pages 6-7 of our 2020 annual report available on the Korean electronic disclosure system (DART).	-
	102-46	Defining report content and topic Boundaries	Materiality Analysis	18
	102-47	List of material topics	Materiality Analysis	18
	102-48	Restatements of information	For the numbers and criteria amended, please refer to the annotations made for each of these amendments.	27, 37, 40, 42, 53, 96
Reporting practice	102-49	Changes in reporting	About this report	2
	102-50	Reporting period	About this report	2
	102-51	Date of most recent report	About this report	2
	102-52	Reporting cycle	About this report	2
	102-53	Contact point for questions regarding the report	About this report	2
	102-54	Claims of reporting in accordance with the GRI Standards	Appendix (GRI Index)	2, 101-105
	102-55	GRI content index	Appendix (GRI Index)	101-105
	102-56	External assurance	Appendix (Third-party Assurance Statement)	99-100
Management approach	103-1	Explanation of the material topic and its Boundary	Materiality Analysis	18
	103-2	The management approach and its components	Materiality Analysis; Improving Customer/Market Value; Reducing Our Environmental Impact to Zero; Our Promise to Employees	20-24, 27, 37, 46
	103-3	Evaluation of the management approach	Materiality Analysis; Improving Customer/Market Value; Reducing Our Environmental Impact to Zero; Our Promise to Employees	20-24, 27, 37, 46



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Economic Performance (GRI 200)

Classification	Disclosure	Disclosure Title	Reporting Topic / Note	page
Economic performance	201-1	Direct economic value generated and distributed	Business Overview; Improvement in Management Transparency (Tax Strategy); Appendix (Economic Data)	8, 81, 85-86
	201-2	Financial implications and other risks and opportunities that exist due to climate change	Reducing Our Environmental Impact to Zero (Response to Climate Change); Appendix (TCFD Index)	37, 106
	201-3	Defined benefit plan obligations	Our Promise to Employees (Compensation System)	51
	201-4	Financial assistance received from government	Appendix (Economic Data)	84-85
Market presence	202-1	Ratio of standard entry level wage workers at significant locations of operation compared to local minimum wage workers	Our Promise to Employees (Compensation System)	51
Indirect economic impacts	203-1	Extent of development of infrastructure investments and services supported	Our Promise to Local Communities; Appendix (Economic Data)	67-71, 84-85
	203-2	Significant indirect economic implications and impacts	Focused issues (Identifying Market-leading Products); Improving Customer/Market Value	20-22, 27-36
Procurement practices	204-1	Proportion of spending on local suppliers at significant locations of operation	Our Promise to Suppliers (Sustainable Supply Chain Management); Appendix (Social Data)	61-64, 97
	205-1	Number and percentage of operations assessed for corruption and significant risks	Improvement in Management Transparency (Jeong-Do Management); Appendix (Management Transparency Data)	75-77, 98
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Improvement in Management Transparency (Jeong-Do Management); Appendix (Management Transparency Data)	75-77, 98
	205-3	Confirmed incidents of corruption and actions taken	Improvement in Management Transparency (Jeong-Do Management); Appendix (Management Transparency Data)	75-77, 98
Anti-competitive behavior	206-1	Number of legal actions taken regarding anti-competitive behavior and violations of anti-trust and monopoly legislation, and main outcomes of completed legal actions	Improvement in Management Transparency (Fair Trade and Competition)	78
	207-1	Approach to tax	Improvement in Management Transparency (Tax Strategy)	81
Tax	207-2	Tax governance, control, and risk management	Improvement in Management Transparency (Tax Strategy)	81
	207-3	Stakeholder engagement and management of concerns related to tax	Improvement in Management Transparency (Tax Strategy)	81
	207-4	Country-by-country reporting	Improvement in Management Transparency (Tax Strategy); Appendix (Management Transparency Data); At LG Innotek, 90% or more of its sales is generated in Korea, and our tax payments in other countries are consolidated as 'overseas' data and reported as such.	81, 98

Environmental Performance (GRI 300)

