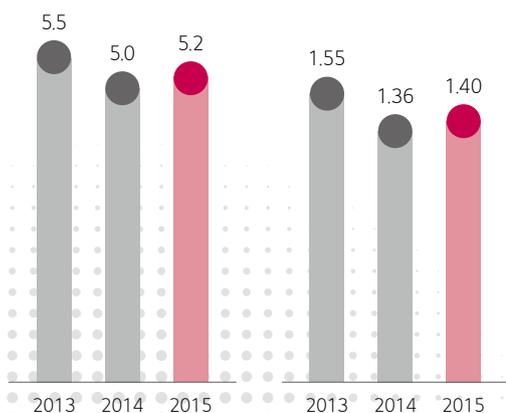


Promise with Environment

Climate change is one of our most urgent challenges to tackle for achieving a sustainable future. At LG Innotek, we share this recognition and adopt environmental management practices to all our business premises at home and abroad. By committing to environmental preservation activities from energy saving to GHG reduction, we will preemptively prevent risks from climate change issues and reinforce our competitiveness.

GHG Emissions Intensity **Energy Cost Intensity**
 (Unit: tCO₂eq/KRW in hundred millions) (Unit: %)



APPROACH

At LG Innotek, environmental management practices are attuned to the EESH (energy, environment, safety and health) as the groundwork for sustainability management. In addressing climate change issues, LG Innotek has set a goal to reduce greenhouse gas emissions by 40 percent of the year estimate by 2020 under the slogan of "Value Plus, Carbon Minus." We are striving for realizing the goal with four strategic directions of Green Management, Green Company, Green Product, and Green Communication.

RISK & OPPORTUNITY

As environmental protection has become increasingly important across the world, new regulations are coming into effect and requirements on information disclosure regarding climate change are also increasing. In response, LG Innotek strives to turn this into an opportunity to take the lead in the green industry by reinforcing its EESH framework and implementing activities to reduce GHG emissions, save energy, and invest in process innovation.

2015 PERFORMANCE

LG Innotek has strived to reduce the consumption of chemical substances and upgraded process management capability by capitalizing on its chemical substance management system. In addition, the Company was selected as an excellent company in CDP in recognition of its commitment to cutting carbon emissions and responding to climate change.

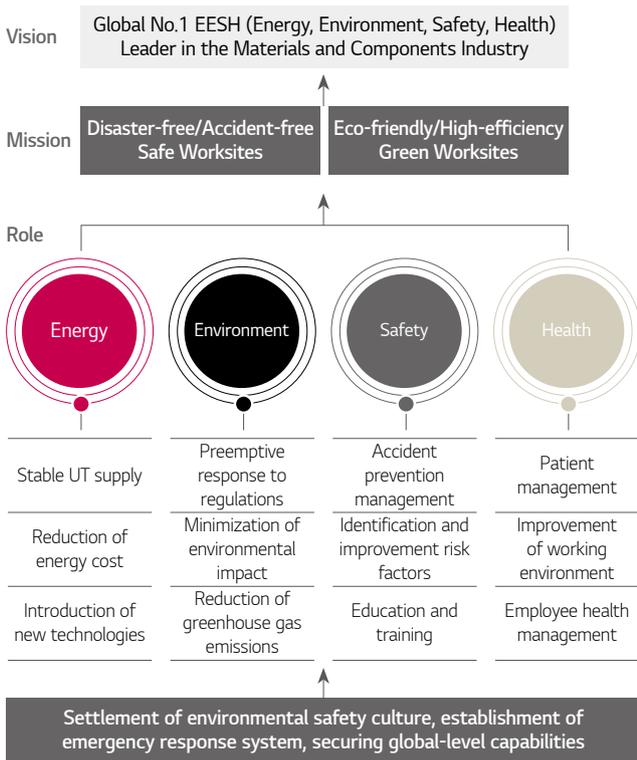
2016 PLAN

We run the "Safety Day" campaign in which all employees participate every month and the Safety Proposal System from 2016 with the purpose of preventing environmental safety accidents and ensuring methodical environmental management. Moreover, the EESH Culture campaign and health management programs will continue to raise employees' awareness of environmental safety and preemptive risk management.

