M STOY
A journey to the future, together
LS Mtron Sustainability Report 2012 Vol. 04
We at LS Mtron create a greener world through the warmth felt between the hands that are held together. Our corporate value does not originate from the mere drive to make a profit. Rather, we journey together with our stakeholders to paint a bigger picture for a better world.

This year’s M-Story aims to take a second look at what sustainability truly means so as to look back on our 2012 sustainability management achievements and start anew to plan for 2013. Meanwhile, we never cease to communicate with all those stakeholders who journey beside us.

Let us begin our M-Story, LS Mtron’s story of utmost honesty and greenness.

This is LS Mtron’s fourth sustainability report that outlines the company’s endeavors and plans for sustainable growth.

Since the launching of the integrated sustainability management system in 2009 under the management vision of ‘Innovative Technology Partner to Create a Comfortable and Convenient World’, LS Mtron has issued its sustainability reports annually starting from 2010 to present its sustainability initiatives undertaken and plans for the following year.

Reporting Scope and Period
This report focuses on our Head Office and domestic business sites (Anyang/Jeongu/Jeongeup/Indong) and includes a portion of China where our overseas sites are concentrated. The reporting period spans the fiscal year 2012 (Jan. 1, 2012 – Dec. 31, 2012) and covers the last three years when trends should be identified and comparability should be ensured. Furthermore, a portion of the normal data includes achievements made in 2013.

Reporting Standards and Principles
This report was prepared in accordance with the ‘LS Mtron Sustainability Management Steering Wheel’ that describes the interest of our stakeholders and our business impact. The 2012 Sustainability Management Steering Wheel consists of seven focus areas and 10 management issues. Furthermore, the GRI (Global Reporting Initiative) G3.1 guidelines were presented together to help readers better understand this report.

Feature of This Report
As the 2nd-term sustainability management is launched at LS Mtron, this report reviewed our sustainability management initiatives undertaken over the last three years and outlined future directions for sustainability management by 2015. This was further complemented by the establishment of OMAVs (Disclosure on Management Approach) in each focus area so as to describe stakeholder expectations and key performance indicators as well as 2012 achievements and 2013 plans by management issue. The Special Issue sections also allow us to offer more detailed explanations of the outstanding achievements made over the past year.

Assurance
This report was assured by an independent external assurance provider to ensure the reliability of the data contained in this report as well as the report content. The conclusions appear in the third-party assurance statement.

Report Publication Schedule (Published Annually)
Previous Report: July 2012
This Report: May 2013
Next Report: May 2014

For More Information about This Report
tel. +82-31-689-8232
fax. +82-31-689-8269
e-mail. um@lsmtron.com
LS Mtron pioneers unchartered territory in sustainability management. As it uniquely innovates, the whole world watches with keen interest.

LS Mtron’s vision is to become an Innovative Technology Partner that contributes to a convenient, comfortable and flourishing world for its customers through its products and services. While we have continued to grow substantially through our ceaseless efforts, we are now ready to make a lengthened stride toward sustainability management to reach even greater goals.

In 2012, our commitment was further strengthened to develop global top-notch products and technology. Through sustainable innovation across the entire business spectrum, and the breakdown of limitations (by way of unshakable confidence and enthusiasm in attaining the goal of becoming and the No. 1 company, No. 1 talent and No. 1 corporate culture), such a commitment was readily apparent. As a result, our Tractor Division became Korea’s first in market share and the CF division laid the foundation for future growth through the development of remarkable technology. Thanks to its stable quality, the Electronic Component Division also made significant achievements in generating sales from large global customers and tapping into the export market. It is quite impressive that such sustainable growth and the creation of economic value were possible, even in the face of challenging business conditions. At LS Mtron, sustainability management is recognized as the most important business principle that enables us to deliver new customer value and stakeholder satisfaction while preventing and managing both financial and non-financial risks. Specifically, 2012 was a year when tremendous endeavors were put into establishing integrated sustainability management. This was done to engrain sustainability seamlessly into the entire business spectrum, which includes daily operations and decision-making.

Innovation Initiatives

In 2012, the 2nd-term innovation initiatives were launched under the goal of “performance-driven innovation” and customized innovation initiatives produced substantial outcomes. This translated into the financial results of KRW 19 billion (KRW 18.7 billion in 2011) through the fostering of 44 additional innovation talents (41 in 2011) and the completion of 198 innovation tasks (176 in 2011).