Classification	Disclosure	Disclosure Title	Reporting Topic / Note	page
Energy	302-1	Energy consumption within the organization	Reducing Our Environmental Impact to Zero (Energy Resource Conservation)	38-39
	302-3	Energy intensity	Reducing Our Environmental Impact to Zero (Main Page)	37
	302-4	Reduction of energy consumption	Reducing Our Environmental Impact to Zero (Energy Resource Conservation)	38-39
	302-5	Reduction in energy requirements of products and services	Improving Customer/Market Value (Sustainable R&D); Reducing Our Environmental Impact to Zero (Energy Resource Conservation); Product stewardship)	33, 38-39, 45
	303-1	Interaction with water as a shared resource	Reducing Our Environmental Impact to Zero (Green Management)	42, 88
Water and effluents	303-2	Management of water discharge-related impacts	Reducing Our Environmental Impact to Zero (Green Management)	42, 88
	303-3	Water withdrawal	Reducing Our Environmental Impact to Zero (Green Management)	42, 88
	303-4	Water discharge	Reducing Our Environmental Impact to Zero (Green Management)	42, 88
	303-5	Water consumption	Reducing Our Environmental Impact to Zero (Green Management)	42, 88
Emissions	305-1	Direct (Scope 1) GHG emissions	Appendix (Environmental Data)	87
	305-2	Energy indirect (Scope 2) GHG emissions	Appendix (Environmental Data)	87
	305-3	Other indirect (Scope 3) GHG emissions	Appendix (Environmental Data)	87
	305-4	GHG emissions intensity	Reducing Our Environmental Impact to Zero (Main Page)	37
	305-5	Reduction of GHG emissions	Reducing Our Environmental Impact to Zero (Main Page)	37



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Environmental Performance (GRI 300)

Classification	Disclosure	Disclosure Title	Reporting Topic / Note	page
Emissions	305-6	Emissions of ozone-depleting substances	Appendix (Environmental Data)	87
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Reducing Our Environmental Impact to Zero (Green Management)	43
Effluents and waste	306-1	Effluent discharge by quality and destination	Appendix (Environmental Data)	88
	306-2	Waste by type and disposal method	Reducing Our Environmental Impact to Zero (Green Management); Appendix (Environmental Data)	43, 88
	306-3	Significant spills	There have been no such spills.	-
	306-4	Transport of hazardous waste	There has been no transport of waste stipulated under the Basel Convention given the characteristics of our business areas.	41
Environmental compliance	307-1	Non-compliance with environmental laws and regulations	Reducing Our Environmental Impact to Zero (Green Management); No occurrence of regulatory non-compliance	23, 37
Supplier environmental assessment	308-1	Percentage of new suppliers that were screened using environmental criteria	Reducing Our Environmental Impact to Zero (Product Stewardship); Our Promise to Suppliers (Sustainable Supply Chain Management)	45, 62
	308-2	Significant actual and potential negative environmental impacts identified in the supply chain, and actions taken accordingly	Our Promise to Suppliers (Sustainable Supply Chain Management; ESG in the Supply Chain)	62-64

Social Performance (GRI 400)

Classification	Disclosure	Disclosure Title	Reporting Topic / Note	page
Employment	401-1	New employee hires and employee turnover	Appendix (Social Data)	94
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Promise to Employees (Work-Life Balance and Welfare & Benefits; Compensation System)	50-51
	401-3	Parental leave	Our Promise to Employees (Work-Life Balance and Welfare & Benefits); Appendix (Social Data)	50, 95
Labor/management relations	402-1	Minimum notice periods regarding operational changes	Stakeholder Communication; Our Promise to Employees (Labor-Management Cooperation and USR)	16, 59-60
Occupational health and safety	403-1	Occupational health and safety management system	Focused issues (EESH Management); Our Promise to Employees (Safety and Health); Appendix (EESH Management Principles)	23, 54-58, 83
	403-2	Hazard identification, risk assessment, and incident investigation	Our Promise to Employees (Safety and Health)	54-55
	403-3	Occupational health services	Our Promise to Employees (Safety and Health)	58
	403-4	Worker participation, consultation, and communication on occupational health and safety	Our Promise to Employees (Safety and Health)	56-58
	403-5	Worker training on occupational health and safety	Our Promise to Employees (Safety and Health)	56-58
	403-6	Promotion of worker health	Our Promise to Employees (Safety and Health)	58
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our Promise to Employees (Safety and Health)	54-58, 96
	403-8	Workers covered by an occupational health and safety management system	Our Promise to Employees (Safety and Health)	54-58, 96
	403-9	Our Promise to Employees (Safety and Health)	Our Promise to Employees (Safety and Health); Appendix (Social Data)	96
	403-10	Work-related ill health	Our Promise to Employees (Safety and Health); Appendix (Social Data)	96
Training and education	404-1	Average hours of training per employee	Our Promise to Employees (Competency Development)	49
	404-2	Programs for upgrading employee skills and transition assistance programs	Our Promise to Employees (Competency Development)	49
	404-3	Percentage of employees receiving regular performance and career development reviews	Our Promise to Employees (Compensation System; Competency Development)	51, 49
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Our Promise to Employees (Human Rights and Equal Employment; Labor-Management Cooperation and USR); Appendix (Social Data)	52-53, 59-60, 92
	405-2	Ratio of basic salary and remuneration of women to men	Appendix (Social Data)	95