EESH (Energy, Environment, Safety, and Health)

EESH: The Foundation of Sustainability Management

To keep a balance between business activities and EESH, we established the EESH management system at all domestic sites based on international standards such as the ISO 14001, OHSAS 18001, and ISO 50001. Our Gumi and Cheongju plants received the Green Company certification, leading the way of green management. Additionally, under the vision to become the "Global No.1 EESH Leader in the Materials and Components Industry," we have engaged in diverse change management activities at all sectors. In order to consistently improve and develop the EESH management system, the Company shares the EESH vision and policies with all employees and establishes detailed targets and action plans for improvement. The EESH management system helps us cultivate capabilities to proactively respond to intensifying global environment regulations and contributes to building an effective sustainability management system.



EESH Strategy System

To secure global-level EESH management system, we have integrated EESH guidelines that can facilitate domestic and overseas EESH activities. The integration of guidelines of all worksites at home and abroad was completed from 2011 to 2012. Since then, we have focused on enhancing EESH policies toward sustainable growth and promoting related activities in one direction, increasing efficiency and synergy effect.

Global EESH Conference

Since 2010, LG Innotek has hosted an annual Global EESH Conference for its environment and safety officers at both domestic and overseas operations. At the sixth conference held in 2015, participants shared best practices in environmental improvement and protection, energy saving, and safety and health activities as well as mid- to long-term strategies for environment and safety.

Global EESH Evaluation and Visits to Suppliers for EESH Support

The Global EESH Evaluation program has been running since 2011 in order to further upgrade the level of EESH at all worksites at home and abroad. Starting in 2012, we have provided suppliers with consulting services on 9 sectors related to environment and safety including energy management system, carbon management system, and anti-disaster program in the aspect of shared growth. These activities contribute to enhancing the EESH practices of both LG Innotek and its suppliers.

Environmental Management

Disclosure on Environmental Information

LG Innotek provides stakeholders with environmental management information and reflects their opinions in management activities. We share our EESH strategy, regulations on product environment, response to climate change, and partnership with environmental stakeholders through the website. We also register our environment-related information on the Environmental Management Information System every year since 2009 to make it accessible to the public. These efforts resulted in selecting as an exemplary company in the disclosure of environmental information in 2012. In addition, major regulations on environmental safety and our green management activities are provided to stakeholders through our quarterly business report.

Compliance with Environmental Regulations

Every domestic worksite at LG Innotek not only complies with the Framework Act on Environmental Policy, Clean Air Conservation Act, Water Quality and Ecosystem Conservation Act, Waste Control Act and Toxic Chemicals Control Act, but also operates the internally integrated EESH system at a global level. We continue to adopt stricter environmental regulations and strive to improve pollution prevention facilities, process, and resource recycling rate to minimize environmental impact. This commitment has resulted in zero environmental accident. Going forward, LG Innotek will contribute to preemptively check potential environmental impacts, fully comply with legal requirements, and use resources efficiently for environmental protection. We will also efficiently respond to the Act on the Relief of Environmental Pollution Damages and the Integrated Environmental Pollution Prevention Act by preemptively analyzing and reviewing relevant issues.

Environmental Preservation Activities

We carry out a variety of environmental activities such as mountain & river cleanup campaign, green lifestyle campaign, and eco-tourism voucher program in order to enhance communication with local communities. In addition, our environmental preservation activities are extended to voluntary environmental cleanup by employees, establishment of carbon-neutral belt through the USR, collection of unused mobile phones, participation in the Earth Hour event, reduction of food waste in daily life, and so on.

