

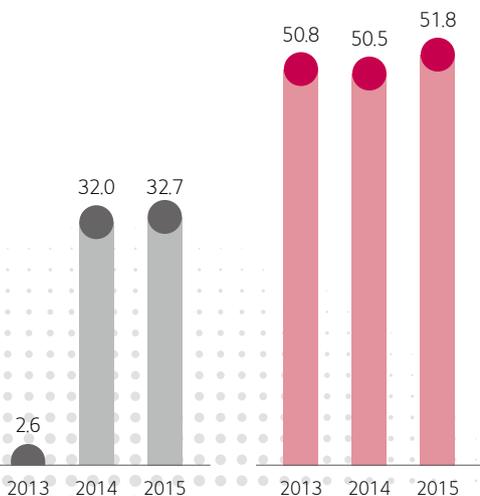
Promise with Employees

LG Innotek aims to create a great workplace where employees can be absorbed in their works, feel a sense of accomplishment, sustainably develop their careers, and fulfill their responsibilities as the members of society.

Time Spent on Education per Employee

● Line workers
● Office workers

(Unit: hours)



APPROACH

LG Innotek believes that the Company can grow sustainably only when its employees can work happily and realize their full potential. Based on this belief, it is creating a great workplace where employees actually want to go to work. We also take a long-term approach to our human resources development and welfare, taking excellent care of each and every employee at work.

RISK & OPPORTUNITY

The young generation increasingly puts emphasis on work-life balance. To meet their demands, LG Innotek has engaged in various activities since 2012 to build a corporate culture that is friendly to the employees. As a result, our employees are more satisfied with their work and we are seeing a significant increase in the number of excellent and prospective candidates who wish to join our company.

2015 PERFORMANCE

We have built a unique corporate culture of "a workplace where employees want to go to work" by ensuring work-life balance and revamping systems to help them be immersed in works they want. We also improved the educational system to support their career development and facilitate communication.

2016 PLAN

We will continue to promote innovation activities to secure better working environment and elevate productivity. Other major plan is to build competency development programs tailored for each level in order to cultivate global-level job experts.

Competency Development

Commonly Required Curriculum

This education program is classified into three courses: compulsory training to help learn knowledge on management and core competency by position, entry-level training for newly hired employees, and commonly required competency training for efficient job performance. Particularly, trainings for new recruits include courses to learn LG Group and its subsidiaries, on-site experiences, basic courses on R&D, basic competency building, and mentoring. These courses are offered to new recruits systematically for a year to help them early adapt to the Company.

Professional Job-based Courses

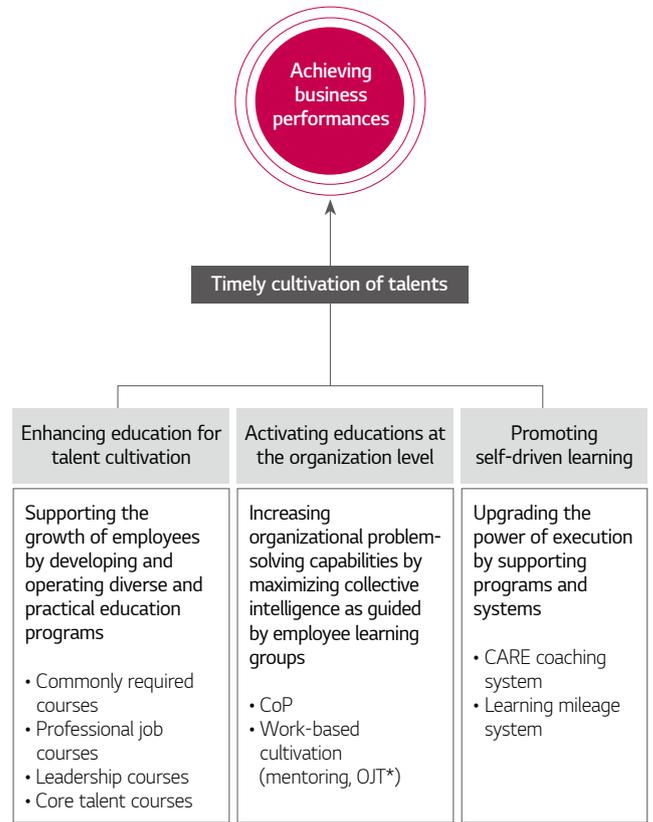
LG Innotek's human resources development policy is designed to foster employees as leading global experts in their jobs. As part of this, we are operating systematic training courses tailored for their competency level. Since 2012, to expand professional job-based courses, we have developed and operated in-depth curricula by function (R&D, production technology, quality, procurement, and marketing). In particular, the R&D Academy is operating to offer job-specified training courses in order to secure technological competitiveness in R&D. It offers basic course for learning technologies and technological expertise enhancement course consisting of theories and case studies. Especially, we define "main duty" from the perspective of work, provide tips for specific jobs, and assign tasks to employees to be nurtured as experts.

