

2012 LG Innotek
Sustainability Report

RIGHT PROMISE **BETTER TOMORROW**

RIGHT
PROMISE
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TOMORROW**

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RIGHT PROMISE BETTER TOMORROW



PRODUCT LEADERSHIP

LG Innotek sustains its internationally competitive technologies as a global specialized materials and components manufacturer through ceaseless R&D efforts.

12P



EMPLOYEE LEADERSHIP

Under the belief that corporate management is a process in which talented people realize their full potential and creativity, LG Innotek strives to ensure a positive and rewarding workplace for all its employees.

20P



ENVIRONMENTAL LEADERSHIP

Committed to green management, LG Innotek carries a variety of initiatives to fulfill its corporate responsibility as a leading global company.

24P



COMMUNITY LEADERSHIP

Under the slogan "First Partner for Your Growth," everyone at LG Innotek contributes to the welfare of multicultural families, underprivileged youth and local communities.

30P

Corporate Overview & Vision

Founded in 1970, LG Innotek is a global specialized materials and components manufacturer that is contributing to the development of related industries and to the sustainable growth of society with high-tech products and technologies. In the LED, PCB, mobile, display and automotive components business areas, LG Innotek has developed globally competitive technologies while on its way to creating the highest customer value.

A Global Specialized Materials & Components Company

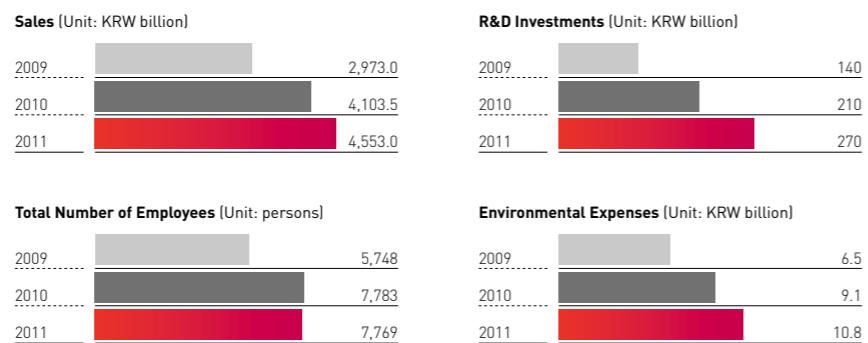
LG Innotek is proud to be a global specialized materials and components manufacturer that provides the best value and is always our customers' first choice. We have strategically fostered the materials and device technologies necessary for LG Innotek to play a leading role in the materials & components industry through enhanced forward and backward linkage effects. This has allowed us to become a leader in the materials & components business, our future growth engines.

LG Innotek has been at the forefront of high technologies and market penetration. In fact, we were the first company in Korea to succeed in the commercial production of TV tuners. Later, we achieved some of the world's leading technologies in digital tuners, optical disk driver motors, tape substrates, photomasks and camera modules. Coupled with these technological advantages, our marketing strengths have allowed us to affirm our technological and market competitiveness in related businesses. Indeed, LG Innotek has sustained an annual average growth rate of 33 percent over the past four years. A balanced sales performance in our main businesses, such as substrate materials and optic solutions, as well as strategic expansion into new business areas that include automotive components help make up our sustainable business portfolio.

A Leading Global Company

Backed by nine overseas production subsidiaries and five overseas offices around the world, LG Innotek promptly responds to customer needs and global market demands. Our R&D Center is also playing an important role in terms of technical support for these business activities. In addition to its head office in Seoul, the six domestic operations across the nation use their localized advantage to reinforce productivity, while contributing to local economies as well. Today, our advanced technologies in our main businesses are leading the market. For instance, LG Innotek is a global leader in camera module manufacturing, the key component of mobile devices such as smartphones. Other materials & components of ours that lead global markets include digital tuners, an audio/video receiver that allows your TV to receive and display digital television signals, spindle motors for optical disc drives, and tape substrates, which connect main boards to LCD panels, and photomasks that is engraved on LCD panel substrates. While we continue to hone our competitive edge in the LED and PCB businesses, we are also continuing to expand into new growth engines such as automotive components and touch windows.

Performance Highlights



Our Ultimate Goal and Leading Vision: The First Partner

LG Innotek provides the best value and is proud to always be our customers' first choice. From materials to components to modules, LG Innotek is playing a leading role in the industrial development of all its business areas – LED, PCB, Mobile, Display, Network and Automotive components – while growing alongside client companies. On the basis of this leading competitiveness, we are maintaining the highest satisfaction and success for our customers around the world.

LG Innotek's vision to be "The First Partner" also demonstrates our determination to become a core component manufacturer that provides customers with the best value, and a company that customers choose before anyone else as we grow alongside them. In line with this, we have devised the short-term goal of achieving what we call the "Triple Ten": KRW 10 trillion in sales, 10 percent in operating profit, and 10 No. 1 products worldwide by 2015. Based on the LG Way – the behavioral guidelines for all LG Group personnel – LG Innotek has overcome ceaseless challenges to achieve its vision through LG Innotek's unique success DNA. This Triple Ten has made us a differentiated organization by being goal-oriented and believing in passion, speed, autonomy and creativity, and also through our three No. 1 strategies: No. 1 People, No. 1 Process, and No. 1 Products.

The Power to Achieve our Vision: Three No. 1 strategies

LG Innotek is carrying out its vision through three No. 1 strategies. First, No. 1 People means we are cultivating globally competent expertise in our employees. Secondly, No. 1 Process refers to our tireless process innovation to improve our work process, which is strengthening our core competencies. Finally, No. 1 Product strategy represents our commitment to providing the highest customer value through an extensive lineup of products which all make use of our advanced core technologies.

The Energy Source behind Our Strategy Implementation: DNA

Our DNA implementation represents the potential energy innate within LG Innotek. As the fundamental element behind implementing the No. 1 Strategy, DNA implementation also serves as the behavioral guidelines for all our employees. The most important part of our DNA implementation is instilling a goal-oriented mindset. Placing customer value at the top of our priority list, every member of the organization is setting challenging goals and working hard to achieve them. Passion is the element of DNA implementation whereby employees carry out their jobs with a sense of ownership. Autonomy & creativity allow employees to think outside the box and learn from trial and error, giving them the chance to realize customer value far beyond their expectations. Lastly, the principle of speed allows us to respond swiftly to customer needs through real-time communication.

CSR Vision & System

LG Innotek established its Sustainability Management Committee for the more strategic, better organized operation of sustainability management companywide. At the same time, we set a clear strategic direction with sustainability management to become a global specialized materials & components provider and put in place key initiatives accordingly.

CSR Vision

LG Innotek set its CSR vision as "Right Promise, Better Tomorrow." This catchphrase represents our commitment to ensuring a better, more prosperous future for people everywhere. Under this vision, we are faithfully fulfilling our responsibilities to society as a responsible global corporate citizen, helping make tomorrow better for everybody. In the future, we will continue to carry through on our promises and always honor our word.

CSR System

LG Innotek's Sustainability Management Committee meets every half year to review and reflect sustainability issues into its business strategies and to monitor and check performance results. In 2011, the bureau checked major sustainability issues and the company's performance, while also planning improvements based on results from benchmarking best practices. We believe these activities helped us enhance our sustainability management practices. In the future, we will continue with these and other related activities to ensure more efficient sustainability management practices. In particular, we plan to spread these activities to our overseas subsidiaries by 2015. To encourage our business partners to make use of these sustainability management practices, we invited business partner executives to our factories to promote CSR practices and assisted them in identifying their own sustainability issues after which we brainstormed for solutions together. As we move on, we will continue to carry out company-wide sustainability management activities in order to internalize sustainability management practices throughout the entire workforce at LG Innotek. We will also ensure close collaboration among related departments to effectively incorporate CSR practices into our corporate culture.

External and Internal Communication

LG Innotek maintains various communication channels with stakeholders to timely address their concerns. Since 2010, we have been proactively responding to customer questions and suggestions about our social responsibilities. We also kept abreast of industry trends by collecting the opinions of domestic and international sustainability management evaluation agencies and NGOs through surveys and interviews.

Risk Management

LG Innotek monitors management practices related to labor, business ethics, the environment, safety & health, and management systems at all its domestic worksites and all in line with the EICC's Code of Conduct. Although we run self-checks on these management practices using the Electronics Tool for Accountable Supply Chain (E-TASC), no severe risks have been detected to date. Starting in 2011, we began promoting sustainability management throughout the entire supply chain through regular self-checks and monitoring at all business premises, both domestic and overseas, as well as with business partners.

Future Initiatives

LG Innotek has developed a three-step CSR mid-term roadmap to clarify the strategic direction for our sustainability management and to establish systematic practices accordingly. In line with this, we are internalizing all CSR values throughout our workforce. By 2015, LG Innotek plans to emerge as a globally competent sustainability management leader.

CSR Vision

Right Promise, Better Tomorrow

CSR Mid-Term Roadmap

2010~2015

2010 Laying the foundation

Strategy-building / Infrastructure-building
CSR strategy-building
Process development

2012 Strengthening competencies

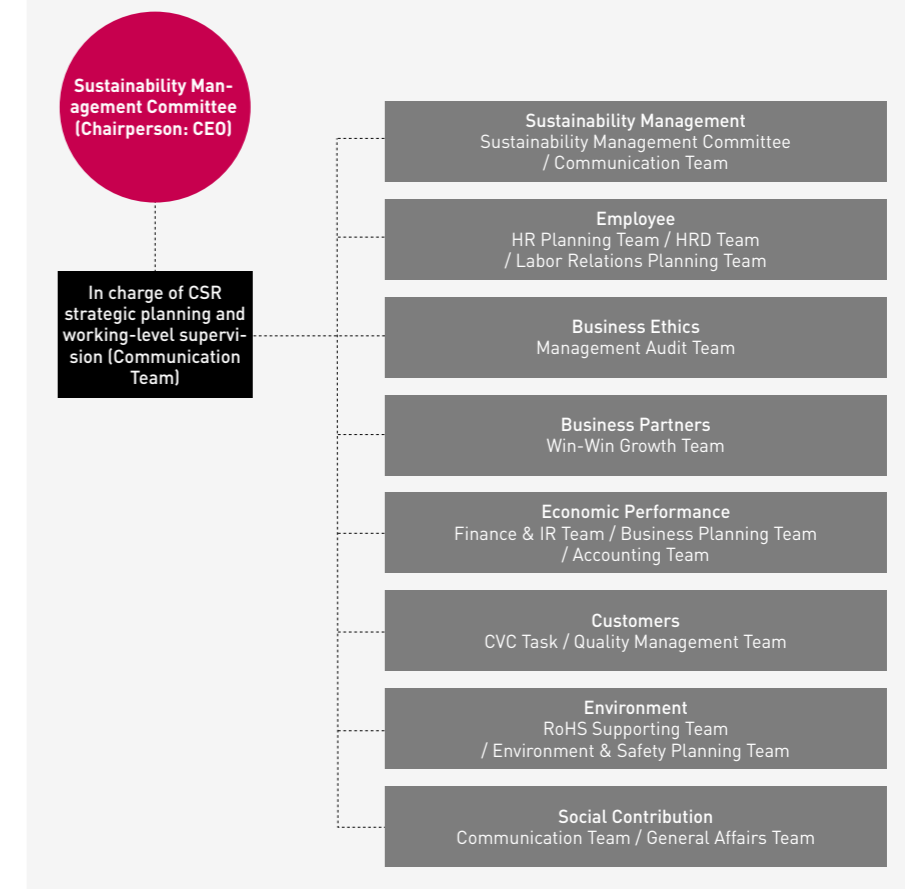
Internalizing CSR core values
Incorporating CSR values
Inter-sector alignment

2015 Global Leader

Promoting CSR overseas
Promoting CSR value
Process integration

CSR Organization

As of March 31, 2012



Interview with the CEO

We will achieve sustainability management through sincere communication with stakeholders.

LG Innotek sustains growth in all its main business areas of materials & components despite recent unfavorable market conditions and the global economic crisis. How did you achieve this growth?

The global market paradigm is shifting from complete products to materials & components, as these play a pivotal role in the latest technological advancements in the IT industry and smart device functions. LG Innotek is ceaselessly strengthening its technological and product competitiveness in core components under the goal of a global specialized materials & components manufacturer. Keenly aware of the fact that the quality of complete products depends on the materials and components, we are consistently advancing our technological competitiveness. Furthermore, everyone at LG Innotek is making a concerted effort towards achieving the shared vision of becoming the "first partner" to our customers. Our employees' self-confidence, responsibility and passion are the most valuable assets and competitiveness at LG Innotek.

LG Innotek announced a qualitative restructuring of its business portfolio for greater growth. What was the main aim of doing this?

In line with our goal of qualitatively improving our business portfolio, we are implementing three specific missions: upgrading our business portfolio, securing core and source technologies, and reinforcing global competencies. To upgrade our business portfolio, we are strengthening our global competitiveness in next-generation growth businesses such as touch windows, semiconductor substrates, and automotive components. In terms of core and source technologies, we are promoting performance-based R&D activities and preparing for future business activities in core technologies. At the same time, we are cultivating global competencies in all our employees.

What is LG Innotek's philosophy about sustainability management?

Businesses should put sustainability over their sizeable growth, caring for the planet, the environment and helping bring about a better society. They should put a priority on sustainability management practices such as green management, mutual growth, fair competition, and social contribution for the sustainable growth of a business. These things should be the key areas of business activities. To that end, companies should pursue co-prosperity with local communities through win-win partnerships rather than focusing simply on its own gain. To that effect, LG Innotek made its sustainability vision "Right Promise, Better Tomorrow" in 2010 for a more well-organized and successful sustainability management system. At the moment, we are carrying out initiatives to internalize sustainability management practices across the board at LG Innotek to ensure we become a leading global sustainable company by 2015.

What are your sustainability management practices and what are LG Innotek's future plans?

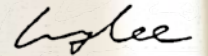
Internally, we encourage compassion for environmental and social issues in our workforce because we believe it is essential to have a deep respect for humanity, which is inseparable from sustainability management. For instance, we offer training to our employees to enlighten them about environmental awareness, while also expanding the scope and size of our social contribution activities. Talent donation is one such initiative. In addition, we recognize the importance

of energy conservation in addressing climate change and have devised carbon management strategies and put into place green management practices in all our business areas. In particular, we have completed our greenhouse gas & energy management system and greenhouse gas inventory, for which we have received third party assurance. In anticipation of growing customer demand for green products, we also adopted an eco-labeling program, encouraging our business partners to produce green products. Furthermore, our other corporate social responsibility activities include job creation for local communities, disability employment, caring for the underprivileged, and addressing social issues related to multicultural families.

What plans do you have for communication with stakeholders?

LG Innotek has boundless growth potential and it always has. We sincerely communicate with our stakeholders in all sustainability management areas, including green management, mutual growth, fair competition and social contribution so that we can be their partner of first choice. Communication should basically be based on mutual understanding. One-way communication does not work. It is about compassion and sharing the same goal and about understanding. In the future, I will mobilize even more communication channels to better understand our stakeholders and to share with them our vision for the future. That way, I will be able to better understand exactly how stakeholders feel and reflect their needs in our business activities. Thank you.

CEO
Lee Ung Beom




RIGHT PROMISE

PRODUCT
LEADERSHIP

EMPLOYEE
LEADERSHIP

ENVIRONMENTAL
LEADERSHIP

COMMUNITY
LEADERSHIP

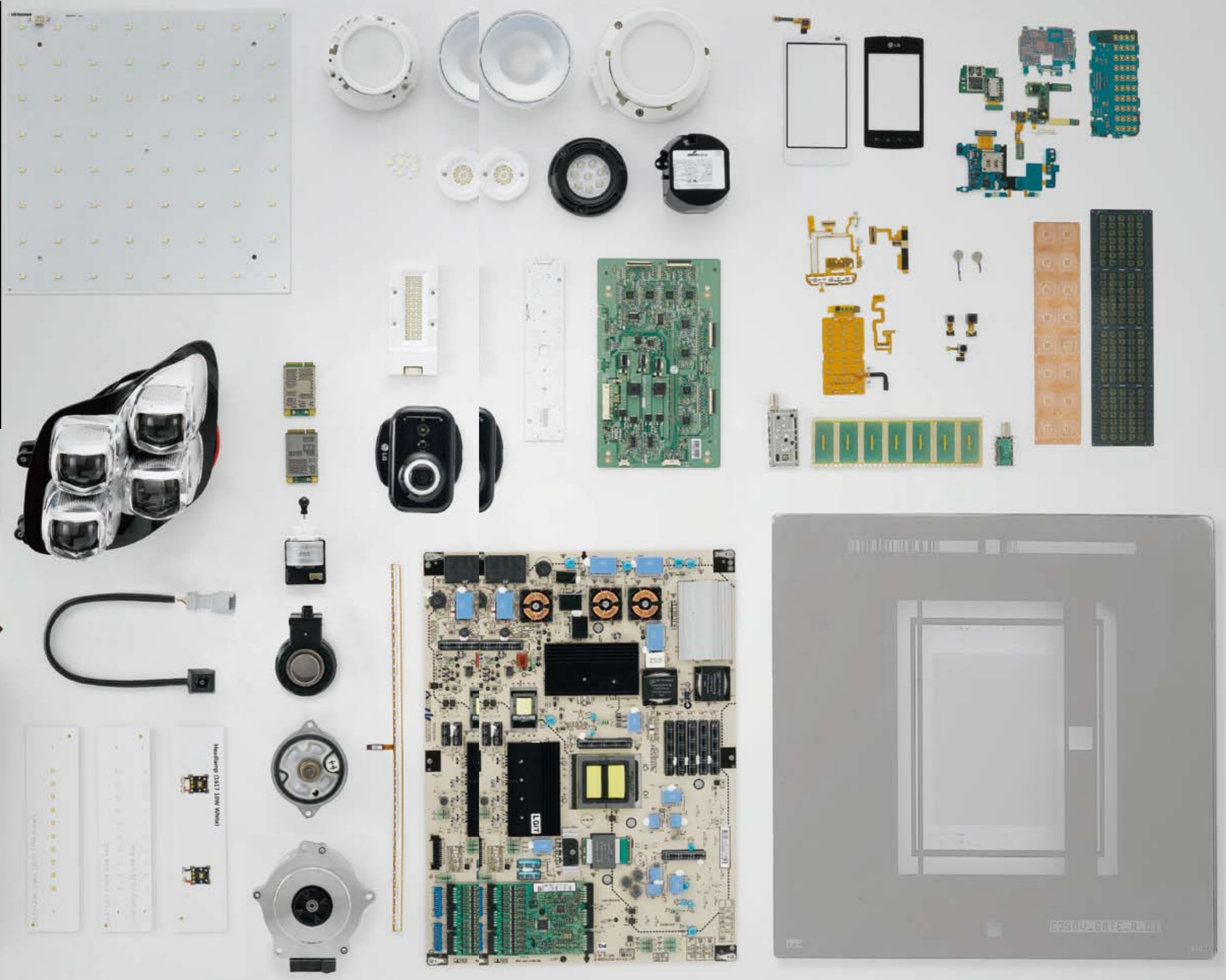
BETTER TOMORROW

Backed by its core and source technologies, LG Innotek is rapidly growing in the future growth engine business of materials & components. Today, the company is making the right promise for a better future. Under a sustainability vision of "Right Promise, Better Tomorrow," the company is demonstrating its leadership in the four key areas of products, employees, the environment and communities.

PRODUCT LEADERSHIP

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The materials & components business has the source technologies connected to all related industries, so it will play a key role in future high-tech industries. This makes it a next-generation growth engine. The advent of the IT and smart device era has led to a paradigm shift in the global market, from the quality of finished products to the actual materials & components. As a result, LG Innotek is taking the lead in the technologies for camera modules, digital tuners, tape substrates, photomasks, and spindle motors for optic disc drives. Backed by its consistent technology and product R&D, this product leadership has boosted the company to further grow into a global specialized materials & components manufacturer.





The automotive component business has the greatest growth potential of all materials & components businesses. According to one international consulting agency, the automotive component business is going to make up to 40 percent of total car making costs by 2015, more than double from the 19 percent it was in 2004. The advent of engineless electric cars and future cars with electronic components will further this growth in the future.

Capitalizing on the growing automotive components market, LG Innotek is producing a variety of products in this field. These include devices for driver convenience, such as ABS (Anti-Lock Brake System) motors, EPS (Electric Power Steering) motors and torque angle sensors, LED lamps that adapt the headlights to the surrounding conditions, and a BMS (Battery Management System) that manages the power supply of electric cars. As such, we are building our technological and product competitiveness in various automotive components. In addition, we have converged high technologies with our existing technologies to expand our business scope to car cameras, and car LED lights (headlights and car interior lights), which has reinforced our competencies in the automotive component business.

