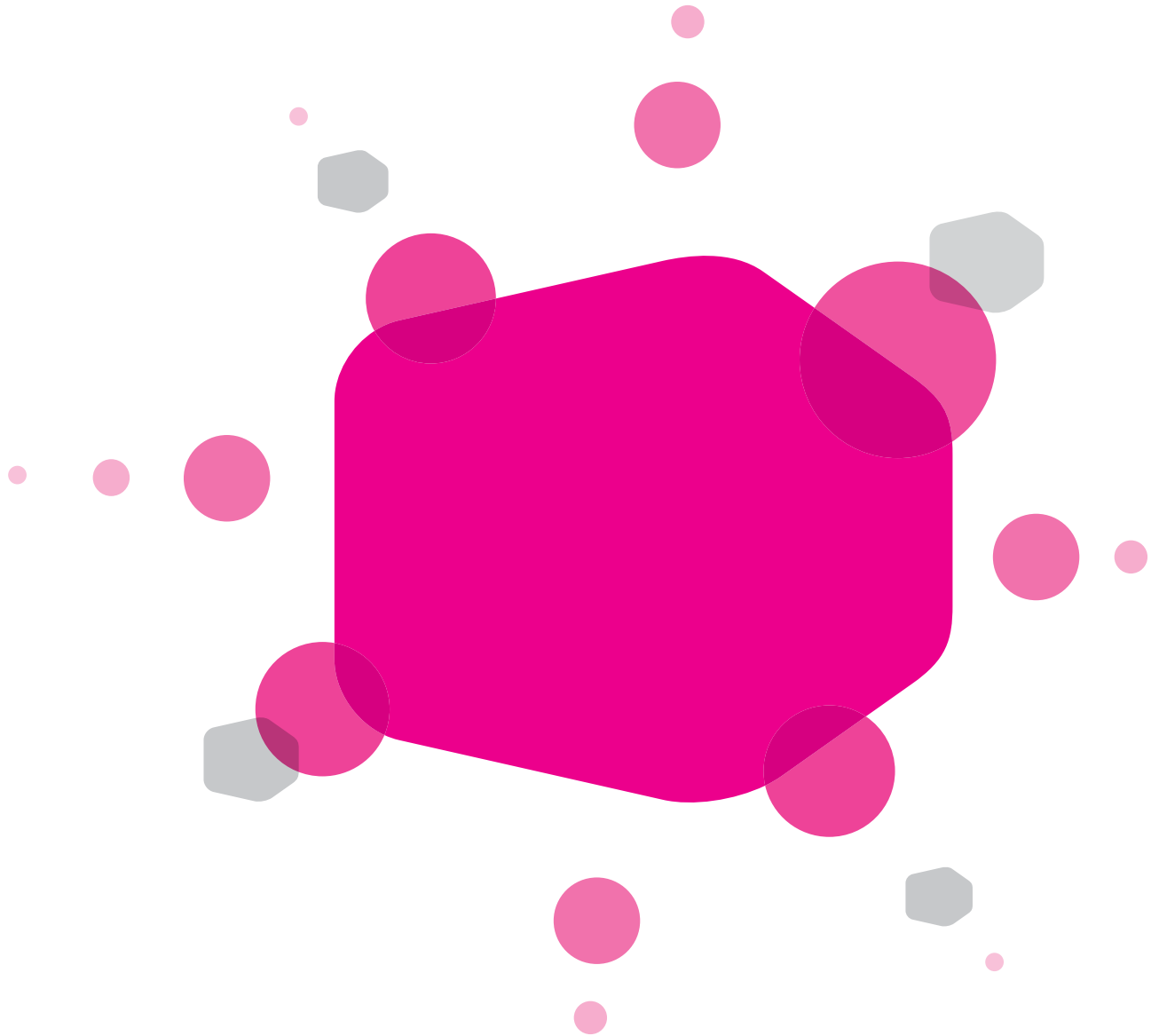


LG U⁺

SUSTAINABILITY REPORT 2012



About this Report

This is LG U+ 2012 Sustainability Report. The report is created in accordance with the Global Reporting Initiative (GRI) G3.1, and it contains comprehensive performance details on the company's economic, environmental, and social achievements. The period, boundary, limitations, and contents of the report are prepared based on the process recommended by GRI G3.1.

Reporting Period

LG U+ Sustainability Report contains the company's quantitative and qualitative business activities from January 1, 2012 to December 31, 2012. Management activity data for the past three years from 2012 (Jan. 2010 to Dec. 2012) is contained to indicate the trend over the time period. The Report also includes 2013 data (up until May, 2013) for providing critical business information.

Boundary and Limitation

2012 LG U+ Sustainability Report covers the company's overall business activities in the Republic of Korea.

Independent Assurance

An independent assurance provider was commissioned to verify the content and data of the report with no conflict of interest in LG U+ and has been completed for the Sustainability Report to ensure fairness and objectivity of the report (for results of the Independent Assurance Report see pages 72 and 73).

2012 LG U+ Sustainability Report can be accessed from the company's website. Please direct any relevant inquiries to the CSR Team at the following contact information.

LG U+ CSR Team
LG U+ Corp.
21st Fl., 30, Sowal-ro 2-gil, Jung-gu, Seoul, Korea
TEL: +82-70-4080-6646 FAX: +82-2-6928-2037
E-mail: upluscsr@lguplus.co.kr

LG U⁺

2012 Sustainability Report

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CEO MESSAGE



Dear all valued supporters of LG U+,

2012 has been the year in which LG U+ established a platform for innovative change and growth. Leveraging the LTE network the company has been preparing over the past years, LG U+ has successfully built the world's first nationwide LTE network coverage, and became the world's first mobile telecommunication company to launch VoLTE commercial service. It has also been the year in which U+ tv G, which is the company's IPTV service, has achieved the No.1 position in the customer satisfaction index. It has been the start of the year in which LG U+ has made a great advances in leading the changes in the telecommunication industry and being recognized by its customers for the company's competitive edge in providing differentiated customer-oriented service.

And with the recent addition of limitless pricing plans for the first time in the industry, LG U+ is leading the efforts in forming a healthy market competition environment with controlled subsidizing.

Such achievements were made possible thanks to support and trust of diverse stakeholders, including the customers, investors and shareholders, employees, and local communities. Since we live in a communal society, an enterprise cannot maintain sustainability if it ignores the society where it engages its business activities. LG U+ is well aware of this, and it is the reason why the company places high importance in mutual and sustainable growth with the economy, society, and the environment.

The vision of sustainable management pursued by LG U+ is to become 'a company that adds values in the world'. The innovative information technology and services provided by LG U+ transforms and advances the world we live in, each day. Some are using the LG U+ technologies and services to communicate while others are receiving education, regardless of their age and location. The Company's newly introduced technologies and services, including power control technology, smart office, and waste management system, are not only the new growth engines of the company but incorporates eco-friendly technology that help conserve energy while contributing towards reduction of GHGs. The benefits of information technology and service in business, society and environment are limitless.

LG U+ has newly established the CSR Team in 2013, and will continue to progress innovation in business, society, and environment to become a company that adds values in the world through information technology. The company will implement LG's management philosophy of 'Creating Values for Customers' and 'Respecting Human Dignity' through LG's unique Jeong-Do Management to maintain trust with all stakeholders and become 'the No.1 company in worldwide that goes beyond telecommunication'.

The LG U+ 2012 Sustainability Report comprehensively details the company's efforts and achievements of the past year, as well as its pledge for the future. I sincerely request for your continuous support and interest in our efforts to add greater value in the world while achieving greater growth of the company.

Thank you.

LG U+ CEO & Vice Chairman
Sang Chul Lee




COMPANY PROFILE

LG U+ is The first mobile telecommunication company in Korea to build the fastest nationwide LTE network and the world's widest coverage of ACN. The company is the industry leader provides highest LTE quality with more advanced services to its customers. LG U+ is the No.1 partner adding enhanced life value everyday.

Corporate Information

Corporate Name	LG Uplus Corp.
Tel	+82-70-4080-1114
HQ Address	30, Sowal-ro 2-gil, Jung-gu, Seoul, Korea (Namdaemun-ro 5-ga)
Bond Rating	AA (KR - Jun. 26th, 2013)
CP Rating	A1 (KR - Dec. 27th, 2012)
Website	http://www.uplus.co.kr

Business Field LG U+ provides diverse and comprehensive wireline and wireless convergence services from Mobile Telecommunication, High Speed Internet, Wi-Fi, IPTV, and VoIP for personal and home services, as well as B2B wireline and wireless solutions for developing Smart Workplace. The company is continuously making efforts to create a new telecommunication industry by developing new concepts in services beyond telecommunication.

Converged Home Service

Internet

In addition to High Speed 100Mbps wireline network, enjoy seamless network connection through the advanced wireless AP that provides 100Mbps Wi-Fi service within 100 meters.

IPTV

Provides over 120 channels in high definition. Enjoy mainstream terrestrial broadcast as well as cable service at any time.

VoIP

U+070 is the Korea's affordable internet phone service that provides free calls between subscribers with the nationwide single pricing system.

Mobile

LTE

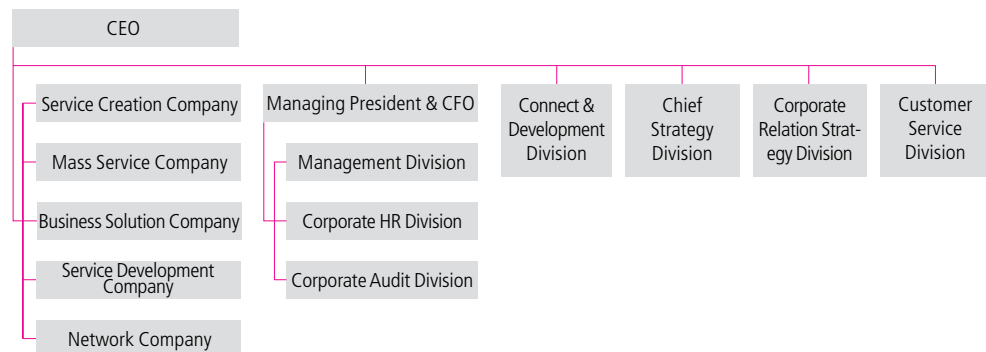
Exceptional quality with a reasonable pricing plan. Creating smarter and more enjoyable mobile life with diverse applications including music, e-mail, SNS, and news, with each option are evolving and advancing each day.

Business Solution

Solution for Company

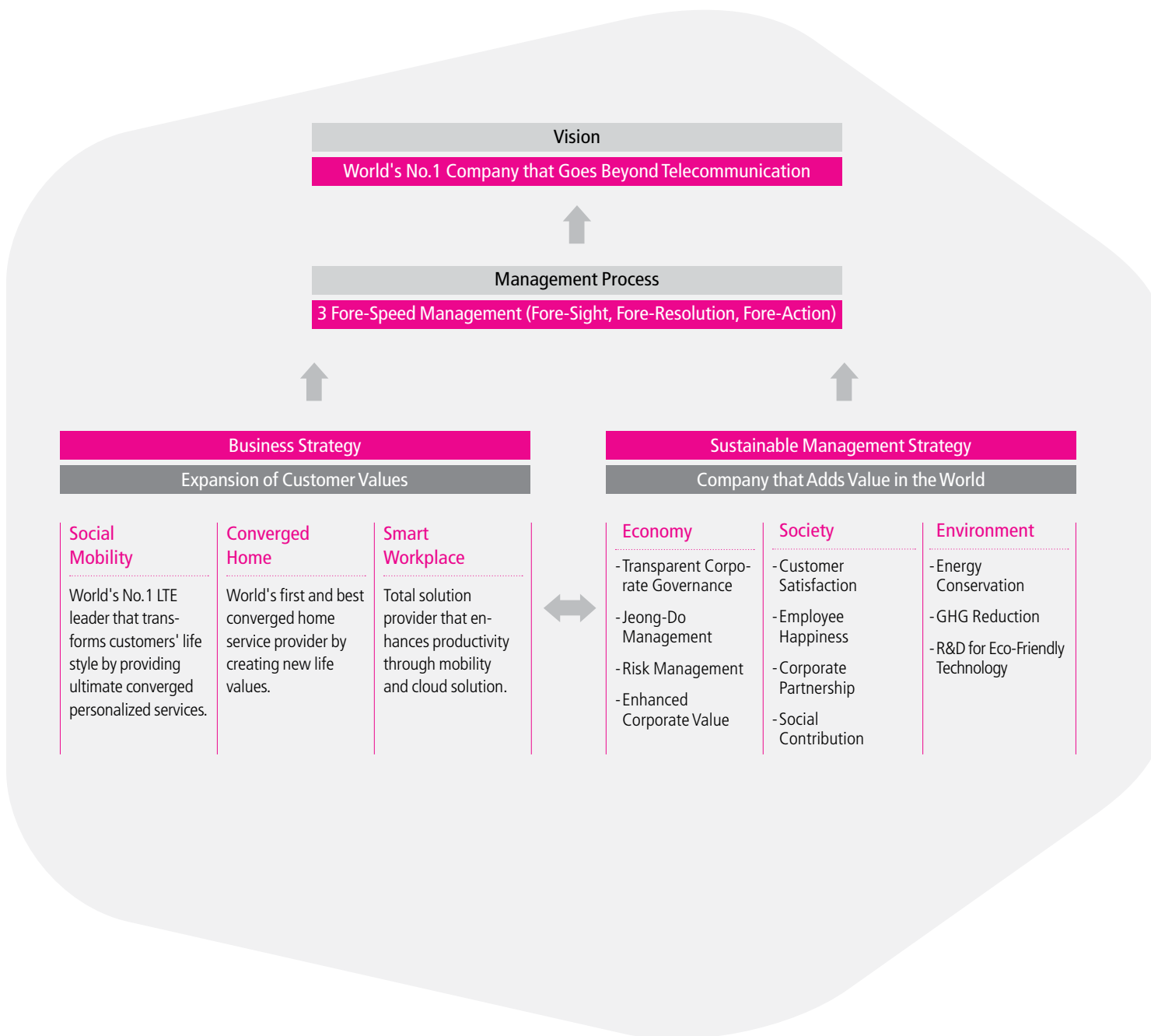
Provides comprehensive wireline and wireless B2B services from mobile offices, wireline and wireless payment solution, corporate internet, IT center, corporate phone, corporate solution, internet infrastructure, wireline and wireless groupware, solution, and telephone service.

Organization



VISION & STRATEGIES

Vision & Strategies Going beyond the service limits of providing network service of a conventional telecommunication company, LG U+ is pursuing to achieve true customer satisfaction by identifying individual's needs and providing new personalized service for each individual customer. By leveraging the company's innovative infrastructure that includes the world's first nationwide LTE network, All-IP, and Cloud platform, LG U+ will provide converged personalized service, converged home service, and total business solutions to lead the changes in the industry and become a sustainable company that contributes to harmonized development of the economy, society and environment. LG U+ will become a dependable partner for its customers, shareholders, investors, suppliers, and local communities. A company that leads the 'Beyond Telecommunication Era' by surpassing the boundaries of telecommunication, a company that is recognized for providing unlimited values to customers, and a company that adds enhanced values in the world are the goals pursued by LG U+.



BRAND HISTORY

2010

Synergy through Merger of 3 Independent LG Telcos

As the competition in the Korean telecommunication industry became increasingly fierce, the 3 independent telecommunication companies of LG Group (LG Telecom, LG Dacom, LG Powercom) have merged to provide enhanced values to customers. LG U+ has established a platform for creating innovative customer values by consolidating the wireless business capacity of LG Telecom, wire-line service capacity of LG Dacom, and B2B & Internet business capacity of LG Powercom.

Strengthened Competitive-Edge

LG U+ initiated the 'Beyond Telecommunication Era' with the launch of U+ AD, which is an open advertisement platform that not only provides maximum values to LG U+ customers but to everyone, including U+ 070, the company's high quality VoIP service, and U+ ZONE, which allowed wireless internet access from anywhere and at any time. Based on such leading services and competitive-edge, the company surpassed 9 million mobile service subscribers.

2011

Completion of ACN Infrastructure for Providing All-IP Service

With the completion of the ACN infrastructure which combines wireless AP and Wi-Fi zone, customers are able to enjoy fast wireless internet with 100Mbps speed from over 1.1 million U+ ZONE hot spots.

Launch LTE Service

LG U+ commenced the era of mobile data service with 75Mbps speed by launching LTE service on July 1st, 2011. LTE service provides much of convenience for the 4th Generation Mobile Communication Systems through its LTE network in 84 cities.

2009.11

Merger approval for LG Telecom-LG Dacom-LG Powercom



2010.06

Corporate name change to LG U+



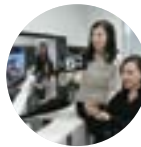
2010.08

Launch of U+ BOX Service



2011.04

Launch of the world's first wireless N Screen Service



2011.10

Launch of LTE Device Service



2010.01

Launch of Integrated LG Telecom



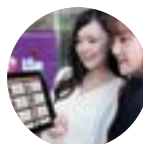
2010.07

Declaration of LG U+ Vision: 'World's No.1 Company that Goes Beyond Telecommunication'



2010.09

Launch of U+ AD Service



2011.07

Launch of 4G LTE Commercial Service



2011.12

Launch of nationwide coverage (84 cities) of LTE Service



2012

World's First LTE Network Service

LG U+ launches the LTE service with a nationwide LTE network. The company is also building a Multi-Carrier network that provides optimum service even during high data traffic by having dual bandwidth network readily available to automatically switch data traffic to non-congested bandwidth.

Enhancing Customer Value by Providing Innovative Services

As a result of the company's relentless efforts in developing innovative products and services to provide differentiated customer values, LG U+ became the first telecommunication company in the world to launch cloud game service and Google TV service, the U+ tv G. Based on such efforts, LG U+ earned the reputation as a market leading company.

Building the No.1 Business Infrastructures

LG U+ surpassed a significant milestone of 10 million mobile service subscribers including 4.38 million of LTE users. LG U+ will aggressively enhance its competitive-edge and further increase the market value of the company to become the No.1 telecommunication company.

2012.01

Launch of IT Integrated System U Cube



2012.03

Completed the world's first nationwide LTE network



2012.07

Korea's first telco to create Cloud Game market



2012.10

Launch of U+ tv G



2012.02

Opened free access to Wi-Fi zone



2012.06

Launch of Smart Home Phone 070 Player



2012.08

World's first to commercialize VoLTE service Reached 10M wireless subscribers



2012.12

Developed world's first VoLTE Quality Management solution



BUSINESS MODEL

Main Services & Service Connectivity

Converged Home Service

Internet

High speed internet via optical LAN, U+ Internet



TV

New concept in intelligent TV, U+ tv G



070

070 Player II, the leader in VoIP



Stylishly designed internet phone with free voice and text between 070 subscribers! 070 Wi-Fi Phone



Mobile

Lte

The best choice for LTE, U+ LTE. Nationwide coverage and No.1 in customer satisfaction



Next generation communication service based on highest LTE data quality and nationwide coverage



Business Solution

Biz

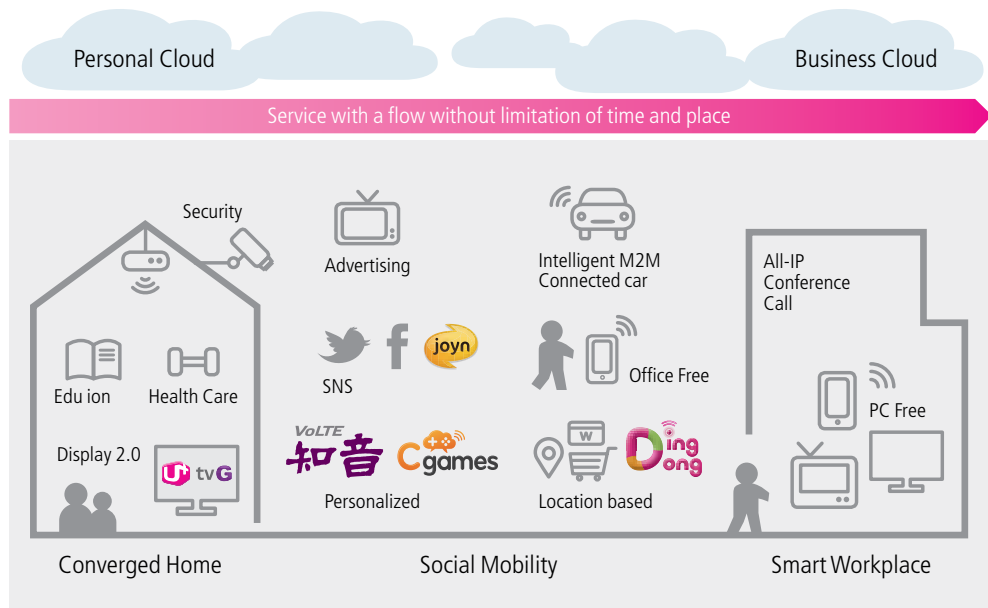
U+ Pay, a reliable business partner in e-commerce market



IDC Service, Korea's first and best solution optimized for the IT environment



Diverse and flexible services provided based on LG U+ telecommunication technology going beyond the boundaries of time and place. The services not only bring convenience and comfort in daily life of customers but also provides an optimum business environment to corporate customers.



CORPORATE GOVERNANCE

Corporate Governance Management stability is improved by establishing a transparent and harmonized corporate governance system. LG U+ Board of Directors is established with professionalism and guaranteed with independence to ensure maximization of the customer, shareholder, employee, and company's value with a long-term perspective, and to contribute towards the advancement of the telecommunication industry.

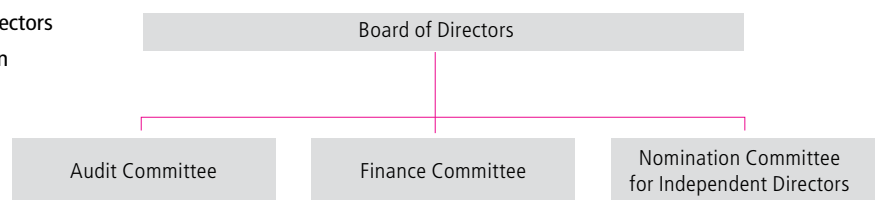
LG U+ Board of Directors Organization & Operation



- 1. Yong Sam Shin Standing Director
- 2. Kwang Bok Lee Independent Director & Commissioner of the Audit Committee
- 3. Se Hyung Kim Independent Director & Commissioner of the Audit Committee
- 4. Sang Chul Lee CEO & Vice Chairman
- 5. Sung Bin Jeon Independent Director & Chairman of the Audit Committee
- 6. Jun Ho Cho Non-Standing Director
- 7. Hyeon Jae Shin Independent Director

As of the end of December, 2012, LG U+ Board of Directors consisted of 7 members (2 Standing Directors, 1 Non-Standing Director, and 4 Independent Directors). There are 3 sub-committees (Audit Committee, Nomination Committee for Independent Directors, and Finance Committee) under the BoD to ensure efficient and effective operation of the Board.

Board of Directors Organization



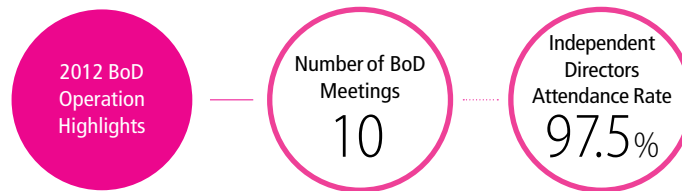
Sub Committees

Committee	Directors	Purpose & Authority
Audit Committee	Sung Bin Jeon, Se Hyung Kim, Kwang Bok Lee	Audit on finance, account, and management operation; provide recommendation on management activities and monitor improvement recommendation/reporting system
Finance Committee	Sang Chul Lee, Yong Sam Shin	Review and make decisions on agenda consigned by the BoD and general corporate finance activities
Nomination Committee for independent Directors	Sang Chul Lee, Se Hyung Kim, Kwang Bok Lee	Identify and recommend professional nominators for independent director, and review nominator recommendations to ensure fairness and independence

Professionalism and Independence of Board of Directors Among the 7 LG U+ Board of Directors, the majority (4) are independent directors. Independent directors are appointed by the General Shareholders Assembly from the list of nominators, carefully selected for professionalism and independence by the Nomination Committee for Independent Directors after clearing commercial and other relevant laws and regulations. The carefully selected Board of Directors implements transparent management decisions from neutral and unbiased position.