Biodiversity Conservation

We monitor our environmental impact through a broad range of activities although every worksite is not located in areas where conservation of ecosystem and biodiversity have not been into consideration with significance. Our Gumi plant and Cheongju plant have conducted activities to preserve biodiversity since October 2014 when signing an agreement with the Ministry of Environment. In addition, LG Innotek has been conducting activities to protect Hancheon Stream in Gumi, Osan Stream in Osan, Mt. Bumo in Cheongju, Mt. Eodeung in Gwangju, and Munsan Stream in Paju. We also detect influx of wastewater released from nearby industrial complexes by regularly assessing and monitoring the water quality of streams near our worksites. When unusual occurrences are brought to our attention, emergency measures are taken to minimize damages. Other environmental protection activities include cleaning up the environment, planting trees, and feeding wild animals every winter in collaboration with local communities. On top of that, we make an environmental impact assessment compulsory prior to any creation, expansion or change of production facilities.

Waste Management

LG Innotek is committed to waste management from the stage of production. In particular, our efforts for waste management are focused on reducing waste and maximizing recycling as an increase in electronics waste has resulted in a rise in the number of items whose valuable metals can be recycled when they go to waste. Consequently, the rate of waste recycling at LG Innotek and that of our outsourced recycling companies stood at roughly 86 percent as of 2015. In addition, LG Innotek tracks the entire process from waste generation to disposal in connection with the Ministry of Environment's Allbaro System. And we evaluate commissioned waste treatment and recycling service providers every year to ensure that our waste is managed in a legal and transparent manner. As a manufacturer of electrical and electronic components, LG Innotek is not subject to the WEEE (Waste Electrical and Electronic Equipment) program. In 2015, we did not engage in any cross-border transfers of waste as defined in the annex of the Basel Convention. Waste is treat-

ed through individual process designated by each waste and we joined the Korea Packaging Recycling Cooperative in 2016 to boost resource recycling.

Management of Chemical Substances

In response to the Act on the Registration and Evaluation of Chemicals and Chemical Substances Control Act, which took effect from 2015, LG Innotek has been operating the CMS (Chemical Management System) since October 2014. Through the CMS, all new chemicals are subject to pre-testing of its legality for use and harmfulness prior to usage. In addition, all hazardous chemicals used at all worksites are managed according to relevant regulations at every stage, ranging from manufacturing to disposal. The MSDS/GHS* is placed at plant floors and employees who use the chemicals are provided with regular training on the treatment of hazardous chemicals.

To cope with the Act on the Registration and Evaluation of Chemicals, we preemptively check what kinds of chemical substances have to be registered and prepare accurate response plans. We have also become a member of the Joint Registration Council to efficiently manage target substances and support suppliers to reduce risks related to these new regulations.

A daily and regular (weekly and monthly) patrol program is being operated to figure out potential risk and harmfulness of chemicals in advance. Moreover, to prevent any leakage, LG Innotek not only checks automatic sensing and blocking devices of storage facilities and emergency protective gear but also implements emergency drills. The Company also has a process for responding to chemical incidents including reporting procedures under its contingency plan in preparation for any emergency from hazardous chemicals, and conducts drills periodically. These efforts have resulted in zero hazardous chemical leakage at all worksites in 2015. None of LG Innotek's production processes makes direct use of ozone depleting substances such as CFCs and CCl4. Meanwhile, we still use refrigerants for freezers, air conditioners and fire extinguishers due to technical limitations, but we are gradually replacing these refrigerants with those of lower ozone depletion potential.