Leadership Course

LG Innotek has been expanding its leadership programs by providing different ways - leadership theory training, one-to-one coaching, and customized solutions program. In particular, we have been phasing in a leadership program for executives, team managers and project leaders (PL) to set up an R&D leadership pipeline. In 2014, the Leadership Development Course was introduced to provide customized solutions that are practical for certain employees to perform their duties as leaders. Another leadership programs are offered to senior managers and managers except for organization leaders to help handle grievances and difficulties of their staff members.

* Line worker: Shift Leader LDC, Unit Leader LDC
 Office worker: Team Leader LDC, W (Women)-LDC (for female),
 Senior Manager LDC, Manager (Senior 2) LDC, Manager (Senior 1) LDC

Talent Cultivation Strategy



* On the Job Training

Core Talent Courses

For the purpose of nurturing core talents, we run special training programs such as MBA, dispatch for academic diploma and expatriates, which target selected talents with core competency.

Learning Mileage System

To encourage employees to build up their competencies, LG Innotek operates a program called Learning Mileage wherein employees are given mileage points according to the online and offline courses they enroll in, the number of licenses or certificates they hold, the language skills they pick up, and participation in CoP/internal lectures. Each employee is obliged to acquire 50 mileage points a year, motivating them to set firm study goals. Ultimately, we expect the system to contribute to building individual and organizational capabilities and achieving differentiated technologies and better results than competitors.

Activation of Communication

Perceiving good communication as a driving force for corporate competitiveness, LG Innotek strives to sympathize with each other, going beyond mere communication among employees. Moreover, we are also steadily improving the way of interaction in order to unite all employees and form a healthy corporate culture.

CEO-Employees Communication Program

LG Innotek runs "CEO Open Comm." and "CEO Lunch Date" programs, which are intended to have direct communication between the CEO and employees on a regular basis. Through the former program, the CEO talks about the management philosophy of the CEO, business objectives, and corporate culture with employees including organization leaders (executives and team leaders). This program contributes to further understanding management activities and organization and building mutual trust. Any employee who wishes to have a meal with the CEO can participate in the latter program, a two-way communication program, where employees can get answer from the CEO directly for their questions and listen to the CEO's private life experiences.

Meeting for Sharing Mid- and Long-term Strategies

Upon the establishment of mid- and long-term strategies, LG Innotek holds an annual meeting for sharing the strategies among all employees so as to help understand vision and objectives of the Company and pull capabilities together.

MWT (Making a Winning Team)

MWT is an activity to discuss and share the direction of company-wide organizational change management at the team level. Each team identifies change management tasks tailored for each environment in accordance with the direction of organizational culture and raise team members' power of execution.

HR System Meeting

In general, employees experience difficulty in understanding the HR system exactly despite having interests in it. Therefore, LG Innotek annually holds a meeting for clarifying and sharing opinions on its HR system, from its purpose to any change to the system.

Enhancement of Job Productivity

LG Innotek is running the "Job Productivity 30 percent Up Project" to build working environment where employees can create value through investing time and resources in core tasks.