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Social Performance(GRI 400)

Classification	Disclosure	Disclosure Title	Reporting Topic / Note	page
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Our Promise to Employees (Human Rights and Equal Employment; Labor-Management Cooperation and USR)	52-53, 59-60
Freedom of association and collective bargaining	407-1	Operations and suppliers in which workers' rights to exercise freedom of association and collective bargaining may be at significant risk of violation	Our Promise to Employees (Human Rights and Equal Employment; Labor-Management Cooperation and USR)	52-53, 59-60
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Our Promise to Employees (Human Rights and Equal Employment)	52-53
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our Promise to Employees (Human Rights and Equal Employment)	52-53
Security practices	410-1	Percentage of security personnel who have received training on the human rights policies or specific procedures related to the organization's business	Appendix (Management Transparency Data)	98
Human rights assessment	412-2	Employee training on human rights policies or procedures related to the organization's business	Our Promise to Employees (Human Rights and Equal Employment)	52
Local communities	413-1	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	Our Promise to Local Communities	67-71
Supplier social assessment	414-1	New suppliers that were screened through social impact assessments	Our Promise to Suppliers (Sustainable Supply Chain Management)	62
Public policy	415-1	Political contributions	There have been no political contributions/sponsorships made for the past three years (according to internal donation regulations, private gatherings or organizations – individuals, political organizations, religious organizations, sports teams, alumni meetings, clan gatherings – are excluded from the definition of beneficiaries).	-
Marketing and labeling	417-1	Product and service information and labeling	Improving Customer/Market Value (Quality Management); Reducing Our Environmental Impact to Zero (Product Stewardship)	36, 45, 109
Customer privacy	418-1	Number of substantiated complaints received concerning breaches of customer privacy and losses of customer data	Improvement in Management Transparency (Information Security); Appendix (Management Transparency Data); No such complaints received	80, 98
Socio-economic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	There have been no penalties amounting to over USD 10,000 for the past three years. For further details, please refer to page 274 of our 2020 annual report available on the Korean electronic disclosure system (DART).	-



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TCFD Guidance

LG Innotek complies with the recommendations proposed by the Task force on Climate-related Financial Disclosure (TCFD) designed to improve the reporting of financial information in consideration of climate change. These recommendations encourage businesses to make disclosures on their corporate governance, strategy, risk management and metrics & targets. For further details, please refer to the Carbon Disclosure Project (CDP) portal.