AUTOMOTIVE



① **Motors and sensors:** The ABS motor unlocks the brake with abrupt braking, and EPS motor optimizes the steering function. These two motors improve not only stability and convenience but also fuel efficiency. Consisting of the torque sensor that senses steering torque and the angle sensor which senses the absolute steering angle, the micro-size torque angle sensor has an outstanding adaptability to systems, significantly enhancing user convenience.

② **LED lamp (light):** This high-tech headlight adapts to road and weather conditions when driving, significantly improving convenience for drivers. We are expanding its application

to other areas of the car body, such as car interior lights.

③ **BMS (Battery Management System):** This system manages the power supply of electric cars. It enhances energy efficiency and ensures eco-friendly value for electric cars.

④ **Cameras:** Intelligent cameras such as LKAS (Lane Keeping Assist System) enhance convenience for drivers.

⑤ **Networks:** We utilize our IT technologies to produce a number of telematics components that control various information within a car's system, including 3G/4G modems, Bluetooth, WiFi, and NFC.

DISPLAY

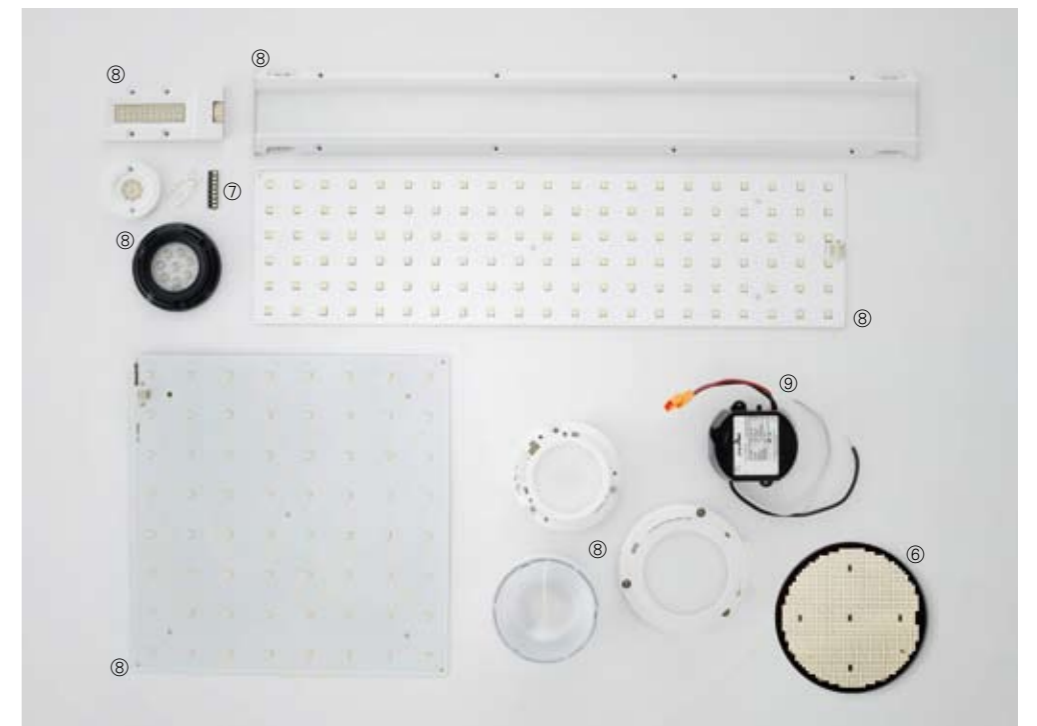
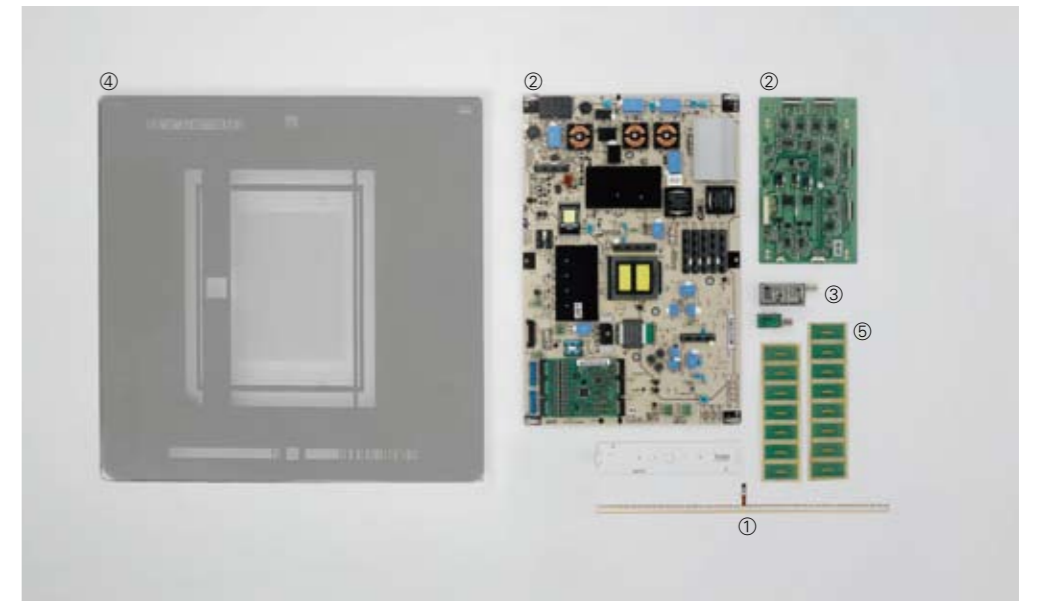
Displays are a world onto their own, unfolding a digital world right before our eyes. Display technologies are evolving towards a more vivid, higher definition world. LG Innotek produces sign transfers, power modules, and photomasks that allow for the highest functionality in LCDs and LED TVs, and all other information transmitted to display devices. LG Innotek has outstanding core and source technologies and some of the world's number one products, including digital tuners, photomasks, and tape substrates.



LED



Emerging as a future light source, LED has now become the best choice in a time when the world is facing an energy crisis. As a result, the LED business has infinite growth potential. In fact, the EU has regulated the sale of incandescent lamps in any of its member countries since 2009. China has been phasing out incandescent lamps since October 2012 and replacing them with LED lights as well. In Korea, the government strategically encourages the use of LED lights, which is why an explosive growth in demand for LED lights is expected across the world. For its part, LG Innotek has completed the entire process of LED production and has taken an advantageous position in the LED market. Backed by this infrastructure, we aim to become one of the world's top LED producers in the near future. In addition, we are enlarging the application of LED lights to more areas, including a UV LED for water treatment.



① LED BLU (Back Light Unit): This unit has a higher color reproduction and contrast than fluorescent lamps, dramatically enhancing the image and enabling a slimmer design.
② Power Modules: A core component that supplies power to display products, power modules allow for the stable supply of power and are eco-friendly with their low power consumption components.
③ Digital Tuners: This is a core component that receives digital signals, transmitting them to video and audio signals. LG Innotek has the world's leading technologies in RF design technology.

④ Photomasks: LG Innotek produces photomasks that are the core component to ensure high-definition, large-scale LCD circuits. We have also developed multi-tone masks that can reduce five photomasks to three.
⑤ Tape Substrates: Tape substrates connect the main boards to LCD panels. Based on our world leading photo-etching technology, we are producing the highest precision products.

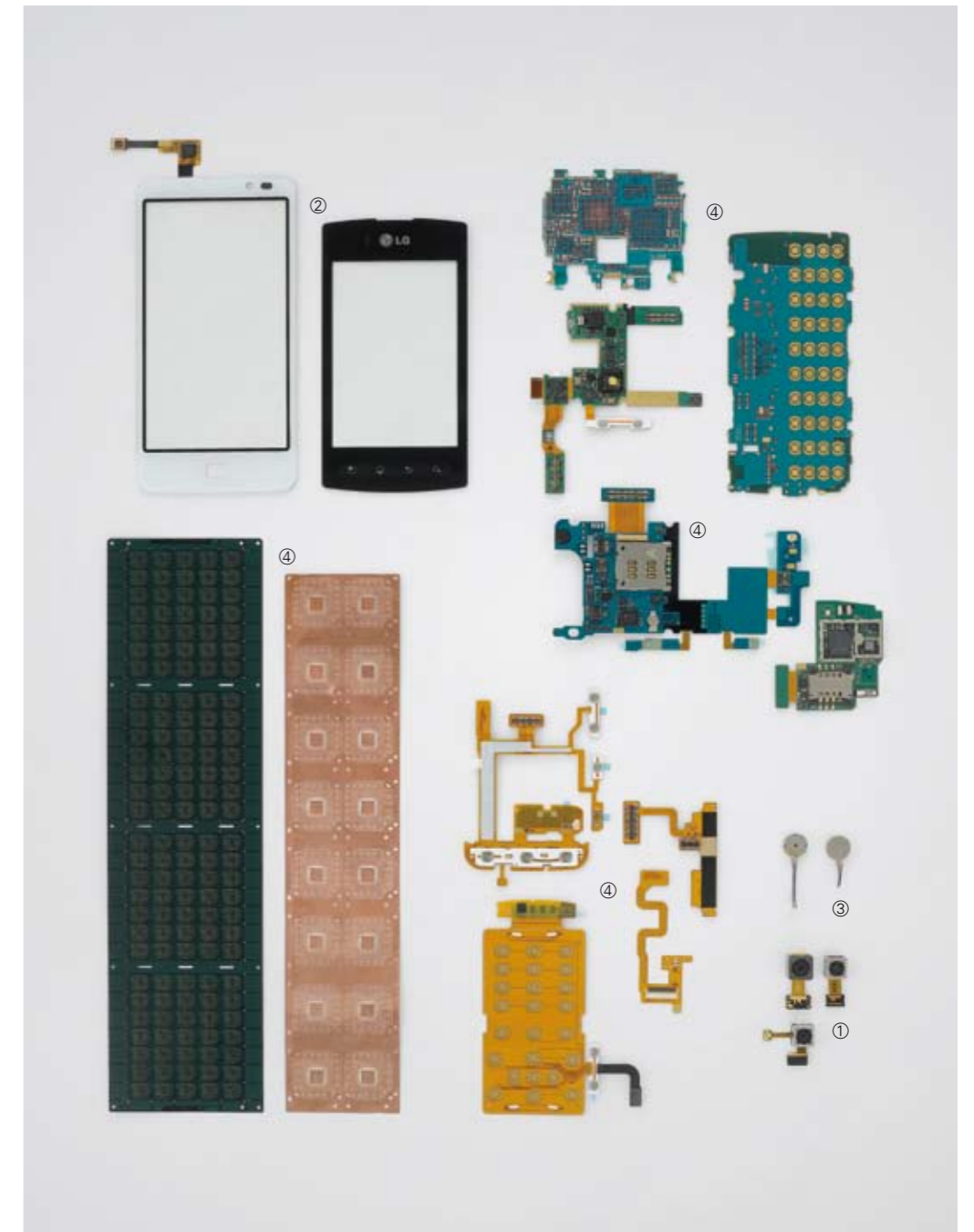
⑥ Wafer (Epi Growth) / ⑦ Chip-PKG / ⑧ Modules/ ⑨ Engines: LG Innotek's light source modules are applied to LED lights that replace conventional lights such as fluorescent lights, incandescent lights and sodium lamps. This requires an outstanding LED light source technology to realize a light condition that can meet a variety of customer needs. LG Innotek has the base technology necessary in the LED BLU industry. Based on its technology leadership, it has integrated the entire LED light production process, creating highly efficient, low-power consumption and long-lasting light source modules and light solutions of various applications.

The mobile business is changing at lightning speed with each passing day. As a result, the digital world is becoming faster and more convenient than ever before, allowing for LG Innotek's mobile business sector to maintain sustainable growth. The ultra-slim, ultra-light and high-definition high-tech components and package substrates have a higher speed, making the high-tech better than ever. In addition, LG Innotek's ceaseless efforts have brought about sales growth and a strong customer base.

Through its globally leading technologies in camera modules and multi-touch functioning touch windows, LG Innotek's mobile business sector is bringing about a greater world at your fingertips. In fact, we are now substantializing business competitiveness and reinforcing our global competencies to remain undeterred from changes in the business environment.



MOBILE

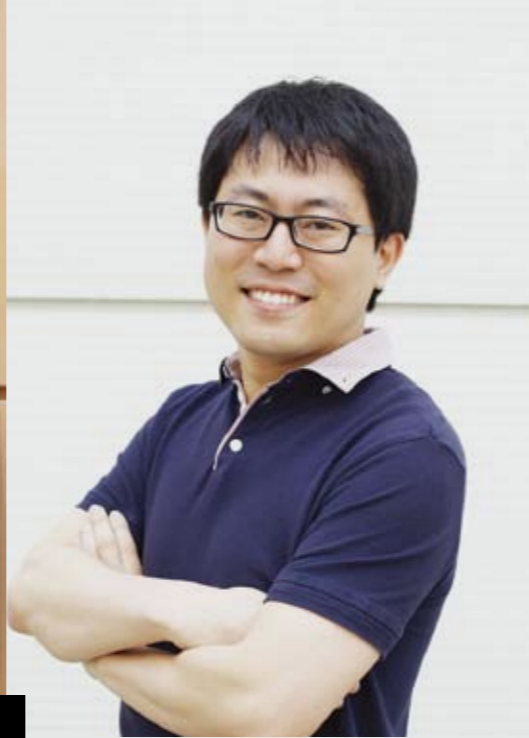


① **Camera Modules:** These allow for higher definition photographing technology. LG Innotek commands a superior technology leadership in global markets for camera modules.

② **Touch Windows:** The multi-touch function has significantly improved convenience and enables various functions. It is now the world's leading photo lithography technology, allowing for the minimization of window rims and the realization of ultra-slim mobile gadgets.

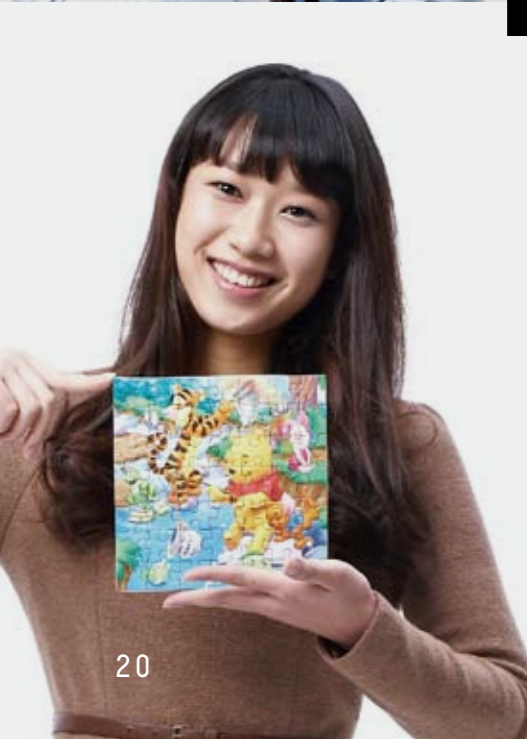
③ **Vibrator Motors:** In step with slimmer mobile phones and growing touch function ability, vibrator motor technology is evolving to respond faster to external signals and to diversify the vibration, thereby enhancing mobile phone performance.

④ **PCB (Build-up PCB/Rigid Flexible PCB/Package/Lead Frame):** Printed circuit boards are a dense device used to mechanically support forming microcircuits, making possible the fast response of mobile gadgets in an ultra-slim size and with multiple functions.



EMPLOYEE LEADERSHIP

Our employees constitute the sustainable competitiveness of our business. They are the most valued assets at LG Innotek as we grow to become a leading global company. Thus, we make sure that every one of our employees can realize their full potential and self-reliance in the workplace. Under the belief that corporate management is a process in which talented people realize their full potential and creativity, LG Innotek keeps its eye on the job engagement of its people and takes every measure to ensure a positive and rewarding workplace for its employees. The sustainability competencies of LG Innotek are based on employee leadership, which means respect and care for every individual employee.



A Great Workplace

LG Innotek ensures that it provides a positive great workplace to all of its employees, who can come to work with joy and excitement each and every day. A positive workspace provides all the opportunities for an employee to realize their full potential and feel a sense of self-respect. To follow through on this, LG Innotek asked its employees about when they felt most excited to come to work. The answers were: when you have a solid relationship with your boss and colleagues; when you realize you are growing and realizing your full potential at work; when you are fairly appreciated and compensated; and when you feel that the company respects and cares for you. Based on these answers, the company has devised and put in place a number of initiatives to change the corporate culture.

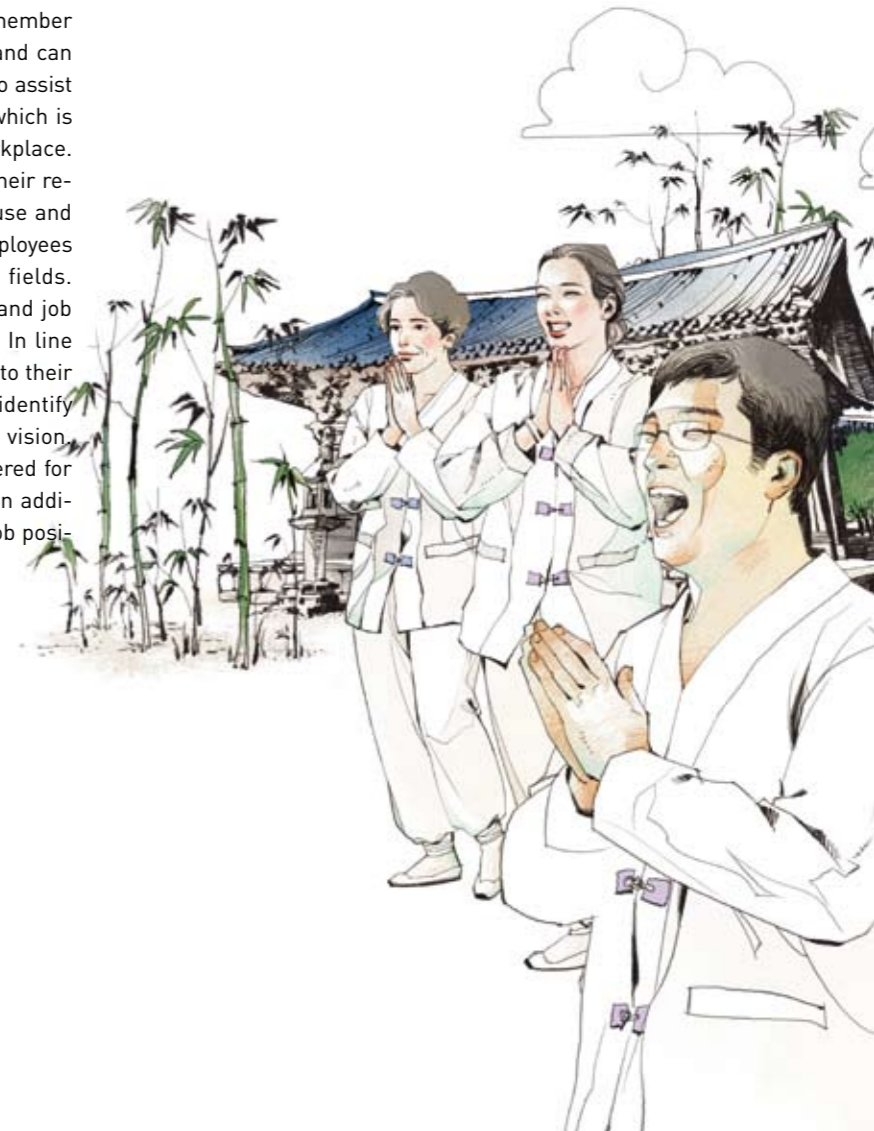
Letting Employees Grow at Work

An individual feels a real sense of accomplishment as a member of a company when they can realize their full potential and can grow at work. LG Innotek operates a variety of programs to assist its employees with self-realization and growth at work, which is why we have built a Work Smart environment at the workplace. In order to foster all employees to be experts in each of their respective business areas, the company has several in-house and outsourced education and training programs, helping employees gain both knowledge and work experience in their own fields. LG Innotek makes it a point to induce top performance and job competency-building through job assignment programs. In line with this, team leaders interview and give CARE coaching to their colleagues at the beginning of every year to help them identify individual performance goals in line with the company's vision. Afterwards, two more sessions of CARE coaching are offered for monitoring and supporting the practices of these plans. In addition, we have a training system customized to individual job position, level and competency.