Board of Directors Principals The Board of Directors aim to become working and open Board to enhance shareholders' value. All the members of the Board place efforts to make correct and accurate decision based on in-depth discussion and review, and are actively involved scheduled management report and evaluation to ensure that the opinions of the Board is well reflected in the company's management activities.

Board of Directors Evaluation LG U+ has established evaluation system to ensure fair and unbiased evaluation of CEO, executives, and board members of the company, and also implements reasonable compensation based on the results of the evaluation.



Shareholder Status

Status of shareholders with 1% or more stake in LG U+ as of Dec. 31, 2012: LG Corp. 36.05%, KEPCO 8.80%, TAEKWANG INDUSTRIAL 1.97%, SAUDI ARABIAN MONETARY AGENCY 1.59%, HANA BANK 1.08%, Misc. minority shareholder 46.19%.

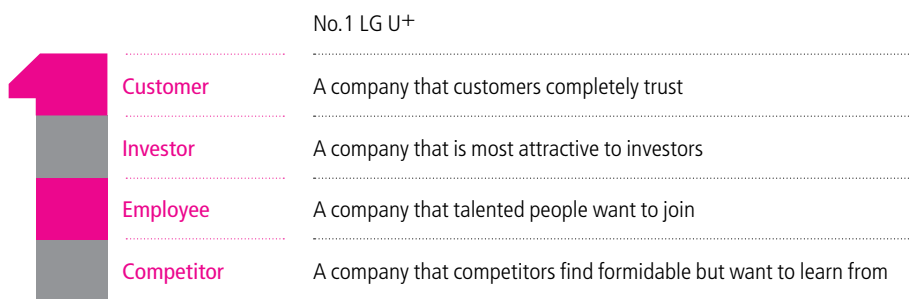
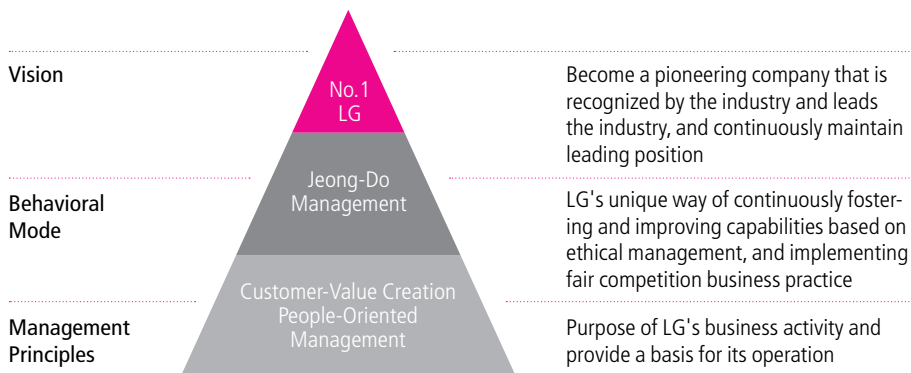
Major Shareholders

Category	Shareholder	Possessed Shares	Share (%)
1% or more	LG Corp.	157,376,777	36.05
	KEPCO	38,409,376	8.80
	TAEKWANG INDUSTRIAL	8,611,661	1.97
	SAUDI ARABIAN MONETARY AGENCY	6,927,510	1.59
	HANA BANK (Samsung Asset Management)	4,722,253	1.08

Shares Possessed by Registered Executives As of 2012, LG U+ has total of 7 Registered Executives. The total shares possessed by these executives are 60,000 common shares, which amounts to 0.014% of total number of shares issued and outstanding.

LG Way & Jeong-Do MANAGEMENT

LG Way LG Way is the call to becoming a premier company; hence the essence of its strategic vision is embodied in No.1 LG. At its foundation are the management principles of Customer-Value Creation and People-Oriented Management, which are in turn implemented according to the high ethical standards of behavior delineated by Jeong-Do Management.



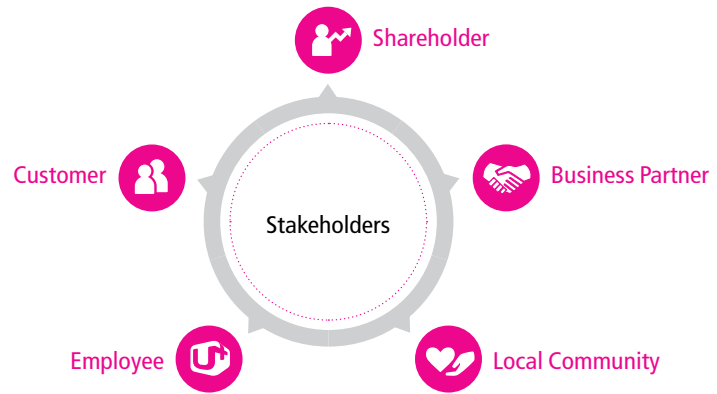
Applying Jeong-Do Management LG U+ Jeong-Do Management starts with compliance of LG Code of Conduct. The Code of Conduct, which contains proper actions and standards those all employees of LG U+ must comply with, acts as the foundation of the company in its strive on becoming the World's No.1 Company that Goes Beyond Telecommunication.

Code of Conduct

Chapter	Content	Description
Chapter 1	Responsibilities and Obligations to Customers	Respect, Value creation, Value provisioning
Chapter 2	Fair Competition	Pursue fair competition, Compliance with legal regulations
Chapter 3	Fair Trade	Equal opportunity, Fair trade process, Corporate Partnership
Chapter 4	Basic Ethics of Employees	Basic ethics, Completing mission, Self development, Fair work practice, Refrain from conflict of interest activities
Chapter 5	Responsibilities to Employees	Respect human dignity, Fair treatment, Promote creativity
Chapter 6	Responsibilities to Country and Society	Reasonable business practice, Protection of shareholders' interest, Contribute towards social development, Environmental conservation

STAKEHOLDER ENGAGEMENT

Stakeholder Engagement The importance for communication among the stakeholders for sustainable growth of a company is continuously increasing. LG U+ defines Stakeholders as shareholders, customers, employees, local community, and suppliers. The company is communicating with the stakeholders through diverse communication channels, and is reflecting the ideas and opinions of the stakeholders in wide range of management decision process. LG U+ will continuously expand the communication channels and opportunities with stakeholders, and place efforts to achieve mutual growth and become a company loved by the stakeholders.

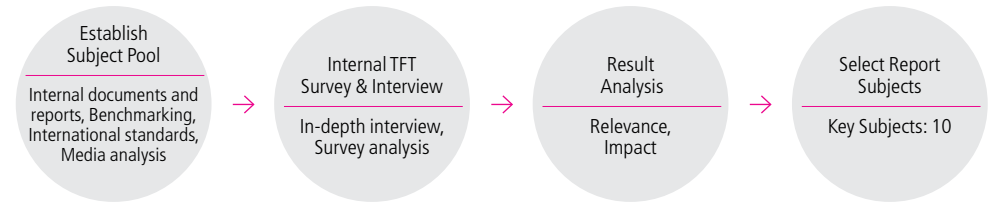


	Communication Channel	Major Issues
Shareholders	Annual Report Shareholders' Assembly IR Activities	Management Achievement and Distribution Business Strategy and Forecast
Customers	CS Center Website SNS	Innovative Product and Service Service Quality CS Activities Marketing and Advertising
Employees	Outcome Sharing Meeting Labor Union Internal Bulletin Board Blue Board	HR Fostering Evaluation and Compensation Work-Life Balance Corporate Culture Labor-Mgmt Relations
Local Community	Diverse CSR Activities Website	CSR activities based on company's expertise Climate Change Response Support for Socially Disadvantaged Vitalize Local Economy
Business Partners	Meeting with CEO & Executives Corporate Partnership Board Training and Support Activities Cyber Accusation Website	Corporate Partnership Provide Tech/Financial Support Vitalize Industrial Eco-System

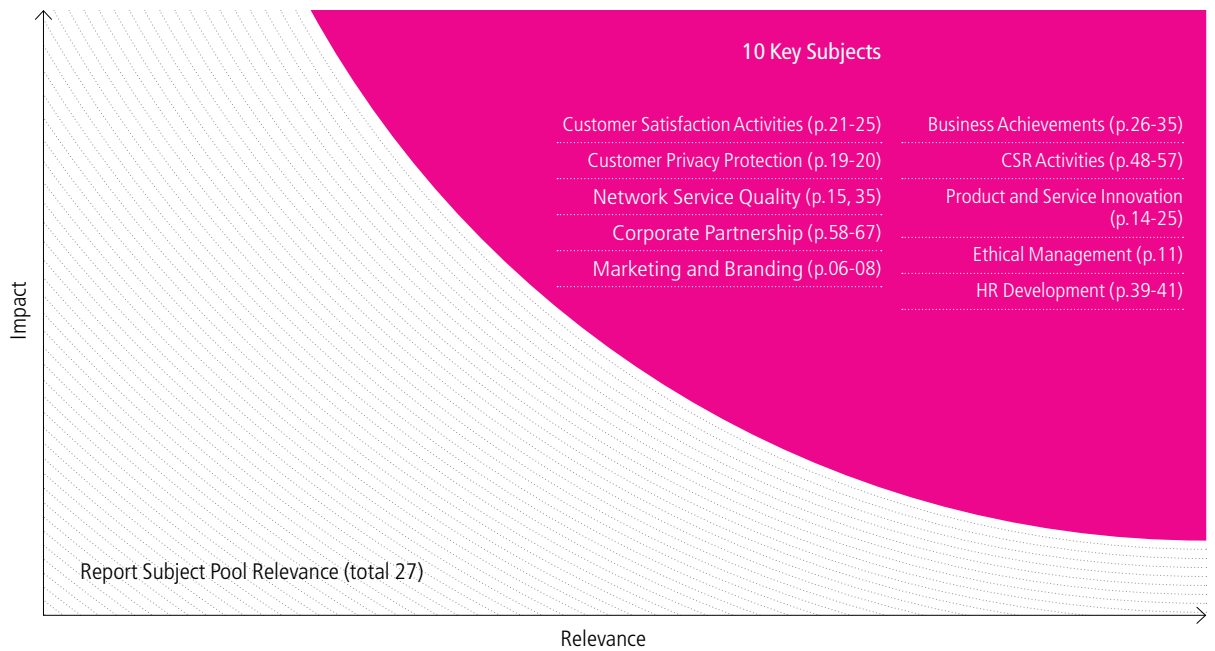
MATERIALITY TEST

Materiality Test LG U+ selects the reporting subjects through the company's independent evaluation of importance process established based on GRI G3.1 Guideline. First, the company established pool of key subjects by analyzing internal documents and reports, benchmarking domestic and international enterprises in similar industry, and sustainability management related international standards and media. Then internal survey and interview is performed on TFT composed of relevant department personnel. Then each subject is analyzed for its relevance and impact on the company's business and sustainability, and final 10 subjects are selected.

Materiality Test Process



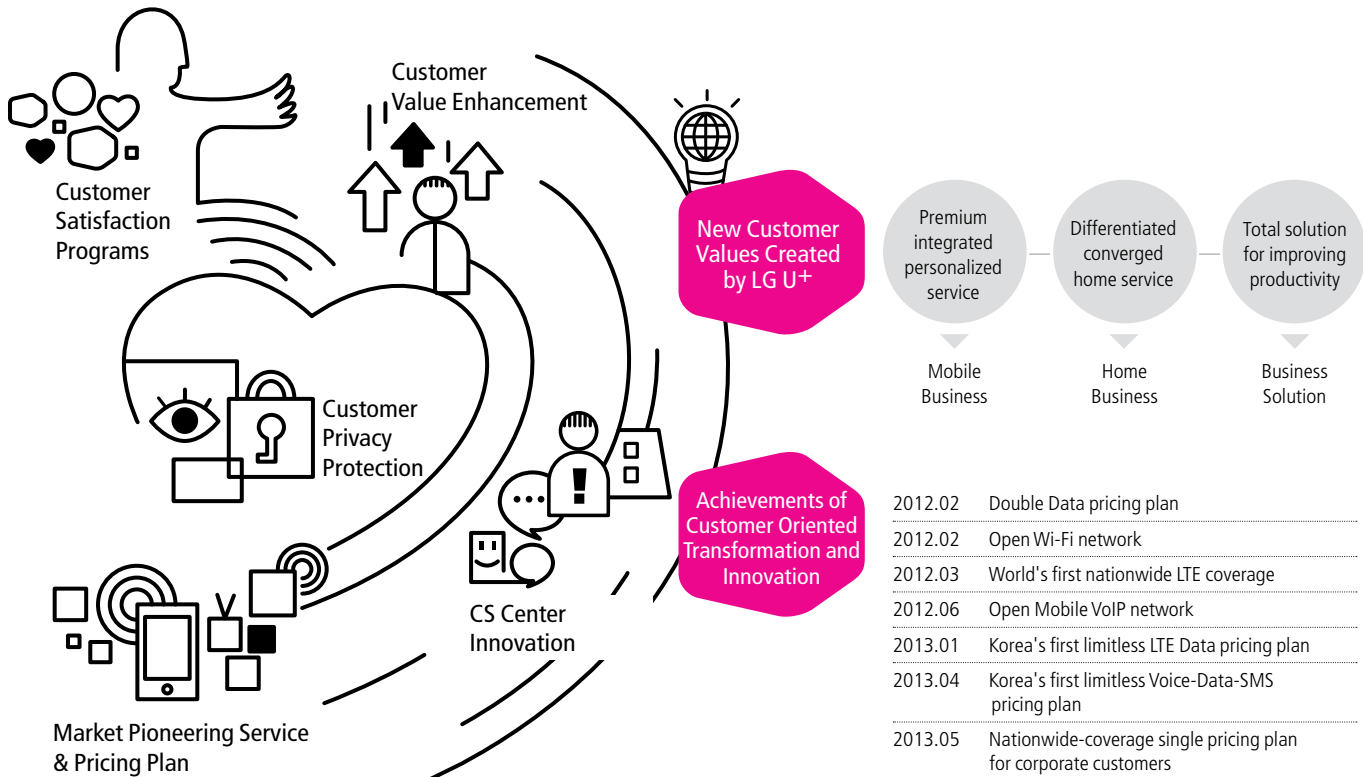
Sustainability Report Subject Selection & Report Page



Customers

LG U+ Will Become Customer's Partner by Providing Personalized Service

The business value and goal for LG U+ ultimately place customers at highest priority. The company will continuously make best efforts to provide happiness and convenience through innovative products & services, while striving to become a company beloved by its customers.

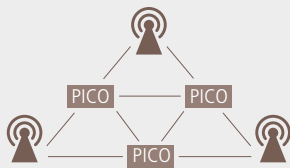




Relentless Efforts for Providing Full LTE Coverage



Pico-Cell Conceptual Diagram



Definition of Zium

Zium named from Chinese letters '知音', which stand for recognizing sounds.

Innovating Life Value through LTE Service

World's First Nationwide LTE Service In March 2012, LG U+ became the first wireless telecommunication company in the world to complete nationwide LTE network and provided fast LTE service to all citizens throughout the country. LTE, which stands for Long Term Evolution, is the 4th generation wireless telecommunication service that allows up to 75Mbps service. With this advanced technology that stretches the limits of wireless technology and deliver services that were once capable only through conventional wired technology, mobile service carriers could provide more diverse data services.

Stable Service through World's Leading Technology LG U+ is the only wireless telecommunication company that delivers mobile service through SVLTE technology. Unlike competitor's CSFB technology, which cuts off LTE network and switches over to 3G when voice call connection is made, LG U+ SVLTE technology allows seamless and fast multi-tasking environment even while a user is making voice calls. In addition, LG U+ is the world's first wireless telecommunication company to commercially apply Pico-Cell technology to provide full LTE coverage without blackout regions. Pico-Cell can simultaneously accommodate approximately 200 users within 100 to 200 meter range. The technology allowed significant enhancement in LTE service quality in high traffic areas, such as large buildings, shopping centers, and high demographic regions.

Zium Service LG U+ provides Zium service through its advanced LTE network. Zium is comprehensive service that integrates not only all aspects of VoLTE and ALL-IP, but also includes pin-drop clear quality that can deliver subtle emotions. The commercial services available through Zium includes over 20 times faster voice call connection, seamless switch to and from voice call to video call, as well as chatting, and simultaneous sharing of multimedia contents. LG U+ is pioneering new communication culture through the Zium service.

Characteristics of Zium



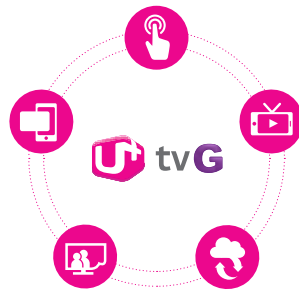
Significance of Zium

Zium originates back to China's Warring States Period, between expert geomungo (traditional Korean six-string musical instrument) artist Baek-Ah and his friend Jong Ja-Gi. The term Zium signifies that Jong Ja-Gi understood the emotions of his friend just from listening to the sounds of the instrument. In that respect, LG U+ will provide new values to customers through which emotions will be delivered.

Smart Home Life, Customers Wanted

U+ tv G By partnering with world's leading IT enterprise, Google, LG U+ launched the world's first TV broadcast converged with Google TV service in October 2012. U+ tv G is the first ever service for Google to partner with a telecommunication company to launch its Google TV. Through this innovative service, customers can watch Youtube contents right from their TV screen in HD quality. They can also download and enjoy games, educational contents, and abundant TV applications from Google Play. And unlike previous launch of Google TV in other countries, U+ tv G combines real-time channels of IPTV and VOD. It is also loaded with massive smart features, such as the Second TV feature, which allows a user to view the TV contents right from his/her Smartphone with a touch of NFC; Phone to TV feature, which allows a user to view Smartphone contents on TV; Image Search and Capture feature; and SNS Share feature, which are only available through LG U+. And commencing from May 2013, LG U+ launched the Korea's first Full HD IPTV service through U+ tv G.

U+ tv G Primary Features



One Touch Play
Smartphone to TV connection

Second TV
Use Smartphone as an extra TV

Phone to TV
Use Smartphone right from TV

Contents Share
Enjoy multimedia contents and photos saved in your phone/PC on TV screen

Family Album
Load family photos at single location and share/view photos on TV



U+ tv G Features

Total Number of Channels	Number of Full HD Channels
--------------------------	----------------------------

126	30
-----	----

Number of HD Channels	Provides 1080p resolution, which has up to 2x higher quality than HD
-----------------------	--

55



070 Player

070 Player 070 Player surpasses its conventional home telephone capabilities and provides features that differentiate itself from home phone and Smartphone. It adds new value to home life style through network. In addition to multi-user voice and video calls, the 070 Player is featured with voice recognition technology that allows to answer the phone, or activate various functions without touching the phone. In addition, it also has Home Monitoring feature via video feed so users don't have to make costly investment in CCTV, but still be able to monitor children or pets at home in real-time. With the availability of diverse contents, it's possible to enjoy over 30 different TV channels in real-time, or replay previously broadcasted contents in HD. In addition, there are limitless streaming access to over 2 million MNet contents or listen to radio with selection of over 50 thousand radio broadcast channels throughout the world. The docking station for the phone is more than a charger. It is equipped with high quality speakers could use the phone and the dock as Home AV System.



01



02



03

01_ Intelligent Lighting Control Solution Workplace
 02_ Integrated Smart PCS Parking Solution
 03_ Smart Video Call Center Demo

The Best Business Environment Provider

Smart Building Management Solution LG U+ has launched the Smart Building Management Solution that allows remote controlling of various functions in office, hotel, school or other buildings, environment or facilities through wireline or wireless network. The solution allows efficient control of interior lights, temperature, manage parking lot, or customize the controls to meet the requirements of a building or customer's needs. This service not only enhances convenience but can also achieve energy consumption, increased space usage, and other diverse benefits.

U+ Smart Building Management Solution Description

Integrated Smart PCS Parking Solution

Integrates telecommunication service with parking lot management solution for creating high-tech parking facility while reducing management cost.

Intelligent Lighting Control Solution

Reduces electricity bill and maintenance cost while providing brighter lighting environment than conventional lighting system for more comfortable work environment.

Smart Building Hotel Package

Reduces cost by integrating telecommunication infrastructure with hotel reservation management, individual customer billing and statistics management system

Smart Video Call Center Solution In August 2012, LG U+ launched the Smart Video Call Center solution that provides simultaneous voice and video call capability for corporate customers that operates call centers. In case of conventional call center solution, a customer had inconvenience of repeating lengthy recording all over again if they didn't hear or understand the ARS guide message. But with the LG U+ Smart Video Call Center solution, a customer can visually check and select desired service through their Smartphone screen and select from the menu, and be connected to receive smart service. It also reduces wait time and significantly increases customer satisfaction.

Effects of Applying U+ Smart Video Call Center Solution



Fast and accurate customer care through real-time video and data sharing ability.

Increased IVR service usage by providing listen, view and select features synchronized with IVR.

Reduced SMS cost by providing Push service an alternative to SMS for application users.

Various marketing features can be applied to use the call center service as another marketing window.

Increase customer satisfaction by providing diverse and convenient features to Smartphone users.



Number of U+ ZONE

1,536,039

(As of May 30, 2013)



U+ HDTV Features

High definition contents : Up to 5-time higher resolution than DMB

Smart Streaming technology :
Single content is saved in multiple size files for seamless streaming

New & Convenient Service, Convergence

U+ ZONE U+ ZONE is a service that allows access to wireless internet (Wi-Fi Hot Spot, internet phone wireless LAN access point, or Wi-Fi 100) from location where there is LG U+ Wireless AP (Access Point). Currently, there are over 1.5 million LG U+ APs installed throughout Korea, and all the APs are connected to high speed internet network and provide speed of up to 100Mbps.

Speed

100Mbps high speed wireless network

Convenience

Simple access: Enter ID and Password from Wi-Fi menu of device

Security

Secure service through strict TTA authentication test

Economic

U+ Internet and mobile service subscribers can use LG U+ AP throughout the country at free of charge

C-games LG U+ has launched the Korea's first Cloud Game service. Just like watching Youtube video, users can search through PC/Online games on their Smartphone, Tablets, IPTV, PC, or other devices connected to internet via LTE, VoIP, or Wi-Fi connection, and just click to launch the game. In Cloud Game, users don't need to hassle with downloading and installing the game since the actual game is launched in the Cloud Server. Users can enjoy the game right from your PC, Smartphone, IPTV, or any device as long as there is wirelines or wireless internet connections. In addition, LG U+ has launched C-games, an open market exclusive for Cloud games that allows users to play diverse games without having to buy certain hardware or software, and enjoy the games at affordable price. Game developers can use GDK, a tool for converting the games for N Screen Cloud platform and service the games to even greater range of devices. C-games not only reduces development cost but completely shuts-out unauthorized downloading and hacking.

U+ HDTV U+ HDTV is a mobile IPTV service that provides high definition video anywhere, anytime, and even when you're on the move. It's the company's core service that will lead the LTE era. U+ HDTV is an innovative service that surpasses the boundaries of IPTV and utilizes high speed LTE network to deliver HD VOD contents to Smartphone, tablet, and other mobile devices.



Replay TV

Drama, entertainment and various TV programs are updated daily



VOD

Diverse genres including latest movies, animation, and children's video



On Air

Watch your favorite baseball team in action Over 37 real-time channels



Top Headline Video

Headline video and hot search keyword



Efforts for Protecting Information

LG U+ has acquired wireline/Wireless Integrated Personal Information Management System (PIMS) Certification as the first telecommunication company to do so in October 2011. In addition, the company has been awarded with the 11th Privacy Protection Award in December 2012 (Sponsored by KFCC and Hosted by KISA) and is recognized as an outstanding company in protecting personal information.