	Disclosure	Reporting Content	CDP
Governance	Describe the board's oversight of climate-related risks and opportunities	The Board of Directors (BOD) reported on ESG-related issues, including climate change, and is responsible for making the final decisions and managing these issues. It was decided on April 29, 2021 that the ESG Board Committee should be created under the BOD to fulfill our environmental and social responsibility and improve the transparency of our governance. The Committee will be tasked with managing and supervising major ESG issues, including our climate change strategy.	CDP _ CC1.1a
	Describe management's role in assessing and managing climate-related risks and opportunities	In January 2021, LG Innotek created the ESG Executive Committee with the CFO playing a pivotal role to evaluate and manage overall ESG-related risks and opportunities, including climate change and to report its relevant status and consult and decide on major issues on a monthly basis. In addition, monthly CEO safety and environment meetings and consensus meetings at the business division level are hosted to share major pending issues on climate change and to assist senior management in making swift decisions on these issues and communicating the decisions made to business divisions for their implementation.	CDP _ CC1.1a
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	The risk of climate change not only impacts cost increases but also business continuity. To transform climate change into an opportunity, we have developed our climate change response strategy and have taken action accordingly. By the end of 2021, we will establish a mid/long-term carbon neutrality strategy to identify and manage climate change-related risk and opportunities from the viewpoint of business continuity.	CDP _ CC2.3
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategies, and financial planning	At LG Innotek, we consider extreme climate events – typhoons, floods, heat waves, intense cold and infectious diseases – and regulations – carbon taxes, emissions trading – as risks. As such risks not only give rise to cost increases over the mid/long-term in line with rising expenses of raw materials, energy and logistics but also have an impact on the health of our employees, we strive to improve our response and adaptability to these risks. In addition, we consider energy efficiency improvements, resource conservation and recycling, and substitution of harmful materials - even from the product development phase - to develop new businesses. In particular, we are further stepping up our efforts to develop technology in the automotive electronic components sector in line with the growing needs for EVs and other green vehicles.	CDP _ CC2.2. CC2.3
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We are formulating a mid/long-term carbon neutrality strategy based on climate change scenarios including a 2°C or lower scenario. This strategy will be translated into company-wide targets as well as worksite-specific targets. To help all employees understand this strategy and take proactive action accordingly across diverse areas, we provided company-wide climate change training, and will also conduct training on this overarching strategy. This will surely enable all our employees to strengthen their competency in flexibly responding to the strategic shift that we pursue concerning climate change-related risks and opportunities.	CDP _ CC3.1b, CC3.1d
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	At LG Innotek, we identify and manage climate-related risks and opportunities through the regular reports made by the Safety and Environment Division and the ESG Committee. This begins with our dedicated climate organization that monitors the standards presented by global initiatives, country-specific policy trends and customers' requirements and identifies risks as a result. This is followed by the analyses of the impact caused by such risks on the Company and the review of countermeasures, which are then shared through regular reports provided by the Safety and Environment Division. Monthly ESG Committee meetings and regular CEO reports serve to decide on major issues. To efficiently manage climate-related risks, the decisions made, through the regular reports of the Safety and Environment Division, the ESG Committee, and regular CEO reports, are shared through monthly consensus meetings held at the business division level so that they are swiftly communicated to all business divisions. These decisions are implemented and managed at the Headquarters and worksite-specific Safety and Environment Departments.	CDP _ CC2.2 CDP _ CC3.1
	Describe the organization's processes for managing climate-related risks		
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management		
Metrics & Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	LG Innotek looks at GHG emissions, emissions credits, energy expenses, and production amount as major indicators used to evaluate climate-related risks and opportunities. These indicators enable us to take advantage of climate-related risks and opportunities for our business strategy and investment.	CDP _ CC2.1b, CC7.3
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	Scope 1 : 15,044 tCO ₂ -eq Scope 2: 335,024 tCO ₂ -eq Scope 3: 166 tCO ₂ -eq (waste generated from operations)	CDP _ CC6
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	LG Innotek set worksite-specific GHG emissions targets to cover Scope 1 and 2 emissions in order to mitigate its GHG emissions and manages such emissions on a monthly basis. This allowed us to reduce our GHG emissions by 11% in 2020 in absolute volume terms from the previous year.	CDP _ CC4.1

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According to the SASB (Sustainability Accounting Standards Board) Sustainable Industry Classification System, LG Innotek belongs to the Hardware industry under Technology & Communications. Please refer to the table below for our disclosures made within this Sustainability Report in accordance with SASB's Sustainability Disclosure Topics & Accounting Metrics.

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Sustainability Disclosure Topics & Accounting Metrics

Area	Topic	Metric	Category	Unit of Measure	Reference/Note
G (management transparency)	Product security	Description of approach to identifying and addressing data security risks in products	Discussion and analysis	-	Information Security (p.80)
S (employee)	Employee diversity and inclusiveness	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	%	ESG Data Sheet: Employment Overview (p.91-92)
E (environment)	Product life cycle management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	%	Response to Hazardous Substances Contained in Products (p.90); As of April 2021, we manage 167 substances listed under IEC62474, and substances included may vary depending on their product category.
		Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Quantitative	%	LG Innotek is engaged in electronic components/materials business and thus this is not applicable.
		Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Quantitative	%	
		Weight of end-of-life products and e-waste recovered, percentage recycled	Quantitative	Ton, %	Green Management: Waste Management (p.41); LG Innotek is engaged in electronic components/materials business, and thus WEEE (Waste Electrical and Electronic Equipment) is not applicable.
S (supplier)	Supply chain management	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Quantitative	%	ESG in the Supply Chain (p.63); ESG Data Sheet: Supplier (p.97)
		Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances, and (b) other non-conformances	Quantitative	Rate (%)	
	Sourcing of raw materials	Description of the management of risks associated with the use of critical materials	Discussion and analysis	-	Operational System for Sustainability Management (p.13-14); Sustainable Supply Chain Management (p.62); ESG in the Supply Chain (p.63)