Strengthen Job Concentration

We define core tasks that can contribute to creating corporate value and analyze individual and organizational job concentration on core tasks based on mission and R&R of each organization. And then we classify tasks to be removed and focused, and draw up improvement plans. The practice of the plans is checked through MWT every month. The Company also focuses on making its efforts for job concentration result in performance enhancement. To this end, job concentration is promoted in two ways - expanding performance and increasing completeness - and individual and organizational improvement tasks are set up. Practice of the tasks is reviewed through MWT every month.

Innovation of Working Culture Based on Core Values

Employees at LG Innotek carry out their works on the basis of core values "New Challenges," "Proactive Execution," and "Pursuit of Perfection." Best practices in practicing core values are shared throughout the Company to help build a working culture based on core values.

Basic Compliance Activities

To drive more innovative ways of working, we operate the intensive working hour system and encourage employees to minimize waste time on unnecessary processes, which helps them concentrate on their work while in office. This system precludes unnecessary meetings, job orders, calls, and visits, helping employees be absorbed in works. A regular survey is conducted to check how these activities help employees and customized solutions are offered based on the result.

Compensation and Welfare Benefits

Compensation Framework

LG Innotek provides employees with financial compensation through basic annual salary and incentive programs, performance-based bonus, and welfare benefits. Furthermore, our bonus program is performance-based in order to motivate and reward outstanding performances on a real time basis.

Performance Management Process

To increase the level of impartiality and clarity in performance management, LG Innotek runs a performance management process that encompasses the goal setting, monitoring, assessment and feedback. The Company's entire workforce, including the management, is subject to an annual assessment, and their performances are measured rigorously based on Key Performance Indicators (KPIs).

Compensation Tailored to Job Category

LG Innotek strives to compensate its employees in consideration of the position and job category, and market value to secure competitiveness in terms of compensation in the industry. As of 2016, our salary for new recruits is 251 percent higher than the legal minimum wage, and fair compensation is also ensured depending on individual capabilities without discrimination against gender.

Compensation System

Classification	Contents
Fixed	Basic annual salary: annual salary (salary + Incentive program = monthly payment, bonus on holidays = paid on New Year's Day and Chuseok)
Variable	Profit sharing: paid in accordance with business results Incentives: differentiated compensation made on individual/team project performances

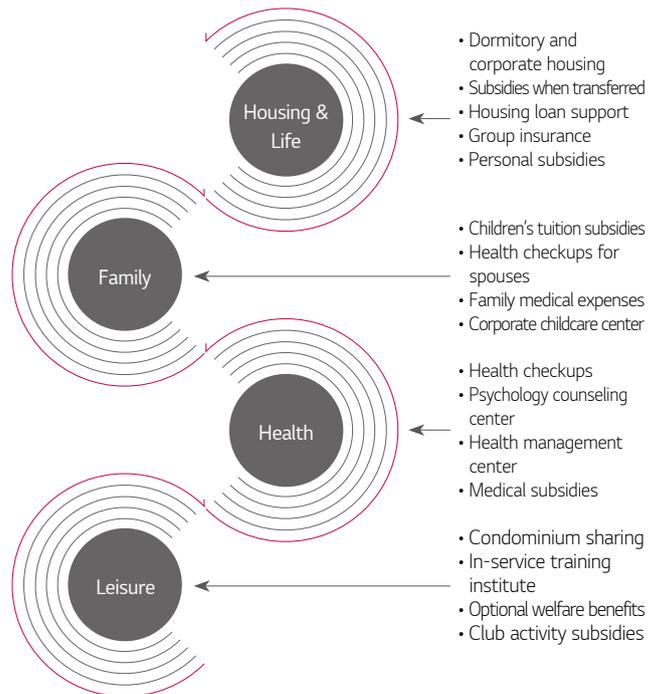
Welfare Benefits

A wide array of welfare benefits are supported to employees to help them pursue healthy work-life balance. We will continue to listen to and respect the opinions of employees and further enhance welfare benefits to improve the level of employee satisfaction.