* GHS (Globally Harmonized System of classification and labelling of chemicals): A system that defines and classifies the hazards of chemical products

* MSDS (Material Safety Data Sheet): A document that contains information on the potential hazards and how to work safely with the chemical product

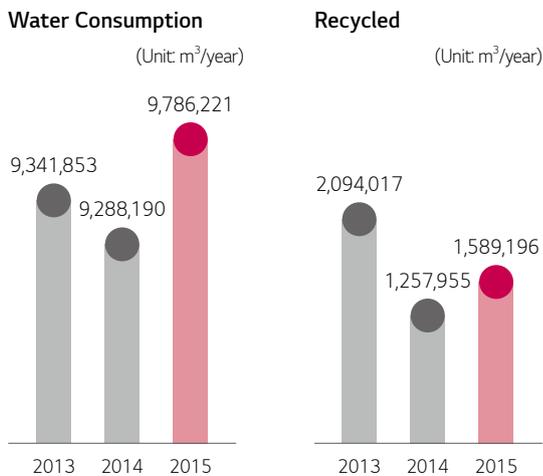
A Campaign to Embed EESH in Corporate Culture

A campaign to embed EESH in corporate culture is being conducted every week as a way of emphasizing the importance of EESH activities to employees and suppliers. This campaign contributes to expanding communications with stakeholders, attracting much attention of employees in EESH, and encouraging voluntary EESH activities.

Response to Climate Change

Water Resource Management

Recent unusual weather events such as drought and flood have sparked global interest in water resource risks. Currently, none of LG Innotek's domestic and overseas worksites suffers from water resource risk. Nonetheless, to meet stakeholders' interest and expectations, we are implementing an initiative to reduce water use by 30 percent compared to that of 2009 based on the Green 2020 strategy. We track monthly water intensity and raise employee awareness of the importance of water resource protection by receiving a pledge on water management from them. Contingency plans for water risks have also been established. Particularly, Gumi plant was selected as the benchmark for its best practice in water resource management at the 7th World Water Forum in 2015. Our activities will be extended to the participation in the CDP Water Program from 2016.



Activities and Plans to Manage Water-related Risks

Direction (~2020)	Programs	Activities
Building a water resource management system in line with "LG Green 2020"	Water consumption management	<ul style="list-style-type: none"> Annual water consumption management by basic unit (target/performance) Development of processes to reduce water consumption and review of applying them
	Increase of recycled water	<ul style="list-style-type: none"> Expansion of investments in recycling facilities Investments in recycling wastewater and reducing heavy water Industry-academy joint R&D to increase recycling rate
Building a mid to long-term roadmap to preemptively manage water risks	Response to regulations	<ul style="list-style-type: none"> Monitoring of global regulation trends and establishment of preemptive responses Stricter management than legal emission limits
	Response to wastewater leakage and legal risk	<ul style="list-style-type: none"> Operation of emergency response plans and training against extraordinary circumstances Improvement of wastewater monitoring system
	Information disclosure	<ul style="list-style-type: none"> Participation in the CDP Water

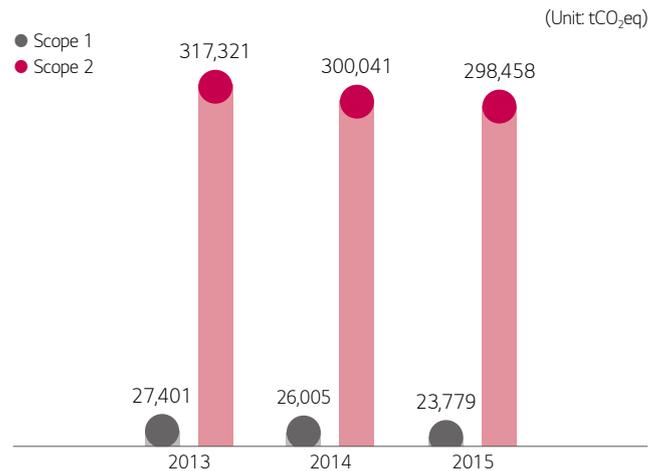
Value Plus, Carbon Minus

The LG Group has been proactive in conducting green management initiative in order to minimize environmental impacts from its business activities, create customer value through green products and green businesses, and ultimately contribute to the development of society and the nation. As part of efforts to join the LG Group's "Green 2020" management goal and voluntarily promote low carbon green-growth initiative, we set a goal to reduce carbon emissions by 40 percent by 2020 based on the BAU under the slogan "Value Plus, Carbon Minus," and four strategic directions of "Green Management, Green Company, Green Product, and Green Communication." To achieve these goals and turn climate change related challenges into new business opportunities, LG Innotek strives to add value to its businesses, productivity, and product and to cut carbon emissions.