LG U+ Security Regulation and Guideline

<p>Regulation Corporate-wide Security Regulation (1)</p>	<p>Revision Interval Annually or as required</p>
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<p>Guideline Privacy Protection Guideline, IT Security Guideline, etc. (total 11)</p>	<p>Guide Development Security Guide, Encryption Guide, etc. (total 16)</p>
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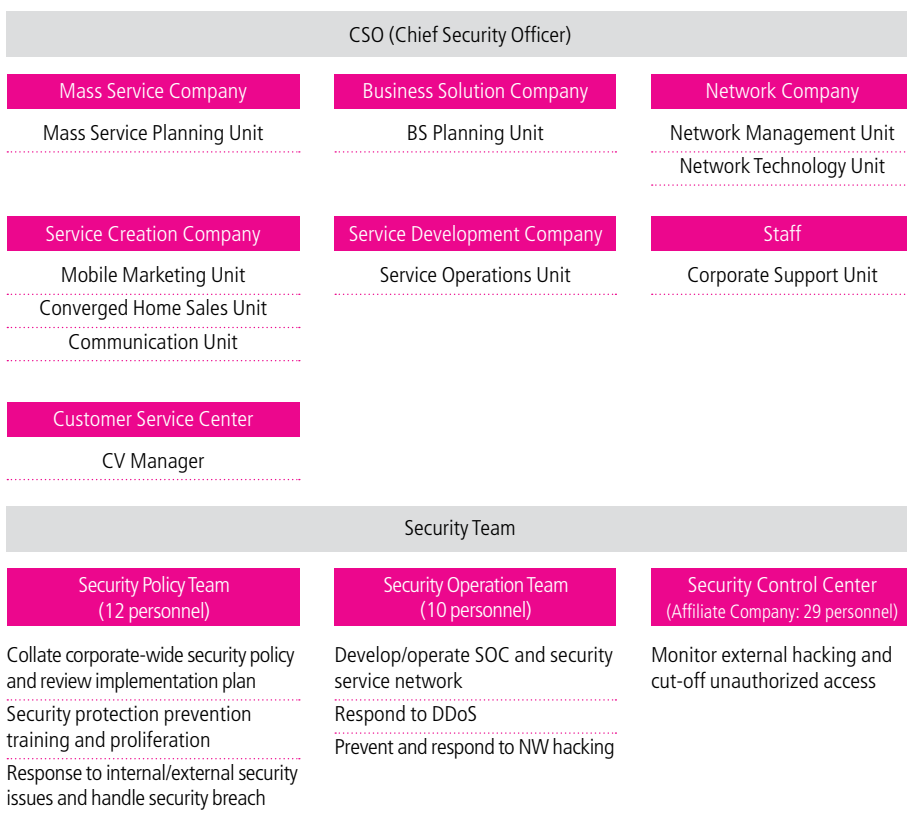
Personal Information Protection Pack

LG U+ has launched the Personal Information Protection Pack, a solution for safely managing personal and credit information against various information leak, identity theft, fraud and other illegal theft of personal information, as the first in the industry in November 2012. Personal Information Protection Pack includes Identity Protection Service, Financial Fraud Prevention Service, and Personal Information Protection Insurance Service. It allows customers to prevent potential loss and have peace of mind when using internet.

Customer Privacy Protection

Establishment of Privacy Protection System In accordance with strict and firm determination on privacy protection of the top management, LG U+ has established Security Committee chaired by senior executive of the company in 2009. The committee, chaired by the Director of SD Division holds bi-monthly meeting, and working-level meeting participated by team managers is held monthly.

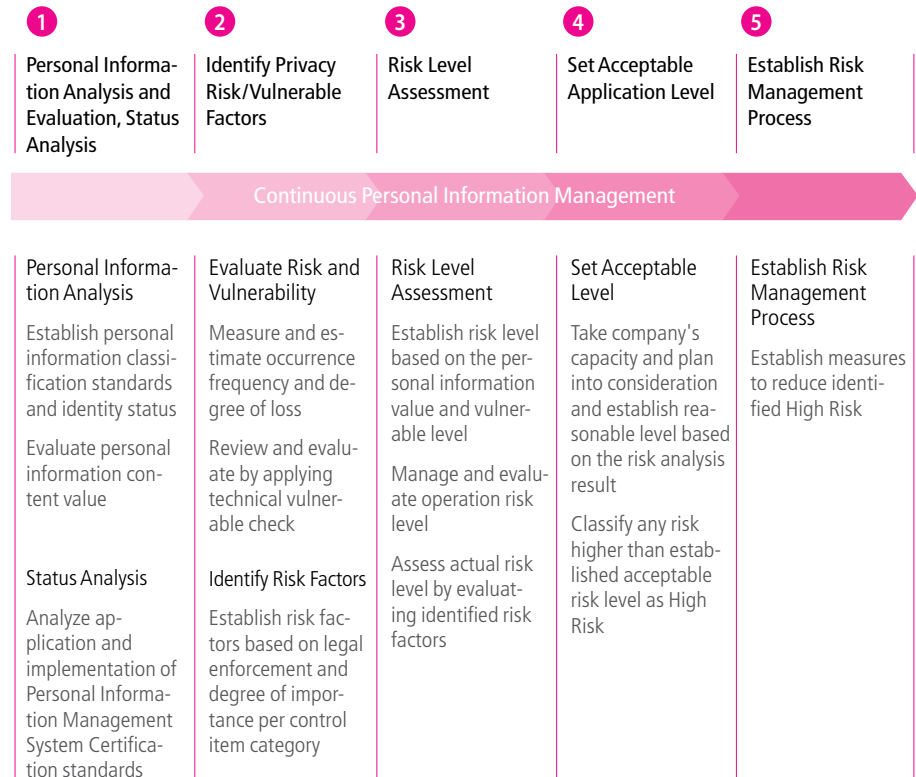
Privacy Protection System



LG U+ requires all suppliers to comply with strict privacy protection policy that is applicable to LG employees. The company mandates security protection training and if training is not implemented, business dealing with such suppliers is terminated. In addition, one day in every month is designated as the 'U+ Security Day'. On this day, the company inspects suppliers with regards to their compliance with security measures. Penalty is levied on any supplier that receives poor rating on this inspection. LG U+ takes extreme measures to ensure protection of personal information.

Customer Information System Security Enhancement User access limit is set in the Customer Information System and restricts the user if he/she attempts to access customer information numerous times. There are over 17 alert indicators set in the system. If an attempt is made to send out information that is the same as the information in the customer DB, it is detected in real-time and external transmission is cut-off. To ensure secure protection of customer information, the initial customer DB is encrypted with powerful algorithm. And Security Control Center is in place to engage in real-time monitoring of the network and immediately cut off access if DDoS, spam, malicious virus, or other external hacking attempt is detect.

Information Protection Process LG U+ has established and implements systematic information protection process. After identifying potential privacy risk, the risk is quantified and security control is applied to the corresponding risk to reduce the risk level.



Multimedia Privacy Protection Training

Privacy Protection Program LG U+ implements various privacy protection related training programs (Annual Privacy Protection Training, Offline Training, Multimedia Privacy Protection Training, Essential Privacy Protection Video for Creating ID, and etc.) so that all employees take handling customers' personal information very seriously. In addition, the company added diagnosis feature for checking the information protection level in the company's intranet to allow anytime access by employees.

CASE PLUS

Smart Paper

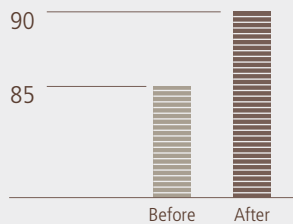
To improve protection of customer's personal information, LG U+ will pursue e-documentation of various application forms. This will not only ensure strict protection of private information but also increase work efficiency while reducing paper waste.



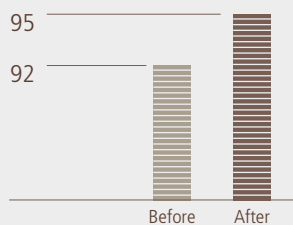
Customer registration with Smart Paper



Change in Customer Satisfaction Index after Applying Sympathy Consultation (Mobile Service)



Change in Customer Satisfaction Index after Applying Sympathy Consultation (Home Service)



The Customer Satisfaction Index surveyed by the LG U+ Customer Service Division

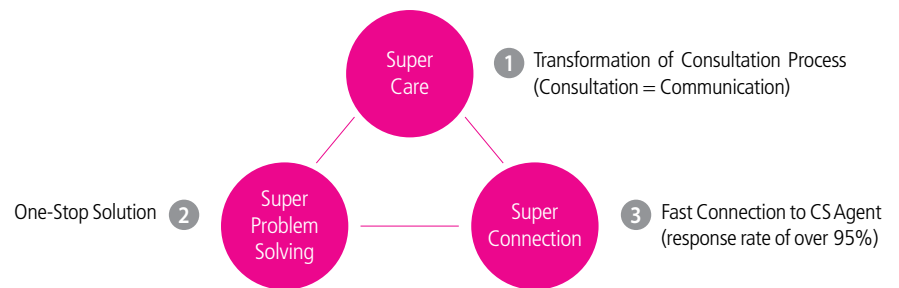


Total Number of Training Programs for Customer Center Agents

35 Courses

Customer Value Enhancement through Innovation

One-Stop Customer Center Customer Center is the contact point between LG U+ and customers. Accordingly, customer impression starts at Customer Center. LG U+ Customer Center is a one-stop service center oriented on customer consultation. The company is making diverse efforts to provide differentiated service.



The primary focus of LG U+ Customer Center is to quickly and accurately resolve customers' complaints and inquiries. And the company is making diverse efforts, including establishing one-stop solution policy, to achieve true customer satisfaction.

One-Stop Solution Policy

- 01 Resolve issue from customer's perspective on a single call
.....
Eliminate work process lead time
- 02 If the problem cannot be resolved through a single call, the agent stays with the issue until it is resolved
.....
Establish evaluation and check system for following through a promise to a customer
- 03 Establish measures to prevent repeated one-stop interruption factors
.....
Establish preventive measures and then engage customer and output monitoring

LG U+ has established systematic agent training program as a part of the company's efforts to improve the service provided by the Customer Center. The company also operates stress-relief program for agents, who are engaged in handling customer complaints all day. In addition, the company also implements Employee Participation program in which employees sits with Customer Center agent to listen to customer's voice, first hand.

2012 Customer Center's Key Training Course for Agents

Course	Detail	Minimum Implementation/Year
Stress-Relief	Ways of effectively reducing stress	4
CS Academy	Understand customers' claim and resolve the issue professionally to reduce making further complaints and increase customer satisfaction	4
Self-Development	Reflect upon self to self-motivate and challenge to new vision	4
Foster Next Leader	Learn basic characteristics and capacity of a leader	2
Sympathy & Healing	Share sympathy, best practice and know-how for benchmarking each other	1
Jeong-Do Management	Work implementation through honesty, fairness, and ability	1



Blue I

Blue I is LG U+'s innovation platform that was launched in 2010. Blue signifies Blue Ocean of new market, and I stands for innovation.

2012 Blue I Achievements

4,704 ideas suggested

107 ideas reflected in the business

Number of Innovation Projects Registered in 2012

1,077 cases



2012 Internal Test Group Activities

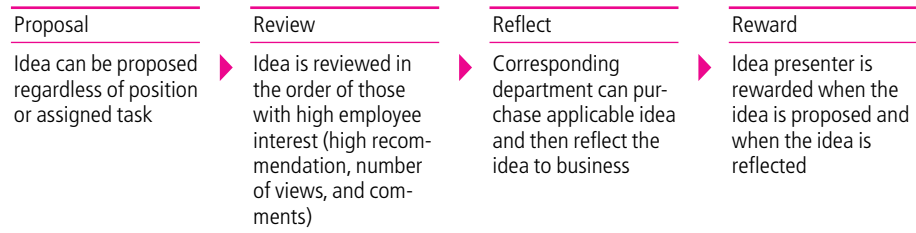
452 Testers 22 Services

2012 Internal Test Group Activity Result

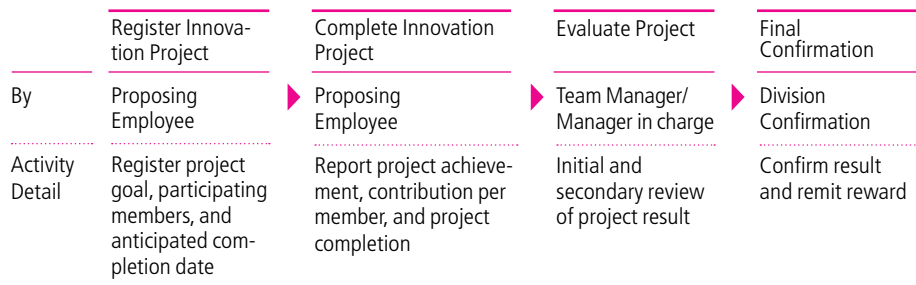
Of 256 improvement suggestions, 169 completed

Blue I Innovation Program LG U+ has established innovation platform called the Blue I, where employees' creative capacity are collated. Employees are encouraged to propose ideas that can contribute towards improvement of business and/or work process, and to engage work innovation through Innovation self-motivate work innovation through Innovation Projects.

Idea Proposal Process



Innovation Project Process



Internal Test Group LG U+ has established Internal Test Group to experience new service from customer's perspective before and after launching the service. The experience report by the Internal Test Group is related to the corresponding business team and up to the top management, including CEO. The result of Internal Test Group activity has been making materialistic contribution towards improving service quality.

Internal Test Group - Activity Process



Internal Test Group - Monthly Project





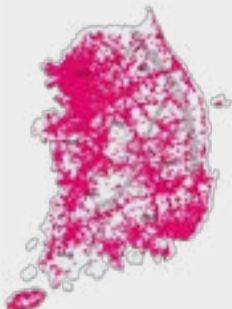
Search for Improvement

As a result of active VOC efforts, LG U+ selected 543 improvement projects among the data collated through each channel, and completed relevant improvements.

Customers' Voice Collation Channel	Improvement Projects (Cases)
Internal Test Group	280
Complaints/Claims	86
Online	60
U+ App Market	52
VOE	65
Total	543

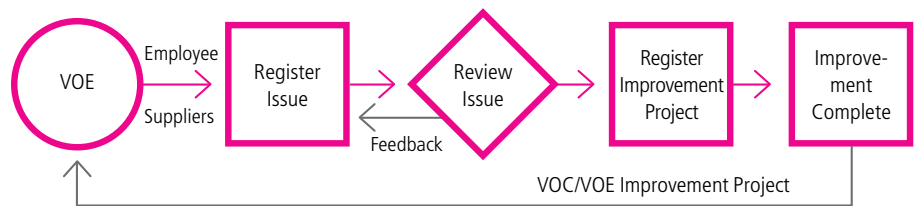


LTE Coverage Map Completed through LTE Map Campaign



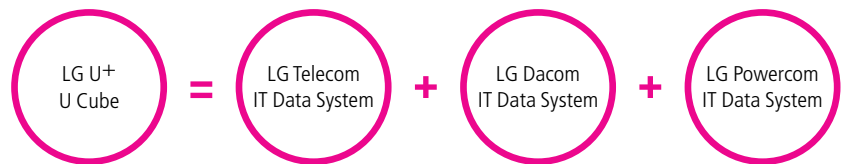
Quality Improvement VOE & Early Adapter Group Quality Improvement VOE program is implemented with long term perspective on all services provided by LG U+. Through the program, employees test and use the company's products and services from customer's point of view and if any problem is identified, improvement suggestion is made. In addition, LG U+ has also established the Early Adapter Group composed of employees with new perspective and sense to freely submit opinions on new services and lead the innovation.

VOE Call Quality Improvement Flow Chart



Innovation of IT Data System The wireline business division and wireless business division of LG U+ was formerly divided into 3 independent companies of LG Telecom, Dacom, and Powercom. After the merger of 3 companies, LG U+ has integrated the independent IT data systems of each division into a single integrated system on January 25, 2012 to enhance customer convenience. With the newly integrated IT data system, the U Cube, LG U+ gained ability to quickly enable customer service and provide users to freely select bundle package or single pricing plan that corresponds to each user's life style.

Integrated IT Data System



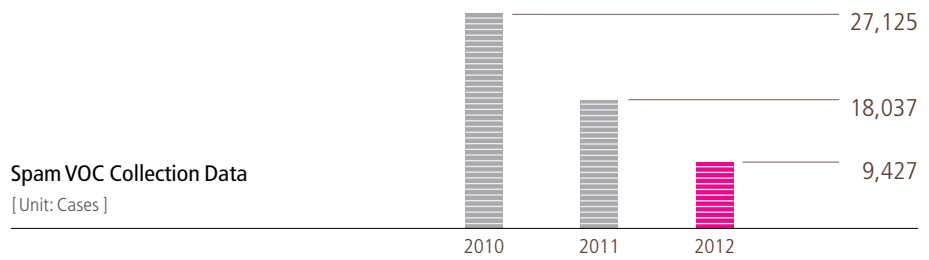
Diverse Efforts for Customer Satisfaction

Open Access to Wi-Fi zone On February 28, 2012, LG U+ fully opened its Wi-Fi service, the U+ ZONE, and made it available for free to all users, including subscribers of other mobile service carriers. As a result, all mobile subscribers able to enjoy the convenience of using LG U+ Wi-Fi network, without the hassle of searching for connectivity to their own mobile service carrier.

User Created LTE Map Campaign

From December 1, 2011 to May 31, 2012, LG U+ held the LTE Map Campaign through which users of LTE phones checked the operation status and speed of LTE network throughout Korea and the status is reflected on the map of the country. The campaign provided opportunity to show LG U+ LTE coverage to the customers through coloration change of the map. It was a meaningful campaign that was held over 6 months since it shed away from conventional promotion of providing pre-made information, but data was built one by one through user participation.

Spam Block Service To protect customers from unsolicited spam calls and texts, LG U+ has developed intelligent spam block service and has been providing the service to all LG U+ customers at free of charge. And to prevent loss through spam calls and texts, the company has been continuously providing relevant information via company website, email, and monthly bill. In 2013, the company is planning to cooperate with other telecommunication companies to prohibit spammers from subscribing service and cooperate with KISA in developing a system for monitoring and analyzing spam status.



Free V3 Vaccine To prevent unintended loss of information from customers' PC, LG U+ has launched free V3 Vaccine Program on March 21, 2012 to all U+ Broadband Internet customers. As a result, U+ High Speed Internet customers are protected with basic vaccine program, Site Guard, which blocks out various harmful websites, malicious codes, fishing attempts, and Zombie PC Notice feature, which diagnosis the PC to check if it is infected and being unintentionally used.

Improved Billing LG U+ has been implementing Billing Improvement Project since 2010. Through such effort, the company has launched voice information service for the blind, single billing, and integrated billing, which are all evaluated to have significantly improved customer convenience.

Billing Improvements

Voice information service for the blind	Single Billing	Integrated Billing	Flexibility on Information Provided on the Bill
Voice information service on postal billing was initiated since October 2012 to improve access to telecommunication service by the blind	Subscriber to multiple services with different payment methods receives a single (integrated) email billing	Bills for wirelines and wireless services are integrated into single billing	Starting February 2012, the printing process for the bill was changed from conventional form printing to free form printing



01



02



03

01_ Launch of Double Data Plan
02_ Launch of limitless Freedom Plan
03_ Launch of U+ TV HD Family Plan

Innovative Pricing Plan for Benefiting Customers

Same Charge, More Benefits

Double Data Plan

Double Data plan that provides up to 2x more data than competitors was launched on February 3, 2012. This plan significantly increased the basic data to provide more benefits for LTE Smartphone users when using data service.



Increased the Number of Countries for Unlimited Global Data Roaming

On February 4, 2013, LG U+ has significantly increased the number of countries for unlimited global data roaming service to 85 countries. This is the most number of countries among all 3 mobile service carriers in Korea. Such initiative provided unlimited data service for 10,000 KRW/day in 85 countries, including USA, China, Japan, France, German, and Norway, and reduced the burden on the customers when traveling abroad.



Limitless Freedom Plan

As the first in the industry, LG U+ launched the LTE limitless Free Voice plan on April 15, 2013. With this plan, the company veered away from on-going subsidy argumentation with other mobile service carriers and initiated a new competition based on service and quality. This plan provides unlimited voice call for all calls in both LG and none LG network.



Family TV with Rational Charge

Smart HD Family Plan

The Smart HD Family plan with increased number of U+ TV channels and contents was newly launched on February 1, 2012. With the Smart HD Family plan, customers can enjoy exciting sports channels, terrestrial channel drama programs, entertainment channels, and popular channels favored by 30-40 age group, all reasonable and affordable price.



Various Calling Plans for Different Ages

LTE Youth-Silver Plan

Plan exclusive for youths and elderly was introduced on April 2, 2012 to provide more affordable solution for LTE service. The LTE Youth 34 and LTE Youth 42 are plans for minors under the age of 18. By reflecting the life style of today's young generation, the 34 plan provides 1,000 free texts, while 42 plan provides unlimited texts. In addition, the LTE Senior 15 plan significantly decreased the base price to reduce the burden of telecommunication fees for seniors.



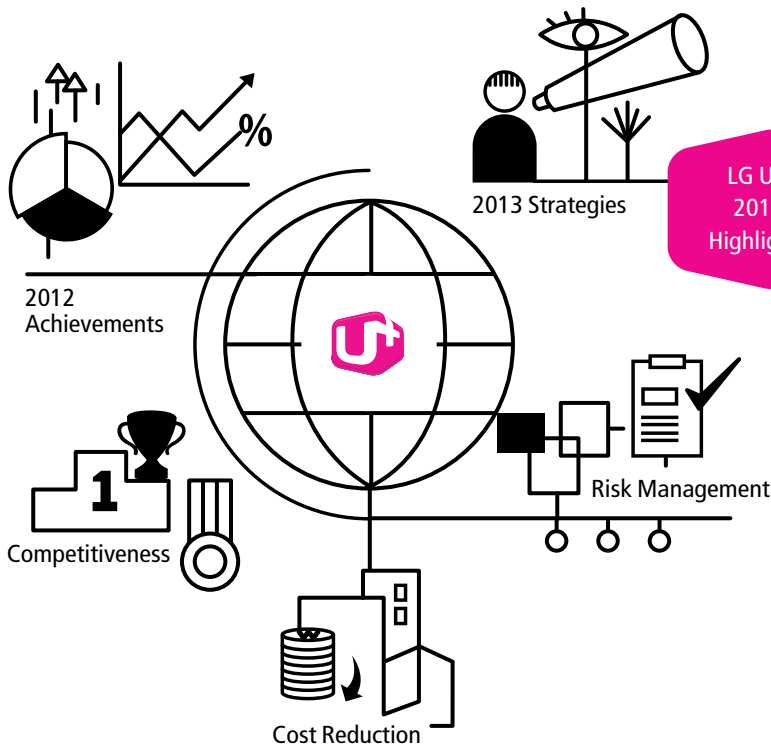
Since the launch of LTE Youth price plan, parents have requested for lower base price. LG U+ has reflected such request in the price plan and on May 1, 2012, the company introduced LTE Youth 19 and LTE Youth 24 plans, which significantly reduced the basic price.

Shareholders

LG U+ Will Become World's No.1

by Staking Everything Spirit

To continuously lead the market through creativity and innovation, all the employees of LG U+ places best efforts at each and every moment as if it is the last chance in competition. Through such efforts, the company will continuously maximize business profitability while expanding shareholders' value.



LG U+
2012
Highlights

Total Revenue

10.9 Trillion KRW

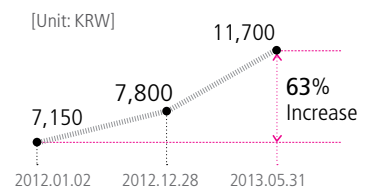
Mobile Subscribers

Surpassed 10 Million Subscribers

IPTV Subscribers

Surpassed 1 Million Subscribers

Stock Price



Achievements by Leading the Telecommunication Market

Achievements Overview In 2012, LG U+ achieved revenue of 10.9 Trillion KRW, which is an increase of 18.7% compared to the previous year. Significant growth in LTE market and improvement in wireline service fueled the revenue growth that surpassed 10 Trillion KRW. And during the first half of 2012, the company completed nationwide LTE network coverage, the first telco to do so in the world, and was able to provide stable LTE voice and data service with reasonable pricing plan one step ahead of the competitors. In addition, the launch of Android based O70 Player and U+ tv G, which combined the Google TV with IPTV, provided innovative converged home service to customers.