[Leaders' Self Reflection]
"I realized I had to take off to feel free."

I had a chance to take a break from the stressful routine of life and experience the joy of going slow and thinking slow. When I felt a sense of relief from all the stress and cleared my mind, positive thinking took in. That was the moment I realized I have to relieve myself of my burdens to feel free. Back to normal, however, I found it was not easy to practice at work what I learned from the experience. Life was moving so fast that I was not able to catch up if I took time and went slow. That's when I thought I needed more time for self-reflection.

Cho Seong-hae,
LED Quality Assurance Department Leader





Letting Employees Feel Belonged

LG Innotek respects and cares for its employees not only in their personal accomplishments and job performance, but also their sentiment, and reflects this in its business plans. We see this as an integral part to being a sustainable business and making every effort to help our employees feel belonged to the company and solidarity among themselves. We implement a number of programs to help employees, their families and local communities feel they are important and have a sense of self-realization. We gather feedback from employees about their expectations on their bosses and provide a venue for them to discuss ways to grow and realize better performance results. For instance, the "Be My Baby" is a couple matching program for single employees. In addition, special lectures about parenting help employees with parenting issues. The "Love Letter" is a surprise event for employees' families, allowing them to thank their spouses for their hard work and responsibility.

Letting Employees Work Happily through Open Communication

A good corporate culture is integral to building a happy workplace where employees can achieve self-realization and self-respect. LG Innotek encourages open communication across the board to realize a corporate culture of autonomy and creativity, one where every employee can work happily. To this extent, we established our own communication program called "Listening, Appreciating, Questioning" to invite all our employees to freely speak out and to listen to their innermost thoughts. In addition, the Coaching Leadership program is a question session to assist employees to find solutions on their own. Self-Mentoring is a program to praise and encourage people to find their own way, while the Cross-class Open Communication, Tong Tong Talk (orientation for newly promoted managers) and Invite You (an inter-departmental exchange program) sessions are also unique programs for across-the-board communication.

[Be My Baby]
 "Thank you to the company's work-life balance program."

Admittedly, younger people who avoid marriage and childbirth have given rise to a new social issue. Today, there have been a significant number of single employees who have decided not to get married. Thus, LG Innotek is running a couple-matching program called "Be My Baby," where it arranges blind dates for employees with people from other companies. I appreciate the company's care for the work-life balance of its employees. It means a lot to unmarried people. I hope this program goes on forever!

Han Tae-hoon,
 Materials Development Research Engineer



[Lecture on Parenting]
 "I learnt about how to have a happy family."

Like the saying goes, harmony at home brings success in other parts of life. I have always thought that a happy family is integral to realizing a happy workplace. I had a chance to attend a lecture about parenting, which was part of the company's Happy Family Project. The lecture turned out to be exactly what I needed at the right time. I learned a lot from the lecture, and about how to lead a family, a better husband-and-wife relationship, and parenting. Since then, I'm excited at the thought that I can be a good parent if I practice what I learned and can also lead a successful life at work too.

Kim Eun-sil,
 Treasury Team Assistant Manager

[Loveletter]
 "My family and their care are what keep me going."

People often compare work to self-discipline. The stress from loads of work and work relations is too much that sometimes you find it hard to carry out your job duties. When that happens, I crave for a fresh breath of air and repress my desire for a cigarette because I don't want my years of effort to quit smoking go for nothing. That's when I received a love letter from my wife along with a framed family picture. Since then, I relax by looking at the picture on my desk and cheer myself up again. My family makes me keep going.

Moon Sang-cheol,
 DN Manufacturing Team 1 Manager



ENVIRONMENTAL LEADERSHIP

Regulatory risks arising from greenhouse gas and energy target management, while growing demands for carbon disclosure and international trade barriers call for fundamental restructuring of manufacturing companies. As greenhouse gasses are pointed out as the main cause to climate change, there are growing demands for reducing greenhouse gas emissions around the world. Accordingly, consumer sentiment is changing too. If we could effectively manage and respond to these risk factors and social calls, we would be able to turn these risks into opportunities and new growth engines. Thus, LG Innotek is securing its environmental leadership initiatives through a number of endeavors under the clear goal of green management. We believe this is what it takes to be a responsible global corporate citizen.

The North Pole

Over the past century, icebergs at the North Pole have continued to melt, pushing the sea level up by 17 centimeters. Scientists warn that this pace of global warming will end up raising the sea level by more than 59 centimeters by the end of the 21st century. Rising sea levels do not only put the planet and its inhabitants in danger, but also accelerates the pace of global warming.

South America

The Amazon's rainforests used to be the lungs of the Earth, but now have been reduced to a massive carbon emission source. The sprawling farms and illegal lumbering are rapidly destroying rainforests. There is concern that 80 percent of these forests will be gone in 50 years, posing a massive harm to the environment. Rising temperatures due to greenhouse gas emissions, forest fire outbreaks arising from the burning down of forests and drastically declining precipitation are hazards to the ecosystem of the Amazon.



China

The yellow dust that comes from the desertification of Chinese land through the indiscriminate destroying of forests is causing enormous damage to life and industry for many Asians. Worse still, global warming has pushed the temperature of Tibet's highlands up above the world's average, which in turn has accelerated the speed of land drying up and desertification in China's midlands and north inlands, the origins of the country's yellow dust.



Africa

The world's largest desert, the Sahara, is growing in size every year. Since the 1970s, 120,000km² of land has been desertifying every year, putting many African nations in an extreme water shortage situation. If the current pace continues, all 250 million Africans are expected to be suffering from a water shortage by 2020.



Indonesia

Made up of 17,000 islands, Indonesia is particularly vulnerable to water-related climate change issues such as rising sea levels. Of its 33 administrative regions, 24 are under the threat of rising sea levels. In particular, Jakarta residents are suffering from rising sea levels and natural disasters such as floods, heavy rains and ground erosion more than ever, putting people's lives in danger.

VALUE PLUS CARBON MINUS

GREEN 2020

No. 1 Partner to the Planet, People and the Environment

In effective response to global climate change issues such as greenhouse gas emissions reduction and regulations on hazardous chemical substances, LG Innotek has continued to monitor domestic and international regulations on climate change that have an influence on its business environments and financial conditions since 2009.

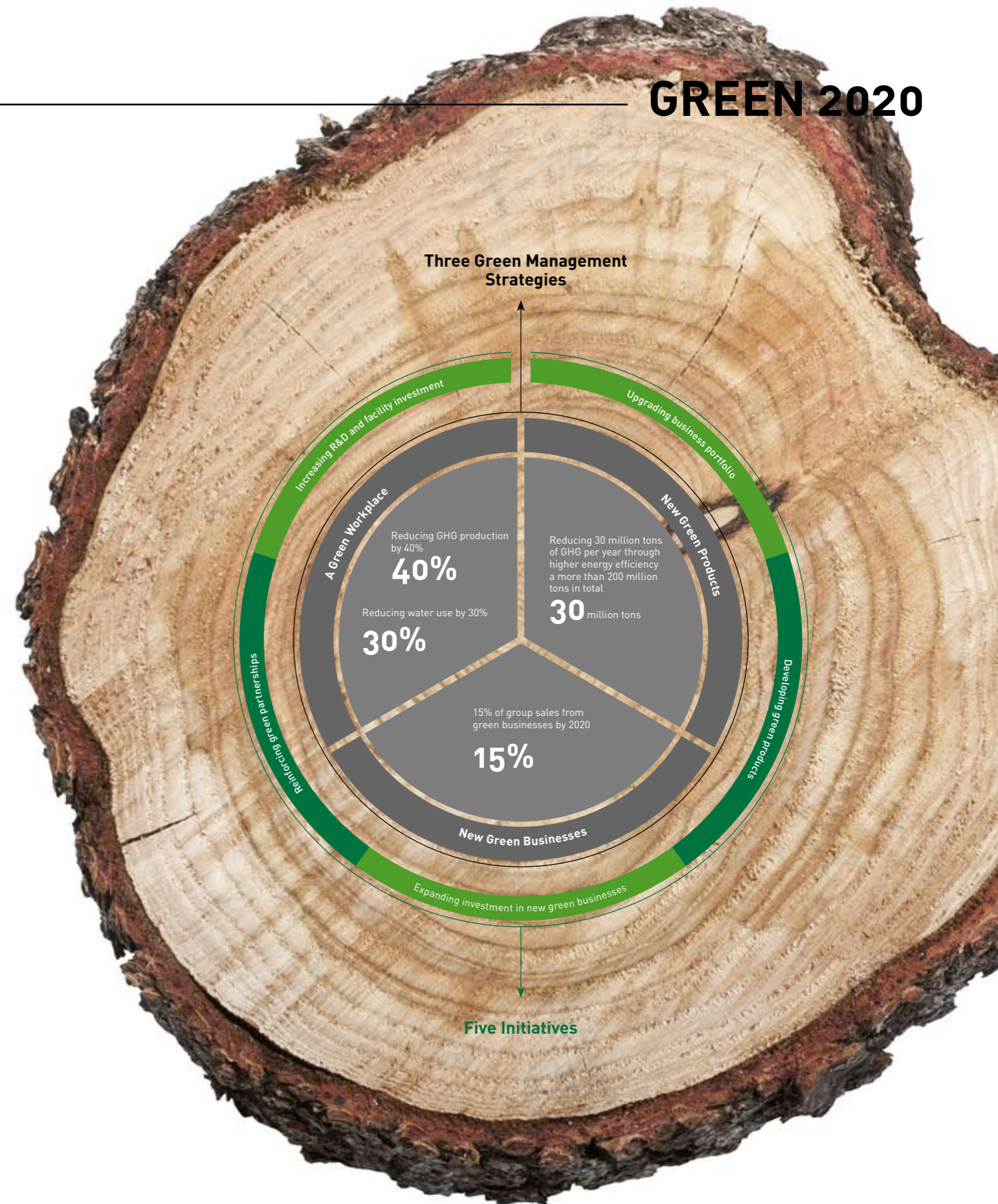
In addition, we share plans and performance results of our carbon management practices with our stakeholders in accordance with the Carbon Disclosure Project (CDP). This also plays a pivotal role in internalizing the carbon management activities in the day-to-day fulfillment of jobs by our employees.

Value Plus, Carbon Minus

In line with the LG Group's green management strategy Green 2020 and the government's low carbon green growth initiative, LG Innotek developed three green management strategies: A Green Workplace, New Green Products and New Green Businesses. We also aligned our carbon management system with these three strategies.

The slogan Value Plus Carbon Minus is the basis for the Green 2020 initiative, meaning we have a commitment to higher value and lower carbon. In line with this slogan, we set the goal of reducing our carbon emissions by 40 percent and energy use by 30 percent, while increasing our product purchase of low-carbon green products to 70 percent compared to Business-as-Usual (BAU) levels as of 2020. To that effect, we are implementing three missions.

In order to attain our goal, we devised five initiatives: increasing R&D and facility investment, upgrading our business portfolio, developing green products, expanding investment in new green businesses, and reinforcing green partnerships. Accordingly, we are practically managing changes through detailed plans and tasks.





VALUE PLUS

Implementing an Energy Management System for Everyday Life

LG Innotek is reducing greenhouse gas emissions by improving facility energy efficiency and through energy recycling. Also, the adoption of new renewable energy and the recycling of waste energy has been particularly effective in reducing GHG emissions and water use. Waste heat recycling, LED lights and slower power generation have contributed to reducing 942 tons of CO₂ each year, while steam supply powered by the waste heat from incineration helped reduce CO₂ by 5,206 tons annually. Recycling steam condensation water, industrial water and waste water has conserved 1.7 million tons of annual water use. Increased facility investments also resulted in reducing GHG emissions. Installing invertors and highly efficient equipment saved 60 tons of CO₂ per year. In a bid to improve energy efficiency in the operation of facilities, we engaged in energy unit cost target management and TDR initiatives, while also carrying out energy consulting initiatives. As a result, we realized 240 cases of enhancing energy efficiency. We also reviewed new low-carbon technologies in our R&D work. As such, effective energy management system and carbon management activities are taking root at LG Innotek.

Low-carbon Product Development Process: Proactively Responding to Consumer Needs

In a bid to enhance its product value and reduce carbon emissions, LG Innotek developed a low-carbon product development system that reviews and controls low-carbon performance at each gate stage of its R&D process, which is called New Production Introduction (NPI). Any product R&D project is now subject to the new system, which evaluates the product based on its improved functions and eco-factor (improved carbon emissions). The entire life cycle of a product, from design and manufacture to transportation and packaging, is closely evaluated for its product energy efficiency, resource conservation, recycling and hazardous substance contents. In line with the strategy to increase the number of green products, we strictly comply with low-carbon product management plans that minimize the environmental impact throughout the entire life cycle of a product. We also provide case studies for each application for carbon reduction. At the same time, we calculate the eco-efficiency, an indicator of the eco-friendliness of developed products. The figure serves as the standard guideline of evaluation by designer, environmental officers, managers and all our stakeholders.

Inclusive Carbon Management: Communication & Partnership

Committed to active communication on carbon management and carbon partnerships with its stakeholders, LG Innotek implements various programs to raise employee awareness and helps its business partners build carbon management systems, while promoting its carbon management with stakeholders throughout the entire supply chain. We have given regular training sessions to employees on climate change and provided technology and information on climate change biweekly via our GreenInnotek and online communities since 2010. In addition, the one-employee one-energy source conservation ideas (456 cases) and the Value Plus initiative

Value Plus	
One-employee one-energy source conservation idea	456 cases
Value Plus initiative	1,097 cases
Win-win partnership agreement with business partners	100 companies
Publishing case studies and providing guidebooks	
Acquiring the ISO14001 certification	
Listed on the DJSI Korea	
Listed on the 2011 CDP	
Publishing a sustainability report	

(1,097 cases) have helped instill a green mindset in our employees. We also gradually replace business trips with video conferences and have been building our carbon management system, successfully inducing our employees to volunteer in carbon reduction initiatives. Since 2009, we've been providing green officer training programs to help our business partners build a green management system. From 2010, we expanded the program to subcontractors, completing a comprehensive green supply chain. In addition, we are making every effort to lay the foundation for a low-carbon purchase infrastructure. To begin, we are operating an eco-labeling program to take control of hazardous substance use by our business partners. We have also been supporting business partners with business consulting and financing under our Win-Win Partnership Agreement and now have 100 business partners. In 2011, we released the Low-carbon Purchase Guidelines, completed inventory, and then received verification on it. In addition, we have supported our business partners with energy use monitoring and carbon management system education and guidelines, establishing a carbon evaluation and management infrastructure with our business partners.

Risk Management and Green Growth Initiatives

LG Innotek operates its ECOS (EESH System) for risk management and green growth initiative at its domestic business premises. As a result, we were able to save KRW 8.7 billion in energy costs and 36,000 tons of carbon emissions in 2011. In order to establish the energy management system, we plan on conducting ISO50001 certification consulting in 2012, which will enable us to establish a more systematic energy conservation process. Furthermore, we are monitoring the efficient and systematic operation of the Environmental Management System (EMS), practice product process innovation, and create greener workplaces while complying with domestic and international laws and regulations to prevent pollution and protect the environment. While minimizing the emission of pollutants from our worksites and increasing pollutant treatment and recycling facilities, we are proactively seeking more ways to protect and preserve resources and the environment.

Our Commitment to Sustainable Carbon Management Activities

LG Innotek is making every effort to share its carbon management practices with its external stakeholders. As a result, we were placed on the Carbon Disclosure Project and DJSI Korea in 2011, and published our second sustainability report in the same year. In the future, LG Innotek will further increase its investments in R&D facilities, especially with the development of alternative and reductive technologies of CF₄ and other process gases. While increasing our research on new technology to reduce GHG and energy in R&D activities, we are taking the carbon emission reduction potential into our investment feasibility test. We will also increase information exchange with our affiliates for emissions trading, while consistently upgrading our portfolio. We will also expand low-carbon product R&D and inter-affiliate collaborations for the development of green products. To that end, we are going to establish an integrated management system with business partners to further expand our green partnership network throughout the Group.



CARBON MINUS

Carbon Minus	
Waste heat recycling and LED, solar power generation	942tCO ₂ ↓
Reusing steam condensation water, industrial water and waste water	1,700m ³ ↓
Recycling incineration waste heat to supply steam	5,206tCO ₂ ↓
Installing invertors and replacing with high-efficient equipment	60tCO ₂ ↓
Energy costs	KRW 8.7 billion ↓
Carbon emissions	36,000ton ↓



COMMUNITY LEADERSHIP

Like the saying goes, it takes a village to foster a child. The same goes with a business. Businesses thrive on the support of the local communities they operate in. Thus, it is natural that a business should return tangible and intangible support to local communities. Corporate social responsibility should not be unilateral any longer. Rather, it should be an interactive partnership between the company and the local community so that they can grow together. Clearly understanding this, LG Innotek has a three-pronged social contribution program with three themes, multicultural families, youth and local community growth, and functioning under the slogan "First Partner for Your Growth." Our entire workforce volunteers for social causes. As a reliable partner for the development of local communities, LG Innotek demonstrates its community leadership through its social contribution programs.

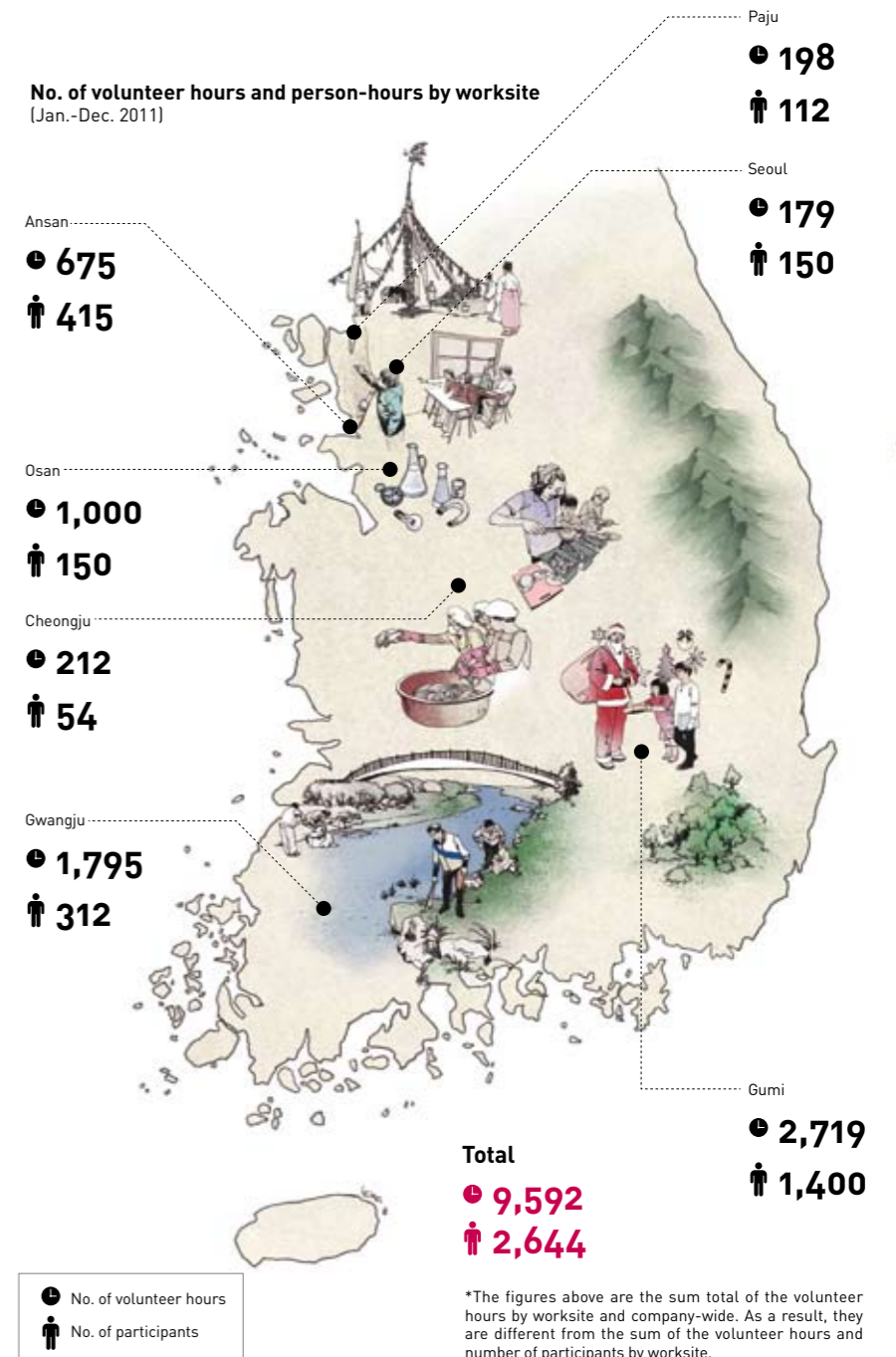


Taking its corporate social responsibility seriously, LG Innotek engages in a number of social contribution programs with local communities near its business operations. In particular, we believe that business activities should be based on win-win partnerships between a company and local communities. Based on this belief, we sincerely work with local communities to share benefits and resources with them. As a result, we have established strategic directions for our social contribution activities with three themes, multicultural families, youth, and local communities. We are also active in other programs such as one-company one-troop sisterhoods and sponsor eyesight recovery operations for youth.