Corporate Pension Program

To ensure the stable operation of corporate pension funds, LG Innotek has commissioned this responsibility to six external financial institutions. Since 2011, we have been implementing a new corporate pension program to guarantee stability when retired, wherein the retiree can decide on the payment option, either lump sum or monthly payment.

Diverse Welfare Benefits



Human Rights Protection

Prohibition of Discrimination

LG Innotek respects every employee and does not tolerate any form of discrimination under the corporate philosophy of respect for human dignity and the International Labor Organization’s Convention on Discrimination in Employment and Occupation. Every employee is protected against discrimination on gender, religious belief, race, or age in employment, promotion, compensation, training, and retirement. Therefore, LG Innotek’s employees are provided with fair opportunities based on their capabilities.

Prohibition of Child Labor and Forced Labor

At every LG Innotek worksite, we prohibit employment of children below the age of 15 years, while minors under 18 years of age are hired only in exceptional cases. In addition, all employees are protected from having their freedom violated in any way, forced labor and intermediary exploitation against their will.

Employment of the Disabled

To offer equal opportunities to social minority groups, LG Innotek has expanded its employment of the disabled. Job applicants with disabilities are given advantage points in the paper screening stage. If and when hired, they are assigned to production lines where their disability will not hinder their job capabilities. We also founded Innowith as a subsidiary focused on providing career opportunities for the disabled. In addition to open recruitment of the disabled, we accept recommendations from special schools for the disabled. As a result, the rate of disability employment has continued to rise, reaching 3.05 percent of the entire workforce in 2015. We have also installed special equipment on production lines for the disabled to minimize their inconvenience and improve working conditions as part of our USR activities. Consequently, we won the “True Company” award at the Promotion of Employment of the Disabled in 2015.

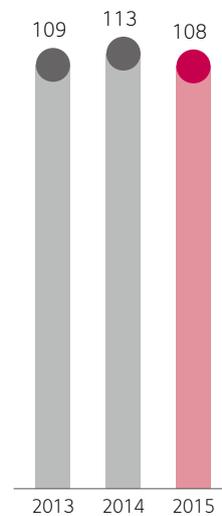
Rate of Compulsory Employment of the Disabled

(Unit: %)

Classification	2014	2015	2016 (Target)
Government-led target	2.7	2.7	2.7
LG Innotek	3.0	3.0	3.1

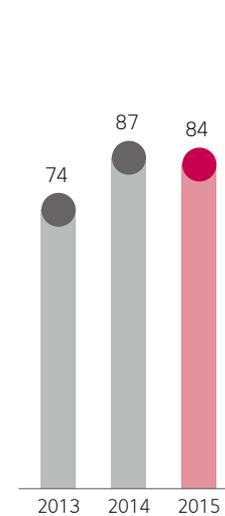
General disabled

(Unit: persons)



Severely disabled

(Unit: persons)



Established a Subsidiary Focused on Hiring the Disabled

LG Innotek founded Innowith as a subsidiary focused on creating jobs for the disabled in May 2012. Today, it is charged with supporting the cleaning work at LG Innotek and approximately 50 percent of this workforce is made up of people with disabilities. Starting from Gwangju plant, employment of the disabled has expanded into worksites in Paju, Gumi, Osan and Ansan. All of these sites have installed various amenities and the work environment of each site has been improved to assist with their work. Innowith embodies LG Innotek’s commitment to creating a culture of sharing and caring, and a workplace of hope that enables the disabled to enjoy work in harmony with the rest of the workforce.

Labor-Management Cooperation and USR

Value-based Labor-Management Relations

LG Innotek upholds the right to freedom of association and guarantees the organization of labor union and representative employee bodies. It also respects every employees' right to join the labor union voluntarily. LG Innotek's cooperative labor-management relationship has enabled the Company to be free of any labor dispute since 1991 and to become an exemplary model to other companies. The Labor-Management Council serves as an effective channel for constructive communication between the labor and management, enhancing corporate competitiveness and improving the quality of life for employees, as well as a venue for participating in corporate management. Consisting of six executives including the CEO and six union officials including the union representative, the council convenes meetings on a quarterly basis and discusses business results and issues related to wage, welfare benefits, and grievances. Collective agreements and wage negotiations take place on an annual basis.