Revenue per Key Business

[Unit: Billion KRW]

Category	2011	2012	YoY
Wireless	3,413.2	3,980.1	16.6%
TPS	1,183.5	1,180.0	-0.3%
Data	1,310.2	1,368.0	4.4%
Telephony	513.0	481.5	-6.1%

Subscribers

[Unit: Thousand Persons]

Business	2011	2012
Mobile Phone	9,391	10,162
High Speed Internet	2,810	2,743
IPTV	862	1,054
Wireline Phone	360	491
VoIP	3,228	3,617

Key CAPEX

[Unit: 100 Million KRW]

Major Facilities	Details	Amount
Wireless Network	Investment in LTE, VoLTE, etc.	11,964
Wireline Network	Investment in new coverage	3,582
Others (IT, etc.)	System/Advanced Technology R&D	1,250
Total		16,796



Increase Rate of LTE Subscriber (YOY)

796.5%

Mobile Service Since the completion of the world's first nationwide LTE network in March 2012, LG U+ has maintained solid position as the leader in Korea's LTE market. And since the LTE preference survey taken every month in 2012, LG U+ has been selected as the No.1 choice in all months, and was also rated as the No.1 company for LTE network satisfaction and LTE service satisfaction categories.

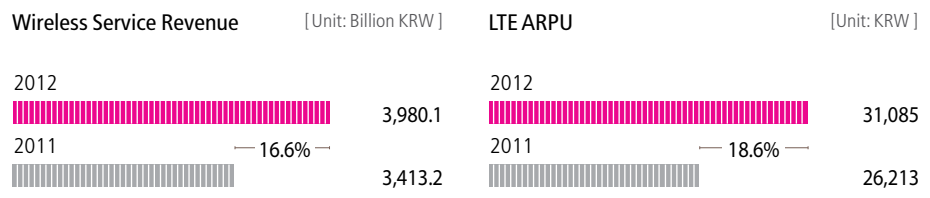
After surpassing 10 million mobile service subscribers in 2012, LG U+ leveraged its stable connection quality, service competitiveness, and elevated brand recognition to aggressively acquire LTE subscribers. As a result, the company exceeded its goal of 4 million and achieved over 4.38 million LTE subscribers. The revenue from mobile service in 2012 was 3,980.1 Billion KRW, which is 16.6% growth from 2011. This increase is attributed to significant increase in the number of LTE subscribers and improvement in voice call revenue. Particularly, the number of LTE subscribers, which only amounted to about 6% (557 thousand) of subscribers in 2011, increased to 43% in 2012. This increase in the number of LTE subscribers increased ARPU from 26,213 KRW in 2011 by 18.6% to 31,085 KRW. Such rapid growth significantly increased the profitability of the wireless service business.

2012 LTE Preference Survey

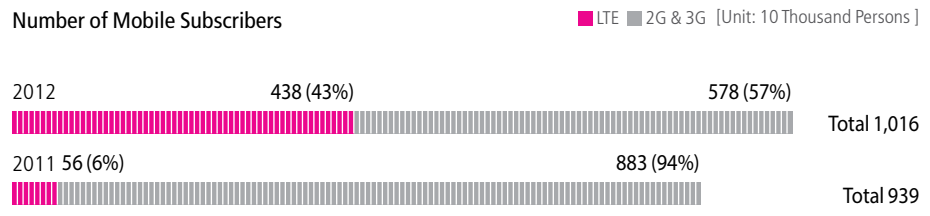
Jan.	No.1 (35.8%)	May.	No.1 (37.2%)	Sep.	No.1 (31.6%)
Feb.	No.1 (34.0%)	Jun.	No.1 (37.3%)	Oct.	No.1 (28.8%)
Mar.	No.1 (32.8%)	Jul.	No.1 (29.9%)	Nov.	No.1 (29.1%)
Apr.	No.1 (36.0%)	Aug.	No.1 (30.7%)	Dec.	No.1 (29.4%)

Research by: TNS Korea
Age Group: 14-49 Years Old LTE Users

Method: Online Survey
Number of Participants: 720 to 900 (monthly) (over 180 per week)



Number of Mobile Subscribers



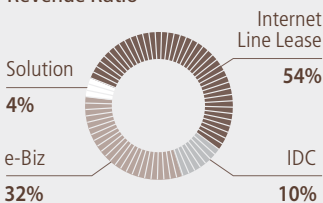


National Customer Satisfaction Index (NSCI) - No.1 in IPTV Category

In the NSCI (research agency: KPC) released in March 2013, LG U+ recorded No.1 in the IPTV category. This achievement is attributed to the differentiated service of U+ tv G. The company will continue to place effort to maintain the trust of its customers and increase customer satisfaction through more diverse services.

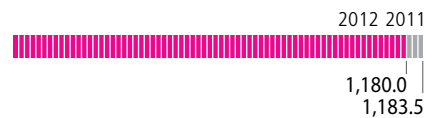


Data Service Business Revenue Ratio

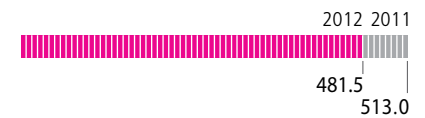


Home Service The revenue from LG U+ Home Service, which provides internet based telephone and TV service, in 2012 amounted to 1,180 Billion KRW, which is 0.3% reduction compared to 2011. Revenue from High Speed internet and VoIP services dropped by 5.4% and 4.3%, respectively, compared to 2011. This is attributed to market saturation, resulting in fierce competition among the service providers. In contrast, the company achieved noticeable growth in broadcasting business, which the company views as one of the new growth engines. The revenue from IPTV service, which was 152.1 Billion KRW in 2011, surpassed 200 Billion and recorded 200.7 Billion KRW in 2012. This is exceptional growth rate of over 32.0%, and ARPU for IPTV service also increased by 5.0% compared to the previous year. LG U+ has set highest priority in development of tailored service, converged service with telecommunication, and competitive pricing plan in 2012. The company will continue to increase efforts to strengthen competitive-edge in Home Service business to establish stable revenue platform.

TPS Revenue [Unit: Billion KRW]



Phone Revenue [Unit: Billion KRW]



Number of IPTV Subscribers [Unit: 10 Thousand Persons]



IPTV ARPU [Unit: Thousand KRW]



Number of Internet Phone Subscribers [Unit: 10 Thousand Persons]

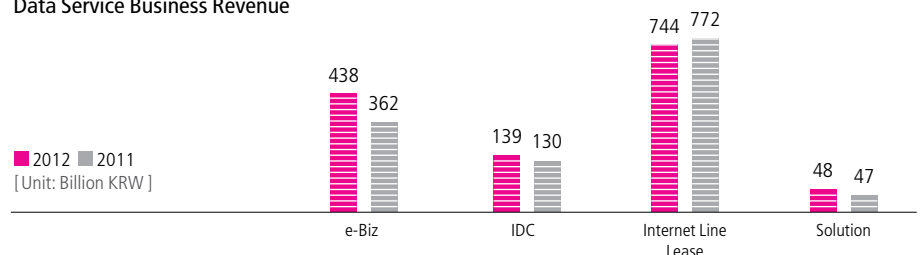


Number of Internet Subscribers [Unit: 10 Thousand Persons]



Data Service LG U+ Data Service includes e-Biz service, IDC service, and Communication Facility Lease service. LG U+ Data Service satisfies customer needs with optimum business environment based on advanced technology. The e-Biz service provides hardware infrastructure, such as IDC and network server, bundled with programmed application software to improve productivity, reduce cost, and facilitate communication. The IDC service provides large capacity internet connection facility and optimized data facility. Both services achieved continuous growth and in 2012, Data Service revenue amounted to 1,368 Billion KRW, which is an increase of 4.4% compared to 2011.

Data Service Business Revenue



Systemic Risk Management

Risk Management System To ensure continuous and stable provisioning of values to the company shareholders and stakeholders, LG U+ has established and operates Risk Management System to respond to various risks that may arise during management activities. The risk type is mainly divided into Financial and Non-Financial Risk. Then the Financial Risk is sub-categorized into Capital Risk and Finance Risk, and Non-Financial Risk is sub-categorized into Network Risk, Software Risk, and Information Protection Risk.

Financial Risk		Non-Financial Risk		
Capital Risk	Finance Risk	Network	Software	Information Protection
Dividend	Foreign Exchange (FX) Risk Management	Communication Disaster Risk Management	Compliance Risk Management	Personal Information Risk Management
Capital Payback	Interest Rate Risk Management	Communication Error Risk Management		Corporate Information Risk Management
Issuance of New Shares	Cost Risk Management			
Asset Liquidation	Credit Risk Management			
	Liquidity Risk Management			

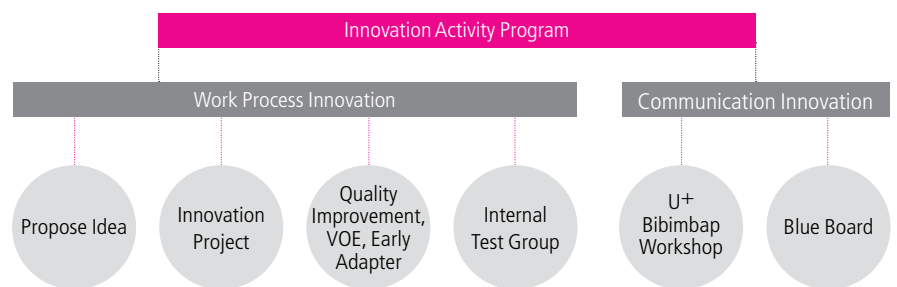
Financial Risk Management LG U+ has established and operates efficient internal control system (internal account management system) that includes self-diagnosis system and authentication system to effectively control various risks pertaining to accounting data, work process error, and negative factors. Through such efforts, the company ensures reliability on its disclosures while faithfully complying with various obligations set forth by the capital and financial market regulations and laws.

Non-Financial Risk Management In case of emergency situation, including natural disaster or other causes that results in telecommunication service failure, LG U+ maintains response manual to quickly restore and maintain service. Furthermore, the company implements diverse overall maintenance activities to ensure continuously stable network quality.

National Training Exercise	Planning and Implementation Process	On-going Activities
Participates in Disaster Response Safe Korea and Eulji training exercises	Emergency Response Process, LG U+ Telecommunication Service - Disaster Management Plan, LG U+ Earthquake Emergency Response Manual, GPS Frequency Jam Response Manual	Inspection to prevent telecommunication service interruption and quick service restoration exercises

Innovation for Substantial Management

Innovation Activity Program LG U+ has systemized diverse innovation activities to lead the industry through customer satisfaction and at the same time, enhance corporate values and maximize shareholders' profits. Innovation Activity Program is categorized into Work Process Innovation and Communication Facilitation, and such efforts have become the source of the company's sustainable growth.



Work Process Innovation LG U+ Work Process Innovation consists of Propose Idea system, which collates ideas from employees and reflects creative suggestions to enhance the company's business and work process; Innovation Project, through which an employee seeks out improvement measures in his/her own work process; Internal Test Group, through which employees check services of other departments; Quality Improvement VOE, which engages in R&D activities to identify service related issues and develop improvement measures; and Early Adapter Group, which engages in activities to collate opinions on new service.

Communication Innovation The U+ Bibimbap Workshop which was started in 2012 to improve inter-department relationship among departments that require close collaboration but did not have opportunity to hold informal gatherings brought individuals from relevant departments together and facilitated natural environment for communication and building friendship. In addition, LG U+ promotes innovation in corporate-wide communication culture through the Blue Board, an employee cooperation chain system.



Please view the Customer Section (p.21-23) for more details on LG U+ Innovation Activity Programs.

Please view the Employee Section (p.42-44) for more details on LG U+ Communication Facilitation.

CASE PLUS

Benchmark Visit from Overseas

As a part of efforts in obtaining advanced LTE network design technology, which was applied in laying the world's first nationwide LTE network, VoLTE technology, R&D capability, corporate culture, and other core capacities of the company, the key executives of Vodafone India and Bouygues Telecom of France visited LG U+ on April 9, and on December 5, 2012, respectively.



01



02

01_ Vodafone India Executives Visit
02_ Bouygues Telecom Executives Visit

Cost Reduction Achievements through Innovative Assignments In 2012 alone, total of 541 cost reduction potentials were identified through the Innovation Project. Among these, improvement measures were implemented on 324 cases and achieved actual cost reduction of 125.91 Billion KRW. The 324 cases were analyzed and categorized into Fee, Marketing Cost, R&D Cost, and Misc. Cost. After comprehensive analysis on its feasibility and realistic review, each cost reduction measure was implemented and resulted in achieving significant cost reduction. LG U+ will continuously implement internal innovation activities while making efforts to achieve more improved results in the future.

Number of Cost Reduction Innovation Projects and Actualized Cost Reduction

Category	Number of Cases	Amount (Million KRW)
Fee reduction through review and improvement on facility and service usage	61	35,858
Cost reduction through development of cost effective marketing plan	71	28,536
Cost reduction through elimination or integration of unnecessary technology development process	156	46,275
Misc. Cost Reduction	36	15,240

 **CASE PLUS**

Innovative Cases

Postal Cost Reduction Project

Link with the campaign for supporting children with incurable disease and promote voluntary participation from the customers.

Annual cost reduction of **2.3** Billion KRW

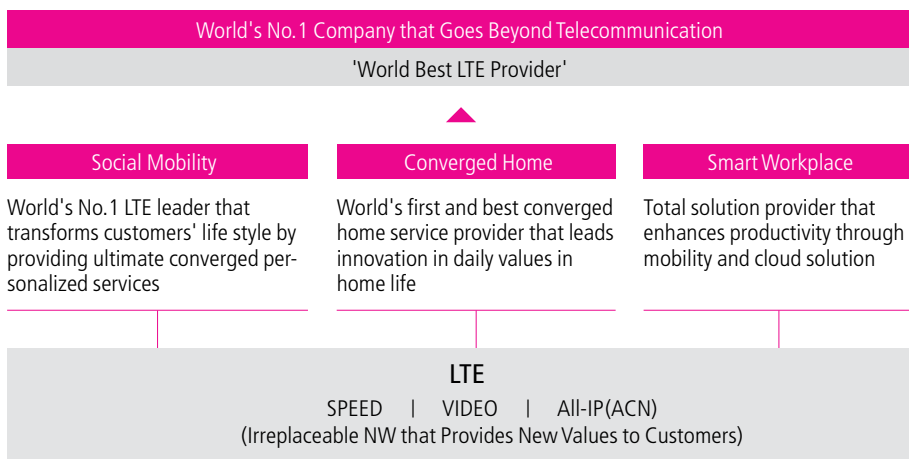
Cost Reduction by purchasing individual GBIC in EPON equipment

Change the contract option that purchase individual GBIC when GBIC is the cause of malfunction.

Annual cost reduction of **652** Million KRW

Strategy to be the No.1 Company

2013 Management Goal In 2013, LG U+ will provide faster and more stable network service, together with diverse and innovative converged service to provide greater convenience to customers and become the leading company that enhances customers' life style. Particularly in the mobile service, the company will continuously maintain leading position in the LTE market and lead the competitors by innovating service and pricing plan. In addition, LG U+ will elevate customer satisfaction to the next level with the launch of Converged Home Service to lead the innovation in daily values in the home market. And in the B2B market, the company will provide a new concept in total solution that will enhance corporate productivity through mobility and cloud. LG U+ will continue its relentless strive on becoming the World's No.1 Company that Goes Beyond Telecommunication.



Benefits of U+ Navi LTE

Most destination information in Korea

Korea's best real-time traffic information and optimum route information

New experience in par with LTE (Group Drive, 3D View, Voice Recognition)

Immediate usage without downloading a map

Always upgraded to the latest version without the hassle of updating

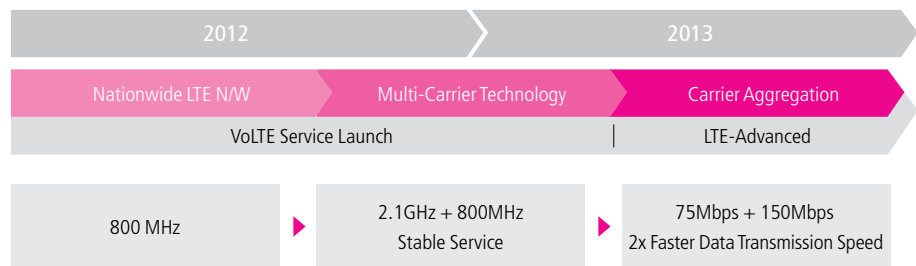
LTE Service In January 2013, LG U+ introduced the industry's first innovative LTE pricing plans, LTE Relieved Option and LTE limitless. As the LTE market leading company, LG U+ will continuously leverage its exceptional network quality and introduce competitive pricing plan. Through such initiatives, the company will place efforts to provide diverse services that will enhance customers' quality of life.

2013 Market Leading Business & Service



In addition, LG U+ will focus its resources to provide more stable and faster LTE service to customers. To achieve this, the company has already initiated installation of commercial multi-carrier network in 800MHz and 2.1GHz bandwidth since the second half of 2012, and will expand relevant services in 2013. In addition, Carrier Aggregation technology, which will increase the current 75Mbps data transmission speed to 150Mbps, will be applied in 2013.

LTE Network Roadmap



Home Service LG U+ will achieve continuous growth in the Home Service market by leveraging its IPTV business and introducing diverse convergence products. And with leading competitive-edge achieved through U+ tv G, which combined IPTV with Google TV, and Smart Home Phone 070 Player, LG U+ will continuously innovate to differentiate its services from competitors' products and surpass the limitations of conventional home telephone and TV to provide new values and strengthen its position as the market leader.

B2B Service For the B2B market, LG U+ is planning to continuously strengthen its tailored solution and enter into SME market. In addition, the company will seek out new growth opportunities in corporate mobile service, which has high growth potentials, by competitiveness of e-Biz, converged with Smartwork, and IDC services.

Convergence Service For the Convergence Service, LG U+ will leverage its strength in LTE and competitiveness of Cloud and continue to lead the industry in Personal Cloud business through U+ BOX Service. In addition, the company will maintain leading market position through provisioning of integrated marketing and advertisement solutions, such as WI-Fi AD and Digital Signage, that surpasses the limitations of channel and location, and expand its business in new sectors through life adhere services including Vehicle Management Solution, Cloud Call Center, Smart Clean, Smart Screen, and Smart Building.

SPECIAL FEATURE

Passion for Achieving the No.1 in LTE Market

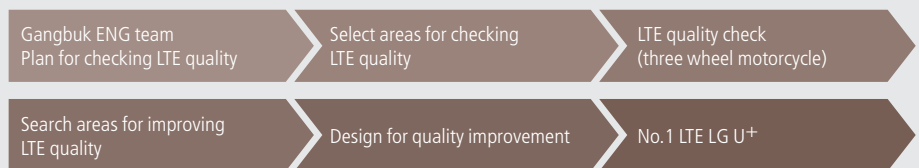
LTE Network Quality Test Using Three Wheel Motorcycle

To test LTE quality in residential cluster areas where it is difficult to test the network, LG U+ has modified three wheel motorcycle with test equipment to check the quality in difficult to reach areas. Such initiative was started by the company's passion for providing irreplaceable values to LG U+ customers, and this innovative idea of using three wheel motorcycle was provided through Employ Idea Proposal program. As of March 2013, total of 4 three wheel motorcycles modified with testing equipment are deployed to test network quality in residential and shop cluster areas, and through such efforts, 60 network coverage sectors in 48 test areas were identified.

LG U+ Three Wheel Motorcycle



Three wheel motorcycle were used to check LTE quality of 48 areas in 8 districts (Gangbuk-gu, Mapo-gu, Sungbuk-gu, Eunpyung-gu, Jongno-gu, Seodaemun-gu, Yongsan-gu, and Jung-gu) for 3 months. After LTE quality test, 60 sectors that require improvement were identified from 48 areas in 8 districts. Improvement work for 29 sectors (48.3%) has been completed/or in progress as of May 2013. LG U+'s three wheel motorcycle will never stop on its mission for improving LTE quality.

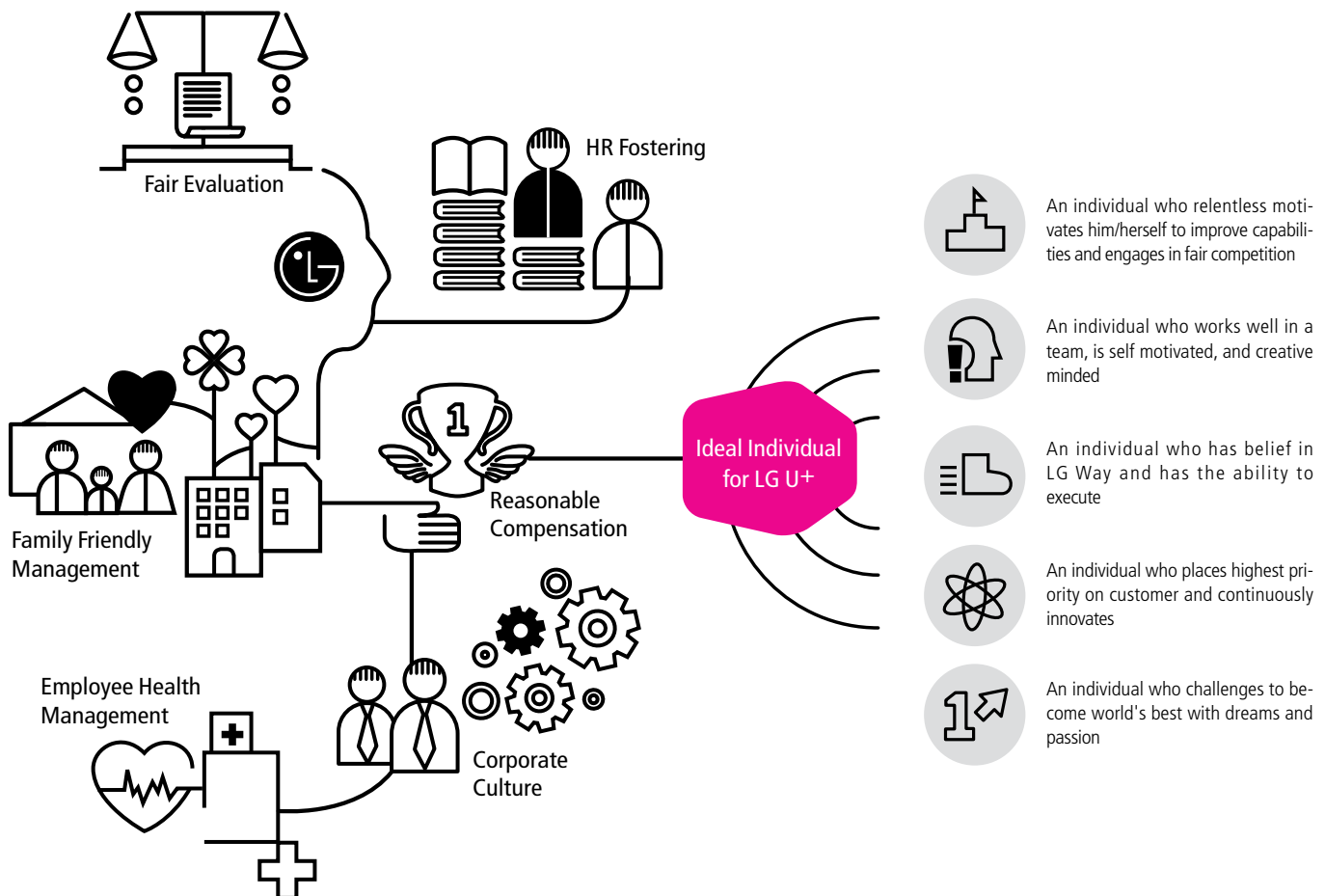


Quality Enhancement Criteria: RSRP - below 85dBm for over 10%

Employees

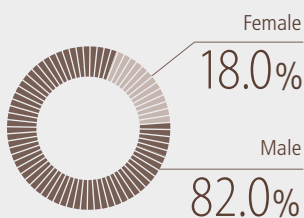
Employees' Standards and Their Way of Working Will Be Set as the No.1

The source of energy that allows LG U+ to lead the market with creativity and innovation is undoubtedly, its employees. The company implements various policies and programs to create a workplace where employees are happy and satisfied.





Male to Female Ratio



Designated as Outstanding Company for Creating New Jobs

On January 13, 2012, LG U+ was recognized for its effort in creating new job opportunities and having positive effect on the employment market, and designated as the 2011 Outstanding Company for Creating New Jobs by the Ministry of Employment and Labor.

Key Players in Market Leading Initiative, Employees

Employee Status As of December 2012, total number of LG U+ employees numbered 6,486. Among these, 5,083 are regular employees, and 1,403, or 21.6%, are contractual employees.