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Memberships

No.	Organization/Association	No.	Organization/Association	No.	Organization/Association
1	CHAdEMO Association	19	Institute of Electronics and Information Engineers	37	Korea Management Association
2	CharIN (Charging Initiative, EV)	20	Korea International Trade Association	38	Licensing Executive Society of Korea (LESK)
3	Korea Investor Relations Service (KIRS)	21	Council of Korean Businesses in Shanghai	39	Korea Invention Promotion Association
4	Korea Digital Transformation Initiative	22	Korean-American Scientists and Engineers Association (KSEA)	40	Korea Association for Industrial Technology Security
5	Conference of Process Safety Management Officers	23	Korean Institute of Power Electronics	41	Korea Industrial Technology Association
6	Gyeonggi Bukbu Process Safety Association	24	Korean Association of Occupational Health Nurses	42	Korea Listed Companies Association
7	Gyeongbuk Employers Federation	25	Management Corporation for the Cheongju Industrial Complex	43	Korean Fire Safety Association
8	Council of Economic Organization	26	Korea PDS	44	Korean Magnetics Society
9	Gwangju Council for Sustainable Development	27	Environmental Safety Council for Paju LCD	45	Korea Electric Engineers Association
10	Gumi National Industrial Complex Integrated Defense Council	28	Hanam Industrial Complex	46	Korea Power Engineers Association
11	Gumi & Gimcheon Safety Managers' Conference	29	Hanam Public Safety Council	47	Korean Electronics Association
12	Fire Safety Council for the Gumi Industrial Complex	30	Korea AEO Association	48	Korean Printed Circuit Association
13	Korea Nano Technology Research Society	31	Korea Exchange	49	Korea Intellectual Property Association
14	Green Company Council	32	Korea Conformity Laboratories	50	Korean Association of Occupational Health Nurses
15	Korean Institute of Industrial Engineers	33	Korea Employers Federation	51	Korean Standards Association (KSA)
16	Korea Industrial Safety Association	34	Korea Fair Competition Federation	52	Korea Chemicals Management Association
17	Korea Chamber of Commerce & Industry	35	Korea Association for Photonics Industry Development	53	Korea Environmental Engineers Association
18	GS1 Korea	36	Optical Society of Korea	54	Council for Environmental Preservation

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ISO50001 Energy Management System Certificate

bsi.



Certificate of Registration

ENERGY MANAGEMENT SYSTEM - ISO 50001:2018

This is to certify that:

LG INNOTEK Co., Ltd.
Gumi Plant 2
221, Okgye 2gongdan-ro
Gumi-si
Gyeongsangbuk-do
39419
Republic of Korea

Holds Certificate No: **ENMS 601333**

and operates an Energy Management System which complies with the requirements of ISO 50001:2018 for the following scope:

The manufacture of tape substrate, photo mask, PMP (Photo Mask Polishing), TW (Touch Window), package, camera module, automotive components (Anti-rock Break System motor, Electronic Power Steering Motor, torque angel sensor, anti-pinch electronic control unit, adaptive front lighting system actuator), light emitting diodes (chip, package, lighting) and electronic communication components.

For and on behalf of BSI:


Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2013-08-09

Latest Revision Date: 2020-12-16

Effective Date: 2019-08-09

Expiry Date: 2022-08-08

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BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.



GHG Emissions Verification Statement



Verification Opinion

LG Innotek Co., Ltd.

Scope

The GHG Emissions of LG Innotek's manufacturing sites in the calendar year of 2020.

The verification calculated direct and indirect GHG emission based on the activity data from the GHG Emission Report for manufacturing sites of LG Innotek.

- Complying with the suggestion of WRI/WBCSD GHG Protocol, the sources and the quantity of GHG emissions are calculated by applying operational control approach.
- The emissions of manufacturing sites outside of Korea were calculated for fixed combustion emissions and indirect emissions excluding mobile combustion emissions.