Labor-Management Communication

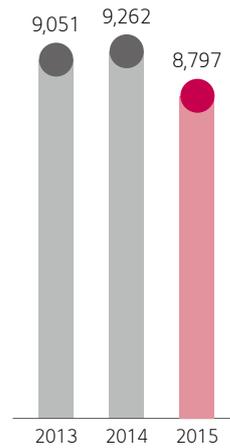
Recognizing the labor union as a partner for close communication and cooperation, LG Innotek respects its right to collective bargaining and faithfully responds to any request. The labor union consisted of five branches nationwide and had a total of 4,521 members as of the end of 2015. We guarantee the autonomous activity of the union and share opinions on the working environment on a regular and permanent basis. Ideas are collected through consultations with the union prior to adopting or revising schemes on the working environment. In addition, the various perspectives of union members are reflected in our business activities, promoting shared growth under a productive labor-management relationship. Moreover, the Junior Board Council, which is composed of administrative staff representatives, meets regularly with top management as a separate entity from the labor union to improve HR systems and working environment.

USR

USR (Union Social Responsibility) is a future-oriented labor union activity to help the union fulfill its social responsibility. Through the USR activity, the labor union proactively addresses social issues as a global corporate citizen. Keenly aware of USR's significance, LG Innotek's labor union declared its commitment to the USR initiative in 2012 and has implemented differentiated USR programs.

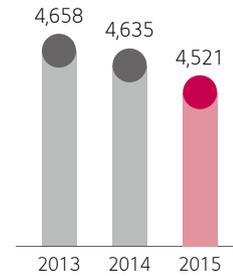
No. of employees eligible for union membership

(Unit: persons)



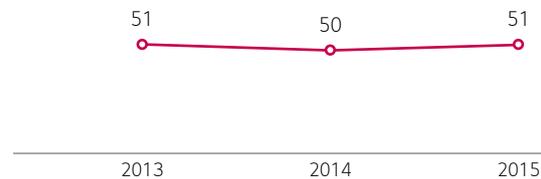
No. of employees holding union membership

(Unit: persons)



Union membership ratio

(Unit: %)



Major USR Practices in 2015

Social Responsibility and Contribution Activities (“Happy Lighting”): In association with the Ministry of Environment and local government (Gumi City), LG Innotek has carried out a socially responsible program called “Happy Lighting” to replace existing lights with LED lights for families in need. The Company has also strived to improve living conditions and reduced financial burden of the underprivileged while extending its campaign for Low Carbon Green Growth initiative. From 2014 to 2016, starting with Gumi City, we plan to extend our Happy Lighting campaign to Paju and Osan in 2015 and Cheongju and Gwangju in 2015 with the budget of KRW 900 million (donated by employees for social contribution activities). The plan is expected to cut greenhouse gas (GHG) emissions of 830 tons if 1,200 houses are installed with eco-friendly and highly-efficient LED lights, which is equal to planting 83,000 Mongolian oaks of 30 years old. Moreover, our employees have joined the replacement works of LED lights while cleaning the surroundings of the houses replaced with the new lights, and we were appreciated and supported by local residents. Furthermore, our employees have taken the lead in improving the environment of rural areas by cleaning streams and separating wastes.

Building Healthy Workplace through Low Salt Diet: To ensure employee health care beyond improving their rights and welfare, LG Innotek has been providing a low salt diet in corporate cafeterias since its first introduction to Gumi plant in January 2014. Low salt menus consisting of vegetables, fruits, salads, and nuts were developed as substitute for salty soup, and this helps employees become healthier. In particular, the union representative conducts “Care Interviews” with employees with obesity or hyperlipidemia and encourages them to go on a low salt diet. LG Innotek is the first company among LG Group subsidiaries which introduced this low salt diet program, and it is being praised as a great business activity that builds a healthy workplace.