Greenhouse Gas Management

According to the "GHG Emissions Trading Scheme," LG Innotek verifies its GHG emissions and energy consumption from a third party institute and reports the results to the government. As of 2015, 10 of our worksites have been subject to the system: Ansan, Cheongju, Gumi 1, 2, 3, 1A, Gwangju, Osan, Paju and the head office. The worksites are mandatorily audited to Scope 1 and 2. The combined amount of emissions from these worksites was 322,230tCO₂eq. This figure satisfied the criteria of government regulation by staying under 362,671tCO₂eq, the amount assigned by the government. Moreover, since 2012, in an attempt to further reduce GHG emissions, we have extended the audit scope to Scope 3 in compliance with ISO 14064-1. None of GHG emissions was excluded in the report.

GHG Emissions



* Scope 1: Direct energy consumption (fuel combustion, process emission, mobile combustion)
 Scope 2: Indirect energy consumption (electricity, fuel)

Activities to Reduce GHG Emissions

LG Innotek has built a roadmap for cutting its GHG emissions by 2020 and has set guidelines on how to reduce GHG emissions depending on the characteristic of each worksite. We are reviewing and investing in energy-saving technologies to cut our energy consumption at all our utilities, which account for the majority of LG Innotek's GHG emissions, as well as operational efficiency improvement initiatives. In particular, in a bid to minimize GHG emissions from LNG, we use steam with zero emission powered by the waste heat from external incineration facilities, which contributes to creating eco-friendly worksites. The online video conference system at all our worksites at home and abroad helps us not only reduce indirect GHG emissions from business trips but also enhance work efficiency and save costs. We have also replaced official vehicles with hybrid and electric vehicles to minimize carbon emissions from inevitable transportation due to business. These efforts resulted in being selected as an excellent company in the Climate Change Disclosure Project in 2015.



Expanding Investments in Green Products and New Businesses

As climate change issue has a critical effect on the consumption and use of products today, LG Innotek is focusing on developing new green products with high energy efficiency, high recycling rate and low hazardous substances. In addition, we are expanding investments in green businesses that cover automobile solution, energy solution and living & eco solution such as motor, sensor, power, and LED lights for automobile, and thermoelectric modules.

Establishing and Strengthening the Carbon Partnership System

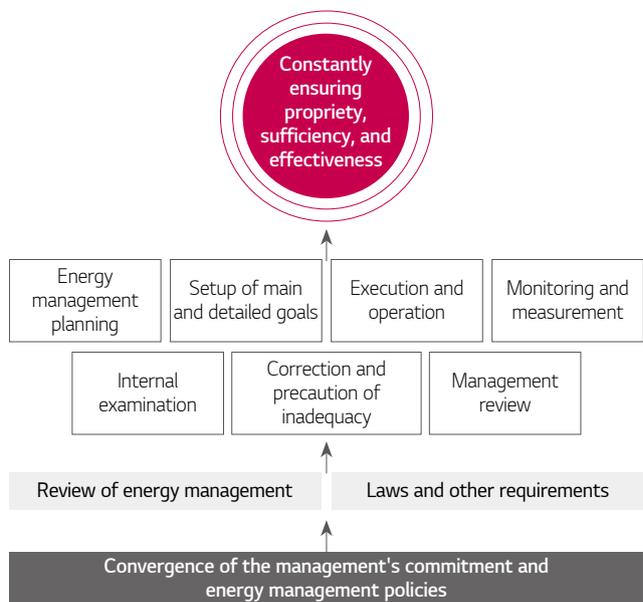
LG Innotek makes every effort to encourage suppliers to reinforce carbon management activities. Since 2009, we have been providing the 1st tier suppliers with training on fostering experts on environmental practices, thereby helping suppliers build and operate their own eco-friendly management systems. Since 2010, the training program has been expanded to include the 2nd tier suppliers as well, enabling us to establish a comprehensive green supply network covering our suppliers. In addition, in cooperation with the Industrial Bank of Korea, LG Innotek has been offering the Green SCM consulting service to help 28 suppliers establish and verify GHG inventory at their worksites since 2012.