Social Contribution Activities by Worksite

- Head Office in Seoul**
 - Supporting the remodeling of local child community centers
 - One-company One-mountain campaign: Fertilizing Mt. Shinjeong
 - Cleaning inside and around the charities for underprivileged youth, including Namsanwon
- Gwangju Factory**
 - Improving the study rooms of Saenal School for children from multicultural families
 - Providing help with harvesting sweet persimmon in Goseo-myeon under the One-company One-village campaign
 - Sponsoring the Gwangju municipal government as part of the One-company One-river campaign
- Gumi (1~3) Factory**
 - Scholarships to single mother children
 - Improving the environment of local child community centers
 - Subsidizing school meals for underprivileged children
 - Scholarships to children from multicultural families
- Ansan R&D Center**
 - Science classes for kids from multicultural families by MA and Ph.D. researchers
 - Cleaning up around the Tando harbor under the One-company One-village campaign
- Osan Factory**
 - Sponsoring the Eating Alone project for underprivileged children
 - Sponsoring multicultural family visits to their home countries
 - Sponsoring special classes for children from multicultural families
 - Making kimchi for seniors living alone
- Cheongju Factory**
 - Subsidizing tuitions and school meals to local children from underprivileged families.
 - Sponsoring a study center to improve facilities
 - Making kimchi for the underprivileged
- Paju Factory**
 - Supporting the improvement of facilities at a study center for local multicultural families
 - Sponsoring local festivals in Munsan-eup

No. of volunteer hours and person-hours by worksite [Jan.-Dec. 2011]





[Green Energy Camp]
 "I was lucky to learn about the importance of the environment and communicate with good people."
 The Green Energy Camp was a good chance for me to watch my husband and children get along well with good people. It taught me a lot about nature and its importance. I will try to protect the environment and conserve energy every day so I can give back to nature what it has given us. I am grateful to LG Innotek for this great opportunity.
 A migrant mother



Mentoring for Hope

Mentoring for Hope is a signature social contribution program of LG Innotek that provides one-to-one mentoring by our employees for children from multicultural families. The six-month, three-step program begins with a launching ceremony and is followed by solidarity-building programs such as camping. By the end of the program, participants review their experiences at the completion ceremony. We invite children from multicultural families of local communities near our seven work-sites in Seoul, Gwangju, Gumi, Ansan, Osan, Cheongju and Paju to these initiatives as part of our effort to become closer to local residents. After completing professional coaching programs, our executives also participate in the program as coaching staff for the children of multicultural families, supporting them to attain their dreams.

Green Energy Camp

Green Energy Camp is for children from multicultural families. The program awakes future generations to the importance of conserving energy and preserving forests and helps them experience the value of forests firsthand. The carbon print program helps participants better understand the ways to reduce carbon emissions in our everyday lives and to get into the habit of conserving energy and protecting the environment. The program makes use of local specialty farms and hires local residents as guides. It also contributes to local job creation and economic profits.

One-company One-village Campaign

Each worksite maintains one-company one-village sisterhood ties with nearby farming and fishing villages, helping them clean up and conduct their work. The Gwnagju factory entered sisterhood ties with Goseo-myeon; the Gumi factory with Gucheon-myeon; the Ansan R&D center with Tando Harbor; the Osan factory with Nueup-dong; the Cheongju factory with Wonpyeong 2-dong; and the Paju factory with Tongil-chon. Each factory provides helping hands to local communities to care for senior citizens through various programs.



[Mentoring for Hope]
 "Sharing made me feel complete."
 I was happy the past year to have one-on-one mentoring for hope with Gwan-yeong, a child from a multicultural family. At first I thought mentoring was helping someone, but it turned out to be about healing me while I was spending time with Gwan-yeong. The Mentoring for Hope program was amazing because it taught me the value of becoming someone special to others and the value of acknowledging diversity.
 Employee mentor who participated in the mentoring program





Santa Clause Project

At the end of every year, the company's volunteer corps dresses up as a group of Santa Clauses and visits multicultural families in local communities surrounding the seven LG Innotek factories: in Seoul, Gwangju, Gumi, Ansan, Osan, Cheongju, and Paju. The Santas give out gifts and Christmas cards to children and spend time playing with them.

School Meal Cost Subsidies

We have entered into sisterhood ties with the Meister schools of Gwangju and Gumi, subsidizing school meals for underprivileged students. The subsidies are funded with volunteer contributions by employees at local factories. We also have a special class called Innotek Class at Gumi's Meister School. Every year, the class selects 40 students to teach them with a customized curriculum to the needs for working at LG Innotek on the full sponsorship of LG Innotek. Graduates from the class are hired by LG Innotek every year. This program offers opportunities for mutual growth of all at stake – the company, school and students.

Classes for Hope

The Classes for Hope program sponsors local child community centers to improve the study environment in the 7 cities where our operations are located. The company provides optimal study rooms at local child community centers, and our employees assist the children with studies of math, science, English and sports. Especially, our employees are happy to share their talent and skill to help these underprivileged students with their study and mentoring them every week.



[Meister School]
"I valued my hope for a brighter future under the sponsorship of LG Innotek."

When I was going to Gumi Meister School, I was pretty well accomplished, but was not able to decide on my career after graduation. It was then that a special class called Innotek Class provided a helping hand. I passed the exam and was able to join the Innotek Class. I still remember the joy and excitement I felt at the news of passing. The first day at LG Innotek is still a vivid memory. I was overwhelmed by the excitement and thrill of it all. However, it turned out to be even greater than I'd imagined. Everyone was so cooperative and kind, and I quickly adapted to the work. I'm now working for LG Innotek and studying at night at a university. I have a future plan. It is quite challenging to work and study together, but I know it takes hard work to get what I want.

An LG Innotek employee who graduated from the Innotek Class



RIGHT PROMISE

INNOVATIVE
MANAGEMENT

ENVIRONMENTAL
MANAGEMENT

PEOPLE-BASED
MANAGEMENT

BETTER TOMORROW

LG Innotek envisions the harmonious and mutually beneficial development of the company, mankind and the planet. To that effect, we are actively practicing several activities to create a more positive nature to spread hope and to share courage among people. This includes innovative management for sustainable growth, environmental management for greater future value, and communicative management that puts people first. As a responsible global corporate citizen, LG Innotek is unfolding its vision for mutual growth.

WHAT DOES LG INNOTEK INNOVATE TO ACHIEVE A SUSTAINABLE GROWTH?

LG Innotek's future is full of enterprising spirit. As a global specialized materials & components company, LG Innotek is practicing innovative management principles for sustainable growth and development. Its innovative management is embodied in the risk management that will turn risks that the company comes across in the global business environment into opportunities for growth; ceaseless innovation in R&D as its future growth engine; customer value creation through top-quality management practices; and win-win partnerships with business partners based on Jeong-Do Management under LG Way. LG Innotek is taking steps for sustainable growth through its creativity and enterprising spirit.

Can risks be turned into opportunities for growth?

The rapidly changing global business environment poses both risks and opportunities of various kinds. In meeting these risks and opportunities, LG Innotek has put in place a proactive risk management system. In addition to the management of basic risks of financial, environmental and ethical matters, we are actively reflecting changes in the business environment in our business strategies to seize more opportunities for growth.

Reflecting on Business Strategies

By anticipating changes in the business environment in advance, LG Innotek analyzes the trends and reflects the results in its business strategies. Based on our core technologies and competencies, we diversify our product line-up to timely reflect all market trends and continue to develop future growth engines. As part of our ceaseless efforts towards sustainable growth, we are developing automotive components, LEDs, and touch windows to upgrade our business portfolio.

Providing Integrated Financial Information

LG Innotek's GIFIS (Global Integrated Financial Information System) integrates and provides a wide range of financial information, including manufacturing costs, accounting and capital, into a single system. The system can then offer forecast data in preparing for future risks, allowing the company to make any necessary decisions based on this integrated database.

- Foreign exchange risk: LG Innotek's foreign exchange risk control goal is to ensure financial stability and sustainability. Under our Foreign Exchange Management Guidelines bylaw, we appoint certain employees to be in charge of FX and FX-related transactions, our foreign capital balance and FX position, FX gain/loss management, FX rates, and FX market trend analysis and outlook.
- Credit risk: LG Innotek controls company-wide credit risks in line with its risk management policies. The real-time monitoring detects and prevents credit risks and minimizes losses through bonds, while improving the recovery ratio.
- Liquidity risk: LG Innotek plans capital flows every third month to anticipate capital flows in its business, its investments, and its financial activities. As a result, the company is able to control its liquidity in advance, preemptively managing any potential liquidity risks.

Responding to Environmental Regulations, Safety, and Health

LG Innotek proactively responds and prepares to domestic and international environmental regulations with its company-wide environmental safety control system. Since 2010, we have been publishing a CDP report every year in strategic response to regulations on carbon emissions. Furthermore, we established a company-wide manual on responses in the event of fire outbreak at each worksite so that our employees can safely evacuate.

Information Security Certification

LG Innotek strives to enhance its information security competencies and external reliability to match those of the world's top companies. After earning ISO27001 certification in 2010 for our LED business unit information security practices, we obtained the same certification for every worksite in 2011. In the future, we plan on having semi-annual follow-up verifications to maintain the certification.

Is R&D Innovation being fairly implemented for future growth engines?

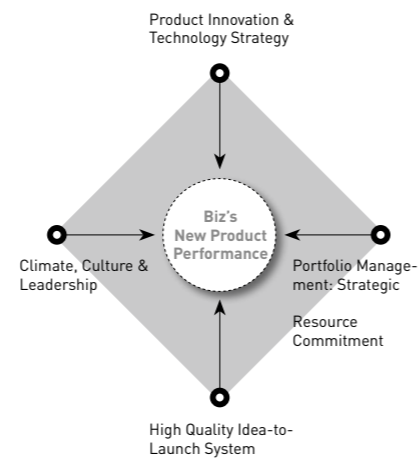
At LG Innotek, the entire production procedure is aligned with the R&D process. Through open innovation with external stakeholders, we continue through R&D innovation. We also expand the scope of our R&D investments to the R&D workforce and new green businesses to hone our competitive edge in future growth engine businesses. At the production stage, we ensure the highest quality and productivity of our products through continued process technology innovation, thereby enhancing customer value.

R&D Strategies

LG Innotek continues expanding its R&D expenses through diverse R&D activities to enhance its business competitiveness and create customer value. In 2011, we established an R&D center in Japan, establishing a foothold for sustainable growth in technological competitiveness, while reinforcing our technological advantages through industry-academic cooperation projects with prominent universities and research centers. Continued communications between the business units and R&D center help the mutual sharing of material issues and information on market trends. In addition, we continue to identify new business opportunities through technology exchanges with client companies.

- Core Tech system for higher technological competitiveness: LG Innotek is reinforcing global competencies in core technologies of components, its mid- to long-term business competitiveness. In order to increase business competencies in each product, it is diversifying its product portfolio and defining platform technologies, which are base technologies, for synergies between core technologies and other products. As such, we are making every effort to enhance product competitiveness and customer value by timely providing our customers with quality products.
- Joint R&D for future technologies: Under its Open Innovation initiative, LG Innotek has set up a global R&D network with leading global companies and prominent research institutes. This global R&D network is instrumental in allowing us to maintain technology leadership, while developing advanced future technologies. We also participate in industry-academic joint R&D projects through joint R&D efforts with the Korea Advanced Institute of Science & Technology (KAIST), POSTECH, and Gwangju Institute of Science & Technology, and various other state-funded research institutes. These projects provide us with the opportunity to innovate technologies.
- Technology ideas through a group-wide and company-wide network: We are actively involved in idea sharing and joint technology R&D with overseas technology centers with the LG Group and other companies within the LG Group. In addition, our employees share ideas about new products and technologies among departments and individuals through the company's intranet bulletin board. Feasible ideas and innovative ideas are then fairly rewarded every half year to encourage active participation. Furthermore, we are also open to technology suggestions by our business partners via a venue for cooperation and innovative ideas on our procurement portal site. By using these diverse networks, we continue to develop technology ideas and apply them to product R&D.

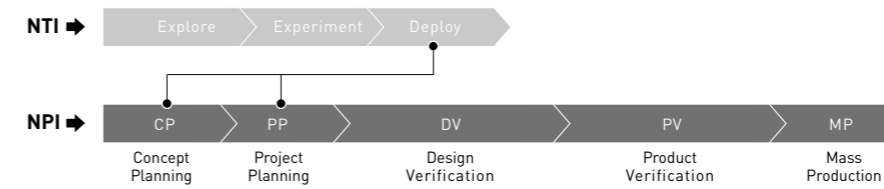
Four Points of Performance in the Innovation Diamond



R&D Process

LG Innotek has adopted a new R&D process system called project management system (PMS). Its purpose is to control the R&D and production processes of new products. Created in 2007, the PMS system has now become an integral part of the production process. In fact, all new products and technologies under development have to pass the PMS system before moving into the production process. With NTI and NPI procedures, the PMS system is a bipropellant process in technology and product R&D projects. The goals and progresses of each stage are reviewed by chief engineers before shared for R&D innovation and technology know-how. In the future, LG Innotek will further develop PMS, assuming greater control of cost details and output at each stage of a project. This will further enhance the competitiveness of our technologies and products.

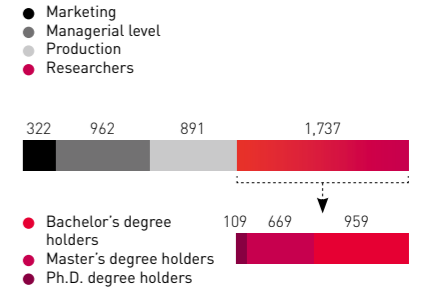
R&D Process Flowchart



*NTI (New Technology Introduction): developing new technologies that have not existed within the company
 *NPI (New Product Introduction): developing new products to meet customer and market demands

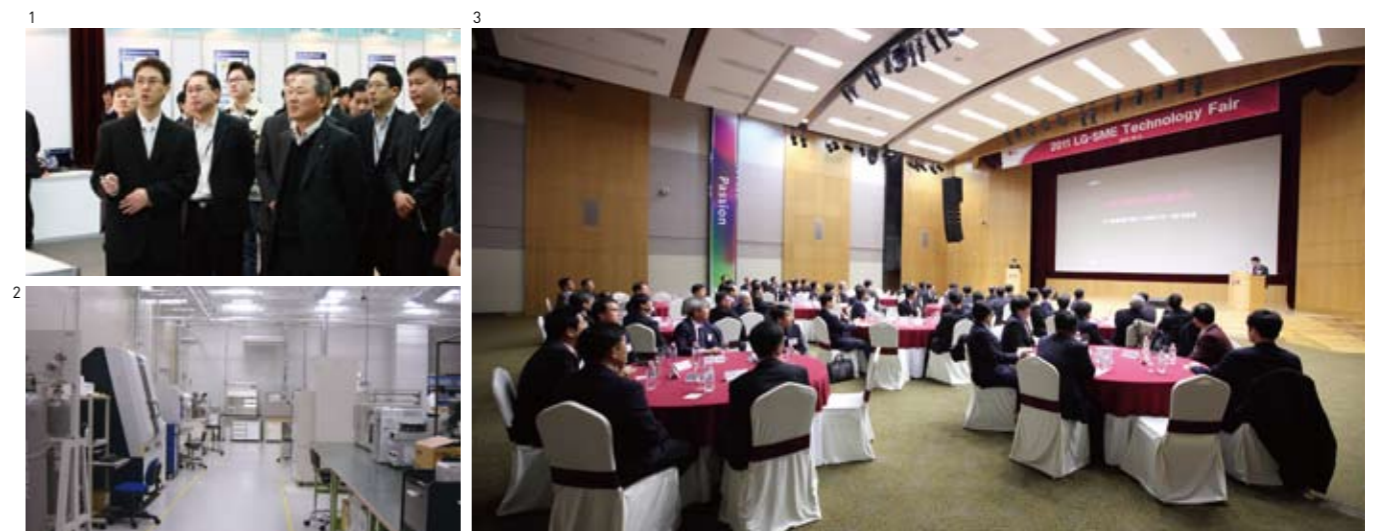
R&D Workforce

As of December 31, 2011 / Unit: persons



R&D Investments

As of December 31, 2011 / Unit: KRW 100 million



1. R&D Center Tech Fair
 2. Inside the R&D Center in Japan
 3. Technology Council Meeting

Does LG Innotek engage in thorough quality management and customer-oriented marketing activities to create higher customer value?

At LG Innotek, everyone is fully aware the importance of quality under the notion that quality is essential to a successful business. That is actually one of our six major innovation slogans. Under the firm belief that quality management is a key platform for creating customer value creation, we never stop with our innovation drive. In order to consistently provide products and services that enhance our customer value, we are constantly making diverse efforts, including our unique CVC activities.

Quality Management System

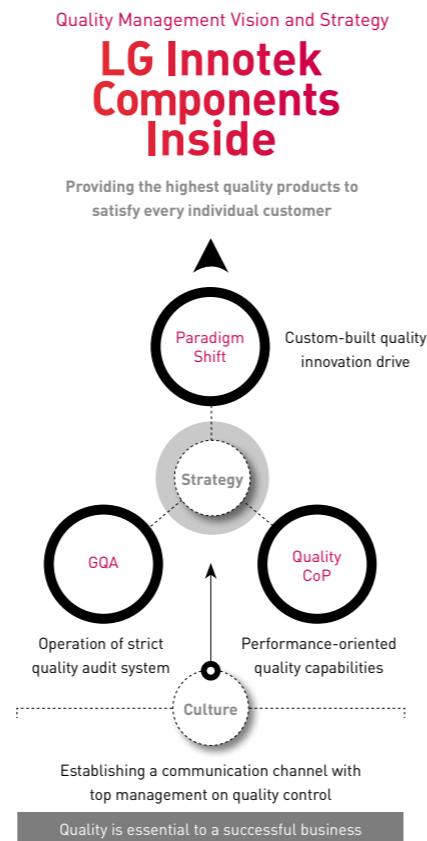
LG Innotek has obtained the international quality management system certifications ISO 9000 and ISO/TS 16949 for our customer-oriented quality management system at each of our worksites. By establishing intensive quality control standards, processes and quality management systems, and ensuring they are stabilized, all employees throughout the company can help improve the quality. Also, auditors at each of our worksites, both at home and abroad, conduct independent internal audits to detect and correct irregularities in our quality management systems. At LG Innotek's headquarters, we apply a global quality audit (GQA) program for inspections on each quality control process and system for all of our products, working for higher quality control practices. This also helps improve company-wide quality management practices as a whole. In addition, we run customer focus meetings (CFM) for each specific product on a weekly basis to monitor and instantly address customer complaints that follow an established process.

Internalizing Quality Management Practices

LG Innotek not only established a Quality Day, but offers rewards to motivate quality management practices throughout our supply chain network. We also host well-established quality exchange programs with suppliers and client companies. When we engage in a new business, we conduct weekly DR/FMEA (design review/failure mode and effects analysis) days to ensure the best possible quality from the outset. Since 2011, we have worked hard to internalize quality management practices as part of our corporate culture, with the belief that quality is essential to a successful business. While we have assigned quality auditors in large numbers to develop greater competencies in quality control, we have also hosted G-QLM (Global Quality Leaders Melt-in) workshops, where quality leaders and quality control staff members from our domestic and overseas operations get together to discuss major issues concerning customer service and product quality, and brainstorm about solutions to the issues twice a year.

Supporting Business Partners' Quality Management

The quality of a product's components constitutes the overall quality of a finished product. LG Innotek has heightened its evaluation of the quality of components supplied by its business partners. At the same time we offer our business partners support and financial aid in their own component product quality control efforts. LG Innotek's IQA Team regularly conducts quality checks on component suppliers, with results published in JQE reports. Each component supplier is given a grade based on monthly assessment results of the process quality, outgoing quality, 4M, and component reliability of each part they supply to us. The IQA Team set its key performance indicator at securing top suppliers and strives to constantly find new suppliers that exhibit excellent quality control capacities, and then



1. Quality Training
2. QLM

develop sustainable relationships with them. In addition, ISO 9000 and ISO/TS 16949 certification holders are subject to annual post-certification inspections every third year, and are encouraged to maintain and improve their quality management systems to meet the given criteria.