Quality and Customer Satisfaction

Our commitment to retaining quality talent, in an aim to deliver the products and services that our customers truly need, led to a 6% increase in the retraining of quality expert qualifications from 9% in 2011 to 15% in 2012 while the retraining of ISO 9001 certification examiners reached 46%. The fact that we do everything in our power for enhanced customer trust and convenience is demonstrated through the strengthened management of customer communication and customer contact points, including the operation of the integrated call center.

Social Contribution

As a company committed to the joint growth and development of local communities, we strove to ensure the systemized operation of the 2nd-term “Global Happy Village” campaign over the past year. Under this representative social contribution program, employee volunteerism was expanded and local volunteer activities were facilitated at respective business sites.

Green Management and Stronger Technological Competitive Edge

At LS Mtron, we address climate change through the reduction of GHG emissions, the operation of a safe, healthy and eco-friendly workplace and through the expansion of eco-friendly products and green business. We are fully committed to developing technological capabilities in eco-friendly product technology that spans the development of hybrid tractors, UC modules for hybrid vehicles and high-capacity battery packs for mobile devices.

Employee Value Enhancement

Our initiatives for enhanced employee value include the development of fair and systemic HR systems, consistent support for building employee capacity and work/life balance, the establishment of a trust-based labor-management culture and respect for human rights and diversity. Furthermore, HR regulations were devised for our overseas subsidiaries while training programs; the intensive leave program and the Happy Family Day program, were all improved.

In 2012, the 1st-term sustainability management initiatives that were fully launched in 2010 were completed. Over the past three years, we have built a company-wide infrastructure and a broader consensus for sustainability management, while developing communication systems to build closer ties with and bring satisfaction to stakeholders. Furthermore, we defined the requirements for eco-friendly products and integrated them in our R&D processing while developing the company-wide risk management system. All of these accomplishments were made possible through the company-wide Sustainability Management Steering Group, which faithfully played a pivotal role through the 20 plus group meetings that were consistently held. As 2012 marks a year for launching the 2nd-term sustainability management at LS Mtron, we have set the goal to strengthen our leadership in global standards on the basis of our stakeholder communication capabilities that were built over the years and on the development of a competitive edge to focus on the overseas market more intensively. Furthermore, we will further integrate the respective functions of sustainability management and elevate the level of implemented tasks in order to generate substantial stakeholder values while establishing a more detailed risk management system.

Everyone at LS Mtron is committed to sincerely advancing sustainability management through the deeper understanding of all our stakeholders that is based on proactive communication. We are determined to lead our industry peers through best practices in business innovation in the global machinery and component industry. I would like to ask for your continued interest in our fourth M-Story and your honest feedback will be greatly appreciated.

Thank you.

Jae-Seol Shim _ President & CEO

CEO Message
Company Profile

LS Mtron was established in 2008 as a manufacturer of industrial machinery and state-of-the-art components with a world-class competitive edge and strengthened expertise under the LS Group. We have overseas business sites in China, Brazil and the U.S. and employ 3,600 people across the world.

Company Overview

Company Name: LS Mtron Co., Ltd.
Address: LS Tower, 127 L-Euro, Dongsan-gu, Anyang City, Gyeonggi Province, Korea
Date of Establishment: July 1, 2008
CEO: Cha-Yol Koo, Jae-Seol Shim

Management Philosophy

Greater value together!

Vision

Innovative Technology Partner

Green and comfortable world

Organizational Chart

In 2013, the Machinery Business Division was newly created in order to generate synergistic effects and ensure the efficient operation of our machinery division. Another new addition to our organizational structure was the Production Technology Center which was established under the LS Group. Moreover, our Tractor Division, CF/FCCL Division, Automotive Component Division and Quality Management Team were further reinforced to improve our competitive edge in product quality.