Employee Status

Category	2010	2011	2012
Total Employees (person)	5,497	6,190	6,486
Regular (person)	4,513	4,831	5,083
Regular (%)	82.1	78.0	78.4
Contractual (person)	984	1,359	1,403
Contractual (%)	17.9	22.0	21.6

Occupation Classification Employee occupation at LG U+ is classified into Marketing, Sales, Technology, Network, and Staff. Each Category is then sub-categorized based on the specialty of work, and the entire organization is structured to bring out the maximum potential of all employees.



Recruit LG U+ has established and operates fair and unbiased recruit system. The company implements the LG Way Fit Test, which is an aptitude test for identifying and selecting ideal individual for LG U+. And potential candidate is interviewed by relevant department personnel and is comprehensively evaluated for work capacity, leadership quality, enthusiasm, and other characteristics. In addition, LG U+ takes respect for diversity and dignity very seriously, and guarantees equal opportunity to all candidates, regardless of gender, age, nationality, or religion.

New Employee Recruit Process





Number of employees subjected to evaluation and results in 2012

Number of Employees Subjected to Evaluation **4,495**

Performance Evaluation Implement Rate **100%**



Improvements in Employee Benefits in 2012

Life Stability

- Reduced home loan interest rate (5% → 4%)
- Company housing support

Medical Support

- Simplified out-of-pocket medical expense reimbursement process and extended period for filing for reimbursement
- Annual medical examination qualification age (Age 40 → Age 35)

Fair Evaluation and Compensation System

Objective Oriented Performance Evaluation LG U+ performs employee evaluation once every year. To ensure fair and objectivity, various evaluation processes, including MBO Appraisal, Multidimensional Evaluation, and Absolute Evaluation. Evaluation result is provided to each employee through 1:1 counseling with supervisor. In addition, if any employee seeks to appeal the evaluation result, there is a system in place for the employee to file for appeal and appropriate process is taken to review the evaluation.

Employee Subjected to Evaluation

Employee who has been working/on leave for over 6 months for the current year.

Newly hired college graduate employees who was hired after July 1 of previous year are excluded.

Evaluation Period



Evaluation Method

Evaluation Item	% of Total Score	Evaluation Process	
Achievement	80%	MBO Appraisal	*Obtain weighted average based on the % score for each category with max score of 5.0.
Capacity	20%	Absolute Evaluation	**Determine ratio (%) for collating with Division/Center organization evaluation result.

Performance Incentive System LG U+ implements reasonable incentive system based on an individual and organization's performance. Through the system, all employees are fairly rewarded based on their ability and achievements. In addition, the company also provides financial support for learning foreign language, and operates Well Being Point System, Refresh Vacation System, and Pension System to support individual development, personal well being, and post-retirement life of all employees.

Commensurate Incentive

Salary



- Base Pay/Bonus
- Increase rate is applied commensurate with performance

Incentive

- Compensation based on outstanding performance of an individual and organization

Management Performance Incentive

- Profit-Sharing by Business Performance

Promotion

- Promotion based on performance evaluation

Corporate-wide Support

Leisure Activity Support



- Multi-Well Being Point
- Refresh Vacation

Pension

- Support for stable post-retirement life

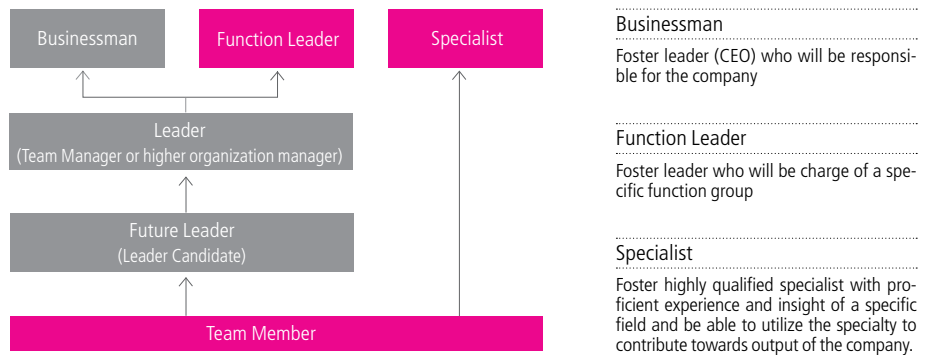
Misc.

- Financial support for foreign language course

Fostering Creative and Innovative Professionals

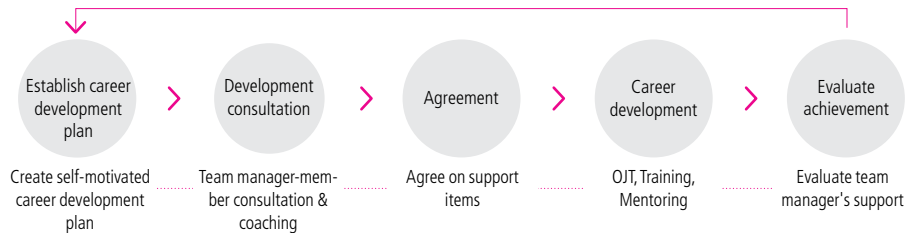
HR Development Strategy LG U+ fosters and develops employees under two main classifications of Leader, who will be responsible for the organization, and Specialist, who engages in work with high specialty. Leader is that sub-categorized into Businessman and Function Leader, and the company provides support so that an individual can select their career track through the Pre-Leadership program. And to provide opportunity to employees in identifying their own ideal occupation, and also to enhance work efficiency, the company implements occupation rotation policy.

Career Track

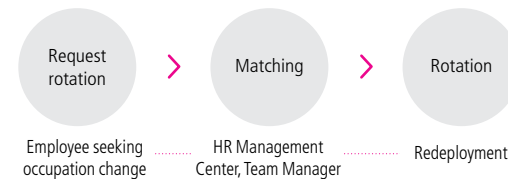


Career Development Plan (CDP) The most important asset in a company is its employees. Accordingly, LG U+ provides full support in fostering and developing capacities of all employees so that each individual will surpass in being able to effectively and efficiently handle their assigned tasks but also possess the innovative qualities to lead the company to Beyond Telecommunication era.

Career Development Process



Occupation Rotation Process





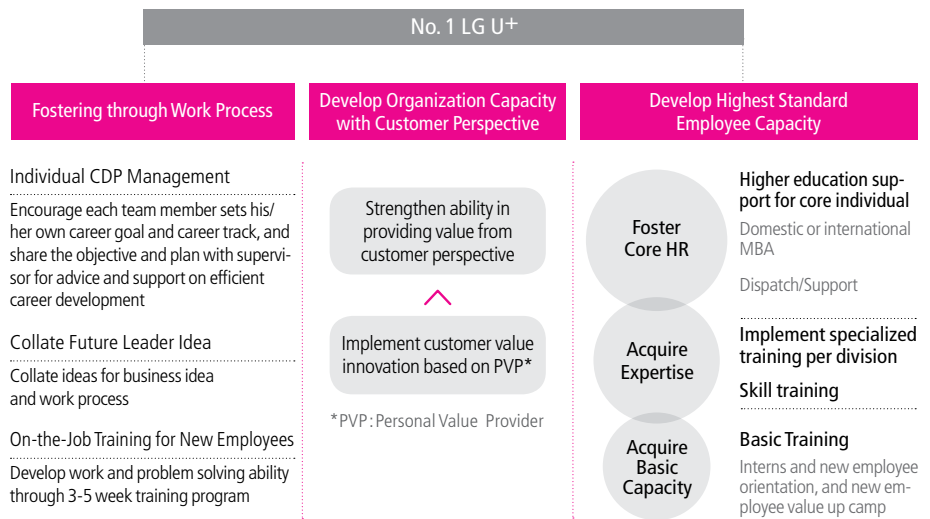
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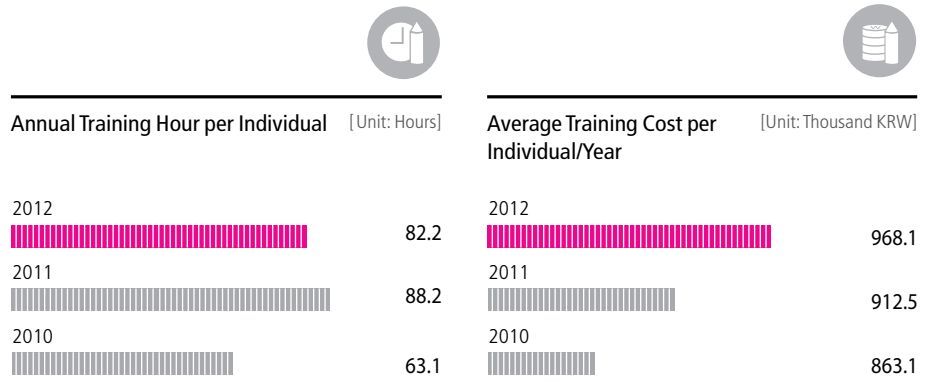
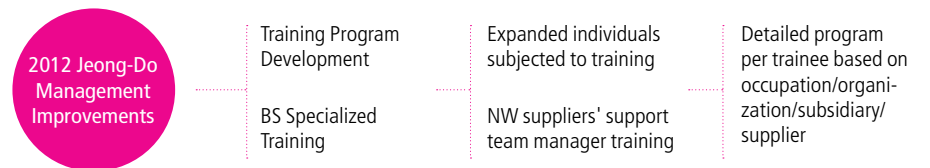
02

01_ New Employee Training
02_ LTE Flash Mob by New Employees

HR Fostering System The best asset for company is employee. LG U+ set various programs for employees to cultivate their capacity for not only dealing tasks efficiently and effectively, but leading the business beyond telecommunication.



Jeong-Do Management Training On and offline Jeong-Do Management training is implemented to proliferate awareness in ethical management among employees. Online training is held every year for all employees, and offline training is held at the time of recruit promotion, and appointment to a specific duty. In addition, training per occupation/organization is held frequently throughout the year.



Employee Training Program Roadmap LG U+ operates appropriate training system corresponding to each occupation and position of employees to foster professionals who will lead the company into Beyond Telecommunication Era.

■ LG U+ Offline Program ■ LG Academy & Outsourced Training Programs □ Online Program * Non-training

Category	Organization Development Training	Basic Training	Leadership/Core HR Training	Specialist Training	Corporate-wide	
Executive		Leader Innovation Camp	Executive Coaching* EndP GCC New Sr. Executive VP New Executive			
Team Manager			Coaching Practice* Future Top Management Leadership Theme Academy Foster Team Member Enhance Teamwork Performance Management Self-Motivation & Creativity Evaluation/Feedback New Team Manager Leadership Camp			
Sr. Manager	Positive / Strength Program Communication / Trust Program			Corporate-wide Skill Enhancement Basic Accounting Program PT Skill-up Program Basic/In-depth Negotiation Program PM Capacity Enhancement Program		
Manager		Grade I Promotion	LG Group Transfer Orientation Experienced LG Employee Future Leader	*Domestic & International MBA *LG MBA	HR University Accounting University Cyber Academy/E-book Academy	
Assist. Manager		Grade II Promotion			Occupation Training per Division MS BS CM/TM Capacity Enhancement and Branch Manager Candidate Program BS Focused Product Training, Sales Capacity Enhancement Program	
Staff		Grade III Promotion			NW Device/Broadcast/Security/Wireless NW/Server/Track and other Technology Training Programs	
		New LG Employee OJT* Internship Orientation New Employee Orientation New Employee Value-up			SD New technology, service, and trend seminars	
					Jeong Do Management/Privacy Protection / Sexual Harassment Prevention Training *WISE U+ / *study group support	



Outcome Sharing Meeting

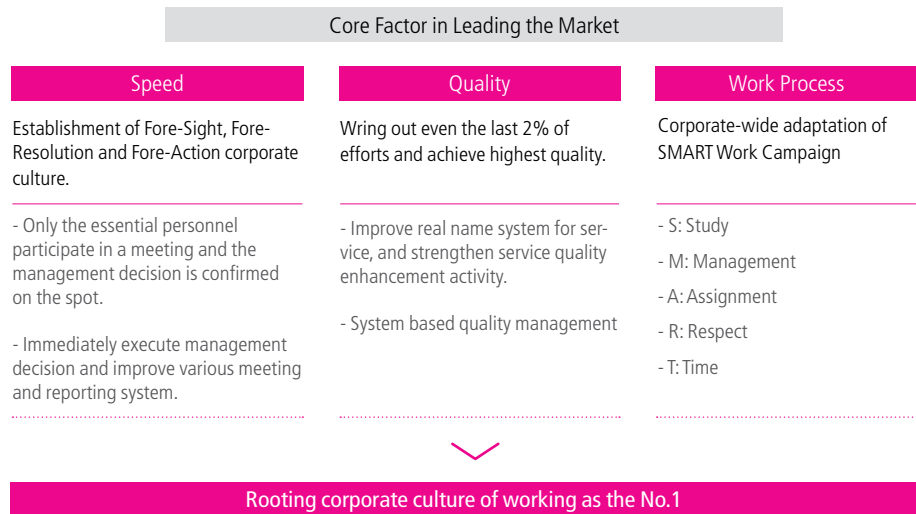
It's a LG U+ official meeting for sharing previous quarter's achievements and next quarter's strategies & goals.



2012 1Q Outcome Sharing Meeting

Establishing the No.1 Corporate Culture

Corporate Culture Principal LG U+ has adapted corporate culture of work process oriented on speed and execution to lead the market in the rapidly changing Beyond Telecommunication era. The company's top management lead the initiative to restructure corporate-wide work process with perspective of market leader. And with the addition of quarterly Outcome Sharing Meeting, LG U+ is continuously motivating its employees to perform in the direction pursued by the company.



Channel for Dissatisfaction & Problem To establish and maintain vitalized corporate culture, LG U+ operates Maeari and Jeong-Do Management Cyber Accusation Website, which are two channels for solving employees' dissatisfaction and problems at the company's groupware. All the postings made in Maeari and Sinmungo are handled anonymously. Each posting is related to corresponding departments, where it is either resolved, or process is taken for resolution. In addition, LG U+ also operates a system through which employees can submit complaints, personal problems, or suggestions via telephone, fax, and/or email.

Bibimbap Workshop To surpass superficial cooperation but achieve true collaboration and create inter-department synergy, LG U+ implements the U+ Bibimbap Workshop, which is a program that combines problem solving meeting with friendship building opportunity in social environment. The solutions obtained through the program is shared throughout the company and the program, which was launched as communication enhancement effort among working level employees, has advanced to become communication facilitating program among working level employees as well as executives of the company.



U+ Bibimbap Workshop Order

- 1 Introduce project to team members
- 2 Share issues that needs discussion/input
- 3 Melt-in time
- 4 Discussion to identify solution

Total number of U+ Bibimbap Workshop held in 2012

126 times

Blue Board - Internal Communication Board As a part of the efforts in facilitating corporate-wide open communication, LG U+ operates the Blue Board. LG U+ is not just a simple communication channel but a program that realistically contributes towards strengthening the competitiveness of the company. The program has established itself as the inter-department and inter-occupation communication facilitator.

Mission

Blue Board

Blue Board Mission

Take on the role of facilitating communication within the organization to support employees so that they can approach their task as the No.1 and lead the initiative in creating idea flowing creative corporate culture so that LG U+ can achieve the corporate vision of becoming the World's No. 1 Company that goes Beyond Telecommunication.

Members & Operation

Number of Personnel: 40
 Selection Process: 1) Voluntary applicants (application review & selection)
 2) Recommendation by the division
 Description : Financial support for program activities, participation in LG Group events, and other supports and bonus upon evaluation.

Role

<p>To CEO (Bottom-Up Communication)</p> <ul style="list-style-type: none"> - Identify improvement projects per occupation for work and/or policy, as well as VOE 		<p>From CEO (Top-Down Communication)</p> <ul style="list-style-type: none"> - Relate CEO's management philosophy/policy to employees - Assist in rooting the No.1 Mindset
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Activity

CEO Meeting (bi-monthly)	Regular Discussion Meeting (monthly)	Sub-committee Meeting (as required)	On-site Meeting (as required)	Mindset Campaign
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Committee and Activity per Blue Board Mission

<p>Rooting corporate culture of working as the No.1</p> <div style="text-align: center;"></div> <p>No.1 Culture Committee</p> <hr/> <p>Organization change and No.1 mindset agent</p> <ul style="list-style-type: none"> - Implement campaign for working smart and focusing on task - Identify and proliferate best practice for No.1 mindset 	<p>Contribute towards differentiating service by identifying creative idea</p> <div style="text-align: center;"></div> <p>Business Idea Committee</p> <hr/> <p>Facilitator for commercializing idea</p> <ul style="list-style-type: none"> - Identify new business idea and support development of outstanding idea - Suggest VOE for enhancing service competitiveness 	<p>Support open communication</p> <div style="text-align: center;"></div> <p>Communication Committee</p> <hr/> <p>Relate CEO's management philosophy and engage in Bottom-Up communication</p> <ul style="list-style-type: none"> - Collate VOE, create project for resolving communication issue, and engage corporate-wide campaign - Improve work related communication process
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Open HR Meeting LG U+ implements Open HR Meeting, which encourages open communication on work related issues. Through Open HR Meeting, employees can freely inquire and share suggestions on HR policy related matters.

Open HR Meeting with Team Members

HR manager and team members hold meeting to share HR policy related information and exchange of ideas.

Open HR Meeting with Leader

CHO and Labor-Management manager meets with a leader (executive) to share HR policy related matters and exchange of ideas.

Difficulty Caring Center for Uplusian LG U+ operates the Difficulty Caring Center to assist employees not only with work related problem but other problems employee may be facing so that the individual can find joy in his/her career.

Difficulty Caring Center

Category		Problem Type	Details
Individual Problem	Inter-person relationship problem within an organization that is difficult to be resolved by the individual	Inter-person relationship	Problem of disrespecting or unacceptable verbal abuse by supervisor or co-worker
		Sexual Harassment	Problem of verbal abuse that causes sexual embarrassment
Policy Related Problem	Company policy that causes difficult at the work place and to employees	Policy	Provide improvement suggestions for problems caused by company, HR or team/division related policy
		Work Related	Provide improvement suggestions for other work related problems

Open Communication based Labor-Management Relationship LG U+ has set building harmonized labor-management relationship as core management project of the company. To achieve this, the company has established mutual cooperation channel between LG U+ trade union and Information & Telecommunication Labor Union. Collective bargaining and wage negotiation is held annually and equal number of representatives from both labor and management are appointed for the negotiation. The collective bargaining and wage negotiation includes negotiation on salary as well as employee benefits.



2012 Innovation Mileage Reward

Number of Recipients:

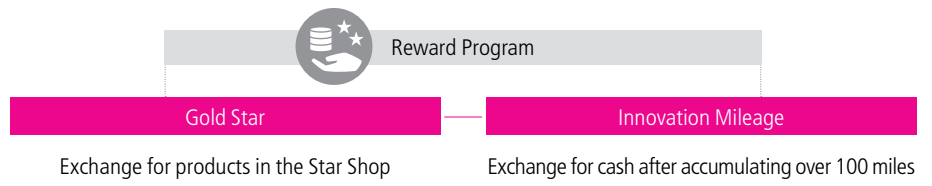
259 Employees

Total Reward Amount:

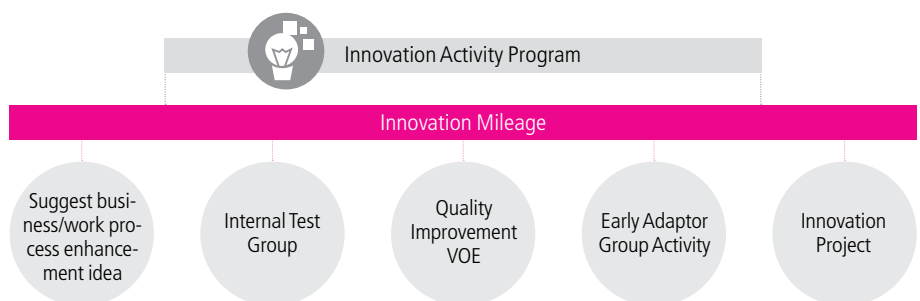
267 Million KRW

Joyful Innovation Activity, Innovation Activity Reward Policy LG U+ has established the company's unique Gold Star Point and Mileage system to encourage and rewards participation in idea suggestion program and service experience program by all employees. The Gold Star is point system awarded to employees who suggest idea or participate in company events. Employees can exchange the stars for various products from the Star Shop in Groupware. In addition, the Innovation Mileage is rewarded when employee completes innovation project or if an idea suggested by an employee is selected and applied. When the accumulated miles exceed 100 miles, employee can exchange every 100 miles for 1 Million KRW.

Innovation Activity Reward Policy



Major Innovation Activity Program The Gold Star point system and Innovation Activity reward program implemented by LG U+ to encourage employees to suggest creative and growth ideas is linked with various programs to ensure appropriate compensation and reward is awarded to all activities that benefits LG U+ development. Some of these relevant programs include the Business Idea Suggestion program, through which employees can submit new business/service or provide improvement measures to an existing service; Work Process Enhancement program, for suggesting efficient work process or cost reduction measures; Internal Test Group; Quality Improvement VOE; and Innovation Project program.





Quit Smoking Clinic

LG U+ operates Quit Smoking Clinic to support those employees who are trying to quit smoking.

- Alternative cigarette product support
- Professional consultation

Number of employees who applied for Quit Smoking Program

223 employees

Number of employees who succeeded through Quit Smoking Program

128 employees

Quit Smoking Program success rate

57.3%

Vibrant Workplace with Brilliant Spirit

Quit Smoking Support Program To help improve the health of smokers and none smokers, as well as to create comfortable working environment and prevent potential fire, LG U+ has designated all company facilities through Korea as None Smoking Building. In addition, the company has launched the 'Challenge! Quit Smoking for the Love of Family' campaign in August 2012 to help establish corporate-wide smoke free culture.

Challenge! Quit Smoking for the Love of Family Implementation Detail

Category	Details	Category	Details
Qualified Candidate	Any currently smoking employee who wish to quit smoking	Success Incentive (Total of 300,000 KRW/person)	- Congratulatory Gift: 100,000 KRW - Donation 100,000 KRW - Team Incentive 100,000 KRW
Challenge Period	8/1-11/30	Confirmation of Success	Nicotine test at the completion date + testimony by co-workers
Application Deadline	7/16-7/24		
Program Fee	100,000 KRW (program fee is donated to social cause under the name of the participant)		

Psychological Consultation LG U+ operates Psychological Consultation Center to promote sound mental health of all employees. The Psychological Consultation Center located on the 3rd floor of LG U+ HQ building. Professional counselor who has completed relevant professional course is there to help employees have healthy mind and focus on work.



Fitness Center To support employees maintain healthy body, LG U+ operates fitness center with latest exercise equipment in both HQ building and in Sangam Corporate Center. Each fitness center employees 2 full-time trainers to help employees learn the proper exercise programs tailored to each individual.



Fitness Center



Number of employees who use LG U+ Fitness Center

Approx. 700 employees per month



Family Friendly Certified Company

LG U+ was recognized for its Family Friendly Management and certified as the Family Friendly Certified Company by the Ministry of the Gender Equality & Family in 2010.



Employee Child Birth Gifts

- First Child | Organic Infant Suit, Seaweed
-
- Second Child | Under Garment, Handkerchief Set, Seaweed
-
- Third Child | Play Mat, Seaweed
-

Practicing Love for Family

Family Friendly Management LG U+ implements various care programs for the employees and their families through the company's Family Friendly Management. The program elevates employees morale while instilling pride, and helps create a happy work place.

Family Outing (Farming Experience & Baseball Cheering) In commemoration of May, the Month of Family, LG U+ held Family Outing program with employees and their families to experience farming and share fun and love with the family. The Family Outing was held in two locations of Milyang and Yongdong. It was family care program for the employees at rural branches of the company, and over 200 employees and family members participated in both locations. In addition, 150 families of LG U+ employees were invited to the LG Twins baseball game on June 2, 2012. This event was held to provide memorable time for the employees and their families. In addition to watching the games, the families were presented with signed balls by LG players. All participants had a great time with face painting, family photograph, and other special events prepared by the company.



Baseball Cheering



Farming Experience



Farming Experience



Family Love Class



Family Outing



School Entry Congratulatory Letter & Gift

U+ Family Love Class To provide realistic support to employees who are concerned with child education. LG U+ held the rearing children and learning program with cooperation from the Psychology Consultation Center during the summer vacation period. The program, which was held on August 11, 2012, was participated by over 180 employees and their family members. The program included Children Vision Design, through which emotion control lesson was given, MLST, which provided strategic way of studying, and aptitude test for the children. It provided opportunity for the parents to learn how to build healthy relationship with their children, and for the children to learn about themselves. In addition, the psychological test results were linked with 1:1 counseling with professional counselor to provide realistic support to the participating family.