Customer-Oriented Marketing

In order to grow from a limited supplier for LG affiliates to a leading electronic materials & components provider, we are expanding our customer base to include some of the world's leading companies. For this purpose we are engaged in a company-wide campaign to change the mindset of employees, increase customer value creation activities, and diversify our customer base.

- **Innovative Thinking:** We have segmented our customers and carefully analyzed each one in order to identify their specific needs and requirements. Departing from conventional practices in the materials & components industry – where price, quality and delivery are the norm – we have created the LG Innotek Customer Value Creation (CVC) Structure to comprehensively tailor our products to the individual needs of each customer group.
- **Innovative Behavior:** While engaging in a company-wide CVC initiative, we decided to adopt a new B2B marketing strategy. Teaming up with groups that have direct customer contact and back-office support, we have diversified customer communication channels and initiated customer-oriented marketing and industry-leading R&D, building strong partnerships with the world's top companies.
- **Innovative System & Management:** LG Innotek operates its CVC Academy to foster CVC facilitators and has trained them to develop and implement new plans for customer value creation.



Marketing Competency-building Program

CVC (Customer Value Creation) Activities

LG Innotek has been engaged in a Customer Value Creation (CVC) campaign since 2007 to establish successful customer-oriented management practices. The CVC campaign is LG Innotek's unique policy based on customer-oriented marketing and industry-leading R&D. Comprised of employees in the sales/marketing, R&D, and quality control departments, the CVC Teams implement R&D activities and quality and supply chain management to provide strategic customers with customized products and services beyond their needs. These activities have allowed LG Innotek to form partnerships with a broader range of world-class customers.

Competency-Building Program for Marketers

The Marketing Core course encompasses core items of marketing, from strategy-building to risk management. The purpose of the course is to increase the basic requirements for marketers at customer contact points, including strategic thinking, insight, and marketing know-how, all in an effort to provide the background knowledge necessary for CVC activities. This course serves to help marketers acquire the basic knowledge and risk management capabilities required for their marketing activities, enabling them to engage in effective CVC activities in accordance with various business and customer needs.

Customer Satisfaction Monitoring

LG Innotek makes every effort to implement CVC activities more effectively and systematically. Since 2010, we have conducted annual customer satisfaction surveys, and since that time we have also been surveying our customer satisfaction in all our business areas, including marketing, R&D, and quality control. The survey results are shared by the CEO and management as well as staff from the R&D, quality management and marketing division through workshops, where they discuss and brainstorm about solutions and effective execution. With the entire workforce on the same page with all issues, it enables more comprehensive improvement throughout the organization.

Does LG Innotek commit itself to mutual growth with its business partners?

In 2011, LG Innotek was declared an “excellent company” in the mutual growth practice evaluation conducted by Korea’s Fair Trade Commission for its commitment to mutual growth with its business partners. LG Innotek has operated a productivity management system certification program since 2006 for mutual growth with its business partners, supporting them with various training programs in the fields of technology, finance, and business management. This training includes Six Sigma, business consulting for quality innovation, troubleshooting, and innovation tools. In addition, we assist business partners with eco-friendly management practices. Based on the LG Way of Jeong-Do Management, LG Innotek is creating synergies with business partners from different business sectors.

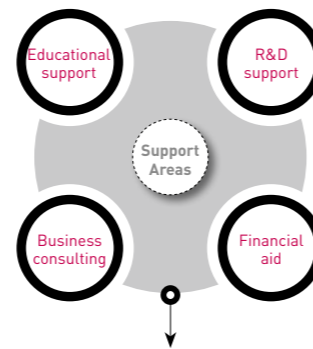
Mutual Growth with Business Partners

LG Innotek selects its business partners following fair and transparent procedures, and together with these selected partners it solves tasks in 5 areas: technological innovation, core competency building, management innovation, quality innovation, and productivity innovation. At the same time, LG Innotek provides R&D support, financial aid, business support, educational support, and interactive communication. We also run a grievance handling program for business partners. By conducting periodic surveys on our win-win collaboration practices and suppliers’ level of satisfaction, we can better understand their needs and concerns, fairly addressing each issue. To guarantee timely and accurate communication with business partners, LG Innotek established a dedicated group under the Procurement Team, whose express purpose is to ensure mutual growth and to operate the company’s e-procurement website.

Support by Area

- R&D support: Along with business partners, LG Innotek is an active participant in the government-led Technology R&D Projects with Purchase Options program. Through technology exchanges and joint R&D with business partners, LG Innotek works to localize core equipment and facilities for its materials & components business. We also share our R&D equipment and production facilities with suppliers.
- Financial aid: LG Innotek maintains generous payment conditions, with 100 percent cash paid within 14 days of the payment due date in an effort to help its business partners with liquidity issues. We also provide a bipropellant financial aid system of direct financing and a mutual growth fund in collaboration with financial institutions. By doing this, we are contributing to the enhancement of business partners’ quality and productivity, localization of core materials & components as well as their facility investment and technology R&D.
- Business consulting: LG Innotek shares its accumulated technology and marketing know-how with business partners so they can also become component suppliers to other leading global companies. In addition, we offer them a business consulting service called the Business Doctor program. These efforts are all part of our Mutual Growth program, which helps suppliers enhance their competitiveness as LG Innotek ensures it maintains a stable supply of quality components.

Mutual Growth Policy Global No.1 Suppliers



Core Competencies
<ul style="list-style-type: none"> • Strategic efficiency-enhancement/differentiation • Reinforcing supplier-oriented activities • Strengthening educational support
Reinforcing Partnerships
<ul style="list-style-type: none"> • Extending partnerships to subcontractors • Technological protection & patent support • First year of low-carbon purchase practices
Tangible Results
<ul style="list-style-type: none"> • CoP 3030 • Business Doctor program • Purchase guaranteed projects

Training at our Business Partners

Programs	2011-Mar. 2012
Training CEOs of business partners	35 CEOs from 35 companies
Innovation drive (6 Sigma, FMEA)	75 trainees from 35 companies
OnLine job training	214 trainees from 24 companies
Global leader benchmarking	21 trainees from 17 companies
Technology, eco-friendly, FTA	268 trainees from 214 companies

- Educational support: LG Innotek provides education and training to employees from business partners on environmental management, climate change, and free trade agreements, as well as innovation drives such as Six Sigma and FMEA. With customized curriculums, we are able to address the different needs of suppliers by region and business area.

Communication Programs

Open communication programs with our business partners are critical to mutual growth with them and to reinforcing our corporate competitiveness. Thus, LG Innotek operates a variety of online and off-line communication channels to build mutual trust and share information, while increasing transparency in transactions. In particular, our CEO regularly meets with the CEOs of our business partners to engage in open communication on a regular basis. During such talks we listen to the thoughts of our business partners and reflect them in our win-win partnership programs.

Integrated Supply Chain Management

LG Innotek continuously implements its Change Management program to enhance the accuracy of market demand forecasts and customer response capabilities. At the same time we have established a dependable supply chain management infrastructure that makes use of our e-procurement website and includes a council for supply chain management infrastructure. This new supply chain management system has enhanced transparency in the flow of (here it means the movement of information around the entire work process) information from R&D and procurement to production and marketing, promoting heightened delivery performance between sales and supply, which in turn has improved mutual trust and maximized synergies among each business unit.

Green Partnerships

LG Innotek’s Green Program evaluates whether environmentally friendly management systems with suppliers satisfy all environmental restriction laws as well as LG Innotek’s requirements when granting certification to qualified partners. In addition, we are providing eco-friendly training programs to environmental personnel at business partners on calculating and controlling their carbon emissions and on setting their targets for reducing carbon emissions for continued controlling of GHG emissions on our entire supply chain. While we support our business partners with establishing green management practices throughout our value chain, we also reflect their green management performance in their evaluation criteria to further enhance eco-friendly competitiveness of our products provided to end-users. This will also ensure mutual growth and win-win partnerships for both LG Innotek and its business partners.

Spreading Sustainability Management

LG Innotek proactively supports its business partners in their building of sustainability management systems for mutual and sustainable growth. We consider the corporate social responsibility practices of our business partners in the evaluation of their overall performance and in the selection of new suppliers. We also encourage our partners to comply with international CSR standards, the SA 8000, and related regulations on respecting human rights and labor practices by collecting pledges, providing education, and monitoring their practices. In the future, we aim to establish sustainability management practices across our entire supply chain. While sharing sustainability management best practices with our suppliers, we manage and control any risks that arise in the sustainability management of our suppliers under Sustainability Management Guidelines as suggested by the Electronics Industry Citizenship Coalition (EICC). In the future, LG Innotek will continue expanding sustainability management throughout the entire supply chain and fulfill its CSR along with its business partners.

Open Communication with Business Partners

Frequency	Program
Daily	e-procurement website
Daily	Suppliers’ ombudsman
Annually	Jeong-Do Management survey with suppliers
Quarterly	Regular evaluation of suppliers
Twice a year	CEO meetings
Twice a year	Partner’s Day

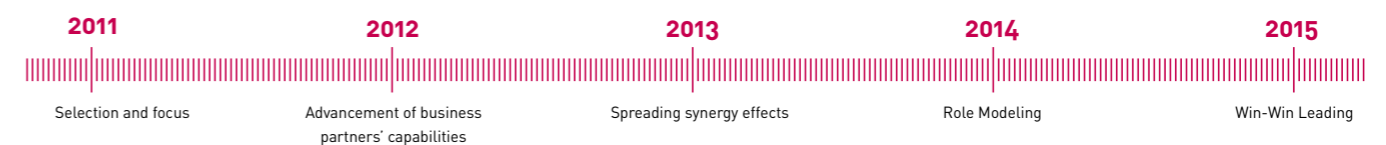
* Violation of the Subcontractor Act: LG Innotek had no cases of corrections or sanctions arising from any violations of the Korean Fair Trade Commission’s Sub-contractor Act during the reporting period.



1. Winners Family
2. Supplier CoP Workshop
3. Business Doctor Program

Mutual Growth Roadmap

2011~2015



WHAT IS LG INNOTEK DOING TO PROTECT THE ENVIRONMENT?

LG Innotek is fully aware of its responsibility to the planet and makes strenuous efforts to protect the planet in a sustainable way. The environment is an invaluable asset that we need to hand down to future generations. With a clear recognition of this, we are implementing numerous environmental management practices, such as our proactive GHG emissions reduction initiatives and green product R&D. In addition, we are making timely responses to environmental regulations on our products as a responsible global corporate citizen. At the same time, LG Innotek has set its environment & safety management vision at completing an energy, environment, safety and health (EESH) management system that meets the highest international standards in the electronic components industry, while also engaging in a wide range of innovation activities at all our worksites.

Does LG Innotek practice environmental management to reduce GHG emissions?

Rising concerns over global warming and climate change have given rise to a number of international regulations on GHG emissions. Domestically, the government is actively encouraging the business sector to participate in the national drive to cut down on GHG emissions. Under the clear vision and mission of environmental management, LG Innotek is replacing its lights with LED ones and installing solar power generators at its worksites to reduce GHG emissions, while developing low-carbon products at the same time.



CIGS Solar Cells

Environmental Regulations

LG Innotek legally processes all pollutants generated across its entire manufacturing and production systems, and applies stricter internal standards to itself than legal regulations require. The company also endeavors to improve pollution prevention facilities, constantly innovates its production process, and consistently improves its recycling rate. In the future, LG Innotek will continue its efficient oversight of its environmental management data and improvement activities. Through preemptive detection of our environmental impact, we will strictly comply with all legal regulations and make efficient use of limited resources as we continue to contribute to the sustainable development of the planet.

Environmental Protection Activities

LG Innotek conducts regular environmental protection activities at nature sanctuaries in the vicinity of all our factories and neighboring national parks. Employees also volunteer in environmental protection campaigns and collect discarded cell phones for recycling. Entering into agreements with local governments, we actively participate in the One-company One-river campaign and One-company One-mountain campaign.

Green Products

Environmental issues have surfaced as the major issues in product consumption and use. In response, LG Innotek is increasing the number of its green products, including eco-friendly LED lights, CIGS solar cells, and automotive components. We are also reducing the duration of our production process and using eco-friendly materials in manufacturing, which is reducing carbon emissions from the life cycle of our products. As one example, LED 10W parking lot lights are as bright as two 40W fluorescent lights yet have 10 times the longevity of conventional lights. As a result, this saves 868 kg of CO₂ per year per unit when used 24 hours a day, 365 days a year.

Environmental Expenses

Unit: KRW million

Category	2010	2011
Air quality	965	1,400
Water quality	7,077	8,358
Waste, miscellaneous	1,095	1,073
Total	9,137	10,830

* Environmental expenses include outsourcing expenses and waste treatment expenses.

Environmental Investments

Unit: KRW million

Category	2010	2011
Air quality	9,405	28,403
Water quality	8,700	9,142
Waste, miscellaneous	175	651
Total	18,280	38,196

* Environmental investments include facility investments and greenfield projects.

* Reasons for the increase in environmental investment: investment increased due to investments in improving environmental facilities at Gumi 1 Factory and Cheongju Factory

Does LG Innotek turn environmental regulation risks into new opportunities?

LG Innotek is striving to remove environmentally hazardous substances in all its products, whether developed or manufactured, while abiding by international environmental restriction regulations as it continues to also analyze the environmental policies of client companies. LG Innotek has constructed a hazardous substance IT system to manage the restriction of materials and check the chemical composition of its components and products as well. In order to realize the LG Green 2020 vision, we have developed guidelines for developing low-carbon products. In 2012, we provided complete support to our business partners in establishing low-carbon procurement systems, and cooperated with them for green partnerships through evaluations and fair compensation.

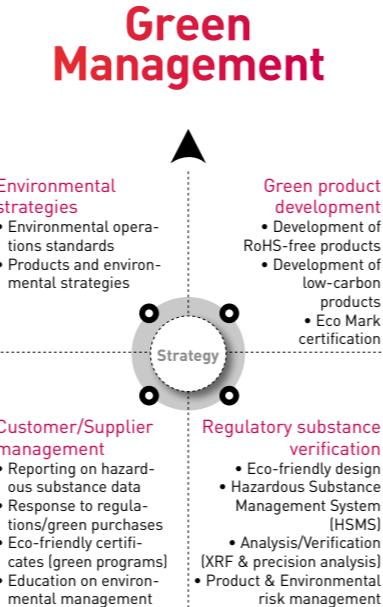
Environmental Management

A growing number of countries, including the EU, the U.S., Japan and China, are applying stricter environmental regulations not only on imported goods, but also on those produced within their borders to protect the environment. When there is a breach in these regulations, it can sometimes lead to expulsion from that market. LG Innotek is extremely careful with the control of all hazardous content in its products, and applies this same principle to its product R&D as part of its environmental management practices, turning regulatory risks into new opportunities.

Green Procurement Programs

- Restricted substances: In addition to substances prohibited for use by law – six substances regulated by RoHS, two halogen-free substances, and 71 substances prohibited by REACH SVHC – some are required to be monitored or reduced upon the request of customer companies, including polychlorinated biphenyls (PCBs) and 20 other substances that client companies do not want included in final products.
- MOU Conclusion on Hazardous Substance Analysis and Support to Business Partners: LG Innotek signed an agreement with the Gwangju and Jeonnam branches of the SMBA to provide support to our SME partners with our analysis and verification capabilities.
- Hazardous Substance Management System (HSMS): LG Innotek verifies all hazardous substance data through its IT system and, while also being linked to our internal management system, executes an analysis of hazardous substance information on all of the company's products.
- Hazardous Substance Testing System: LG Innotek only supplies environmentally friendly products to its customers after evaluating and reducing hazardous substances from all of its products, beginning at the component procurement stage.
- Green Program (GP): LG Innotek's Green Program evaluates whether environmentally friendly management systems with suppliers satisfy all environmental restriction laws as well as LG Innotek's requirements when granting certification to qualified partners. This reinforces the eco-friendly competitiveness of supply products by ensuring a green supply chain.
- Education for suppliers' environmental management employees: Since 2009, LG Innotek has provided education to working-level suppliers' employees involved in

Sustainable environmental management



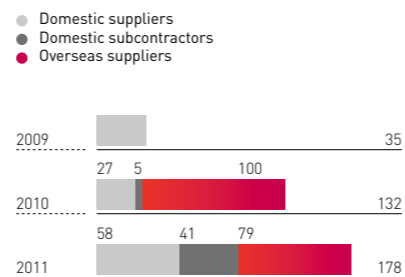
Green Program

Unit: companies

Category	2007	2008	2009	2010	2011	Total
Domestic	72	29	10	62	67	240
Yantai	38	19	2	5	3	67
Huizhou	20	12	-	3	12	47
Indonesia	12	2	2	1	2	19
Subtotal	70	33	4	9	17	133
Total	142	62	14	71	84	373

Environmental Management Staff Education

Unit: companies



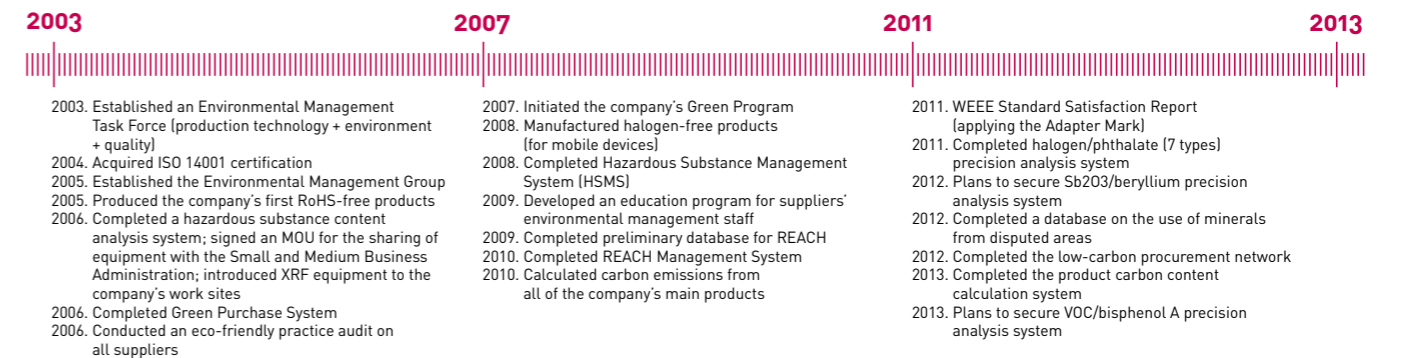
environmental management. From 2010, we expanded the scope of trainees to supplier subcontractors and completed a comprehensive green supply chain.

Minerals from Disputed Areas

LG Innotek is proactively responding to the prohibition of using minerals from disputed areas as set out by the U.S. Securities and Exchange Commission (US SEC). Before the announcement of the enforcement decree, we had our component & environment team compile a list the current status of minerals being mined from disputed areas by our business partners and completed a database. This has helped us ensure we have an advantageous position in global markets while also upholding our customer value.