Sales and Operating Profit - Head Office

2012 Sales and Purchasing expenses (Head Office)

Distributed Economic Value - Head Office

Our Efforts toward Sustainable Business in 2012

- On a Consolidated Basis

R&D

Purchasing

Production

Support

Recycling

Sales and Purchasing expenses (Head Office)

Recycling

Net Income

Net Income from discontinued operations

Sales

Purchasing expenses (Suppliers)

Net income from continuing operations

Net income from discontinued operations

Net income

Sales Percentage

Net income

100% (Same as the previous year)

100% (Same as the previous year)

100% (Same as the previous year)

100% (Same as the previous year)

100% (Same as the previous year)

100% (Same as the previous year)

100% (Same as the previous year)
LS Mtron’s global network is operating actively at the present time.
We move the world through a differentiated global competitive edge

The key to succeed in the future market lies in the constant gathering of the expectations and requirements of customers and other stakeholders and the proactive integration of such feedback into business operations, products and services. At LS Mtron, sustainability management is advanced through stakeholder communication and satisfaction, as well as through the integration of sustainability management into the respective functions of each business division. This, in turn, sets the course for our corporate strategy that aims to prevent financial and non-financial risks, while we take a leap forward in realizing a greener future.

In 2012, our Tractor and Electronic Component Divisions aggressively tapped into the overseas market and experienced a growth rate of 22% in sales revenue that was posted in the export market. This was achieved in spite of the shrinking domestic demand and the global economic downturn. Moreover, sustained R&D investments enabled us to develop eco-friendly and energy-saving production technology capabilities that satisfied customized needs.

We also laid the foundation to accelerate our overseas expansion to tap into the global market through the establishment of the Indonesian and Brazilian subsidiaries, in addition to the tractor production facilities in Brazil.

In 2012, we provided sustainability management training to establish and disseminate sustainability management at each business division, while risk prevention and management manuals were developed to ensure integrated risk management. At our overseas subsidiaries, the status of regulatory compliance was verified to ensure the compliance with local regulations and to prevent key risks in the areas of employment, labor and the environment. Meanwhile, checklists were developed to be used year-round. In 2013, we added to the organizational structure to strengthen key platform technology in the technology development area. Such efforts were further complemented through the extensive organizational reinforcements regarding tractor, CF/FCCL, automotive component and quality management operations, in a bid to enhance our competitive edge in quality. At LS Mtron, we are determined to retain global top-notch products and technology through relentless innovation and to maximize synergy among domestic/overseas sales, production and strategic service bases. We believe that such actions will enable us to build upon on our global competitive edge in the industrial machinery and cutting-edge component business.

Your support and participation in LS Mtron’s journey towards a brighter future will be greatly appreciated.

Kwang-Won Lee, Senior Executive Vice President
Injection Molding Division

Introduction to Main Products

- Electric injection molding machines(68~730 ton): Excellent reproducibility, exceptional power-saving feature
- Hydraulic injection molding machine(80~4,500 ton): Maximized productivity, high efficiency, low operational cost

2012 Achievements
- Completion of the electric upgrade(LGE-II) series line-up
- Development of the hydraulic mid-to-large size upgrade (LGH-III) series
- Establishment of overseas subsidiaries
- Revetment-Kit: Protective walls for military aircrafts

2013 Plans
- Secures ultra-precision electric injection molding technology
- Improve the reproducibility and performance of electric injection molding products
- Advance into the low-rpm hydraulic model and line and high-grade plate segment
- Develop extra-large hydraulic upgrade(LGH-II) series
- Replace the LGH-IV series: Annual 500 units
- Focus on reducing load on oil pipes and enhancing assembly features

2012 Achievements
- Establishment of overseas subsidiaries (Indonesia, Poland, Brazil)
- Received the Presidential Bronze Award at the Quality Management Awards

2013 Plans
- Development of the hydraulic mid-to-large size upgrade(LGH-III) series
- Completion of the electric upgrade(LGE-II) series line-up
- Establishment of overseas subsidiaries
- Development of high-durability rubber

2012 Achievements
- Development of caterpillars for T9 Main Battle Tank, PT. YASUNLI, etc.
- Development of caterpillars for T80 Main Battle Tank, the world’s largest tank, and export of the technology
- Received the DAPA Commissioner’s citation (Chosen as a top-performing DAPA supplier in 2012)

2013 Plans
- Achievements in large scale caterpillar series (K1A1, K2, etc.) and generation visible outcomes
- Initiate the full-fledged mass production of caterpillars for next-generation tanks
- Initiate the full-fledged mass production of caterpillars for next-generation tanks (U.S., Middle East) and generate visible outcomes
- Advance into large global caterpillar markets

Introduction to Main Products

- Extra large hydraulic model(LGH-III)
- Electric injection molding machines(68~730 ton): Clean molding, high response, ultra high-speed molding demonstration, different colors/materials, etc.
- Small electric model(LGE-II)