Taking Care of Employees' Family & Child Birth Congratulatory Program In addition to basic benefits provided by the company, LG U+ presents congratulatory letter and gift from the CEO to the children entering elementary, junior high, and high school. In addition, the company also runs a program that presents seaweed and infant products to congratulate new birth of employee's family.

Local Community

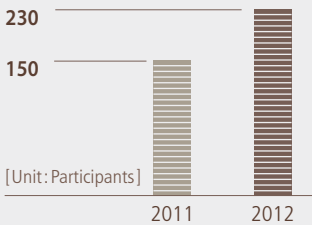
For the Dream and Hope of Our Community,
LG U+ Will Share Love and Add Value

To ensure joyful world for everyone, diverse values pursued by a company must be shared with the society. LG U+ will faithfully take on the responsibility and do its best to help achieve happiness and growth of our society.





Global IT Challenge Participants



2011: 150 participants (Korean Disabled Youths: 50; Vietnam Disabled Youths: 100)
 2012: 230 participants (Korean Disabled Youths: 148; Asia Pacific Region Disabled Youths: 82)



LG U+ Social Contribution Category

IT Plus |
 Global IT Challenge, LTE Dream Library

Young Dream Plus |
 Do Dream U+ Magic Bank Account,
 U+ Study Room of Love

Sharing Plus |
 Love Delivered through Bill, U+ Love of
 Thousand Won



2012 Do Dream U+ Magic Bank Account Graduates' Total Received Amount

138 Million KRW

Activities for Sharing Dream and Love

Global IT Challenge Global IT Challenge is a competition for disabled youths in Asia Pacific region. The competition was first held in 2011 to encourage disabled youths to utilize IT as the window for communicating with the world and as means of gaining independence, and to support the movement in eliminating information gap problem faced by the disabled. Youths participating in the contest compete their IT abilities in various categories, including Information Search, Document Creation, and e-Sports, and are provided with opportunity to broaden their experience through cultural exchange. The 2012 Global IT Challenge was made even more significant since it was held as the official commemorative event for the 22nd Rehabilitation International (RI) World Congress. LG U+ is planning to host the 2013 Global IT Challenge in Bangkok, and incorporate seminar session in which IT experts throughout the world will be invited to help raise the awareness of the information gap problem faced by the disabled.

2012 Global IT Challenge Event



LTE Dream Library To help support elementary school children in rural region, LG U+ constructed LTE Dream Library in Namyang Elementary School in Ulleung-gun, and in Gangjin-buk Elementary School in Gangjin-gun in June 2012. Both of these schools had less than total of 40 students each, and the company provided support so that the disadvantaged children can use smart devices to have access to contents necessary for their academic education. Creating LTE Dream Library Project was introduced through the LG U+ website and invited customers to participate in the social contribution initiative. And all LTE Dream Library related news until it was completed in June 2012 were updated in the website. LG U+ donated not only LTE data service fees, but various educational contents, including 350 e-Books, 175 Flash Fairy Tale Books, and over 300 educational VOD contents

01_ LTE Dream Library
 02_ Students in LTE Dream Library



Do Dream U+ Magic Bank Account Do Dream U+ Magic Bank Account is a project launched in August, 2010 to provide support to 150 youths of disabled family, who have dreams but are faced with financial difficulties. It's a program in which if the family of the youth and LG U+ employee mentor saves equal amount every month, LG U+ provides a grant of over 3 times the saved amount, to have starting fund between 5.5 Million to 6 Million KRW for the sponsored youth when he/she graduates from high school. The relationship between the youth and the mentor, who are brought together through Do Dream U+ Magic Bank Account program are continued through the Do Dream Camp.

On July 25, 2012, LG U+ celebrated 25 Magic Bank Account graduates, and selected additional 25 mentees from 1st grade junior high school and 25 mentees from 2nd grade junior high school to start the next round of the support program. These mentees will be matched with LG U+ employee mentor, and receive continuous support and mentoring activities even after 2016, the year mentees graduate high school.



01_Do Dream U+ Magic Bank Account Camp
02_Do Dream U+ Magic Bank Account Youth Inauguration

01

02



U+ Study Room of Love Donation Amount

41.71 Million KRW

Employee Donation	Company Matching Fund
26.07 Million KRW	15.64 Million KRW

U+ Study Room of Love The donation fund accumulated through the employee Quit Smoking Program is used for the U+ Study Room of Love, which is a project for building study environment for the youths of low income family. The Regional Children Center in Sangam-dong is designated as the Study Room of Love and the fund was used to install IT devices, redo the wall paper, and to exchange boiler.



U+ Study Room of Love



Love Delivered through Bill Number of Campaign Participants
(As of Dec. 2012)

4.40 Million Participants

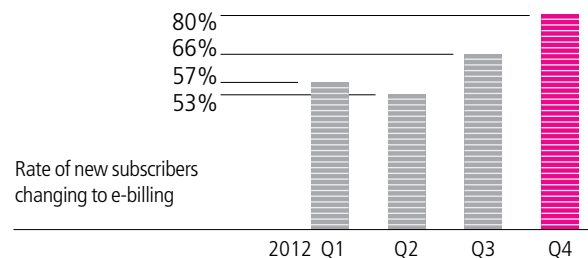
Number of Children Who Received Surgery In 2012

40 Children

Love Delivered through Bill To implement social contribution activities with customers, LG U+ indirectly provides customers with opportunity to participate in social contribution efforts. If a customer is using U+ Mobile service, or if a newly registering subscriber selects email or mobile billing option in place of postal billing, the cost saved from such initiative is used to pay for the cost of surgery for 2-3 children with heart disease or difficult to treat illness through the Love Delivered through Bill. This campaign was launched in March 2011, and is continuously being implemented. Customers can read about the hopes and wishes of sponsored children at LG U+ website. And any LG U+ customers who wish to join the Love Delivered through Bill campaign can change their billing preference at the website or by requesting customer center.



'Love Delivered through Bill' Poster





Transparent Operation of Love of One Thousand Won

The fund raised through employees participation of U+ Love of One Thousand Won is transparently managed by the Fund Management Committee formed with Team Manager or higher level executive of each division. All the activities, including donation amount and usage of the fund, are also posted in the Intranet.

Number of Employees Participating in U+ Love of One Thousand Won
(As of Dec. 2012)

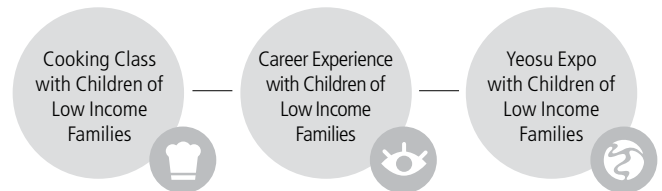
1,551 Employees 23.9% Participation Rate



LG U+ Magic Healing Concert

U+ Love of One Thousand Won LG U+ implements U+ Love of One Thousand Won program, through which employees participate in donating small amount to help provide financial support in case an employee, employee's family, or a neighbor is faced with sudden financial difficulty due to unforeseeable accident, illness, or disaster. Through the program, which was initiated in 2005, participating employee sets an amount, larger than One Thousand Won, to be automatically deducted from his/her monthly salary and get accumulated in a fund. As of end of 2012, the total fund for the U+ Love of One Thousand Won program amounted to 237 Million KRW. The fund collected through the U+ Love of One Thousand Won campaign is used to support 45 employees of subsidiary and suppliers, and for voluntary and support activities for disadvantaged children at 6 social service centers.

U+ Love of One Thousand Won Activities



Social Contribution Expense As a constituent of our society, LG U+ has established strategies and formed the CSR Team, exclusively for the relevant activities, to faithfully fulfill the roles and responsibility to the society. The company pledges to make true contribution for healthy growth of our society by implementing continuous and sincere social contribution activities.

Social Contribution Expense Status	[Unit: Million KRW]
2012	5,555
2011	5,026
2010	5,642

Social Contribution Expense Ratio	[Unit: %]
Donation & Sponsorship	64
IT Sharing	19
Scholarship	15
Cultural Arts & Sports Sponsorship	2

CASE PLUS

Magic Healing Concert - Love Delivered through Bill Invitational Event

Since the 1st donation of the fund raised through the Love Delivered through Bill in March 2011, over 40 children who received surgery through the campaign were cured from their illness. To celebrate their recovery and to provide encouragement to those children who are currently undergoing treatment in hospitals, LG U+ held a very special concert at Seoul National University Pediatric Hospital on January 13, 2012. The concert included the Horse Dance performance by Little Psy, Min Woo Hwang, and the magic performance team, Ong-als presented fun packed showcase for children who have less opportunity to experience cultural events. In addition, the event was even more significant since it provided a period of healing for the parents of ill children.

Climate Change Response

Energy Conservation and GHG Reduction LG U+ takes environmental issues compounded by climate change very seriously. To respond to the climate change and to minimize the effects on the climate change, the company is implementing corporate-wide energy conservation campaign as well as various efforts to reduce GHGs. Surpassing the reactive action to the climate change, the company views such environmental condition as a new business opportunity and is pursuing energy efficiency service through telecommunication technology as well as GHG emission reduction business.



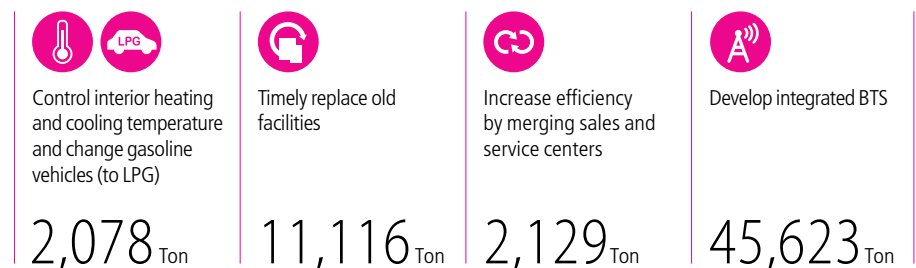
Turn off every other lights in basement parking lot

Energy Conservation and GHG Reduction Efforts

Energy Conservation Activities	Details
Every other light off in basement parking lot	Reduce energy consumption by turning off every other light in basement parking lot
Disconnection of light circuit	Reduce energy consumption by disconnecting light circuit
Enhance water heater operation	Reduce energy consumption by manually operating water heater
Clean water heater and boiler pipes	Clean pipes to increase energy efficiency
Develop integrated BTS	Integrate 2G(1x)+3G(EvDo)+4G(LTE) into a single body to share PSU, and use high efficient and high integration components to reduce system energy consumption
Develop Green IDC Center	Switch AC power, which has high power transformation loss, to DC to reduce power loss by 7-28%
	Install free cooling A/C unit(high efficient unit) to reduce power consumption
	Use exterior air cooling unit (collect and use cool exterior air to cool interior)

Energy Conservation and GHG Reduction Achievements While placing efforts to increase the awareness on the environmental issues among the employees, LG U+ is also actively implementing diverse campaigns and programs to reduce GHG. Since 2012, the company has been implementing Use Natural Light Campaign and Auto Light Off during Lunch Campaign in both the company's HQ and Sangam Corporate Center. And to further conserve energy and reduce GHG, the company made corporate-wide efforts to control heating and cooling temperature inside the building, timely replace old facilities, merge sales and service centers, and switch gasoline vehicles to LPG engines. Through such efforts, the company was able to reduce total of 60,946 tons of carbon dioxide emission in 2012.

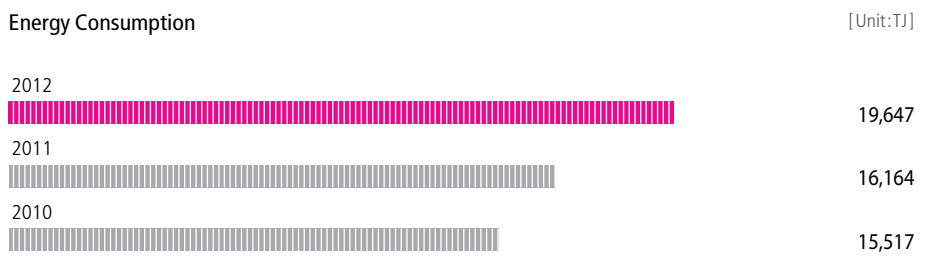
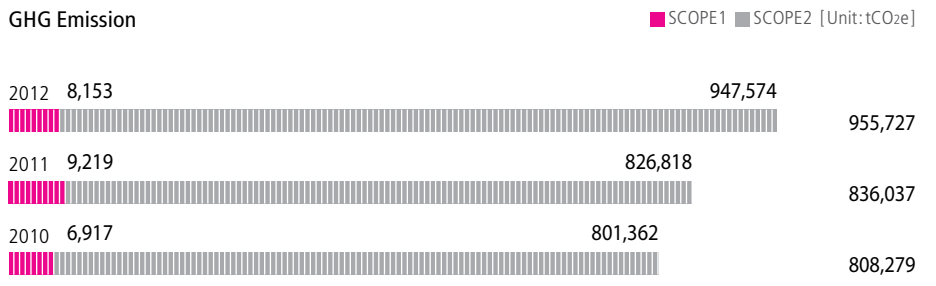
GHG Reduction





Energy consumption volume and GHG emission volume is calculated in accordance with the Energy and Target Management Policy Standards.

GHG Emission & Energy Consumption Volume




U+ CASE PLUS

Low Power Consumption and Integration of BTS

LG U+ has been actively pursuing the low power consumption and integration of BTS policy since 2011 to truly achieve Green IT. In 2012, the company replaced compressor and cooling fan in the BTS to improve cooling efficiency, and newly installed exterior air circulator to reduce the load on the cooling and heating system during summer and winter seasons. In addition, the company has developed next generation integrated BTS, which can accommodate both 2G and 4G systems simultaneously, and installed low power consumption/large capacity exchanger. This significantly reduced electricity usage while reducing energy consumption by the system by approximately 50%.

Low Power Consumption and Integration of BTS Project Result

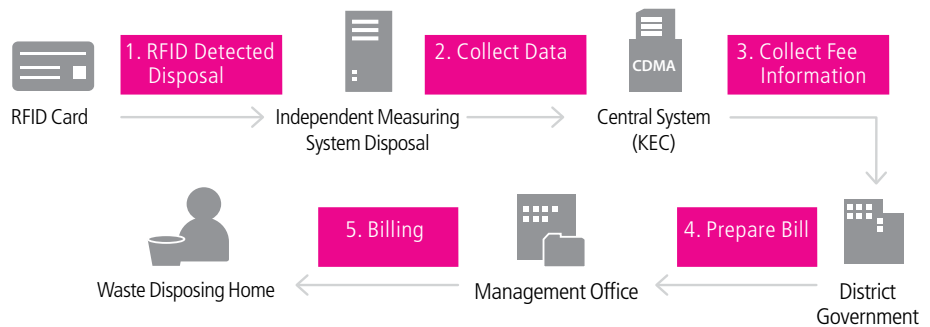
Number of Replaced BTS	489 _{BTS}	Conventional BTS	7.16 kW
		Average power consumption per hour	
 Next Generation BTS		Next Generation BTS	3.22 kW
		Average power consumption per hour	
		Average power consumption per hour reduced by	55%
		Carbon dioxide emission reduction per 1 BTS per year	15ton

R&D for Eco-Friendly Technology

Integrated Management of Urban Household Wastes To contribute towards resolving one of many urban environmental issues, LG U+ has been implementing Food Waste Measurement System and Collection System Development Project since 2010, and has been providing effective support to the RFID based volume-rate disposal project implemented by the district government throughout Korea.

Integrated Management of Urban Household Wastes service not only actively supports the environmental projects pursued by the Korean government and contributes towards resolving environmental issues, but also became a foundation for building healthy society by engaging in the business through partnership with small and mid-sized companies.

Integrated Management of Urban Household Wastes Process



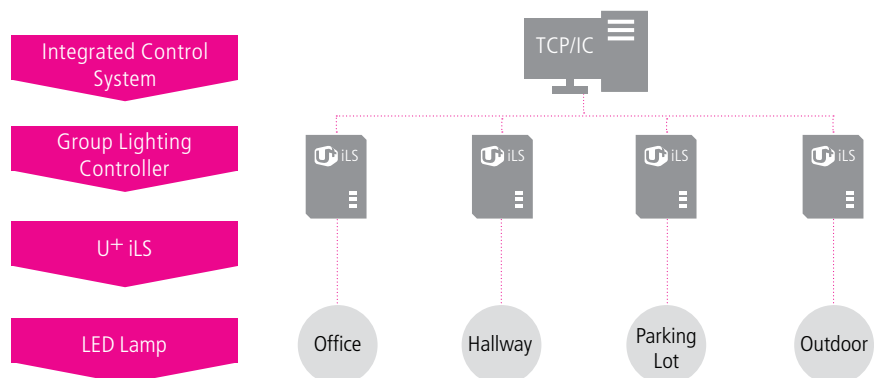
U+ iLS Application Field

Intelligent Lighting Solution could apply to manufacturing facility/industrial facility/buildings, public facility/convenience centers/shopping centers, and street lamps/tunnel/subway.



U+ iLS: Intelligent Lighting Solution LG U+ has developed U+ iLS, which is a solution that can intelligently and remotely control the dimming of lights per group. U+ iLS allows tailored scheduling and remote control customized to each customer's need, and if the service is provided with replacement LED lamp, the solution can reduce the light power consumption by up to 60-80%. The solution not only conserves energy but also reduces GHG emission by reducing power consumption.

Intelligent Lighting Solution Configuration Diagram



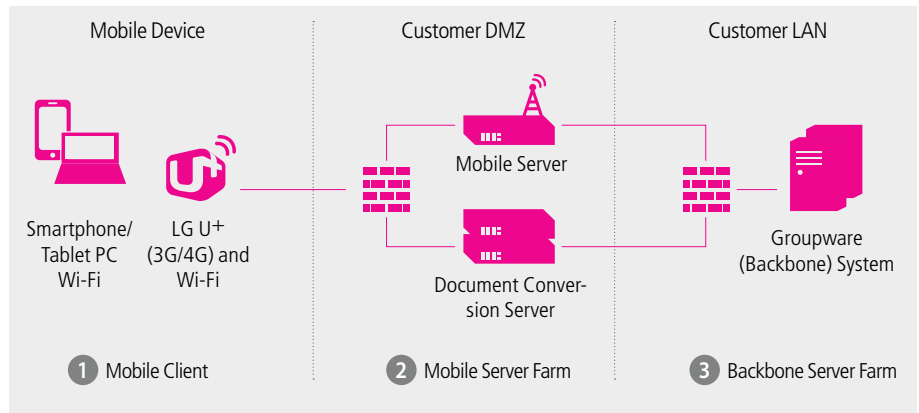
Environment Conservation through Smart Office Technology LG U+ has developed Smart Office technology that will help minimize the effects of climate change on the environment while help conserve energy and reduce GHG emission by corporations. The company is leveraging such new technology as an opportunity to engage in new field of business. LG U+ will continue to engage in such innovative and advanced challenges.

Anticipated Benefits of Smart Office Technology



LG U+ Mobile Groupware not only allows usage of corporate groupware from a Smartphone but also includes business mobile portal service that improves user convenience and productivity. It facilitates instant work processing even while the employee is out of the office to reduce work lead time.

Mobile Groupware System Configuration Diagram



U+ HD Video Conference System is developed based on years of network operation know-how of LG U+. The system is leased to B2B customer and managed based on network facility/solution leasing program. U+ HD Video Conference System provides video conference with guaranteed QoS (Quality of Service). Corporate customers can not only reduce cost with U+ HD Video Conference System, but can also reduce GHG emission by reducing the need for employees moving from one location to another for meetings.

Video Conference System Configuration Diagram



High Temperature Data Center LG U+ is making efforts to reduce cost as well as GHG emission by reducing the energy required to maintain proper temperature of the company's data center. To achieve this, the company has established a separate HTA Data Center, which can operate in high temperature environment (up to 40°C) in its Anyang Data Center.

Important systems, including server, storage, and network facilities can be damaged by high heat and therefore, data center temperature is generally maintained at around 22°C. One of the company's leading technologies is the high temperature data center. The LG U+ High Temperature Data Center is designed so that it does not require separate cooling system, and achieved 30% cost saving compared to conventional data center.



Anyang HTA High Temperature Data Center Interior

CASE PLUS

GHG Inventory System Development

As a part of the company's efforts to actively participate in Korean government policy on response to climate change, LG U+ is currently developing the GHG Inventory System. LG U+ will continue to engage in true environmental management through corporate-wide energy conservation and GHG reduction efforts, development of eco-friendly technology based on telecommunication technology, and through development of GHG inventory system.

GHG Inventory System Development Details

1

Database the facilities which indirectly creates GHG (BTS, repeater, telecommunication building, and forward stationing facility)

2

Classify the electricity consumption volume of the facilities by KEPCO/Self-Generated/Others

3

Create pattern of electricity usage based on KEPCO and calculate GHG emission

4

Use the calculated emission volume to identify emission status and establish reduction plan

5

Use the data for emission statement required by regulation

Nurturing Talent through Industry-Academy Cooperation



01



02



03

- 01_ Industry-Academy Cooperation Agreement Signing
- 02_ Korea National Open University Mobile Learning Service
- 03_ Giga Internet On-site Experience Education

Industry-Academy Cooperation for Fostering IT Professionals LG U+ has entered into Industry-Academy Cooperation Agreement with Woosong University and Woosong College on February 16, 2012 to foster IT industry professionals for over 20 IT specializing companies. In addition to Industry-Academy Cooperation, LG U+ has also entered into investment agreement for building Smart Campus for Woosong University and Woosong College, and pledged systematic and professional support for fostering IT industry professionals.

Industry-Academy Mutual Cooperation Highlights

- 1 Foster IT professionals and strengthen students' capacity in relevant field, and provide job placement support
- 2 Engage in cooperative development for mobile contents and telecommunication service related technology, and provide technical guidance
- 3 On-the-job experience, internship, and company visitation program
- 4 Education and research innovation through Industry-Academy Cooperation

U+ Smart Campus Project

- 1 Install open Wi-Fi zone
- 2 Provide academic application
- 3 Integrate wireless network

HR Fostering and Utilization Support for Woosong University

- 1 Build LG U+ Center

Korea National Open University Mobile Learning Service Based on the cooperation agreement entered in February 2011 with Korea National Open University, LG U+ has developed and launched the mobile learning service, U-KNOU PLUS, on April 16, 2012. The service provides curriculum and academic information of Korea National Open University to any students of the school, regardless of the mobile service carrier they are using.

U-KNOU PLUS Service

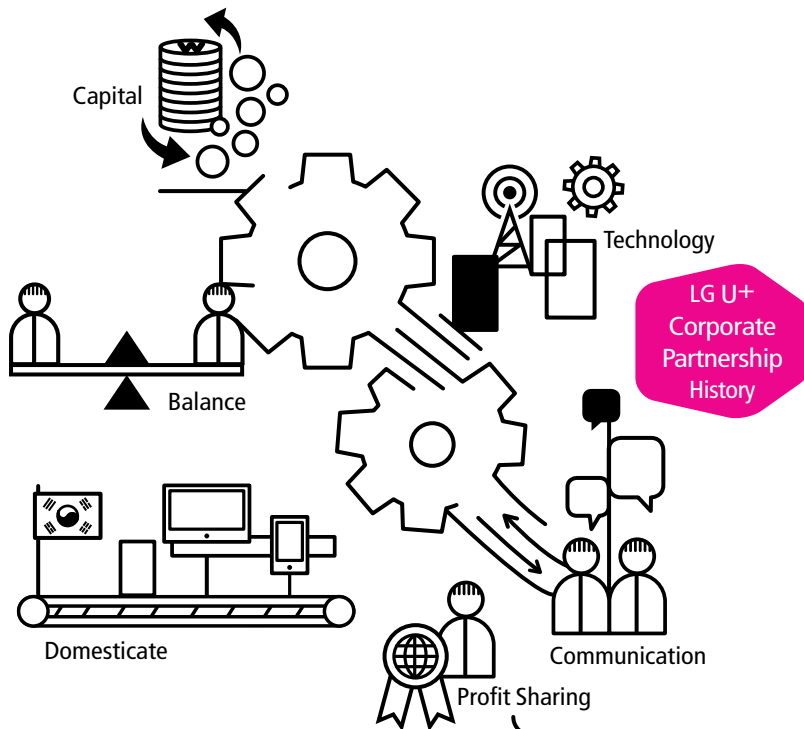
- | | |
|---|--|
| <ol style="list-style-type: none"> 1 Check and download curriculum 2 Academic information 3 View student record 4 View course related information | <ol style="list-style-type: none"> 5 Confirm grades 6 Check registration related information 7 Check class/meeting 8 Check scholarship application |
|---|--|

Giga Internet On-site Education In conjunction with KCC and NIA, LG U+ held the Giga Internet On-site Experience Education for the students of Gangseo Technical High School on September 3, 2012. Through the program, over 20 students of Gangseo Technical High School visited LG U+ Sangam Corporate Center and learned first-hand about the wireline/wireless network control center, and visited the local network facility and operation centers. It was a meaningful experience for the participating students who had the opportunity to learn and understand the telecommunication operation environment of LG U+.