Data Verified

GHG emissions of 19 manufacturing sites in 2020 are as follows:

Country	Plant	[Unit: ton CO ₂ -e/yr]		
		Scope1	Scope2	Total
Korea	Gumi Plant 1	1,845	51,786	53,631
	Gumi Plant 2	813	56,913	57,726
	Gumi Plant 3	306	32,392	32,698
	Gwangju Plant	2,248	17,121	19,368
	Paju Plant	5,099	36,534	41,633
	Ansan R&D campus	879	1,736	2,615
	Seoul Head Office	255	629	883
	Gumi Plant 1A	30	28,561	28,590
	Gumi Plant 6	17	36,370	36,387
	Magok R&D Campus	205	7,641	7,845
	Pyeongtaek(Jinwi) Plant	1,039	6,072	7,110
	Osan Plant	-	-	-
	Cheongju Plant	-	-	-
Mexico	LG Innotek Mexico S.A. de C.V.	0	710	710
Indonesia	LG Innotek Indonesia PT.	0	7,966	7,966
China	LG Innotek Yantai Co.,Ltd.	1,296	21,886	23,182
	LG Innotek Huizhou Co.,Ltd.	-	-	-
Poland	LG Innotek Poland Sp. z o.o.	137	2,122	2,258
Vietnam	LG Innotek Vietnam Haiphong Co., Ltd.	874	26,585	27,459
Total		15,044	335,024	350,061

※ The total emissions can differ to a out-off decimal point/ Huizhou Plant (China) and Osan, Cheongju Plant (Korea): Closed in 2020

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GHG Criteria & Protocols used for Verification

This verification was performed at the request of LG Innotek Co., Ltd. applying the following criteria and guidelines:

- ISO14064- Part 1and Part 3 - Established 2006
- WBCSD/WRI GHG Guidance - Revised March 2004
- IPCC GHG Guidance - Revised 2006
- IEA, CO₂ emissions from fuel combustion Highlights - 2018
- US DOE, Technical Guidance Voluntary Reporting of GHG - Revised October,2010
- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme (2021-10)
- BSI GHGEV Manual (KMO07 R14)

The standard confidentiality principle of BSI Group Korea was applied to all verification activities.

Verification Opinion

As a result of the verification in accordance with the protocols and the best practice listed above, it is the opinion of BSI that:

- The verification was conducted with activity data and evidences provided by LG Innotek Co., Ltd. based on a limited level of assurance
- No material misstatement in the GHG emission calculations were detected, and relevant records were maintained appropriately
- The data quality was considered to be corresponding to the international key principles for GHG emissions verification

For and on behalf of
BSI:


Managing Director Korea, KyeongSoo Song

Issue: 26/04/2021

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ISO27001 Information Security Management System Certificate

Location	Registered Activities
LG Innotek Co., Ltd. Headquarter E1/E3 30, Magokjungang 10-ro Gangseo-gu Seoul 07796 Republic of Korea	The provision of marketing & sales, business planning and supporting services activities for materials & components engineering and products including mobile, automotive, IoT, display, semiconductor and LED.
LG Innotek Co., Ltd. Hyeon R&D Campus E1/E3 30, Magokjungang 10-ro Gangseo-gu Seoul 07796 Republic of Korea	The provision of marketing & sales, R&D, production, business planning and supporting services activities for materials & components engineering and products including mobile, automotive, IoT, display, semiconductor and LED.
LG Innotek Co., Ltd. R&D Campus Arsan S5, Namgongdae-ro Sangju-gu, Ansan-si Gyeonggi-do 15888 Republic of Korea	The information security management system for R&D, business planning and supporting services activities for materials & components engineering and products including mobile, automotive, IoT, display and semiconductor.
LG Innotek Co., Ltd. Pad Factory S70, Hyeon-ro Namdong-myeon, Paju-si Gyeonggi-do 10842 Republic of Korea	The information security management system for marketing & sales, R&D, production, business planning and supporting services activities for materials & components engineering and products including mobile and automotive.
LG Innotek Co., Ltd. Pyeongtaek Factory 111, Jmweondang-ro Josa-myeon, Pyeongtaek-si Gyeonggi-do 17001 Republic of Korea	The information security management system for marketing & sales, R&D, production, business planning and supporting services activities for materials & components engineering and products including mobile and automotive.