2012 Achievements
-完成了电喷系统的开发(LGE-II)系列
-完成了液压中大型的升级(LGH-III)系列
-海外子公司的成立
-完成了小型电喷系统的开发(LGE-I)

2013 Plans
-完成了超精密电喷注射机技术的开发
-提高了电喷注射机的重现性和性能
-进入了低转速液压系统和大规格板段市场
-开发了超大型液压升级(LGH-II)系列
-更换了LGH-IV系列：每年500台
-集中在减少液压油管的负载和装配效率的改善上

2012 Achievements
-实现了T9主战坦克、PT-YASUNLI等的开发
-实现了T80主战坦克，世界上最大的坦克，并出口该技术
-获得了DAPA总委员的表彰（2012年DAPA表现最佳供应商）

2013 Plans
-实现了大规呴级履带系列(K1A1, K2等)和可验证的成果
-发起大规模的全尺寸履带系列的开发(U.S., 沙特阿拉伯)和可验证的成果
-进入大型全球履带市场

Introduction to Main Products

- 高速度高耐久性的橡胶材料
- 高性能的橡胶材料
- 针对特殊用途的橡胶材料

2012 Achievements
- 针对高耐久性的橡胶材料
- 针对特殊用途的橡胶材料
- 针对特殊用途的橡胶材料

2013 Plans
- 实现了对高耐久性产品的开发
- 提高了耐久性橡胶产品的性能
- 适用于各种车辆的特殊橡胶材料

2012 Achievements
- 针对高耐久性的橡胶材料
- 针对特殊用途的橡胶材料
- 针对特殊用途的橡胶材料

2013 Plans
- 实现了对高耐久性产品的开发
- 提高了耐久性橡胶产品的性能
- 适用于各种车辆的特殊橡胶材料
Core material that leads the electronic circuit and
the secondary battery segment

Our CF Division’s circuit copper foil (LSU-ST) is
displayed in printed circuit boards (PCBs) that are
mounted in every electronic device—from TVs and com-
puters to mobile phones. Our copper foil (LSB-ST) is
also used for flexible PCBs whose flexuous features are
required—either to allow circuit boards to move (as
in the case of cell phones or digital cameras)—or to
insert or structure components. Battery copper
foil (LSB-ST) is primarily used for batteries that are
mounted in smartphones, notebook PCs and other IT
devices. One of our CF Division’s recent achievements
was the successful development of the world’s first
6㎛ ultra thin battery copper foil. This achievement is
attributed to the outstanding technological capabili-
ties of our CF Division.

Location
- Jeongeup (Jeongeup City, North Jeolla Province)

Major Customers
- LG Chem, Samsung SDI, LG Innotek, Doosan Electro-Materials, DAIDUCI EDI, Panasonic, Sony, BYD, etc.

Product Line-up
- Circuit copper foil (LSU-ST): Used for general electronic devices
- Flexible PCB copper foil (LSB-ST): Highly flexuous copper foil for flexible PCBs
- Battery copper foil (LSB-ST): Used for anode collectors of lithium ion batteries

Introduction to Main Products
- Mounted on CCL (copper clad laminates), raw material for printed circuit boards
- Physical and chemical properties are created through surface treatment

2013 Achievements
- Development of ultra thin 6㎛ battery copper foil
- Development of ultra thin multi-layer copper foil
- Development of high-strength battery copper foil

2013 Plans
- Develop battery copper foil to be used in next generation solar modules
- Develop low light copper foil for package applications
- Develop 4㎛ ultra high strength copper foil

Global electronic component maker with best-
in-class quality products and in-house R&D
capabilities

Starting as a connector manufacturer back in 1987,
the division has grown to produce and sell
connectors and antennas for cell phones and
display devices. Our Electronic Component Divi-
sion is Korea’s only connector producer that pos-
sesses the R&D capabilities necessary to produce
original in-house products. Based on the cutting-edge
global manufacturing network in Korea and China
that was created through top-notch quality, price
competitiveness, diverse product line-ups and custom-
ized development capabilities, the division delivers
differentiated value to major global customers, including
LG Electronics, LG Display, Samsung Electronics,
and ZTE.

Location
- Anyang (Anyang City, Gyeonggi Province)

Major Customers
- Samsung Electronics, LG Display, LG Electronics, ZTE, etc.