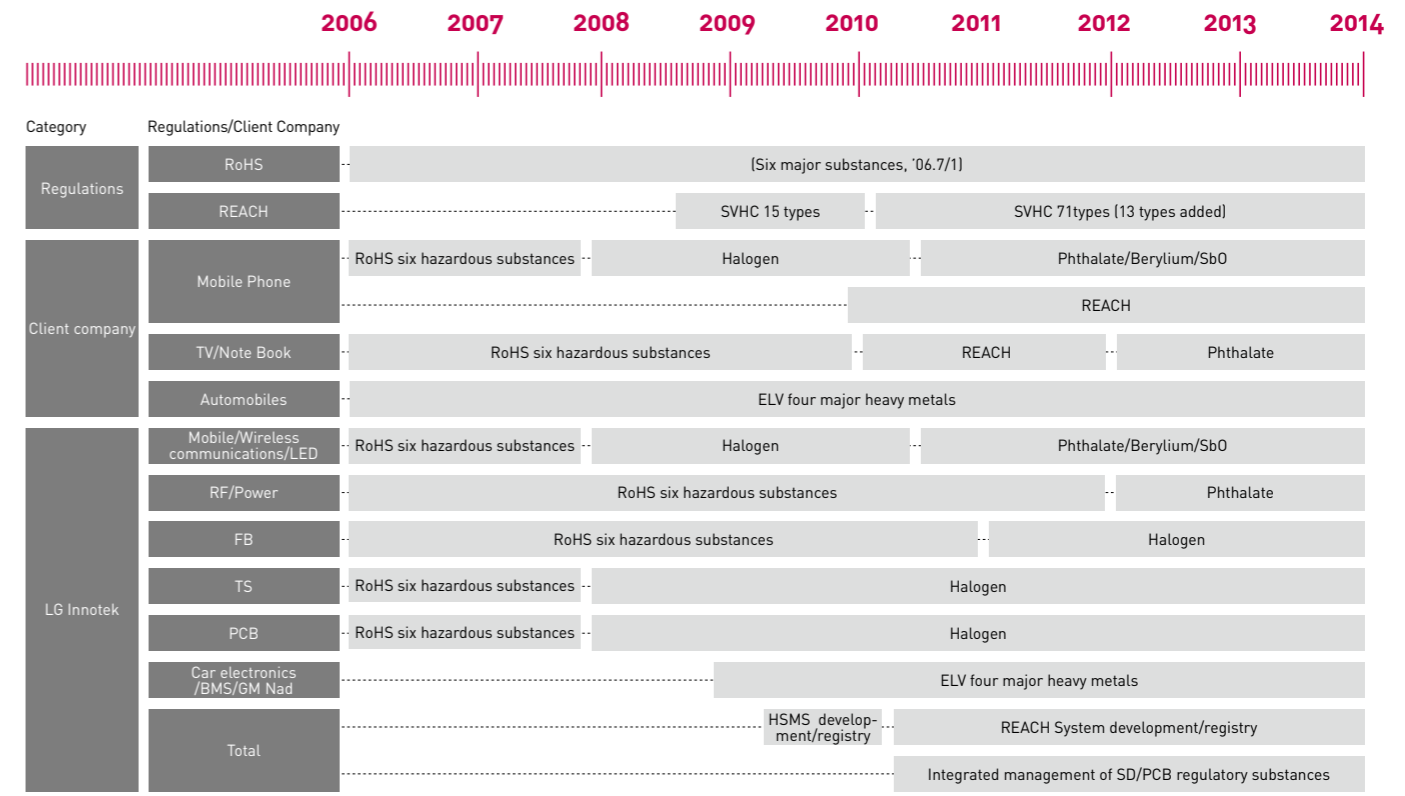
Environmental Strategies

2003~2013



Regulatory Substance Management

2006~2013



* REACH substances: SVHC: 71 types Permitted: 6 types Restricted: 59 types
 * TCP (TS): halogen-free by 2012 (TS)

Does LG Innotek know that EESH is imperative to sustainability management?

LG Innotek has completed a company-wide environment safety and health management system at all of its domestic work sites that adheres to all relevant international standards and major certifications, such as the ISO 14001 and OHSAS 18001. Under an environment & safety vision of completing an energy, environment, safety and health (EESH) management system that meets the highest international standards in the electronic components industry, we have engaged in a wide range of innovation activities at all our work sites. Today, we continue building an optimal system for the sharing of information and a support network among work sites, as we are well aware that EESH management constitutes an integral part of sustainability management.

EESH Strategies

In line with the LG Group's LG Green 2020 strategy, LG Innotek is realigning its EESH Management Guidelines to facilitate EESH activities at all our work sites. This has integrated what used to be different EESH standards at our work sites into one cohesive and shared set of standards for the entire company. In 2010, we integrated our environment, safety and health verification system, further enhancing work efficiency and synergy effects.

Global EESH

Since 2010, LG Innotek has hosted an annual Global EESH Conference for 60 of our environment & safety officers at both domestic and overseas operations. At the conference, participants share best practices dealing with environmental protection, energy conservation, and safety & health activities. By doing this, we are realizing our EESH vision of completing an EESH system that meets the world's highest standards.

In 2010, we ran an internal diagnosis of company-wide EESH practices and learned that we required a verification checklist that better reflected the highest international standards. Accordingly, we plan to develop a new verification checklist by 2012, defining the criteria for EESH assessment, securing a pool of environmental and safety experts, and fostering multi-talented people in the environment and safety fields.

ISO14001 · OHSAS18001 · ISO50001 Certificates

LG Innotek is now working on acquiring environmental management system (ISO14001) and health and safety management (OHSAS18001) certificates at domestic and overseas operations to more effectively implement EESH strategies company-wide. In proactive response to stricter global environmental regulations, we are continuously striving to establish a leading sustainability management system. In August 2012, we earned the ISO 50001 certificate.

Major Activities by Area

- **Energy:** LG Innotek continually engages in various GHG reduction, energy conservation, facility investments and process innovation activities, as well as other activities meant to cut losses at each work site. We also give regular training sessions to our entire workforce to raise their energy conservation mindset. As a result, we were able to reduce energy use by KRW 8.7 billion and carbon emissions by 36,000

tons in 2011. As part of our commitment to building a systematic energy conservation process, we have been seeking to acquire the ISO50001 to establish an energy management system within the company since the beginning of 2012. We finished consulting on this in August and later received the certificate.

- **Environment:** Committed to protecting the environment, LG Innotek has been consistently working to establish its Environmental Management System (EMS), create green workplaces and improve product process, while voluntarily complying with domestic and international environmental regulations. As a result, we have established a comprehensive EMS at all our operations, domestically and overseas, and received the ISO 14001 certificate. Furthermore, we are making every effort to minimize the pollutants discharged from our factories, increasing the pollutant treatment and recycling facilities to protect and preserve resources and the environment. Applying the highest standards to every major environmental issue, we strive to reduce waste at each of our work sites as we continue to encourage resource recycling. We even pay regular visits to our waste treatment outsourcers to ensure they are maintaining top environmental management practices. At the same time, we have established "waste usefully" practices throughout our work sites, which is part of the reason we had no environmental regulation violations or hazardous substance leakages in 2011. LG Innotek's Gumi and Cheongju factories received Green Company certification from the Ministry of Environment. We are now working to earn the same certification for all our worksites.
- **Safety & health:** At each of its factories, LG Innotek operates Environment & Safety teams which oversee safety, health, and environmental issues, including the prevention of unexpected industrial accidents. For the health promotion of our employees, we provide regular health check-ups, health management programs, and teach first aid to employees. At our factories, we run a musculoskeletal disease prevention program to protect employees from related disease and stress from excessive work. Furthermore, the Maum Nuri Psychological Consulting Center is part of the Employee Assistance Program (EAP), helping employees with stress management and ultimately improving their productivity.
- **Fire prevention:** We run regular fire drills at all our work sites in collaboration with local fire stations to maintain heightened employee responsiveness to a possible fire. The simulation program facilitates quick and effective detection of fire risks at our work sites and ensures carefully planned preventive measures. We also conduct regular evacuation drills at our R&D Center, which can be vulnerable to fire, in an effort to increase our responsiveness to emergencies.



Energy Conservation Campaign Posters

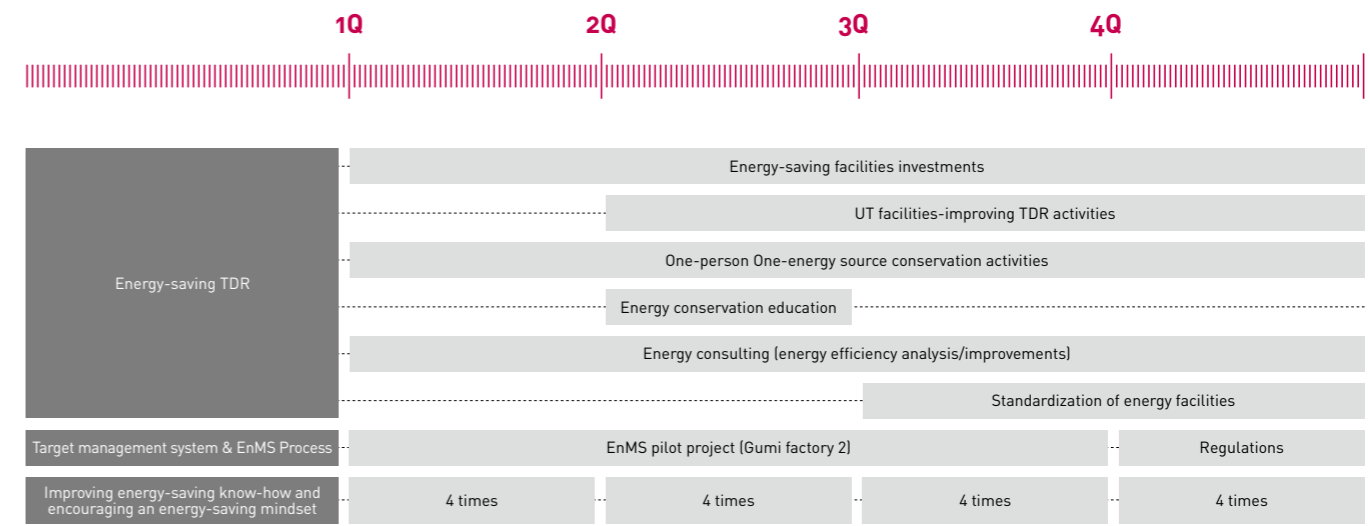
Safety Education/Training Performance

Unit: persons



Energy Conservation Roadmap

2011 1Q~4Q



* EnMS: Energy Management System

HOW DOES LG INNOTEK PUT PEOPLE FIRST?

Our employees are, quite literally, our hope. LG Innotek envisions itself as a tranquil place where people can develop themselves and honestly communicate with each other. The company communicates with its employees and supports them as they work and grow with self-realization, while also fairly compensating them for their performance under the shared vision of becoming the first partner of our stakeholders. LG Innotek's labor union is extremely cooperative with the company's labor policy as it works hard to build creative and cooperative labor-management relations and to further the company's social responsibility initiatives. Dedicated to mutual growth along with local communities, LG Innotek puts in place various social contribution activities in three main areas: multicultural families, youth and local communities.

What does LG Innotek do to communicate with employees?

LG Innotek envisions a happy, positive workplace for all its employees, somewhere they can work and grow with self-realization and feel belonged to. To that effect, the company has established several programs to support open and honest communication between leaders, colleagues and the company as a whole.

Open Communication: Between Management and Employees

LG Innotek ensures that management and employees are on the same page about the corporate vision and the company's goals through open and honest communication programs that help coordinate among management and employees. Furthermore, these open communication programs are about listening to the grievances of employees and finding solutions together. In particular, the CEO arranges time for direct communication with managers and employees every month as part of his management by walking around approach.

CARE Coaching: Between Team Leaders and Employees

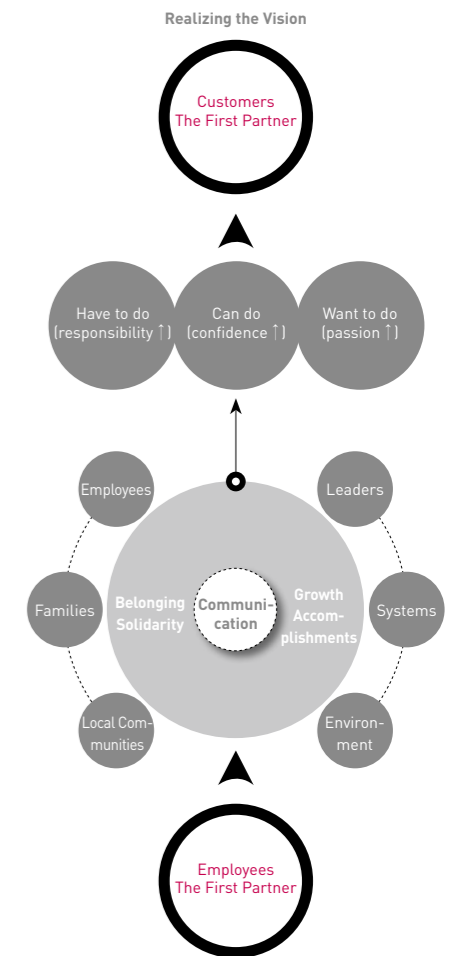
All team managers at LG Innotek hold one-on-one "care coaching" sessions with their colleagues regularly (three sessions per year) and ad hoc sessions as well. The program is aimed at agreeing to the year's KPI and supporting the practice of the indicators on top of coaching the personal career development of employees and setting established visions. The program provides employees with support for their career development and helps them to recognize the value of their jobs as members of the company.

Invite You: Between Company Teams

LG Innotek has implemented the "Invite You" program to promote inter-departmental communication and synergies. The program consists of introducing the members of each department to each other, the missions and major job issues of each department, and brainstorming for pertinent solutions. The program helps employees from different departments to get to know each other and to share their issues and find solutions together. These procedures help create synergies at work and assist employees to learn the value of teamwork and feel a sense of accomplishment.

Sensitivity Programs: Between the Company and Employees

LG Innotek cares deeply about its employees. The company welcomes new employees with welcome cakes, offers diapers to employees who have given birth, and school supplies to employees whose children have just entered elementary school. Every November, the CEO delivers small presents and a greeting message to the children of employees who are taking the college entrance exam. Lately, the company also began couple matching programs and other events for unmarried employees.



What does LG Innotek do to develop global leading competencies in its employees?

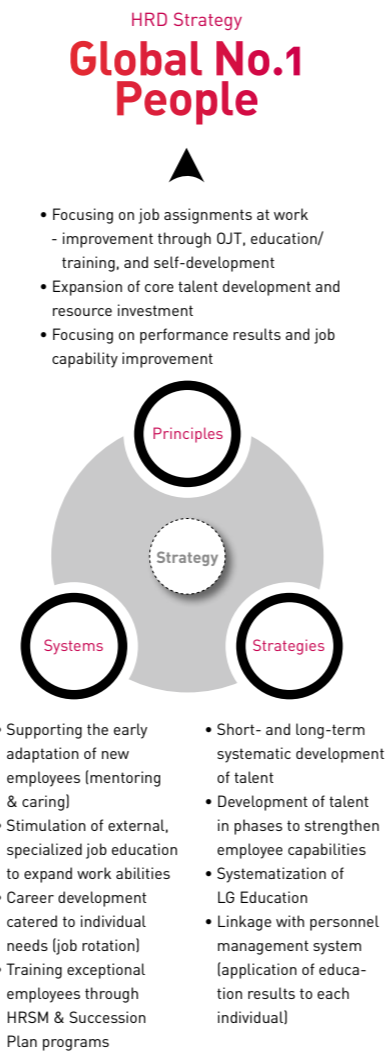
LG Innotek supports its employees, from new employees to top management, as they build global competencies with systematic human resources development programs. In particular, we make every effort to ensure the best possible working conditions so that our employees can fully engage in self-development in line with the company's "First Partner" vision. On top of fair evaluations, compensation and outstanding benefits, we are building a sound corporate culture where employees can work without discrimination.

Employee Education System

- **Courses Suited to Specific Positions:** Upon joining the company, new employees receive training that includes general background knowledge of management and special management issues. These courses are classified into compulsory, core personnel, management philosophy, and mandatory (sexual harassment prevention). The courses compulsory for certain positions are suited to each specific person's job, helping employees learn the required competencies for their specific tasks and responsibilities. Core personnel (future leaders and high performers) are required to take more customized programs, including an MBA, English classes (two to three months of off-the-job courses and academic-industrial alliance courses), and leadership programs in an effort to cultivate their competencies as future leaders. Mandatory courses include basic courses, such as sexual harassment prevention, with core management issues having been added in 2003 to promote the company's corporate vision and values. As a result, the education program plays a key role in our initiative to reinforce organizational competencies and to innovate our corporate culture.
- **Job-Based [Compulsory/Optional] Courses:** These courses are broken down into two categories: compulsory and optional. Compulsory courses provide training on the basic knowledge required to fulfill a given job, while optional courses are for skilled employees who want to enhance their competencies. LG Innotek encourages all its employees to take these courses according to their individual or organizational needs.
- **Self-Development Courses:** We provide in-house language courses (English, Chinese, Japanese) as well as a number of Internet-based courses and school-based ones to assist employees in acquiring and honing their basic competencies and skills. For those set to retire and executives on the brink of retiring, we provide personal "change management" programs to assist them in their transition to retirement through our Executive Outplacement program. The program provides seminars, consultation, and a great deal of information relevant to retirement, such as starting a business and finding employment elsewhere.

Learning Mileage

In encouragement of learning more about corporate culture, LG Innotek operates a program called "Learning Mileage," where employees are given mileage points according to the number of online and off-line courses they take, the number of licenses or certificates they hold, their language skills, and their participation in CoP/lecturer activities. Each



employee is obliged to gain 50 mileage points per year, motivating them to set their study goals. Ultimately, we expect this will contribute to building individual and organizational competencies, and to realizing differentiated technologies and performance from our competitors.

Cyber Consulting

We provide an online Q&A board through our intranet that is categorized by job position. This is a forum for employees to ask questions and seek professional advice regarding their job performance, provide feedback, and consult with experts. The effectiveness of the program and the performance of the advisors are regularly evaluated to ensure that all the questions and consulting requests are appropriately addressed.

Fair Evaluation and Compensation

Fair compensation based on one's performance is a prerequisite to the sustainable growth of an organization. Under a principle that honors the fair evaluation of employee work performance, with compensation given in proportion to one's personal and team contribution, LG Innotek fairly evaluates and offers appropriate compensation following a three-tier process which includes setting targets, checking & coaching, and a performance review.

* As of 2011, starting pay for new workers at LG Innotek was 184 percent higher than the legal minimum wage, ensuring merit-based fair compensation that does not discriminate based on one's gender.
* All regular evaluations follow a fair evaluation process, with promotions and compensation being made in a fair and appropriate manner.

Benefits

LG Innotek offers a wide range of benefits to its employees and strives to ensure a work-life balance in its employees. In the future, we will continue to listen to and respect employee opinions to further improve benefits and enhance employee satisfaction.

Corporate Pension Program

To ensure the stable operation of corporate pension funds, LG Innotek has commissioned the operation of its corporate pension funds to four leading financial institutions. Since 2011, we have had a new corporate pension program in place to guarantee retirees have a sound retirement. Retirees can choose to receive a lump-sum payment at retirement or a monthly stipend.

Prohibition of Discrimination

Under a management philosophy that stresses respect for human dignity and abides by ILO Convention No. 111 (Discrimination in Employment and Occupation), LG Innotek respects each and every individual employee and does not tolerate any form of discrimination. Every employee is protected against discrimination based on one's gender, religious beliefs, race or age, with full respect being shown in one's employment, promotion, compensation, training, and retirement. As a result, LG Innotek employees are provided with fair opportunities at every step of their professional advancement.

Prohibition of Underage Labor & Forced Labor

At every LG Innotek work site, we prohibit the employment of anyone under 15 years of age, while minors under 18 years of age are only hired in limited cases. In addition, all employees are protected from forced labor or performing any action against their will.

Welfare Benefits

Classification	Description
Work-Life balance	• Five-day work week • "Refresh" vacation • Condominium sharing • Long-term service rewards • Flexible working hours
A healthy, happy life	• Cafeteria • Medical subsidies • Club activity subsidies • Health check-up subsidies • Casual dress code
Financial supports	• Housing loan support • Education subsidies • Personal subsidies

Compensation Scheme

Classification	Description
Fixed	Basic salary: annual pay (12 monthly payments + 8 incentive payments = 20 payments per year)
Variable	• Profit sharing: paid in accordance with business results • Incentives: compensation made on a project basis for individual performances • Merit-based: paid according to individual contribution to the company's performance

Employee Training

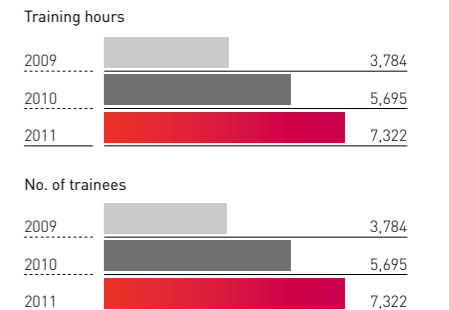
Unit: hours

Per capita training		
hours by post	2010	2011
Executives	15	37
Managers	50	61
Employees	106	107
Factory workers	3	3
Total training hours*	372,459	387,150
Annual average training hours	48	50
No. of courses	274	454

* Figures calculated based on the total workforce

Human Rights Training (sexual harassment prevention)

Unit: hours/persons



Does LG Innotek work hard for productive industrial relations?

LG Innotek's cooperative and productive labor-management relations are a model for other industries. We operate a number of channels for open and active communication between labor and management, whereby information is shared and opinions exchanged on management issues. At the same time, LG Innotek's labor union is active in social responsibility activities. In fact, it has declared its commitment to fulfilling its union social responsibility (USR) as a responsible corporate citizen.