Energy Resource Conservation

Energy Management Process

We strictly control energy resource by adopting the PDCA (Plan, Do, Check, Action) cycle to targets and action plans, execution, verification, and improvement regarding energy consumption. When adopting new equipment, the energy efficiency is reviewed in advance and the equipment is registered on the energy planning document and facility management system. The annual energy intensity target, action plans, executions, compliance with regulations, energy management process, and improvement tasks are regularly reported to the management to encourage employees to join energy saving activities.

Energy Management Process



Efforts for Energy Saving

LG Innotek not only implements activities to reduce waste and energy consumption and improve processes at every worksite, but also operates the energy management system (ISO 50001) for systematic executions. Staff in charge of energy management from each worksite and production line are trained on energy management once a year and the Energy Council is regularly held to exchange diverse opinions on energy saving ideas. The annual internal audit on energy management helps us review our energy saving activities and identify tasks for improvement. Other activities include energy intensity control, optimal energy consumption for facility operations, idle facilities control, facility efficiency improvement, individual energy saving habituation, and continuous investments in energy saving. On top of that, best practices are shared throughout the intranet and excellent staff and departments in energy saving are rewarded. We also encourage employees to use high energy-efficiency products at home and abroad and hold technology exchange sessions to adopt new energy technologies.

Performance in Energy Saving

LG Innotek has saved KRW 9.1 billion in 2013, KRW 22.7 billion in 2014, and KRW 22.6 billion in 2015 in its energy costs through diverse company-wide energy saving activities such as holding energy saving contests and improving energy efficiency at every worksite. In addition, we have been proactive in meeting the government's energy policy by committing to reducing energy and electricity consumption. As a result, the Company won the Meritorious Award for energy saving and Excellent Company Award in electricity saving management.

Energy Saving Activities at Worksites

Adopting New and Renewable Energy: Our Paju plant adopted photovoltaic systems for lighting at night. The Gumi plant also installed solar powered heating system in its dormitory for heating and hot water supply as well as 700W wind power generator for lighting.

Utilizing Recycled Energy: The Gumi plant has recycled steam generated from waste incineration as a source of renewable energy since 2012. The project helps Gumi plant cut its energy bills by KRW 890 million annually as well as greenhouse gas emissions. The Gumi plant 2 & 3 also save energy by KRW 300 million annually by building a steam network.

Replacement of Lights at Worksites: LG Innotek replaced 56,000 florescent lamps with LED lamps across all its worksites from 2012 to early 2013. One LED lamp saves KRW 10,378 in utility costs compared to a florescent lamp annually. At all of our worksites, we were able to save KRW 584 million a year.

Highly Efficient Facilities: The adoption of a ventilation system in the form of total heat exchanger allowed us not only to save energy cost spent on cooling and heating by maximum 25 percent but also to use natural heat and cold air to keep large refrigerators running at a minimum. In addition, we have conducted process innovation in energy-consuming departments as well as energy supply departments, saving energy use at source.

Optimizing Facilities: In order to optimize the supply and use of energy, LG Innotek strives to drop air supply pressure, operate the size and condition of clean room as optimal as possible, and strictly manage inactive facilities in order to keep worksites running economically. In addition, we saved KRW 120 million by revamping the air supply logic to cut off the electricity when suspending facility operation.