Business Partners

LG U+ is a Reliable Business Partner that Achieves Growth Together with its Suppliers

Change and innovation pursued by LG U+ must be accompanied by strong business ecosystem with its suppliers. LG U+ will create corporate partnership environment by providing diverse supports to suppliers.



- 2005. 04 Newly establish Partner Relationship Management (PRM) based on 3 major principals of Jeong-Do, Innovation, Corporate Partnership
- 2007. 01 Newly establish integrated purchasing organization for corporate partnership with suppliers
- 2007. 09 Include 'Conglomerate-Small/Mid-Sized Company Corporate Partnership, Fair Trade Agreement Process, and Support Related Standards' in the LG U+ 4 Major Guideline
- 2011. 08 Establish LTE Open Innovation Center to support suppliers
- 2012. 12 Financial Support to Suppliers: 40.8 Billion KRW
Authorization to Patent to Suppliers: 28
Training Support to Suppliers: 6,147 personnel
- 2013. 01 Implement corporate partnership 5 Sang policy for supporting suppliers
Register Suppliers in Profit Sharing Program



LTE Open Innovation Center Opening Ceremony



5 Sang named from Chinese letter '生' which stands for Vitalize

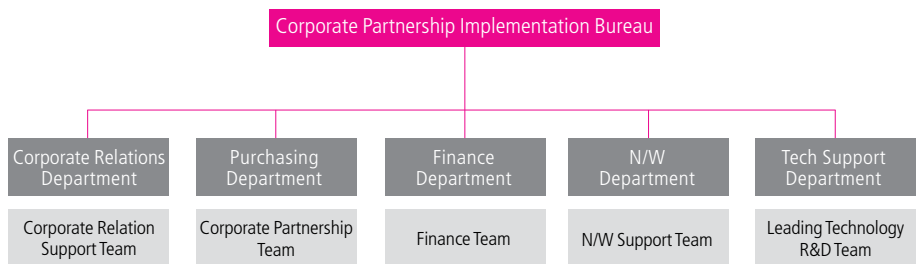
Systematic Approach for Corporate Partnership

Milestones on the Efforts for Corporate Partnership LG U⁺ is striving to achieve true corporate partnership through systematic and diverse programs for supporting suppliers. To achieve this, the company has been faithfully complying with the recommendations set forth in the 2007 Conglomerate-Small/Mid-Sized Company Corporate Partnership, Fair Trade Agreement Process, and Support Related Standards, and has reflected relevant provisions in the LG U⁺ 4 Major Guidelines (Code of Conduct, Code of Conduct Implementation Guideline, Code of Conduct Implementation Guideline Definition, and Purchasing Management Regulation & Guideline). The company established the LTE Open Innovation Center in Sangam Corporate Center on August 2011 to support suppliers' idea development and commercialization efforts. And in 2013, LG U⁺ is taking the Corporate Partnership efforts it has placed thus far one step further and has established the 5 Sang Policy, which systemized diverse support strategies for suppliers.

Systematic Work Process by Forming Exclusive Organization LG U⁺ has established the corporate partnership Implementation Bureau, which is an organization established exclusively to ensure fair trade and mutual growth with suppliers. In addition, sub-committees, including the committee for selecting suppliers and reviewing contracts with suppliers is established under the Corporate Partnership Implementation Bureau to organically implement Corporate Partnership with suppliers.

Corporate Partnership Implementation Bureau with two executives of Corporate Partnership/Purchasing Unit Executive and Public Relations Executive also has diverse departments responsible for continuously monitoring compliance with corporate partnership agreement, and also for reviewing supports required by suppliers, establishing solution, and providing support.

Corporate Partnership Implementation Bureau Organization Chart



Key Roles of Corporate Partnership Implementation Bureau Departments

Corporate Relations Department	Purchasing Department	Finance Department	NW Department	Tech Support Department
Corporate relations affairs including matters with the Fair Trade Commission and National Commission for Cooperative Partnership	Domestication/ Co-development, Corporate Partnership Board, and other support for suppliers and purchasing related affairs	Improvement in payment and financial support related affairs	NW training, NW tech support related affairs	Tech support for suppliers, technology sharing, and test bed operation related affairs



Corporate Partnership 5 Sang Policy Press Release (2013. 01)



1 Sang- Corporate Partnership through Domestic Production

17 Number of List Up Cases in 2013 1Q

- 15 Mutual development cases with SD Department
- 2 Independent development cases by manufacturer

Implementation of the Corporate Partnership 5 Sang Policy

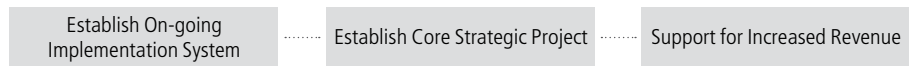
Background for Pursuing Corporate Partnership 5 Sang Policy As LG U+ standards and guideline pertaining to corporate partnership with suppliers become more and more complex, it became important for all employees of the company to recognize the importance of corporate partnership with suppliers and share relevant information as well as build connection with individual's work process. Accordingly, LG U+ declared the corporate partnership 5 Sang Policy that systemized the Corporate Partnership related details in January 2013, and implemented the policy corporate-wide.



1 Sang - Corporate Partnership through Domestic Production The 1 Sang Policy of LG U+ is to promote local production of equipment relied on foreign import and to enhance competitiveness of Korean companies' technology. It includes details for improvement on the process for domestic production/mutual development, and for providing financial and technology support for research and development. Through the policy, LG U+ engaged in mutual development of localizing equipment and enhanced support policy so that profit can be shared by LG U+ and suppliers.

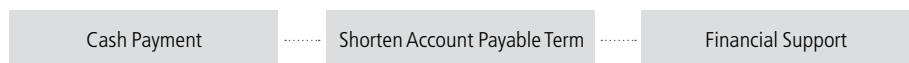
Establishment of Implementation System for Corporate Partnership through domestic production includes details on setting up communication window of LG U+ Enterprise Purchasing System (EPS) through which suppliers can suggest ideas, suppliers selection criteria, and suppliers selection process. Through the policy, the company established core strategic project, and various domestic production/mutual development projects, including Line L3 Switch development are currently in progress. In addition, LG U+ has also established sales promotion and support program through which suppliers can use LG U+ as a reference to support suppliers achieve increased revenue.

Corporate Partnership through Domestic Production Action Plan



2 Sang - Corporate Partnership through Financial Support 2 Sang Policy includes details on making all payments to suppliers 100% with cash to support their cash flow. LG U+ has improved its payment process and shortened account payable term from 19 days to 10 days. In addition, the company has increased the Corporate Partnership Support Fund for suppliers from 25 Billion KRW in 2012 to 50 Billion KRW in 2013.

Corporate Partnership through Financial Support Action Plan





LG U+ Corporate Partnership Board

LG U+ Corporate Partnership Board established on February 7, 2013 leads the initiative for stable and fast adapting of Corporate Partnership 5 Sang Policy, and takes on the role of communication channel between LG U+ and suppliers.

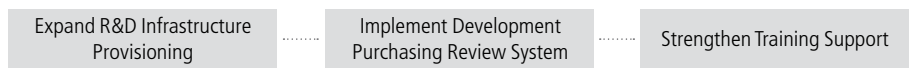


3 Sang - Corporate Partnership through Technology Support

3 Sang Policy includes details for enhancing competitiveness of suppliers by expanding R&D infrastructure for providing technology development support to suppliers. Currently, the Technology Development Center in Doksan-dong, Seoul provides additional line, network, and information usage for repeater and network system testing at free of charge. LG U+ will gradually increase the number of companies that has access to use the facilities of the Technology Development Center.

Development purchasing Review System is implemented to review cost reduction type equipment and product enhancement suggestion each month, provide technology support for development process, and guarantee price and quantity for certain period on developed product. In addition, LG U+ has expanded the offline technology training program and provides online training at free of charge through LG Academy Cyber Training Program to support training of suppliers.

Corporate Partnership through Technology Support Action Plan



4 Sang - Corporate Partnership through Balance

Through 4 Sang - Corporate Partnership through Balance, LG U+ has expanded Corporate Partnership applicable suppliers from 1st Tier suppliers to include 2nd Tier suppliers to pursue balanced growth. Through the policy, the contract status and payment conditions between 1st Tier and 2nd Tier suppliers are disclosed and Corporate Partnership support IT system is used to guarantee transparent business transactions.

Corporate Partnership through Balance Action Plan



5 Sang - Corporate Partnership through Communication

Corporate Partnership Board consisting of LG U+ employees and employees of suppliers is established to strengthen communication and build close cooperation system. Suppliers participating in the Corporate Partnership Board will cooperate with LG U+ employees to help come up with ideas for improving ways for Corporate Partnership, and select implementation projects to create improvement measures that will realistically help suppliers.

Corporate Partnership through Communication Action Plan





Reasonable Unit Price Adjustment Policy for Suppliers

Unit Price Policy

1. Unit price increase corresponding to change in FX rate
2. Unit price increase corresponding to raw material cost change
3. Change in contract price in case of design modification



LG U+ Quality Certificate

Corporate Partnership Highlights

Corporate Partnership through Adjustment in Unit Price LG U+ implements flexible pricing policy that increases the unit price based on the contract with small and mid-sized suppliers in case of change in foreign exchange rate to promote Corporate Partnership with suppliers. If a supplier requests adjustment in unit price due to change in cost of raw material or design modification, then LG U+ holds cooperative discussion with the supplier and adjust the contract price to support financial stability of the supplier.

Contracts that Specify Unit Price Adjustment Corresponding to Change in Exchange Rate

Contract Name	Number of Cases	Contract Amount (100 Million KRW)
L3 Switch for GGC Purchase Agreement	21	101.9
Purchase Agreement for Internet Infrastructure Switch	2	9.6
Total	23	111.5

Number of Unit Price Increase based on Request by Suppliers

Category	Number of Cases	Design Price (Purchase Price) (100 Million KRW)	Inspection Price (Invoice Price) (100 Million KRW)	Gap (100 Million KRW)
1 st Half	4,498	287	417	130
2 nd Half	4,474	325	485	160
Total	8,972	612	902	290

Supporting Raw Material Purchase To help reduce the burden on purchasing raw material, LG U+ provides material support to suppliers. In 2012, the company provided 80 Billion KRW worth of materials to total of 63 suppliers.

Raw Material Support Status

Category	Number of Cases	Total Material Cost (100 Million KRW)	Material (100 Million KRW)	Material Provisioning Ratio (%)
1 st Half	20,379	497	420	84
2 nd Half	19,224	465	380	82
Total	39,603	962	800	83

Quality Certification System LG U+ implements Quality Certification System to support revenue increase by suppliers for those who has completed development verification or development certification tests on new service, device, IT, equipment, and/or materials. LG U+ implements Credential Certificate policy and issues Delivery Certificate when requested by a supplier.

Credential Certificate



Number of Credential Certificate requests

96



Number of Credential Certificate sealed and issued

150



Cash Payment Rate

54.0%

Cash Equivalent Payment Rate

71.7%

Payment to Suppliers

21 times (average per month)



Number of Cooperative R&D Government Projects in 2012

12 projects

Financial Support To support suppliers with their financial issues, LG U+ has developed financial support program with financial institutions. The company further supports financial stability of suppliers by increasing cash payment ratio and improving payment policy in favor of suppliers.

Financial Support to Suppliers

Direct Support	Advance Pay for National Holiday	5.3 Million KRW
Combination Support	LG Corporate Partnership Fund	21.69 Billion KRW
	C&D Fund	0.46 Billion KRW
	LG Future Fund	7.24 Billion KRW
	KIF Fund	10 Billion KRW
Indirect Support	Network Loan	1.45 Billion KRW

Total Support Amount
40.8
Billion KRW

Financial Support Program for Suppliers

LG Corporate Partnership Fund	LG Corporate Partnership Fund was established 2011 through partnership with IBK Bank. The fund is funded by LG U+ and IBK Bank in ratio of 1:1.5, respectively. Supplier recommended by LG U+ can get a loan from the fund at interest rate of about 1.9% lower than market interest rate.
C&D Fund	The fund was established to develop new technology that can maximize synergy effect with existing business or service, and also to develop new business item for acquiring future growth engine. It is operated through Open Innovation and has capital of 15.6 Billion KRW.
KIF Fund	To support the advancement of Korea's It industry, LG U+ invests 10 Billion KRW to the KIF Fund(Korea Information & Technology Fund) and provides support to venture companies engaged in development of next generation information and telecommunication technology.
LG Future Fund	LG Future Fund supports R&D and technology development activities for LG Group. The fund is operated by the LG Technology Committee of key subsidiary companies of LG Group and LG U+ invested 7.24 Billion KRW to support technology development efforts of suppliers.
Network Loan	Network Loan has been implemented since 2004 to provide financial support for manufacturing and production activities to suppliers recommended by LG U+.

Technology(Development) Support & Protection LG U+ R&D support activity is implemented with a vision of identifying outstanding small and mid-sized companies and with goal of achieving customer impression by mutually focusing technological capabilities. LG U+ engaged in various cooperative projects, including LTE and high tech wireline/wireless information and telecommunication technology development, latest service technology RCS (Rich Communication Suite) development, and wireline-wireless converged service technology development, and cross-industry converged service development.

2012 R&D Support to Suppliers

Category	Plan	Achievements
Cooperative R&D	Successful commercialization and reflect in purchasing quantity	Completed 12 government projects
R&D support	R&D support through development outsource	Engaged in total of 176 new technology related development
Technology protection	ESCROW Policy	1 Case
IP usage support	Patent Authorization Policy	Authorized usage of IPs 28 times



Number of Services Developed through Test Bed Support in 2012

12,356 services

Number of Patents Authorized

28 patents



NW Occupation Training

6 courses completed 199 personnel attended

Jeong-Do Management Training

3 courses completed 5,643 personnel attended

On-site Technical Capacity Enhancement Training

19 courses completed 305 personnel attended

Cooperative R&D on Government Projects LG U+ is engaged in cooperative R&D government projects in 12 fields together with 14 suppliers. Through the cooperative R&D projects, LG U+ is supporting the strengthening of technology capacity and improve competitiveness of participating suppliers.

Provisioning of Development Environment LG U+ has built diverse R&D environment for technology development activities of suppliers and has been providing the facility at free of charge. Suppliers receive development support mainly for NW technology and LTE service development. NW technology development activities are carried out on Seoul Deoksan-dong, Sangam, Daejeon, and Anyang test beds, and LTE service development activities are carried out in the Open Innovation Center at Sangam Corporate Center. Total cost of 5.66 Billion KRW (facility/equipment usage cost: 4.2 Billion KRW; network line usage cost: 1.2 Billion KRW, Rent: 0.26 Billion KRW) incurred for 2012 development environment support activities.

Technology Protection LG U+ utilizes Technology Data Escrow program to protect core technology data developed by small and mid-sized suppliers, and at the same time, to acquire stable technology usage process.

Patent Authorization Policy To support Corporate Partnership of small and mid-sized suppliers through R&D activities, LG U+ authorized the usage of the company's patents (including IPs currently applied for) by suppliers. It is a part of support activities based on the Corporate Partnership philosophy of LG U+, and the company provides environment in which the suppliers can focus in research development activities without worrying about the cost of using the patent or technology barrier.

Training Support LG U+ implements diverse training programs at free of charge to improve understanding on the work process, NW technology (installation and operation), and to provide suppliers with skills required for immediate usage at the job site. In addition, the company also proliferates LG Way of conducting business, the Jeong-Do Management, through the training program to build mutual trust relationship between suppliers and LG U+ as well as foundation for Corporate Partnership.

NW Occupation Training

Program Name	Number of Participating Suppliers	Personnel	Period
Transmission Training	19	46	2012. 06
Facility Training (BTS)	6	21	2012. 05
Facility Training (Optical Repeater)	24	20	2012. 02
Facility Training (Small and Mid-Sized Repeater)	24	30	2012. 02 2012. 03
Facility Training (In-building Repeater)	24	46	2012. 02 2012. 03
Power/Ground Installation Procedure	8	36	2012. 04

Jeong-Do Management Training

Program Name	Participating Suppliers	Personnel	Period
Jeong-Do program for suppliers	NW contractor, mobile/TPS/SME retail shops	1,159	2012. 07 - 10
Supplier support team manager training	NW contractor	13	2012. 04
Customer Center training	Customer Center	4,471	2012. 06 - 12

On-site Technical Capacity Enhancement Training

Program Name	Participants	Program Name	Participants
Safety Management & Customer Visit Oriented Training	79	Quality Training (Timely Service Registration, Eliminate Hazardous Opening)	9
HFT Installation Technique Training	6	Installation & Operation of Main Line Training	15
Open VOC and Happy Call Training	6	Human Error Caused Interruption Prevention Training	6
Work Interruption (connection) Prevention Training	7	Quality Training (TOSS, LTE Timely Service Registration)	12
Timely Service Registration & CS Training	6	Optical Tab Facility Technique Training	8
NW Installation Technique & Safety Training	44	Quality Training (Timely Service Registration & Equipment Installation Procedure)	11
Quality Training (Timely Service Registration, TOSS)	10	PNI Usage Process Training	9
Optical Cable Connection Technique Training	34	Optical Line Connection Training	8
U+ GIS Training & Meeting	35		

Separate from the occupation and NW technology related training for suppliers, LG U+ launched 25 employee capacity enhancement training programs in LG Academy in 2013 and has been providing training support for suppliers. 333 employees of 33 LG U+ suppliers participated in LG Academy Cyber training programs during the 1Q of 2013. LG U+ will continue to make best efforts in developing training programs that will support the growth of suppliers.



Training Cost for LG Academy Cyber Training Programs for Suppliers in 1Q of 2012

23.13 Million KRW

Rate of Suppliers LG Academy Cyber Program Completion in 1Q of 2012

60.7%

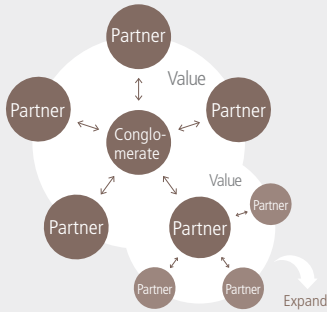
LG Academy Cyber Training Program

- Sale! Negotiate with Confidence
- Take-off MBA, Master in 30 Days
- Star of Planning- 1 Page Strategy Report with Star Theory
- Report and Make Presentations Like a Consultant
- Admiral Sun Shin Lee's Leadership by Prof. Yong Hee Ji - Implementation
- Excel Formula You can Apply Immediately at Work
- [MBA] Strategic Management
- There's 1% Difference in Attractive Marketer
- Action Oriented Leadership for Optimum Results
- Make Presentations Like Steve Jobs
- Personality Management Strategy by Tae Ik Yoon - Mind Reading
- Core Skill in Communication, the Effects of Listening
- Communicating Calmly to an Angry Customer
- Purchasing! Negotiate with Confidence
- Team Communication Technique for Improving Work Output
- Person Fostering Leader by Prof. Yong Soo Song, Coaching for Developing an Organization
- TOC Production Management for Solving On-the-Job Issues
- Jazz Company- Play Innovation Like Jazz!
- [MBA] Management Information System
- [MBA] HR Management
- Powerpoint 2003 for Reducing Work Time in Half
- Convincing Copywriting and Wording
- Team Manager's Manual for Performance Management, 'Hyper Former Leader'
- WorkSmart: Smartworker's Way of Working (for staff)
- Surpass Customer Satisfaction and Shift to Customer Experience



LG U+ Partnership Model

Through the horizontal relationship that enables connecting core capacity, CP independently develops/sources various contents that correspond to network infrastructure and technology standards provided by LG U+, and services the contents and share profits.



Profit Sharing Program Implementation Enterprise Certificate

Outcomes from Corporate Partnership

Implementation of Profit Sharing Program In accordance with the Article 8 of the Conglomerate-Small/Mid-Sized Company Corporate Partnership Cooperation Promotion Act, LG U+ implements Profit Sharing Program, through which cosigner supports the contractor in reducing cost and other efforts to facilitate in achieving common goal agreed upon by cosigner and contractor, and then sharing the achievements by both parties.

Profit Sharing Process LG U+ Profit Sharing Program is selected on the basis that the program will benefit both LG U+ and suppliers, and the output of the project is shared among the participants. Selected project is registered and managed in the Profit Sharing Program Management System operated by the Profit Sharing Program Implementation Division of the Large and Small Business Cooperation Foundation.

2012 Profit Sharing Project Verification Process



2012 Completed Partner Support Project

Project Name	Category	Basis for Selection	Support Detail
10G Line L3 Switch Development	Domestic Production	- Install 10G to respond to increased traffic - End monopoly of equipment by foreign imports	50% of development cost
Cooperative Development of Giga Optical Modem	Cooperative Development	- Fast response to increased traffic is required - Development is needed to advance NIS	Technology, BMT
Cooperative Development of NIS L3 Switch	Cooperative Development	- Identify domestic company with highly competitive price - End monopoly of equipment by foreign imports	Technology, BMT
Cooperative Development of TDOR Optical Repeater	Cooperative Development	- Development is needed to respond to increase in LTE traffic - Identify domestic company with highly competitive price	Technology, BMT

SPECIAL FEATURE

Facilitator of Corporate Partnership, LTE Open Innovation Center

Technology and Development Support for Small and Mid-sized Companies' Outstanding Idea and Innovative Service

The LTE Open Innovation Center opened in August 2011 to facilitate Corporate Partnership and cooperation between LG U+ and small and mid-sized companies is equipped with space for developers as well as 2 project rooms for team-level projects and device development facility. The LTE Open Innovation Center is located at Sangam Corporate Center and has floor area of 264m². It provides ideal environment for developing and testing LTE device and application, while including support for identifying innovative and new technology and ideas as well as co-marketing and promotion. For its contribution, LG U+ is evaluated to have built realistic support facility for achieving Corporate Partnership with small and mid-sized companies.

Supporting Equipment	Supporting Contents	
2G & 3G Devices	LTE Device Development	Co-Marketing
LTE Modem & Router	Application Development	Promotion
Dual Band Dual Mode (DBDM) Module	Testing Environment	Identifying and Developing Idea and Technology

LG U+ Open Innovation Center is the Corporate Partnership channel for small and mid-sized companies. It is focused on the functionality of support that can let small and mid-sized company to commercialize and succeed even with just an idea alone. Since its opening in August 2011, average of 6-7 small and mid-sized companies have been visiting the center to for technology development, and application and solution testing.

Key Projects of LTE Open Innovation Center

Smart Clean	Digital Signage	Vehicle Management Service	Comprehensive Vehicle Information Solution (OBD)
Development of system for RFID based volume-rate food waste disposal system	Bi-directional digital signage keyboard with wireless payment feature	Integrated LTE Vehicle Management System for shuttle buses during Yeosu Expo	System that collates vehicle information and sends the data to Korea Transportation Safety Authority system via LTE network in real-time

LG U+ will expand the functions of LTE Open Innovation Center and increase support and engage in co-development with small and mid-sized companies, build partnership with other industries, collaborate with global businesses, manage business proposal website, and other activities to actively seek out new business opportunities based on LTE, and continuously implement relevant support activities for commercialization of such opportunities and ideas to develop the center as the window of Corporate Partnership in the IT ecosystem.



