

## Top Management Messages

### INCREASING CUSTOMER VALUE BY ENHANCING ECO-FRIENDLY COMPETITIVENESS



One can never overestimate the importance of the environment as a factor in sustainable development, especially since customers are becoming more aware of environmental issues with each passing day. Ever since it published an environment declaration in 1994, a first for any Korean company, LG Electronics has devoted itself to research and development in order to increase customer convenience as well as to protect the environment.

LG Electronics is actively responding to climate changes by reducing its greenhouse gas emissions throughout the product life cycle. With such a reduction goal in place, we are enhancing our competitive edge in terms of our greener products by proactively joining a carbon footprint (carbon labeling) pilot project. At the same time, we are committed to more thoroughly managing our workplace environment by creating a greenhouse gas emissions inventory for each of business sites in Korea. Through our efforts, we also became the first Korean electronics company to obtain international verification (Greenhouse gas inventory 2005~2007).

Even as we provide consumers with products that minimize greenhouse gas emissions by improving energy efficiency and producing safer products through effective management of toxic materials, we continue to maximize profitability. Additionally, LG Electronics is conducting co-management, information sharing, and supporting training in cooperation with all of its partners.

We believe that these measures will enhance customer value, as LG Electronics intensifies its efforts to become even more competitive with greener products and to fully satisfy the needs of all its customers.

CTO (Chief Technology Officer) / President **Woo Hyun Paik**

### SUSTAINABILITY IS EVERYBODY'S RESPONSIBILITY



At LG Electronics we believe sustainability is the responsibility of every business partner in our supply ecosystem. Therefore, we insist that our suppliers fully comply with the same rigid specifications and performance standards pursued within LG. Our procurement personnel are carefully trained, and held to the highest ethical standards. We believe that Jeong-do Management, or "the right way," is essential to both good business results and sustainable operations around the world.

Annually we also conduct a Global Supplier's Day. At this event we communicate our requirements and expectations, centering on transparent business conduct and ethics. Workshops are also held during this gathering, where both LG Electronics executives and supplier executives can share, discuss and collaborate on improved ways of doing business.

At LG Electronics we also survey our suppliers to gather their opinions and incorporate their concerns into our operating practices, which is why we conduct an annual global supplier survey. This past year the perception of LG Electronics as a customer increased by 5 points and continued to track ahead of our competition as a customer of choice.

Finally, 80 percent of LG Electronics revenue is purchased. The combination of material and nonmaterial procurement drives our profitability, growth and future sustainability, and the community of professionals that make up this function recognize their role and responsibility in helping LG Electronics achieve ongoing success.

CPO (Chief Procurement Officer) / Executive Vice President **Thomas K. Linton**

## STRENGTHENING GOVERNANCE FOR CORPORATE SUSTAINABILITY MANAGEMENT



Stakeholder value creation is the ultimate goal of LG Electronics. We are managing every aspect of our business in a transparent and responsible manner in the name of stakeholder value creation as we seek to become a sustainable global corporation.

The sustainability management efforts we have carried out at LG Electronics as core tasks are gaining momentum through a company-wide system that has been in place since 2007. Around LG Electronics' CSM office, related departments cooperate closely to devise roadmaps to implement CSM strategies, promote communication with stakeholders, diagnose and manage non-financial risks on an integrated basis, and strengthen our corporate capabilities.

LG Electronics achieved a significant milestone when it established a Corporate Sustainability Management Committee under the Senior Executive Management Council, the top decision-making organization at the company. This committee has significantly enhanced execution power in managing sustainability.

In our bid to join the UN Global Compact, a platform which has set global standards for human rights, labor, environment, and anti-corruption, LG Electronics has worked hard to ensure full compliance throughout the company with our sustainability management principles.

LG Electronics will consistently gain competitiveness as a world-class corporation in the future as it continues to earn the trust and admiration of its stakeholders as well as the public.

CSD (Chief Supporting Division) / Executive Vice President **Young Kee Kim**

## VALUE-ADDED LABOR-MANAGEMENT RELATIONS ARE THE STARTING POINT OF GROWTH



To become a corporation of sustainable growth and development, a solid labor-management relationship based on trust is more important than anything else, and cannot be overemphasized.

LG Electronics experienced the most challenging time in its corporate history when two labor strike cases broke out, one in 1987 and another in 1989, leading to a significant loss in profits and a dramatic drop in market share. Labor and Management took this opportunity to reestablish relations between the two parties, moving from a vertical and confrontational relationship of "labor-company" to one of "labor management," where both parties are seen as equals. Since then both sides have worked hard to develop a cooperative partnership based on mutual trust and respect.

As a result, LG Electronics is now seen as an excellent example of a company with sound labor management relations, and is proud of its 19 straight years of dispute-free negotiations since 1990.

Above all else, labor-management relations at LG Electronics are characterized by the continuous efforts of each side to create new value through mutual cooperation. Both labor and management are trying to fulfill what they call the "social responsibility of a corporation" by actively participating in fund-raising events and volunteer work as well as providing top-quality products and services.

LG Electronics' labor union will spare no effort to help the company take that next step forward to become a sustainable, world-class entity, empowering it to achieve not only its economic duty as a company, but also its social and environmental responsibilities.

Chairman of the LG Electronics Labor Union **Jun Su Park**