Safety and Health

Health & Safety Management System

At LG Innotek, the establishment of safety policies, management reviews, setup of health and safety goals, internal evaluation, and improvement activities are implemented under the OHSAS 18001. We also run in-house assessor training courses, integrate environmental safety rules, and check the amendments of relevant regulations to embed safety and health management in the Company.

Health & Safety Council

LG Innotek operates the Occupational Health and Safety Council consisting of labor union members and the management to prevent occupational accidents and improve safety and health management system. The council meets more than once every quarter to deliberate major issues such as upgrade of process safety and working environment, workers' health improvement, relevant regulations and accident prevention activities. The EESH Council, consisting of safety and health team leaders, engages in responding to major health, safety, and environment issues, spreading best practices, and leading many activities to increase the level of our safety and health.

Activities to Build a Culture of Safety

To build a culture of safety and prevent risks, LG Innotek conducts periodic inspections and assessment on EESH activities at domestic and overseas subsidiaries more than once a year, through which pending issues and inadequate working conditions at worksites are improved. At the Safety Day on the 4th of each month, the management and all employees carry out inspection on safety and improvement activities. The Safety Proposal system also contributes to identifying and removing risk factors. In particular, we have focused on preemptive risk management of unsafe behaviors, which are main causes of safety-related accidents, to avoid potential human errors while putting safety first at the workplace. On top of that, the Company posts knowledge and information on EESH on the notice board and conducts a safety training before starting every meeting to enhance safety consciousness of all employees and build a culture of safety.



Safety Day activities by each worksite

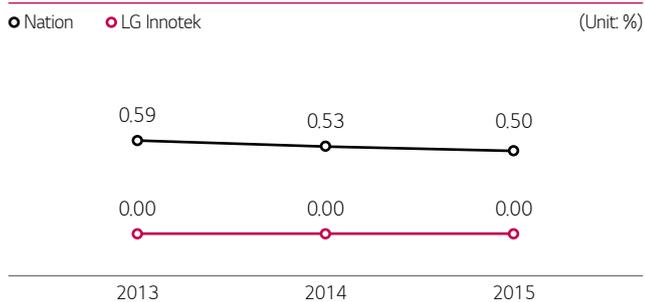
Training on Environment, Safety, and Health

Training programs on environment, safety, and health are provided to all employees at our worksites and suppliers. Employees at worksites are mandated to receive at least two-hour sessions on safety every month, office workers more than one-hour sessions per month, and foremen and supervisors a total of 16-hour training sessions every year. In an attempt to curtail losses of life and property, we provide tailored trainings on emergency reaction by type once a year.

Reduction of Occupational Accident Rate

In order to reduce occupational accident rate, LG Innotek tracks outcomes, analyzes risk causes, and addresses problems at domestic and overseas worksites by creating quantifiable EESH accident indices according to accident grade. As a result, the occupational accident rate has stayed at zero.

Occupational Accident Rate



Health Improvement Activities

LG Innotek takes special care of employees diagnosed with certain health conditions and manages practical indicators relevant to health care through the HRA index*. These efforts result in zero percent incidence rate of disease at workplace. Our health-care efforts also help prevent cerebrovascular and cardiovascular diseases. We also run a smoking-cessation program hand in hand with public institutes.

* HRA (Health Risk Appraisal) Index: The index helps manage the risk of diseases by monitoring factors that affect the health of our employees. A target score is set for each part, including obesity, drinking, smoking, hypertension and cholesterol (each of the five items X 20 points = 100 points) to manage the risk of each employee.

Response to Controlled Substances

Corporate responsibilities concerning global issues are growing in line with the globalization of businesses. As a global corporate citizen, LG Innotek takes a responsible position and responsive countermeasures to these issues and regulations.

