

For a Better Life

LIFE'S GOOD

WITH

LG

"Life's Good with LG" is the official CSR slogan of LG Electronics and conveys our earnest desire for comprehensive communication with stakeholders about our CSR efforts in a variety of areas.

2016-2017 LG Electronics Sustainability Report



REPORT OVERVIEW

In preparing our 2016-2017 Sustainability Report, LG Electronics adopted the G4 guidelines of the Global Reporting Initiative (GRI). As part of the process for implementing the guidelines, we reviewed the previous year's edition and best practice cases from corporations at home and abroad against the latest indices to identify the aspects that are lacking in our report. In order to address these aspects and prepare a more comprehensive and insightful report, we had extensive communication with functional departments, focusing primarily on our strengths and weaknesses. We also reached out to our internal and external stakeholders through a wide range of communication programs to seek their opinions, and performed a materiality analysis to identify the information that is considered material to stakeholders as well as to LG Electronics.

Based on the findings, we tried to introduce information concerning "Material Aspects" as defined by the G4 guidelines. Externally, we worked with a third party assurer to review the analysis results against the aspects perceived as material to industry peers to verify what is missing from each other's list (and vice versa), while internally reviewing the results with related business departments to select and introduce the information that is material and useful both to LG Electronics and to our stakeholders. Articles on material aspects prepared by functional departments were finalized after a review by management and a third party assurer.

REPORTING PRINCIPLES

G4 Guidelines of the Global Reporting Initiative (GRI),
UN Global Compact (UNGC) Index, Accountability Principles Standard (AA1000APS), and Stakeholder Engagement Standard (AA1000SES)

REPORTING SCOPE

This report covers all business sites of LG Electronics, both in Korea and overseas, and major supplier sites, including activities and performance in economic, environmental, and social areas.

REPORTING BOUNDARY

Information is organized based on material issues and presented under the "DMA (Disclosure on Management Approach)" for each section.

REPORTING PERIOD

Data from the calendar year 2016, from January 1 to December 31 (for performance in select areas, data from the first half of 2017 was also included)

ASSURANCE

Independent Assurance Statement (Korea Productivity Center)
(See pp. 112-113)

Information Sources concerning
LG Electronics' Sustainability Management Efforts



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1 Innovation for a Better Life



2016-2017 LG Electronics Sustainability Report

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LGE's Sustainability

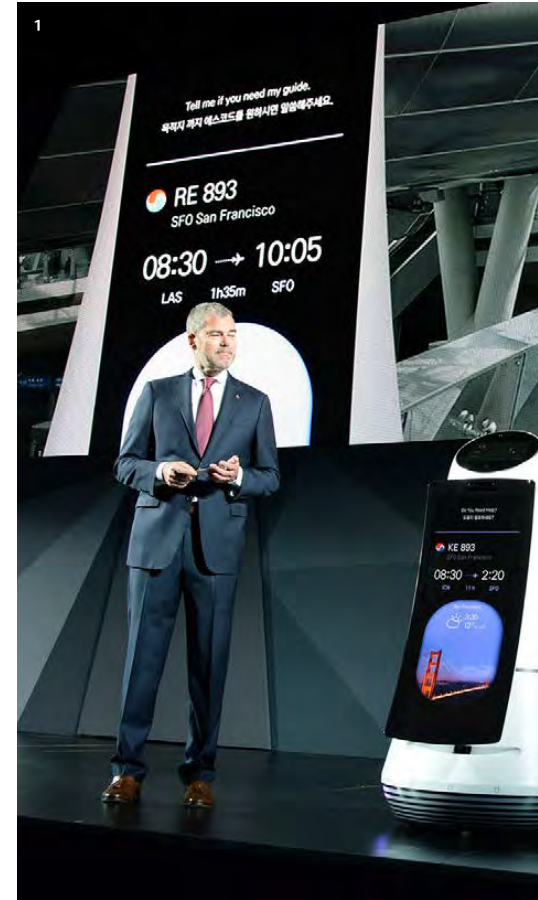
LG Electronics' Preparation for the Future

Artificial Intelligence (AI)

Widely billed as "man vs. machine," the 2016 Go match between an artificial intelligence system and Se Dol Lee, 9-dan Go professional with 18 world titles, attracted huge interest across the world, and the AI's victory underscored the potential value of the technology—applications across boundaries and the enrichment of human life. LG Electronics has already formed partnerships with global tech companies such as Google and Amazon to develop smartphones, home appliances and TVs with voice recognition features and utilize the deep learning technology to make our products become smarter on their own. Through these effort, LG Electronics aims to increase the intrinsic value of home appliance products such as smart washing machines that analyze water quality and automatically adjust the washing time for an optimum effect, smart refrigerators that allow users to order groceries via voice command and conserve power by analyzing the use patterns, and smart air conditioners that use less energy and offer greater cooling performance by sensing the location of people.

Robotics

From robots that improve productivity on the factory floor to those that cook or fold laundry, the application of robotics is expanding at a rapid pace. To keep pace with the evolution of robotics, LG Electronics is working hard to develop new types of robots that leverage our core strengths. For instance, LG's robotic vacuum cleaner (HOM-BOT), which moves around the house on its own, could easily evolve into a robotic lawn mower, and airport guide and cleaning robots, which will initially be introduced to airports, will be further developed for B2B applications as well as for applications for hotels and hospitals in the near term. LG Electronics also plans to contribute to creating additional value for human life by developing wearable-type robots that give more muscle strengths to those who carry out tasks that require high muscle strength.



3, 4 LG Hub is an AI home robot that responds to voice commands and is connected to LG appliances.



2 Communication for a Better Life



TODAY

Stakeholders are the top priority in LG Electronics' sustainability management system. This is because LG Electronics is a member of an organic ecosystem called society, and stakeholders are the earth that helps LG Electronics to grow healthy and thrive in the ecosystem. LG Electronics aims to be a sustainable company that stakeholders can trust. To this end, LG Electronics is expanding communications with internal and external stakeholders in various ways.



CSR Change
Management



Stakeholder
Engagement

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