Productive Industrial Relations

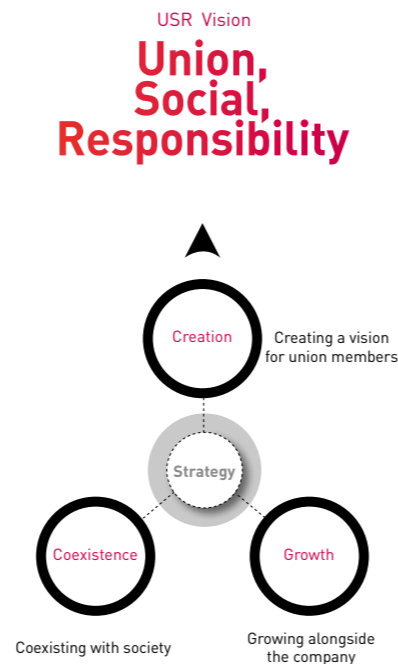
LG Innotek pursues productive industrial relations based on mutual trust and respect, promoting mutually beneficial growth for both labor and management. The company upholds every employee's right to freedom of association and guarantees the organization of a labor union and representative employee bodies, while also upholding every employee's right to join our labor union of their own free will. Collective agreements and wage negotiations take place on an annual basis. LG Innotek's cooperative labor-management relationship has enabled the company to be free of any labor dispute for more than two decades, since 1991. Meeting once every quarter, the Labor Management Council serves as an effective channel for productive communication between labor and management to enhance corporate competitiveness and to improve the quality of life for employees. The council convenes meetings on a quarterly basis to discuss major management issues, while labor and management cooperate on numerous other social contribution programs.

Labor-Management Communication

LG Innotek runs various communication channels to hear what its employees and labor union are saying as they negotiate to reach collective agreements. Meetings like this between and among employees of different posts allows for interactive communication between employees throughout the organization on changes to management. In fact, our CEO has taken the lead in these quarterly meetings to listen to the opinions of employees on management issues. In addition, the company operates a Junior Board to represent officer workers and various other channels between top management and lower-level employees at each factory to facilitate bottom-up communication.

Declaration of USR

LG Innotek's labor union reiterated its commitment to its social responsibilities by declaring its Union Social Responsibility (USR) in 2012. The USR underlines the union's commitment to fulfilling its social responsibility as a corporate citizen. Under the vision of becoming a labor union for better tomorrow, the union set forth three key roles and declared its determination to perform as an admirable global corporate citizen in the areas of contributing to local economies, social contribution and environmental protection.



Union Membership

Unit: persons

Category	2009	2010	2011
No. of employees eligible for membership	6,500	8,000	7,800
No. of employees holding membership	3,300	4,100	3,900
Membership ratio	51%	51%	50%

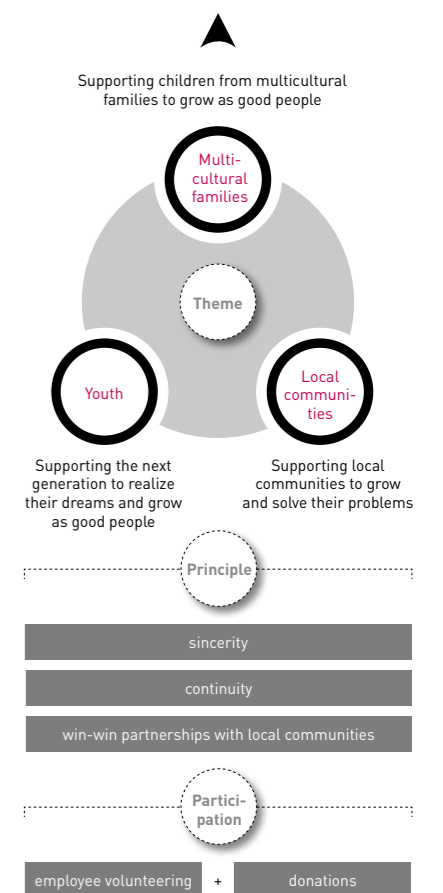
Does LG Innotek engage in social contribution activities for mutual growth with local communities?

LG Innotek has developed strategies for company-wide social contribution activities for mutual growth along with local communities under the three themes of multicultural families, youth and local communities. Furthermore, our employees volunteer to share with underprivileged people, while our overseas subsidiaries are also actively involved in a number of social contribution activities. In the future, LG Innotek plans to further expand the scope of its social contribution activities.

Major Activities by Theme

- Supporting our children and youth: LG Innotek operates 14 Science Classes for Kids annually for elementary students from multicultural families. Our degree-holding researchers are using their talent in these classes, teaching the next generation science in a fun and easy way. LG Innotek will continue running its Science Classes for Kids to bring about greater interest in science in our next generation.
- Supporting local communities: Since 2009, LG Innotek employees have been making kimchi for underprivileged people with the Osan Community Welfare Center. Every year, our goal is to make 2,000 heads of kimchi to deliver to elderly citizens who live alone, families with a disability, young household heads, and other low-income families.
- Supporting disabilities: As part of its USR program, LG Innotek's labor union provides a wide variety of support to special schools for children with disabilities in the neighborhood of each worksite under sisterhood ties with them. In addition to funding and scholarships, the employees also spend time with students.
- Employee volunteer work: LG Innotek has an in-house fund called Sharing Hope Fund. This matching fund stipulates that the company will contribute the same amount as that raised by employee donations. At the moment, approximately 90 percent of our employees have signed up for the program. Each account can be filled up to KRW 1,000, with employees designating how many accounts they would like to set up. All new employees join the volunteer effort out of a sincere desire to help out.
- Social contributions by overseas subsidiaries: LG Innotek's overseas subsidiaries are also engaged in a number of social contribution activities for their local communities. Our Indonesian subsidiary is giving scholarships to local universities and high schools under sisterhood ties and also sponsors Muslim religious events to better understand local culture. Our subsidiaries in Yantai, Huizhou, and Fuzhou, China are also planting trees and providing underprivileged students with school supplies. In addition, our employees in Poland volunteer to be Santa Claus for underprivileged children to supply them with school supplies at the end of every year.

Social Contribution Slogan
First Partner for Your Growth
"We support and celebrate multicultural families, youth, and local communities."



* The 2012 LG Theme focuses on multicultural families and youth issues

APPENDIX

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Stakeholder Communication

LG Innotek's stakeholders have a significant influence on the company economically, socially, and environmentally, while also being subject to the company's business impact. We classify our major stakeholder groups as customers, employees, shareholders & investors, business partners, government bodies, industrial agencies & NGOs, as well as the local communities where we operate. Each stakeholder group can access and communicate with the company through our website and various other communication channels, which are specially set up for the individual needs of each stakeholder group.

LG Innotek maintains diverse channels for communication with stakeholders and operates systematic management and control of sustainability management issues. With every council and meeting we organize for a stakeholder group, we ensure that representatives from that particular stakeholder group are given a chance to participate and share the results with management and employees for further improvement. Based on these results, we reflect our stakeholders' opinions in our sustainability management issues and in our management planning.

Communication Channel

Category	Subjects	Channels
Customers	Products & services/Profit	Exhibitions, Customer satisfaction surveys, Website, Sustainability reports, Blog
Employees	Compensation/Productivity	Open communication, CEO meeting, Labor-Management Council, Internal publications, CEO blog(Internal)
Shareholders & Investors	Capital investments/ Investment returns	General shareholders' meeting, Release of management information, Ad hoc meeting, IR events, Conferences
Local Communities	Job creation & Social contribution/ Human resources and materials	Social contribution activities, Sisterhood ties, Meetings with local residents, Sustainability reports
Business Partners	Raw Materials & Components/ Profit	Meeting, Cyber auditor, Partner's Day, Meetings with the CEOs of business partners
Industrial Agencies/NGOs	Cooperation	Associations & Societies, Joint Collaboration programs, Conferences
Government Bodies	Business infrastructural support/ Taxes	National projects, Joint projects, Meetings and talks

Stakeholder Research

Group	Stakeholders	Methodology
Primary Group	Employees	Executives
		Employees
	Business Partners	Surveys, Media
	Customers	Domestic
Global		
Secondary Group	Schools/Research institutes	Surveys
	Analyst	Interviews
Tertiary Group	Government agencies	Surveys, Interviews, Media
	NGOs & Local communities	Surveys, Media

Materiality Analysis

STEP 1

Survey

Period: Throughout the year
Respondents: Employees, Business Partners, NGOs
Medium: Company Intranet (Employees), e-Mail/Mail (External)

STEP 2

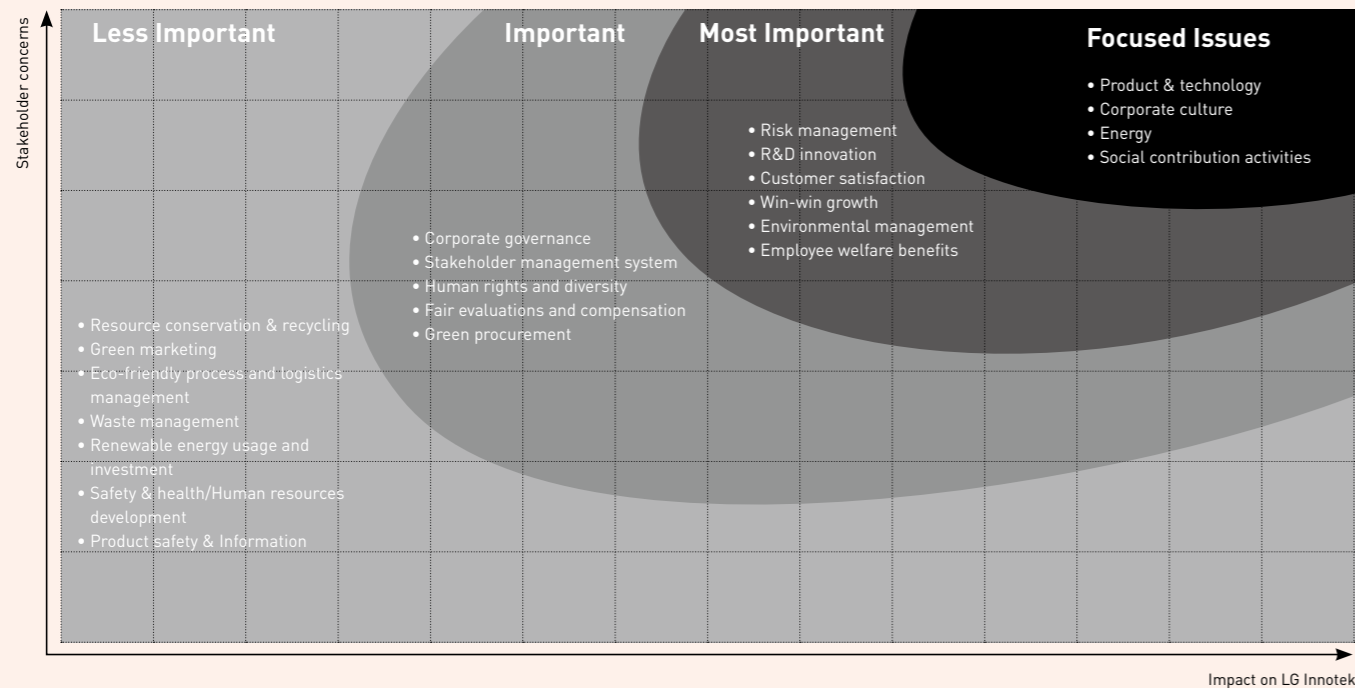
Business Impact

Category	Description
Media Analysis	Reviewing major media coverage from January 2011 to March 2012
Benchmarking	Global: DJSI World and DJSI Top Ten (Electronic component manufacturers list) Domestic: Korean electronic component providers that had published a sustainability report
Analysis of Global Standards	Global standards and guidelines such as the EICC, the ISO26000, and the GRI G3

From sustainability issues raised by our internal and external stakeholders, we run a materiality analysis to prioritize key issues needing immediate response. The CEO interview actually set the guidelines for our sustainability management practices, with consultations and surveying helping us reflect global trends and major issues. As such, we were able to articulate the current issues and future tasks of sustainability management at LG Innotek through a variety of methods. We then ran the materiality analysis again to determine the major issues to be included in this report.

STEP 3

Materiality Analysis Matrix



Jeong-Do Management

The LG Way and Jeong-Do Management

The LG Way stipulates the way in which LG employees think and act at work in order to create a value for customers and a respect for human dignity through our Jeong-Do Management philosophy, with the ultimate goal of becoming No.1 LG. Jeong-Do Management is the LG code of conduct designed to allow for success in a fair and transparent manner, and is based on the highest competencies and ethical practices.

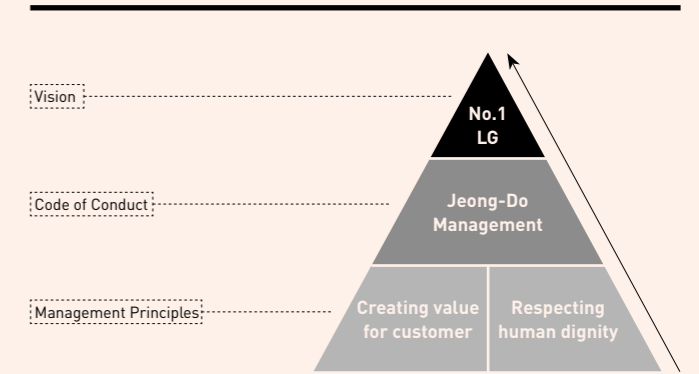
LG Code of Ethics System & Composition

The LG Code of Ethics sets the basic direction for company-wide ethical management, an integral part of which is Jeong-Do Management, in the form of a declaratory code of ethics, guidelines for practices, and detailed practice principles. This Code of Ethics is comprised of six chapters: 1. Responsibilities and Obligations to Customers; 2. Fair Competition; 3. Fair Transactions; 4. Basic Ethics of Employees; 5. Corporate Responsibilities for Employees; and 6. Responsibilities to the Nation and Society.

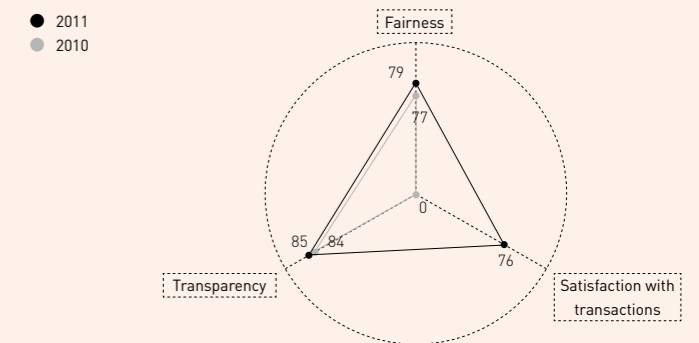
Jeong-Do Management Survey

In October 2011, we conducted a survey on Jeong-Do Management practices company-wide. Questioning employees from our business partners and our purchase department online and at interviews, we checked our level of Jeong-Do Management, our practice of win-win cooperation, the overall level of satisfaction with transactions, transaction issues requiring improvements, and any unethical practices, such as bribery or excessive entertainment expenses.

LG Way



Jeong-Do Management Index



* Questions concerning satisfaction with transactions were added to the 2011 survey.

Jeong-Do Management Education Performance

	Jeong-Do Management Education for Employees (Unit: persons)	Jeong-Do Management Education with Business Partners (Unit: companies)
2009	543	190
2010	1,301	163
2011	1,589	213

Corporate Governance

Shareholder Composition & Value

As of December 31, 2011, LG Innotek's outstanding shares numbered 20,159,043 (common stocks). The largest shareholder of LG Innotek was LG Electronics, which held 47.89 percent of all stocks. Following LG Innotek's merger with LG Micron, the number of total outstanding company shares increased from 12,020,800 at the end of 2008 to 17,103,761 as of the end of 2009. As of the end of December 2011, the number reached 20,159,043. LG Innotek's CEO reports on business results from the year on an annual basis at a general shareholders' meeting (GSM), while also bringing material management issues to a vote.

Board of Directors

LG Innotek upholds the independence of its Board of Directors (BOD), furthering transparent governance. As of March 2012, the BOD had seven members: four outside directors, two inside directors and one non-standing director. All the BOD members serve their duties independently from the largest shareholders and upper management. Any person with a relationship to the company's major shareholder(s) is disqualified from election to the position of outside director. There are also three subcommittees under the BOD: The Audit Committee, the Outside Director Candidate Recommendation Committee, and the Management Committee. Outside directors provide professional expertise in various fields of management, and keep management in check to ensure transparent and sound management practices. In 2011, the BOD held a total of nine meetings to deliberate and approve 18 agenda items, and reported on four issues, including the company's mid-term business plans. Average attendance of outside directors stood at 100 percent in 2011.

Evaluation and Compensation to Directors and Management

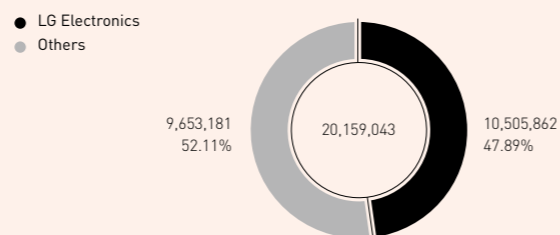
LG Innotek sets limits on remuneration to directors based on their respective contribution to the business, with approval being granted at the GSM. The BOD deliberates and then approves business plans at the beginning of each year, and subsequently receives quarterly performance reports on the company's progress. At the end of every fiscal year, the BOD sets directors' and executives' remuneration levels proportionate with their achievements. Remuneration to outside directors and standing directors is established and remains within the limits as defined by the GSM, and is in compliance with all relevant regulations. After verifying whether executives have attained sufficiently challenging goals, the BOD comprehensively evaluates their qualitative and quantitative achievements, as well as the competencies of all directors after, which it then decides on remuneration levels in a fair manner.

Independence in Selecting Directors

LG Innotek selects directors in compliance with all relevant regulations, including the Commerce Act. With four of seven members serving as outside directors, the BOD always ensures independence from the company's management in making decisions on major issues. Outside directors are selected at the GSM through careful deliberation after candidates are formally recommended by the Outside Director Recommendation Committee.

Shareholder Composition

As of the end of December 2011



* As of the end of March 2012, the total number of shares held by LG Electronics stood at 9,654,981 (47.88%).