Strengthening Eco-friendly Management

A growing number of countries, including the European Union, the United States, Japan and China, have been applying stricter environmental regulations on goods produced within their borders and imported products in an effort to protect the environment. To meet this trend, LG Innotek rigorously controls hazardous substances in the processes of product development and production.

Responding to Environmental Regulations on Products

Controlled Substances Management: We monitor the level of substances prohibited for use by law including six substances regulated by the RoHS, two halogen-contained substances, and 161 substances banned by the REACH and SVHC. In addition, we control separately the level of other substances such as phthalate and antimony which are prohibited and monitored for use by our customers.

Support for Suppliers' Hazardous Substance Analysis: LG Innotek signed an agreement with the Gwangju and Jeonnam branches of the Small and Medium Business Administration to provide small- and mid-sized suppliers with our analysis and verification capabilities.

HSMS (Hazardous Substance Management System): LG Innotek verifies all data on hazardous substances through the HSMS IT system. We also analyze information on hazardous substances in our products in concert with our internal management system.

Hazardous Substance Testing System: We only supply eco-friendly products to customers after evaluating and reducing the level of hazardous substances for every product from the stage of component procurement.

Green Program: Our Green Program evaluates whether suppliers' eco-friendly management systems satisfy relevant environmental regulations as well as LG Innotek's requirements before granting certification to qualified suppliers.

Enhancing Suppliers' Eco-friendly Management: To help suppliers establish eco-friendly management system, LG Innotek operates training programs for suppliers' working-level staff responsible for eco-friendly management and the Shared Growth Academy for their CEOs.

Conflict Resources Control

In response to the conflict resources control, LG Innotek has established a collaborative information sharing and responsive network with its customers and domestic expert agencies. In February 2012 and 2014, we carried out an extensive inspection on the current status of the four common conflict resources used in our supply chain, and we established a database covering 281 suppliers to ensure rapid responses to customer requirements. We also introduced an IT system for the conflict resource control in the supply chain in August 2014, through which we monitor information of 386 suppliers as of June 2015. Conflict resources refer to four minerals extracted in a conflict zone, the Democratic Republic of the Congo and its surrounding countries. The four most common conflict minerals are tin, tantalum, tungsten and gold which are mainly extracted from certain conflict zones such as Sudan, Rwanda, Burundi and Uganda, the Democratic Republic of the Congo, Zambia, Angola, Tanzania and the Central African Republic. In these countries, armed forces— either rebels or conquering armies— have profited as they contribute to violence and exploitation during wars in the region. At the same time, they keep a firm grip on the mines and the distribution of minerals to finance their fighting. Both mining and selling minerals from these regions raise significant

concerns over the infringement on the human rights and forced labor of local residents. In confronting this issue, LG Innotek is an ardent proponent of the worldwide movement to ban the use of these resources which originate from these conflict regions.



Response to Controlled Substances

Business Unit	Products	RoHS	Halogen	Phthalate (DEHP, DBP, BBP, DIBP)	Antimony	Beryllium	PFOA	PFOS	비고
LED	LED CHIP	0	0	0	0	0	0	0	
	LED PKG	0	0	0	0	0	0	0	
	LED BLU	0		0			0	0	
	LED Light	0							
Automotive Component	D-Power	0							
	LLP	0							
Electronic	WPC (LGE MC)	0	0	0	0	0			
	BMS	0							
	Adopter	0							These are minimum satisfaction levels and free substances by product are added in accordance with customers' regulations.
	TSC	0							
	LKAS, Rear Vision Camera	0							
	Network Camera	0							
	IHD	0							
	Bluetooth	0							
	Tuner	0							
	Wi-Fi	0							
Router	0								
GM Nod	0								
Optical Solutions	Camera Module	0	0			0			
	VCM	0	0	0	0	0			
Substrate & Material	Touch Window	0	0		0				
	Tape Substrate	0	0	0					
	HDI	0	0						
	PKG	0	0	0					