Supporting the Disabled: LG Innotek has set up ties with the Korea Employment Agency for the Disabled and schools for persons with disabilities near the worksites in Cheongju, Gumi, Gwangju, Osan and Paju, and has been providing support for students with disabilities since 2012. The assistance programs include donations (scholarships, electronic devices, school uniforms, money for school meals, etc.) as well as engagement activities (cultural events, field trips, career counseling, etc.). We also recommend outstanding students from sister schools for certain job openings dedicated for the disabled, so that the disabled with a trouble in getting jobs can have jobs and realize their full potential. Moreover, we have facilities for the disabled in the worksites (monitors and electronic displays to deliver information to the disabled, transmitters/receivers used for emergency work, Care-Deaf assistive devices in dormitories, bathrooms for the disabled, wheelchair ramps, etc.), and operate shuttle buses to help them commute without difficulties. The Company also operates specialized health support system and mentoring program for employees with disabilities.



1. “Happy Lighting” sharing activities
2. Volunteer service to repair veterans houses
3. Low Salt Diet and Leftover Cut campaign

USR Quality Innovation Lines Led by the Labor Union:

LG Innotek has implemented a project, led by its labor union executives, to enhance quality competitiveness since 2013. Based on the belief that “an obsession with old practices is an obstacle to innovation,” we introduced a separate production line called “USR quality innovation line” in each worksite. This enables employees to present ideas regarding “quality defects” and engage in activities to improve quality. Additionally, we provide incentives for the quality innovation line with a goal of raising awareness of quality among all employees and encourage healthy competition among labor union branches to produce high quality products. In 2015, we set new goals such as zero defect rate of electronic automotive components for all domestic worksites. We also shared the success stories of USR quality innovation lines with our subsidiaries in Yantai and Huizhou, China, in order to make this activity be enrooted as a flagship innovation activity of LG Innotek labor union.

Activities to Prevent Occupational Accidents: To prevent occupational accidents, labor union executives have provided health and safety training to union members at least once a month, and after the training, they have conducted EESH (Energy, Environment, Safety, and Health) patrol activities to check and improve EESH issues in the worksites. As a result, the Company is able to preemptively control internal risk factors that could threaten safety and health, and at the same time, create an energy-saving environment through carbon reduction activities.

Labor Union That Offers Counseling Services: LG Innotek labor union operates counseling sessions with its members in order to listen to their voices and address issues and challenges they are facing. The labor union specifically devised an annual counseling plan for vulnerable groups inside the Company, including the pregnant, the disabled, trainees, female employees, inexperienced employees of less than one year, employees working in weak processes, and transferred employees, and has had individual meetings with them. To cultivate more professional counselors, all members of the union delegation, including the representatives, completed a professional counselor course in 2014, and executive members of the union also finished the course in 2015. We will continue to offer the professional counseling and problem-solving services that ensure employees' satisfaction and trust from union members.

Surveys on Sexual Harassment by the Labor Union: LG Innotek labor union has conducted the fact-finding survey on sexual harassment every year, which has contributed to creating a healthy working environment and protecting the vulnerable inside the Company. Additionally, we introduced a channel to report any sexual harassment cases and arrange meetings between female directors and individual female employees in order to handle their grievances.