Directors & Auditors (As of end of March 2012)

Category	Name	Position	Position/Duties	Remarks
Standing	Lee Ung Beom	CEO	Representative Director & President	Chairperson of Board of Directors
	Park Hee Chang	Director	LG Innotek, CFO	-
	Lee Sang Bong		LG Electronics Executive Vice President	-
Non-standing	Ryu Tae Soo	Outside	Professor, HanYang	-
	Jang Beom Sik	Director	Professor, Soongsil University	Head of the Audit Committee
	Kim Hyung Jun		Professor, Seoul National University	Auditor
	Kim Jung Il		Signetics, CEO	Auditor

Memberships / Certificates & Awards

Memberships

Korea Association of Gas Safety Corporation	Korean Customs Logistics Association
Korea Council for High Touch Industries	Korean Management Association
Gumi National Industrial Complex	Korean Display Industry Association
Integrated Defense Council	Korean Price Research Association
Gumi & Gimcheon Safety Managers' Conference	Korean Invention Promotion Association
Fire Safety Council for the Gumi Industrial Complex	Korean Association of Occupational Health Nurses
Korea Nano Technology Research Society	Korean Association for Industrial Technology Security
Nano Technology Research Association	Korean Industrial Technology Association
The Green Company Council	Zhaga consortium
Korea Trade-Investment Promotion Agency	Korean Listed Companies Association
Korean Nurses Association	Korean Productivity Center
Korea Industrial Safety Association	Korean Fire Safety Association
Korea Chamber of Commerce & Industry (Gwangju)	Korean Electric Engineers Association
Korea Chamber of Commerce & Industry (Gumi)	Korean Electronics Association
Korea Chamber of Commerce & Industry (Osan)	Korean Printed Circuit Association
Korea Chamber of Commerce & Industry (Cheongju)	Korean CFO Association
Seoul Chamber of Commerce & Industry	Korean IR Service
Osan Municipal Sports & Daily Sports Council	Administrative Development Committee under the Hwasung Dongbu police station
Osan Council for Environmental Preservation	Conference of Environmental Engineers Society of Environmental Engineers Council for Environmental Preservation
Korean Printed Electronics Association	Chungcheong Branch of the Council for Environmental Preservation
Incheon Branch of the Process Safety Management Council	HRD Forum
Korean-American Scientists and Engineers Association	Korea Intellectual Property Association
The Federation of Korean Industries	Lighting Research Center
Conference for the Environment and Development of the Cheongju Industrial Complex	Conference of Process Safety Management Officers
Management Corporation for the Cheongju Industrial Complex	UL
Chungcheong Branch of the Green Company Council	
PDS Korea PDS	
Fire Safety Council for Paju LCD	
Environmental Safety Council for Paju LCD	
Green Gwangju 21 Association	
Hanam Industrial Complex	
Korean Association for Photonics Industry Development	
Korean Wireless Power Transfer Forum	
Korean Fair Competition Federation	

Certificates & Awards

2009

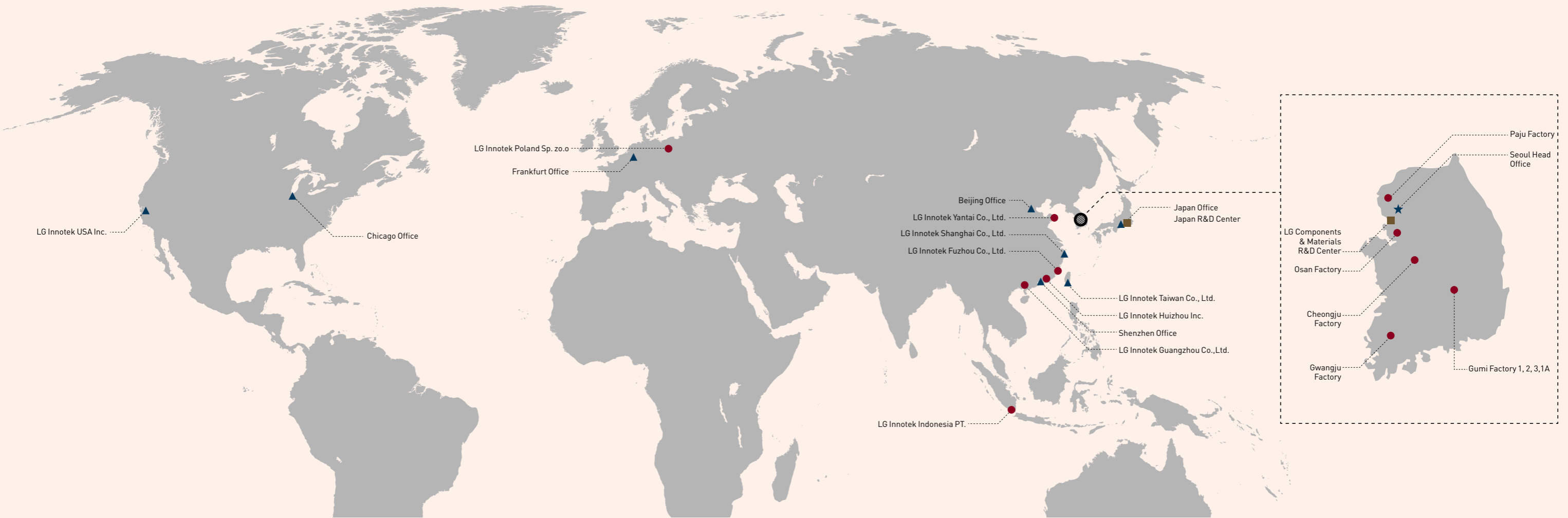
- Acquired certificate for high-efficiency devices for the LED lamp
 - Acquired the GDP mark for LED streetlamp at the International Public Design Award 2009
 - Awarded the Ministerial Prize for the vertical-type LED at the 2009 Korea Technology Awards
 - Gumi Factory received the Prize by Knowledge Economy Ministry for achievements in energy conservation
 - Gumi Factory and Ansan R&D Center received the prize by the Ministry of Public Administration and Security on the 119 Fire Road Day
- Dual-core technology received an award at the LG Skills Olympics
 - LED high-efficiency lamp received an iF Design Award
 - Mobile WiMax module received an Innovation Prize at the 2010 CES
 - The LG Innotek 2010 Sustainability Report received the Bronze Prize in the Brochure: Sustainability Report category at MerComm's Astrid Awards
 - The LG Innotek 2009 Annual Report received the Platinum Prize in the Brochure: Technology, Semiconductor & Equipment category at the LACP Vision Awards

2011

- Awarded the Industrial Service Medal and Gyeonggi Governor's Commendation at the KES2009
 - Yantai subsidiary was selected as the best company in employing farmers
 - SMD coin-shaped vibration motor received a prize of the LG R&D Award
- Received the Knowledge Economy Minister's Prize at the KPCA Show 2011
 - Its LED light module was the winner of the Light Fair International (LFI) Innovation Awards organized by AMC, Inc.

2010

- Paju factory acquired ISO27001 (international information security management system certification)
 - Officially listed on the DJSI (Dow Jones Sustainability Index) Korea
 - Received the Prime Minister's Prize at the 2010 KES
 - LED packaging received the top prize at the 1st Display Day ceremony
 - Ansan R&D Center acquired the ISO9001 (quality management of business) in 2008
 - Roll printing technology received a Business Technology Prize
 - Ansan R&D Center received a distinguished service medal for occupational health promotion
 - Multi-tone masks for TFT LCDs received an IR52 Jangyoungsil Award
 - Awarded the Prime Minister's Prize at the KPCA Show
 - Received an award at the iF Design Awards for the company's photo etching technology
- Earned the "excellent" grade at the Win-Win Partnership Practice evaluation by the Fair Trade Commission
 - Listed on the 2011-2012 DJSI Korea
 - Received the Green Management prize at the National Productivity Awards ceremony
 - Gumi Factory received the ISO27001 certificate
 - Received the order of merit for the protection of industrial technologies on the 1st Day of Protecting Industrial Technologies
 - Listed on the Carbon Disclosure Project (CDP)
 - Received the presidential prize for its contribution to the national energy conservation drive at the Energy Saving Competition
 - Gwangju Factory received the ISO27001 certificate
 - Received the 3 billion Dollar Export Tower award on the 48th World Fair Trade Day



Global Network

- Production Subsidiaries
- ▲ Sales Branches
- R&D Center

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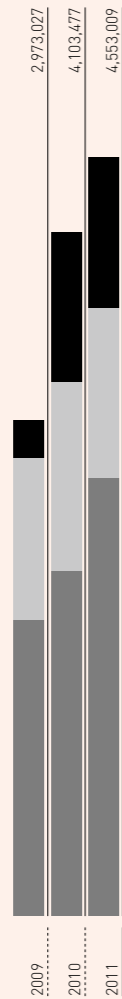
F: +49-69-4786-163-22

Economic Data

Sales by Business Unit

Unit: KRW million

- LED Business Unit
- Display & Network Business Unit
- Components Materials Company



Sales by Region

Unit: KRW million

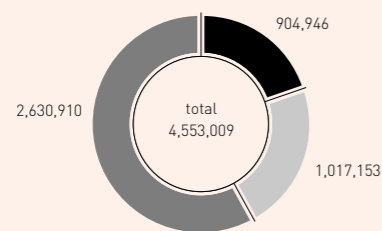
- Domestic
- Exports

* Sales within the Components Materials Company include KRW 188,391 million in sales of discontinued business.



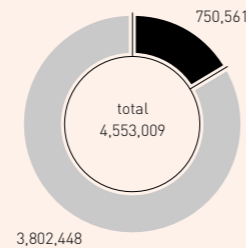
2011 Sales by Business Unit

Unit: KRW million



2011 Sales by Region

Unit: KRW million



Economic Value Created

Unit: KRW million

	2009	2010	2011
Total assets	2,866,989	4,125,545	4,409,967
Shareholders' equity	897,690	1,469,983	1,324,840
Sales	2,973,027	4,103,477	4,553,009
Operating income	51,279	156,456	-66,836
Non-operating income	16,770	34,385	31,682
Net income	65,217	195,831	-145,375

Economic Value Distributed

Unit: KRW million

	2009	2010	2011
Sales expenses	492,585	1,085,972	1,218,019
Employee wages	187,878	314,686	320,803
Employee welfare benefits	38,419	73,496	81,288
Capital expenditures	20,477	56,400	97,800
Taxes	1,981	3,544	4,713
Community investments (including donations)	1,143	1,835	2,497

National Projects Involved

Unit: KRW 100 million

R&D Center	Projects	Missions	Administrator	Project Period
LED Business Unit	Industrial source technologies R&D	Development of LED light engines to set the international standard	Korea Evaluation Institute of Industrial Technology (Ministry of Knowledge Economy)	2011.05 - 2014.02
LED Business Unit	Knowledge economy technological innovation	Development of the base technology of high-efficient GaN power devices for grid-connected inverter systems	Korea Evaluation Institute of Industrial Technology (Ministry of Knowledge Economy)	2011.10 - 2013.09
AM Business Unit	Knowledge economy technological innovation	Development of wearable strength enforcement robot technology for industrial labor support	Korea Evaluation Institute of Industrial Technology (Ministry of Knowledge Economy)	2010.04 - 2015.03
Components & Materials R&D Center	Knowledge economy technological innovation	[WPM] Development of SiC Epi materials for energy semiconductor devices	Korea Evaluation Institute of Industrial Technology (Ministry of Knowledge Economy)	2010.09 - 2019.03
Components & Materials R&D Center	Knowledge economy technological innovation	Development of flexible touch sensors with 5mm curvature for flexible displays	Korea Evaluation Institute of Industrial Technology (Ministry of Knowledge Economy)	2011.12 - 2015.11

* On January 1, 2010, LG Innotek adopted Korean International Financial Reporting Standards (K-IFRS). As a result, sales for 2010 in the above table strictly follow K-IFRS guidelines. Figures from 2009 were converted according to IFRSS standards as a basis for comparison.

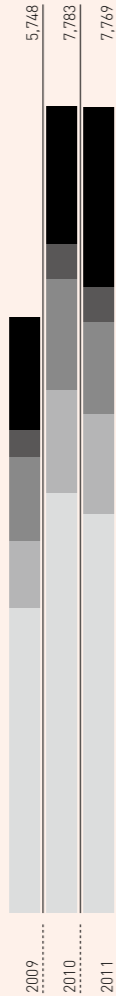
* The Components Materials Company includes PCB, Semiconductor & Display, Sensing & Optics, Motor, and Automotive businesses. Sales figures were calculated based on the organizational structure as of 2011, before the 2012 reorganization into the five business units: LED, Display & Network, Optic Solution, Substrate & Material and Automotive Components & Motor.

Social Data

Domestic Employment

Unit: persons

- Technicians
- Marketers
- Production Engineers
- Administrative Workers
- Production Line



Domestic Recruitment

Unit: persons

Category	2009	2010	2011
Technicians	238	444	279
Marketers	45	112	45
Production Engineers	245	428	108
Administrative Workers	145	276	130
Production Line	1,085	1,902	361

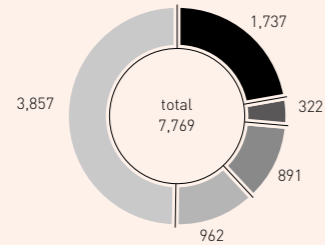
Workforce by Region

As of December 31, 2011 / Unit: persons

Region	2011
Seoul	381
Seoul (Yangjae-dong)	29
Seoul (R&D center in Umyeon-dong)	31
Kwangju	1,158
Gumi	2,072
Ansan	805
Osan / Cheongju	1,266
Paju	1,978
Pyeongtaek	49

2011 Workforce by Job Group

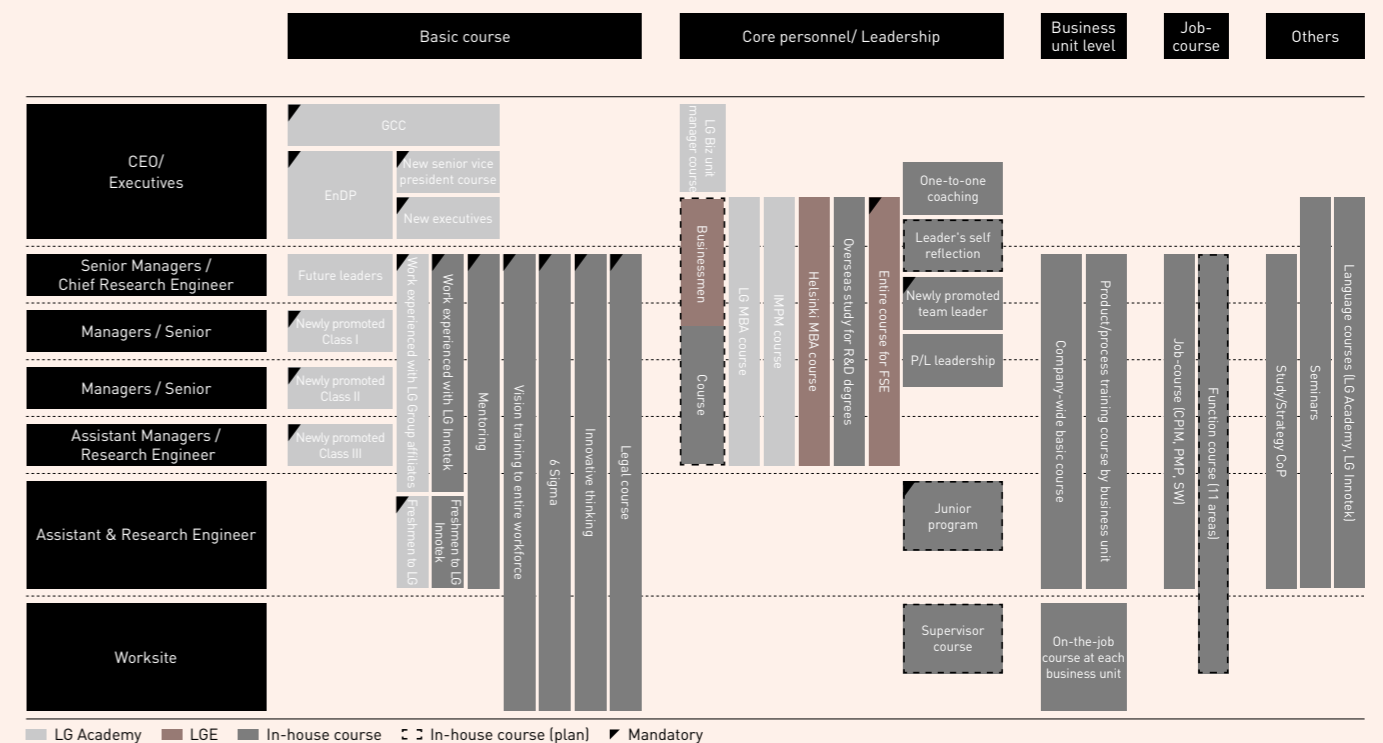
Unit: persons



Human Resources Development Principles

Category	Description
HRD Principles	<ul style="list-style-type: none"> Job assignment-oriented training - supplemented with OJT, education/training and self-development Increasing resource assignment to fostering core personnel Focusing on job performance and enhancing individual job competencies
HRD Systems	<ul style="list-style-type: none"> Implementing High Potential Individual (HPI) program Supporting job training for enhancement of job competencies Career development planning customized to individual needs Mentoring & Caring, job rotation
HRD Strategies	<ul style="list-style-type: none"> Mid-/long-term strategic human resources development Step-by-step training to enhance core competencies required for each job position/job function Shared systematic education throughout the LG Group Integrated with human resources management (making use of knowledge gained from individual academic pursuits)
Education/ Training Systems	<ul style="list-style-type: none"> Classified into four categories, courses are operated by trainee job function and job position. Position-based: education on general background knowledge concerning management and special management issues for each job position. This course is classified into position-compulsory, core personnel, and management philosophy/principles Job-compulsory: training on the basic knowledge, know-how, and attitude required to fulfill a given job Job-optional: training for skilled employees who choose to optionally enhance their job competencies Self-development: regardless of job function or position, the basic competencies needed to enhance the level of one's language and IT skills

Human Resources Development System (Position-basis)

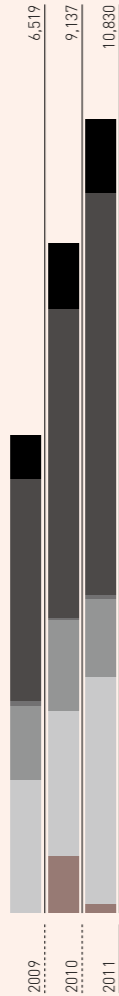


Environmental Data

Environmental Expenses

Unit: KRW million

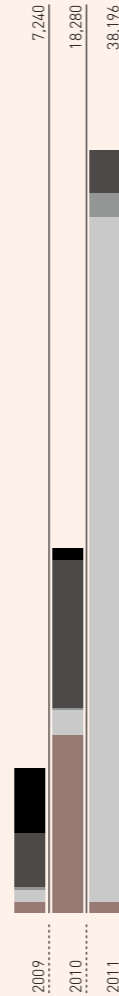
- Gwangju
- Gumi
- Ansan
- Osan
- Cheongju
- Paju



Environmental Investments

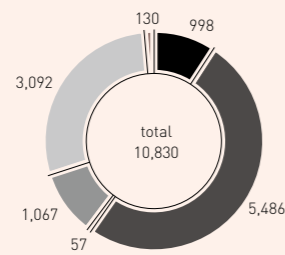
Unit: KRW million

- Gwangju
- Gumi
- Osan
- Cheongju
- Paju



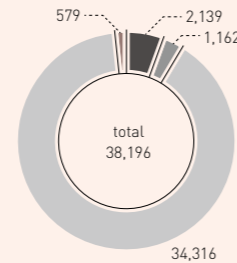
2011 Environmental Expenses by Worksite

Unit: KRW million



2011 Environmental Investments by Worksite

Unit: KRW million



Input

	Fuel consumption	Electricity use	Steam use	Water use
	[TJ]	[TJ]	[TJ]	[Ton]
Headquarters	42	166	-	-
Gwangju	108	803	-	624,341
Gumi 1	2	553	87	4,021,953
Gumi 2,3	246	1,216	-	-
Ansan	23	63	-	39,524
Osan	3	711	111	1,107,929
Cheongju	78	768	-	1,424,846
Paju	241	1,558	-	1,715,815
Total	743	5,838	198	8,934,408

Output

	GHG emissions	Total amount of waste discharge	Total amount of specified wastes discharged	Total amount of waste resin discharged	Total amount of landfill waste	Waste-Water	Water-reuse
	[Ton CO ₂ -e]	[Ton]	[Ton]	[Ton]	[Ton]	[Ton]	[m ³]
Headquarters	10,695	-	-	-	-	-	-
Gwangju	47,320	1,243	569	380	293	135,140	354,780
Gumi 1	33,618	1,544	421	573	30	1,277,500	-
Gumi 2,3	75,620	31,660	26,676	892	547	2,459,626	628,031
Ansan	4,479	297	236	59	-	15	-
Osan	41,326	5,534	4,651	1,005	213	1,296,187	417,013
Cheongju	43,753	6,442	3,027	653	42	1,381,786	109,500
Paju	93,027	1,315	514	697	104	1,529,824	144,000
Total	349,838	48,035	36,094	4,260	1,228	8,080,078	1,653,324

Global Certification

As of the end of December 2011

Category	Worksite	Quality Management System	Environment Management System	OHSAS	Social Accountability	ISO	Sustainability Management	
LED	Gwangju	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000	ISO27001	Publication of company-wide integrated report	
Business Unit	Paju	ISO9001	ISO14001	OHSAS 18001	SA8000	ISO27001		
Display & Network	RF/Power	Gwangju	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
Business Unit	WM	Gwangju	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
Components	BMS	Gwangju	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
Materials	TS	Gumi	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
Company	LF	Gumi	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
	PKG	Gumi	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
	PKG	Osan	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
	PM	Gumi	ISO 9001	ISO14001	OHSAS 18001	SA8000		ISO27001
	TW	Gumi	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
	CM	Gwangju	ISO 9001	ISO14001	OHSAS 18001	SA8000		ISO27001
		Gumi	ISO 9001	ISO14001	OHSAS 18001	SA8000		ISO27001
	PCB	Osan	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
		Cheongju	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
	Automotive Components	Osan	ISO/TS 16949	ISO14001	OHSAS 18001	SA8000		ISO27001
	LGITFZ	Fuzhou, China	ISO 9001	ISO14001	OHSAS 18001	-		-
	LGITYT	Yantai, China	ISO 9001	ISO14001	OHSAS 18001	SA8000		-
	LGITHZ	Huizhou, China	ISO 9001	ISO14001	OHSAS 18001	SA8000		-
	LGITPO	Poland	ISO 9001	ISO14001	-	-		-
	LGITIN	Indonesia	ISO 9001	ISO14001	OHSAS 18001	-	-	
	LG Components & Materials R&D Center	Ansan	ISO 9001	-	-	-	-	

* As for SA8000 certification, LG Innotek has completed the qualification check.