Appendix

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Sustainable
Management
Achievements



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Awards and
Membership
Status



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Participated
Departments



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Independent
Assurance Report



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GRI & ISO
26000



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Glossary



SUSTAINABLE MANAGEMENT ACHIEVEMENTS

Economy

EC3. Pension Support

LG U+ has been implementing Pension Program since 2008 to ensure stable post-retirement life of employees.

Management Status	Unit	2010	2011	2012
Amount	100 Million KRW	300	881	1,147
Enrolled Employees	Person	4,002	4,694	5,464

EC5. New Employee Wage Compared to Legal Minimum Wage

New employee wage is maintained at approximately 3 times the legal minimum wage.

* Monthly minimum wage as of 2012: 957,220 KRW (based on 209 hours/month)

EC6. Local Procurement Policy and Implementation at Key Business Branches

LG U+ implements policy of procuring small expenditures below 5 Million KRW from the local community where the work is performed. Operation regions are divided into 5 major regions (Gangbuk, Gangnam, Central, East, and West) of where wireline/wireless network installation is taking place, and priority is given to local contractors for each region for corresponding projects.

EC8. Investment in Infrastructure for Public Benefits, Service Support Activities, and Their Effects

In February 2012, LG U+ fully opened its Wi-Fi service, the U+ ZONE, and made it available for free for all users, including subscribers of other mobile service carriers. In addition, the company also engages in diverse social contribution activities by employing characteristics and features of the industry. These activities are based on the theme, Sharing, and include Sharing IT and Sharing Young Dream.

2012 Social Contribution Expenditure [Unit: Thousand KRW]			
Year	2010	2011	2012
Total	5,641,660	5,025,797	5,554,706

Environment

EN8/EN9/EN10/EN21. Usage of Industrial Water and Waste Water Management

Water used in the buildings and facilities possessed by LG U+ are classified as public tap water, sewerage, and underground water. The company does not discharge any material that has negative effect on the environment.

Water Usage [Unit: Ton]			
Category	Scope of Data	2011	2012
Water Usage Volume	LG U+ Owned Buildings	614,931	541,680

EN22. Waste Disposal Management

All wastes generated from the buildings possessed by LG U+ is handled by licensed contractor, and guideline is in place to ensure strict management of the contaminants.

Waste Volume [Unit: Ton]			
Category	Scope of Data	2011	2012
Waste Volume	LG U+ Owned Buildings	6,934	3,770

EN30. Total Investment & Expenditure for Environment Conservation

LG U+ has joined the global efforts in protecting the environment and minimizing the effects of climate change. As part of its initiative in improving the energy efficiency of the BTS, the company has been continuously implementing various projects to reduce power consumption and integrate facilities.

BTS Power Consumption Reduction & Integration Cost [Unit: 100 Million KRW]		
Category	2012	
Wireless Network	LTE	8,552
	CDMA	871
Total	9,423	

Society

LA2. Employee Resignation Rate

LG U+ is continuously implementing diverse efforts, including family friendly management, expansion of benefits, fair performance evaluation, and reasonable compensation to reduce employee resignation rate.

Category	Unit	2010	2011	2012
Resignation Rate	%	3.4	3.9	4.3

* Based on office employees

LA4. Rate of Employees Applicable for Collective Negotiation (Union)

LG U+ recognize members of LG U+ trade union and Information & Telecommunication Labor Union as target of collective bargaining and the company does not interfere any employee from joining the labor union and does not discriminate any employee who is a member of the labor union. (Rate of Employees Applicable for Collective Bargaining as of 2012: 60.76%).

LA6. Rate of Employees Represented by Labor-Management Cooperative Welfare & Safety Committee

It is a management decision making organization that represents the safety and welfare of all employees of LG U+, and the committee recognizes both LG U+ trade union and Information & Telecommunication Labor Union.

LA7. Injury, Work Stress, and Other Work Related Illness/Accident Rate

Illness/Accident Rate

Category	Unit	2010	2011	2012
Total Employees	Person	5,497	6,190	6,486
Illness/Accident	Person	5	7	3
Rate	%	0.09	0.11	0.05

LA8 & LA9. Employee Health Management

LG U+ implements diverse health management support programs for health of employees and their family.

Qualified Individual	Details	Program
Employees	Vaccination for Cervical Cancer, Hepatitis A, Flu, and Influenza	Vaccination
	Counseling through Quit Smoking Campaign and alternative cigarette product support	Quit Smoking Counseling
Employees & Family Members	22 items of general physical examination, liver function test, and cancer check-up	Physical Examination
	Family medical bill that exceeds 1.5 Million KRW, up to 3 Million KRW	Family Medical Bill Support

LA14. Base Salary Rate Difference Between Male and Female Employees

LG U+ implements compensation system that does not discriminate gender.

LA15. Post-Maternity Leave Return Rate

Category		2010	2011	2012
Post-Maternity Leave Return Rate	Male	100.0	66.7	80.0
	Female	75.0	83.7	91.7
Rate of Employment Continuance for over 12 months after Returning	Male	100.0	100.0	100.0
	Female	72.2	68.3	89.4

[Unit: %]

HR2. Rate of Comprehensive Review of Major Suppliers/Contracting Companies

LG U+ has established a system that comprehensively evaluates the credit rating, environment and safety management ability, and ethical management compliance for selecting suppliers. In addition, the company includes Jeong-Do Management related details in all contracts with suppliers and engages in indirect review of its human rights related business practice.

HR3. Training on Occupation Related Humanitarian Policy & Process

LG U+ implements Jeong-Do Management Training through On and Offline programs to increase the awareness in ethical management and to strengthen the bond among employees.

Category	Unit	2010	2011	2012
Jeong-Do Management Training	Online Programs	8	20	1
	Offline	18	20	15
Jeong-Do Management Training Hours	Online Hours	8	20	1
	Offline	24	20	29
Number of Employees who Completed the Program	Persons	9,621	1,617	5,345

HR8. Rate of Security Personnel Who are Trained for Human Rights Related Policy & Process

All 111 security personnel of LG U+ are subjected to receiving Jeong-Do Management Training Program, and must complete the program (completion rate: 100%).

S07. Total Number of Legal Actions for Anti-competitive Behavior

LG U+ has not violated laws and regulations relating to anti-competitive behavior in 2012.

AWARDS AND MEMBERSHIP STATUS

2012 Awards

- Ministry of Employment and Labor - Outstanding Company for Creating New Jobs Award
- 2012 MK Economy/IR Kudos Selected Best IR Enterprise - KOSPI Category
- 2012 Money Today IR Award - Best Enterprise for Telecommunication/ Internet/ Entertainment/ Media Categories
- 2012 DT Brand Power Award - Brand Award for Fixed and Wireless Converged Service Category
- 2012 Korea Brand Award - Wireless Network Infrastructure Category
- 2012 Marketing Insight Mobile Telco Research - LTE Call Quality Satisfaction Rate No.1 & LTE Data Service Satisfaction Rate No.1
- 2012 RED Dot Design Award - Service Guide Book Category
- 2012 IF Design Award - Love Letter
- The 5th Busan International Advertising Festival - Innovative Media Award
- The 11th Privacy Protection Award - Special Award

Membership Organizations

National Intelligence Communication Enterprise Association (NICA)



Korea Digital Media Industry Association (KODIMA)



Korea Telecommunications Operators Associations (KTOA)



Korea Radio Promotion Association (RAPA)



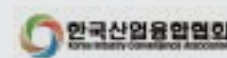
Korea Association for ICT Promotion (KAIT)



Korea Association for Telecommunication Policies (KATP)



Korea Industry Convergence Association (KINCOA)



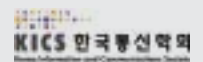
Seoul YMCA



Korean Institute of Communications and Information Science (KICS)



Korean Institute of Information Scientists and Engineers (KIISE)



PARTICIPATED DEPARTMENTS

Team

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> · BS Business Planning Team · IR Team · Mass Service Planning Team · Network Management Team · SD Planning Team · Corporate Planning Team | <ul style="list-style-type: none"> · Corporate Legal Team · Corporate Audit Team · Property Custody Team · Labor Relations Planning Team · Corporate Relations Support Team · Brand Communication Team | <ul style="list-style-type: none"> · Business Planning Team · HR Planning Team · HR Development Team · Corporate Partnership Team · Corporate Strategy Team · CSR Team (Planning and Production) |
|--|--|--|

INDEPENDENT ASSURANCE REPORT

Introduction

Det Norske Veritas Certification Ltd. (hereinafter referred to as 'DNV') is commissioned to carry out assurance engagement on LG U+ Inc. (hereinafter referred to as 'LG U+') Sustainability Report 2012 (hereinafter referred to as 'the Report'). This engagement focused on the information provided in the Report and the underlying management and reporting processes.

LG U+ is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV's responsibility in performing the work commissioned is solely to the management of LG U+, in accordance with terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. LG U+ stakeholders are the intended recipients of the assurance statement.

Scope of Assurance

This Assurance Engagement covered data from the calendar year 2012. LG U+'s reporting boundaries include only operations under control in Korea. The scope of DNV's Assurance Engagement, as agreed with LG U+ included the verification of:

Data and activities related to sustainability that refer to the period between January 2012 and December 2012 as contained in the Report.

Evaluation of the reporting principles for defining the sustainability report content and the quality as expressed in the Sustainability Reporting Guidelines GRI G3.1.

Check of GRI Application Level

Our verification was carried out during July 2013. We visited LG U+'s Head office.

Limitations

The engagement excluded the sustainability management, performance and reporting practices of LG U+'s suppliers, contractors and any third-parties mentioned in the Report. DNV did not interview external stakeholders as part of this Assurance Engagement. Any financial information from LG U+'s annual report and company reporting on operations in 2012 or other sources was not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements.

Verification Methodology

This Assurance Engagement was planned and carried out in accordance with the DNV Verification Protocol for Sustainability Reporting (V.4.1) (www.dnv.com/cr). In accordance with the Protocol, the Report was evaluated with regard to the following criteria:

The GRI G3.1, specifically with respect to all the requirements for the 'A+' application level.

As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. We examined and reviewed documents, data and other information made available to DNV by LG U+. We acquired the information and technical data from the certified management systems. We performed sample-based audits of:

The process for determining the materiality of the contents to be included in the Report.

The process for generating, gathering and managing the quantitative and qualitative data included in the Report.

We interviewed a group of 14 people within the company who are involved in the operational management of matters covered in the Report.

Conclusions

In DNV's opinion, and based on the scope of this Assurance Engagement, the Report provides a reliable and fair representation of LG U+'s sustainability strategy, policy, practices and performance in 2012. DNV confirms that the Report meets GRI G3.1 Application level 'A+'. Further conclusions and observations on the adoption of reporting principles and specific performance information are made below:

Stakeholder Inclusivity LG U+ has engaged with a wide range of stakeholders regarding sustainability issues via survey and interview. The stakeholder engagement covers a wide range of stakeholders. Stakeholder communication channels are stated in detail in the Report. 5 Stakeholder groups that are Shareholder & Investor, Customer, Employees local community and Supplier are identified. Respective business units identify the interest of stakeholders by engaging them with various ways. Stakeholder engagement is conducted independently. LG U+ has coordinated concerns and expectations of various stakeholders.

Materiality LG U+ is select reporting subjects by their own evaluation process. External significant issues are identified by analyzing internal document and report, benchmarking domestic and oversea competitor, analyzing global sustainability standards and analysis of media coverage are the basis of screening significant issues. Final reporting subjects are determined by questionnaire and interview of internal TFT, who related division personal, and analyzing relevance of sustainable aspect and impact of stakeholders. The Report generally provides an account of performance on the issues that are most significant to LG U+'s activities and which are most relevant to its stakeholders.

Completeness The report clearly identifies the stakeholder groups addressed through the report. The scope and boundary of the Report cover the issues and activities that are of most significance to LG U+ and relevance to its stakeholders. No material omissions are identified in data or information verified. The Report discusses the management approach towards companies in which it has influence.

Principle of Report Quality The tone in the Report is relatively neutral. All the indicators are factually-based and unbiased. Data and information presented in the report are generally reliable. Presentation through graphics and charts for the purpose of comparison is adequate.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported to LG U+'s management. However, these do not affect our conclusions on the Report and are provided to encourage continual improvement.

It is recommended to disclose the response, corrective and preventive actions taken against non-compliance issues that press released for the transparency of sustainability management is improved.

Most of performance results are reported previous two years, it is recommended that at least previous three years performance result for consistency.

Statement of Competence and Independence

DNV is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.



July 2013
Seoul, Korea



In Kyoon Ahn
Country Manager

GRI & ISO 26000

●: Fully Reported ○: Partially Reported ○: Not Reported N/A: Not Applicable

Category	Indicator	Description	ISO 26000	Page	Reported	Remarks
Strategy and Analysis	1.1	CEO message	6.2	2-3	●	
	1.2	Opportunities and challenges		4	●	
Organizational Profile	2.1	Name of the organization		4	●	
	2.2	Tier-1 brands, products, and/or services		4, 8	●	
	2.3	Operational structure of the organization	6.2	4	●	
	2.4	Location of organization's headquarters		4	●	
	2.5	Number of countries where the organization operates, and names of countries with either major operations		-	●	Republic of Korea
	2.6	Nature of ownership and legal form		10	●	
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)		-	●	Republic of Korea
	2.8	Scale of the reporting organization		4	●	
	2.9	Significant changes during the reporting period regarding size, structure, or ownership		-	●	No materialistic changes
	2.10	Awards received in the reporting period		71	●	
Report Parameters	3.1	Reporting period		Cover Page	●	
	3.2	Recent report date		Cover Page	N/A	The first report
	3.3	Reporting cycle (annual, biennial, etc.)		Cover Page	●	
	3.4	Contact point for questions regarding the report or its contents		Cover Page	●	
	3.5	Process for defining report content		Cover Page	●	
	3.6	Boundary of the report		Cover Page	●	
	3.7	Report scope and boundaries		Cover Page	●	
	3.8	State any specific limitations on the scope or boundary of the report		Cover Page	●	
	3.9	Data measurement techniques and the bases of calculations		-	●	
	3.10	Re-statements of information provided in earlier reports, and the reasons for such re-statement		-	N/A	The first report
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		74-77	N/A	The first report
	3.12	Table identifying the location of the Standard Disclosures in the report		Cover Page	●	
	3.13	Policy and current practice with regard to seeking external assurance for the report	7.5.3		●	
Governance, Commitments, and Engagement	4.1	Governance structure of the organization	6.2	8-9	●	
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer		-	●	CEO is also the Chairman of the Board of Directors
	4.3	Organizational structure of the board of directors		8	●	
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		9	○	
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives		9	●	
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		9	●	
	4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees		9	○	
	4.8	Management principles		5	●	
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance		9	●	
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		9	○	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	6.2	30	○	
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses		-	N/A	
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization		71	●	

●: Fully Reported ●: Partially Reported ○: Not Reported N/A: Not Applicable

Category	Indicator	Description	ISO 26000	Page	Reported	Remarks
Governance, Commitments, and Engagement	4.14	Stakeholder groups that are engaged		12	●	
	4.15	Basis for identification and selection of stakeholders with whom to engage		12	●	
	4.16	Approaches to stakeholder engagement		13	●	
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns		13	●	
Economic	EC1	Direct economic value generated and distributed	6.8, 6.8.3, 6.8.7, 6.8.9	27-29	●	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	6.5.5	52-56	●	
	EC3	Coverage of the organization's defined benefit plan obligations		69	●	
	EC4	Significant financial assistance received from government		-	N/A	
	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	6.4.4, 6.8	69	●	
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	6.6.6, 6.8, 6.8.5, 6.8.7	69	●	
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	6.8, 6.8.5, 6.8.7	-	N/A	
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9	69	●	
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9	54-56	●	
Environmental	EN1	Materials used by weight or volume	6.5, 6.5.4	-	N/A	
	EN2	Percentage of materials used that are recycled input materials		-	N/A	
	EN3	Direct energy consumption by tier-1 energy source		53	●	
	EN4	Indirect energy consumption by tier-1 source		53	●	
	EN5	Energy saved due to conservation and efficiency improvements		52	●	
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		53	●	
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved		52	●	
	EN8	Total water withdrawal by source		69	●	
	EN9	Water sources significantly affected by withdrawal of water		-	N/A	
	EN10	Percentage and total volume of water recycled and reused		-	N/A	
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.5, 6.5.6	-	N/A	
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		-	N/A	
	EN13	Habitats protected or restored		-	N/A	
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		-	N/A	
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	6.5, 6.5.6	-	N/A	
	EN16	Total direct and indirect greenhouse gas emissions by weight	6.5, 6.5.5	53	●	
	EN17	Other relevant indirect greenhouse gas emissions by weight		53	●	
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		52	●	
	EN19	Emissions of ozone-depleting substances by weight	6.5, 6.5.3	-	N/A	
	EN20	NOx, SOx, and other significant air emissions by type and weight		-	N/A	
	EN21	Total water discharge by quality and destination			N/A	
	EN22	Total weight of waste by type and disposal method		-	●	
	EN23	Total number and volume of significant spills		69	N/A	
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		-	N/A	
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	6.5, 6.5.4, 6.5.6	-	N/A	

●: Fully Reported ○: Partially Reported ○: Not Reported N/A: Not Applicable

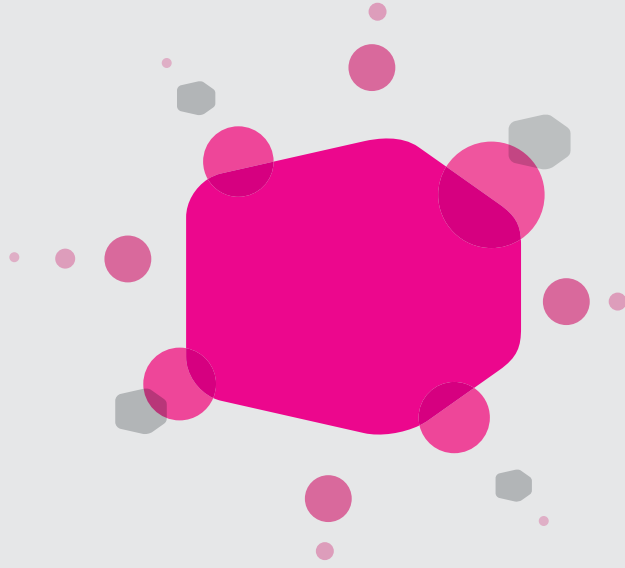
Category	Indicator	Description	ISO 26000	Page	Reported	Remarks
Environmental	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	6.5, 6.5.4, 6.6.6, 6.7.5	54-56	●	
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	6.5, 6.5.4, 6.7.5	-	N/A	
	EN28	Monetary value of significant fines and total number of nonmonetary sanctions for non-compliance with environmental laws and regulations	6.5	-	N/A	
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	6.5, 6.5.4, 6.6.6	-	●	Reporting the amount of GHG emitted by transporting workforce is scheduled from 2013
	EN30	Total environmental protection expenditures and investments by type				
Labor Practices and Decent Work	LA1	Total workforce by employment type, employment contract, and region, broken down by gender	6.4, 6.4.3	37	●	
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region		70	●	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	6.4, 6.4.3, 6.4.4	38	●	
	LA4	Percentage of employees covered by collective bargaining agreements	6.3.10, 6.4, 6.4.3, 6.4.4, 6.4.5	70	●	
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	6.4, 6.4.3, 6.4.4, 6.4.5	-	●	60 days before
	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	6.4, 6.4.6	70	○	
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender		70	●	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8	46	●	
	LA9	Health and safety topics covered in formal agreements with trade unions	6.4, 6.4.6	70	●	
	LA10	Average hours of training per year per employee by gender, and by employee category	6.4, 6.4.7	40	●	
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	6.4, 6.4.7, 6.8.8	41	●	
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender	6.4, 6.4.7	38	●	
	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6.3.7, 6.3.10, 6.4, 6.4.3	37	●	
	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4	70	●	
	LA15	Return to work and retention rates after parental leave, by gender		70	●	
Human Rights	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	6.3, 6.3.3, 6.3.5, 6.6.6	-	●	All contracts are implemented based principles of Jeong-Do management
	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	6.3, 6.3.3, 6.3.5, 6.4.3, 6.6.6	70	●	
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	6.3, 6.3.5	70	●	
	HR4	Total number of incidents of discrimination and corrective actions taken	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3	-	●	No incidents of discrimination in 2012
	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.4.5	44	●	
	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	-	N/A	
	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor		-	N/A	

●: Fully Reported ○: Partially Reported ○: Not Reported N/A: Not Applicable

Category	Indicator	Description	ISO 26000	Page	Reported	Remarks
Human Rights	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	6.3, 6.3.5, 6.4.3, 6.6.6	70	●	
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	6.3, 6.3.6, 6.3.7, 6.3.8, 6.6.7	-	N/A	
	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments		-	●	All operations
	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms		-	●	Reporting will begin from next report due to establishment of Difficulty Caring Center in 2013
Society	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	6.3.9, 6.6.7, 6.8.6.8.5, 6.8.7	49-51	●	
	SO2	Percentage and total number of business units analyzed for risks related to corruption	6.6, 6.6.3	11	○	
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		-	●	100%
	SO4	Actions taken in response to incidents of corruption		-	●	41 penalties were executed for corruption and bribery in 2012
	SO5	Public policy positions and participation in public policy development and lobbying	6.6, 6.6.4, 6.8.3	64	●	LG U+ is not participating lobbying, but national projects
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		-	N/A	
	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	6.6, 6.6.5, 6.6.7	-	N/A	
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	6.6, 6.6.7, 6.8.7	-	●	3.4 Billion KRW / No non-monetary sanctions
	SO9	Operations with significant potential or actual negative impacts on local communities		-	N/A	
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities		-	N/A	
Product Responsibility	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	6.3.9, 6.6.6, 6.7.6.7.4, 6.7.5	-	N/A	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		-	N/A	
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	15-18	●	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		-	●	Not exist
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.9	21, 28	●	
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	6.7, 6.7.3, 6.7.6, 6.7.9	30	●	
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		-	●	2 incidents
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7, 6.7.7	21	○	
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	6.7, 6.7.6	-	●	3.4 Billion KRW

GLOSSARY

ACN (AP Centric Network)	AP Centric Network is a concept of infrastructure for reconfiguring existing wireless LAN to high capacity Wi-Fi zone through remote integrated management and control of Wi-Fi wireless LAN.
CSFB (Circuit Switched Fallback)	Circuit Switched Fallback is the protocol that cuts off LTE connection and fall back to 3G WCDMA domain when a device receives a voice call while using the LTE network.
GDK (Game Development Kit)	Game Development Kit is the world's first game development tool developed by LG U+ that converts PC game into Cloud game through a few simple clicks.
HTA Data Center	High Ambient-Temperature Data Center is the name of LG U+ data center where the company achieved 30% reduction in maintenance cost through the development of facilities that can withstand high temperature.
IVR (Interactive Voice Response)	Interactive Voice Response is a system that combines voice call input and Smartphone input pattern and relates appropriate response through other means, including voice, fax, and email.
NW	Stands for Network. It is one of 5 divisions of LG U+ in charge of enhancing competitiveness of the company's network and for acquiring quality superiority over competitors.
SVLTE (Simultaneous Voice and LTE)	Simultaneous Voice and LTE is a protocol that allows both voice and data transmission at the same time, and only LG U+ uses this protocol in Korea.
TTA	Telecommunication Technology Association is Korea's private ICT standardization, testing and certification organization. TTA provides One-Stop service of identifying new standards in ICT sector, establish various ICT standards, and provide testing and certification for ICT products.
Wireless N Screen	LG U+ Wireless N Screen service is a technology that allows all device to be connected to Wi-Fi, regardless of location as well as there is Wi-Fi router available. The company has applied the Digital Living Network Alliance (DLNA), which is wireless home network technology standards that communicates device information wirelessly, for the LG U+ Wireless N Screen service.
Pico Cell	Pico Cell is a mini base station that is installed to cover the blackout regions between BTS. Pico Cell can simultaneously accommodate approximately 200 users within 100 to 200 meter range.



LG U⁺

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www.uplus.co.kr

30, Sowal-ro 2-gil, Jung-gu, Seoul, Korea
(Namdaemun-ro 5-ga)

LG U+ CSR Team

Tel_ 070-4080-6646 Fax_ 02-6928-2087

E-mail_ upluscsr@lguplus.co.kr

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