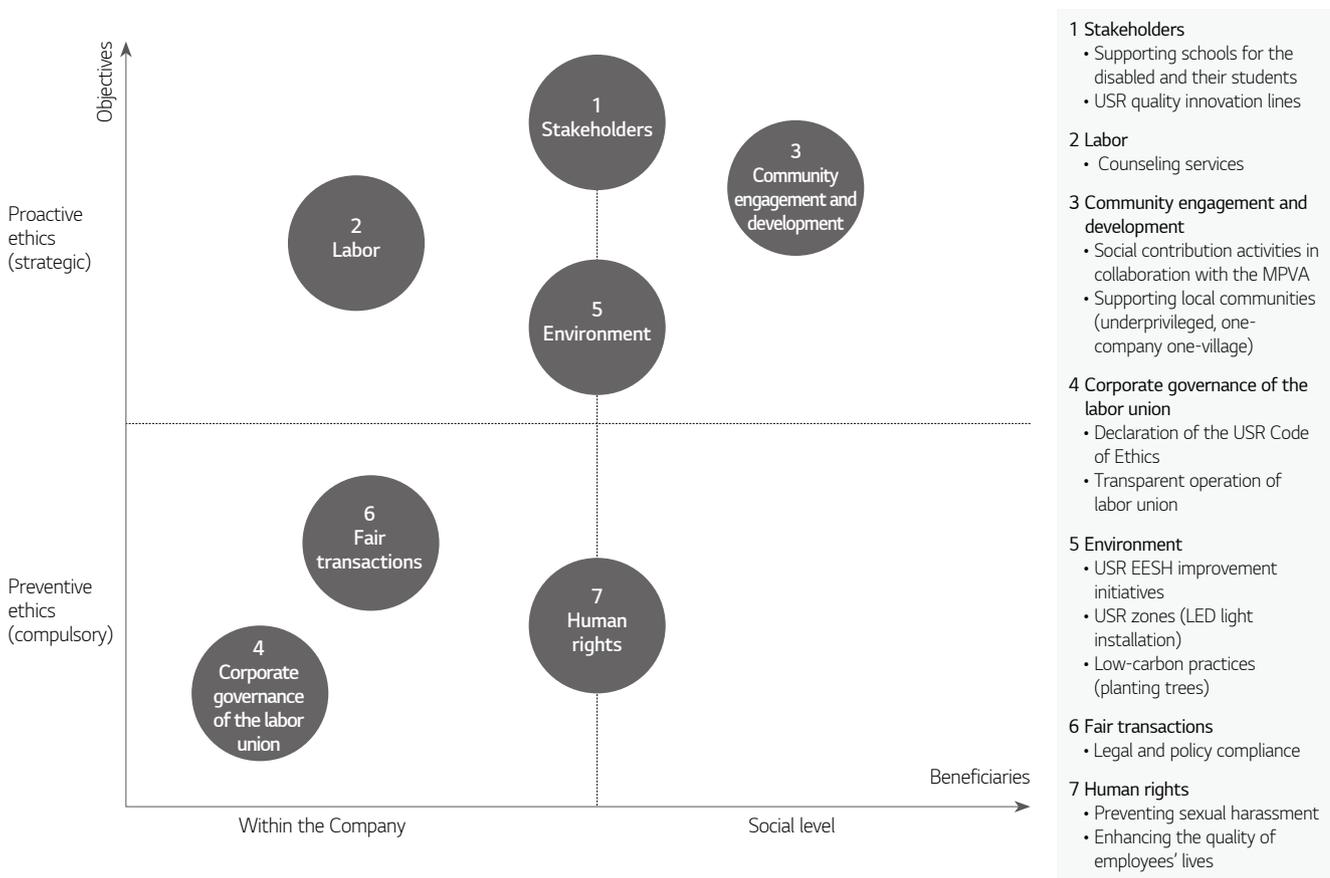
1. EESH Patrol
2. Quality Innovation Line

Sharing USR Success Stories with Overseas Subsidiaries: The labor union has shared USR success stories in the domestic worksites with Huizhou subsidiary in 2014 and Yantai subsidiary in 2015. USR activities were conducted in consideration of their business conditions and the needs of employees, which included supports and care for vulnerable employees, EESH patrol activities, CARE interviews with employees, USR quality innovation line activities to enhance operating performances, support for the disabled, and volunteer activities for local communities. In 2016, we will continue to reinforce key USR tasks and the power of execution in order to achieve shared growth with the communities where we operate businesses.



1. EESH Patrol at Huizhou subsidiary
2. Supports for a special school for the disabled by Yantai subsidiary

USR Portfolio*



* USR Portfolio: LG Innotek's USR develops key USR initiatives in line with the seven key tasks of the ISO 26000, which provides comprehensive behavioral guidelines to meet global standards, and segments key USR tasks into seven areas.