Original Registration Date: 2011-09-21
Latest Revision Date: 2020-08-11

Effective Date: 2017-09-11
Expiry Date: 2021-03-09

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This certificate refers to the information security management system, and not to the products or services of the certified organization. The certificate reference number, the name of the certificate holder and the registration mark may not be given or published or otherwise used for advertising or promotional purposes. The certificate holder, administration or other interested parties in relation to this certificate, the trademark of the certificate holder or the registration mark, must comply with the conditions of the certificate. This certificate is not valid until expiry or until the certificate is cancelled or suspended.

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BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.

Location	Registered Activities
LG Innotek Co., Ltd. Gumi Factory 1 S0-9, Sachul-daero 7-gil Gumi-si Gyeonggi-gangwon-do 30261 Republic of Korea	The provision of marketing & sales, R&D, production, business planning and supporting services activities for materials & components engineering and products including mobile, automotive, IoT, display, semiconductor and LED. This is in accordance with Statement of Applicability 4.0.
LG Innotek Co., Ltd. Gumi Factory 2 S0, Sachul-daero 9-gil Gumi-si Gyeonggi-gangwon-do 30264 Republic of Korea	The provision of marketing & sales, R&D, production, business planning and supporting services activities for materials & components engineering and products including mobile, automotive, IoT, display, semiconductor and LED. This is in accordance with Statement of Applicability 4.0.
LG Innotek Co., Ltd. Gumi Factory 3 174, Olgonggongdan-ro Gumi-si Gyeonggi-gangwon-do 39419 Republic of Korea	The provision of marketing & sales, R&D, production, business planning and supporting services activities for materials & components engineering and products including mobile, automotive, IoT, display, semiconductor and LED. This is in accordance with Statement of Applicability 4.0.
LG Innotek Co., Ltd. Gwangju Factory 26, Namgongdan Seon-ro Gwangju-gu Gwangju-si 62223 Republic of Korea	The information security management system for R&D, production, business planning and supporting services activities for materials & components engineering and products including mobile, IoT and automotive.

Original Registration Date: 2011-09-21
Latest Revision Date: 2020-08-11

Effective Date: 2017-09-11
Expiry Date: 2021-03-09

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Location	Registered Activities
LG Innotek Vietnam Co., Ltd. 304 TRASSE North Road Development zone Yenkei (Shan dong) 284005 China	The information security management system for production, business planning and supporting services activities for materials & components engineering and products including mobile and automotive.
LG Innotek Vietnam HapHong Co., Ltd. Lot 14, Thang Due Industrial Park a part of D193/1 - Cat Lai Economic Zone Hang Phong Commune, An Duong district Hai Phong City 180000 Vietnam	The manufacture of camera modules for mobile devices. This is in accordance with Statement of Applicability version 3.0.

Original Registration Date: 2011-09-21
Latest Revision Date: 2020-08-11

Effective Date: 2017-09-11
Expiry Date: 2021-03-09

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Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that:

LG Innotek Co., Ltd.
 Headquarter
 E1/E3
 30, Magokjungang 10-ro
 Gangseo-gu
 Seoul
 07796
 Republic of Korea

Holds Certificate No: **IS 578554**

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

The provision of marketing & sales, R&D, production, business planning and supporting services activities for materials & components engineering and products including mobile, automotive, IoT, display, semiconductor and LED. This is in accordance with Statement of Applicability 4.0.

The expiration date of this certificate is extended for 6 months in accordance with BSI Procedure GP158 Business Continuity – Managing Extraordinary Events, in line with the guidance given in IAF ID3.

Chris Cheung, Head of Compliance & Risk - Asia Pacific

For and on behalf of BSI:

Original Registration Date: 2011-09-21
Latest Revision Date: 2020-08-11

Effective Date: 2017-09-11
Expiry Date: 2021-03-09

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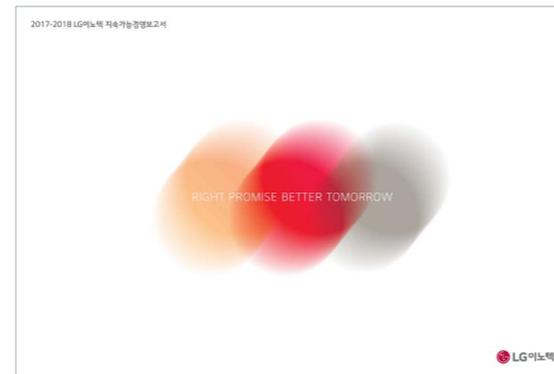
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