Product Line-up
- Cell phone connector: Top quality wide-ranging product line-ups
- PCB connector: Capacity to develop custom made connectors and high speed transmission technology
- FPC connector: Leading smart electronic component technology that includes high speed transmission connectors
- Cell phone antenna: Delivering the customer base through the development of new products, such as the LTE

Introduction to Main Products
- B2B products to connect main boards and various modules
- Designed to respond to smaller mounting areas required by customers due to high capacity smartphone batteries
- Standard: Width 2.5mm, Height 0.8mm

Antenna
- Available in the broadband frequency operating range for 4G services
- Technologies to enable a more efficient use of limited spacial area in order to ensure high frequency bandwidth improvement for smartphones that are increasingly thinner

2012 Achievements
- Development of ultra thin 6㎛ battery copper foil
- Development of double-width long-distance technology
- Development of high-strength battery copper foil

2013 Plans
- Expand the customer base (including Samsung Electronics and businesses in Greater China)
- Develop subminiature B2B connectors and low-profile card connectors
- Relocate to Anyang Hi-tech Center

Introduction to Main Products
- Mounted on CCL (copper clad laminates), raw material for printed circuit boards
- Physical and chemical properties are created through surface treatment processing

2012 Achievements
- Secured sales base for large global customers, including Samsung and ZTE
- Strengthened relationships with existing captive customers

2013 Plans
- Expand the customer base (including Samsung Electronics and captive customers)
- Develop customized products and adopted innovative mass production processing technology
- Relocate to Anyang Hi-tech Center
Automotive Component Division

Automotive rubber hose that guarantees top quality and safety

Established in 1998, LS Mtron’s Automotive Component Division manufactures wide-ranging high and low pressure hose assembly components that are mounted on vehicles for the transmission of fluid and hydraulic pressure. To respond to market requirements for more eco-friendly and efficient automobiles, the division developed ultra low expansion brake hoses and successfully expanded its production line of CAC(Charged Air Cooler) hoses that fully comply with EURO V standards, the most stringent environmental standards in the world. With its remarkable product quality and safety, the division is determined to become the world’s No. 1 automobile hose segment producer by 2015.

Introduction to Main Products

- Delivers the hydraulic pressure of brake fluids when the driver applies the brakes
- Highest security grade is required among other finished vehicle components that are directly related to driver ergonomics and safety and thus outstanding durability, as well as customer requirements regarding high pressure and low expansion, should be satisfied

2012 Achievements
- More than 20% growth in sales from 2011
- Became a CAC hose supplier for Hyundai Motor Company

2013 Plans
- Diversify product line-up with the launching of the automobile air conditioning hose
- Secure blow molding technology
- Initiate full operation of Chinese sites as a manufacturing hub
- Acquire new global customers

Location
- Indong site (Gumi City, North Gyeongsang Province)
- YTLS (Joint venture, Yantai, Shandong Province, China)

Major Customers
- Hyundai Motor Company, Renault, Nissan, etc.

Product Line-up
- CAC(Charged Air Cooler) hose: Eco-friendly hose that improves fuel efficiency while reducing gas exhaust emissions
- Brake hose: Used as the key component connecting hydraulic brake pedals with brake lines
- Power steering hose: Minimized driver consequences through enhancing driver’s steering power

Introduction to Main Products

- Consists of sputter seed layer and copper-plated layer upon polyimide film
- Environment-related improvements: Thin film surface treatment technology was used to prevent wastewater discharge and air pollution

2012 Achievements
- FCCL approved by Samsung Electronics (December)
- Ranked No. 1 in global market share
- Secured semi-additive manufacturing technology

2013 Plans
- Hold a groundbreaking ceremony at the LSMB (Brazilian manufacturing subsidiary) plant, start mass production (August)
- Launch a new model equipped with a Tier4 engine
- Develop fuel-saving and eco-friendly tractors
- Strengthen competitive edge of our localized models in China and Brazil

Location
- Jeongeup site (Jeongeup City, North Jeolla Province)

Major Customers
- LG Innotek, STEMCO (Samsung subsidiary), etc.

Product Line-up
- Display FCCL: Used for high resolution liquid crystal display and plastic electronics
- FPC FCCL: Designed to respond to microcircuits and slim devices, covering smart phones and medical devices
- Flexible solar cell(CIGS) Mo Film: Used for semi-conductive films, which are deployed to generate electricity from solar energy

Introduction to Main Products

- Consists of photosensitive layer and copper-plated layer on a polyimide film
- Environmental-related improvements: Thin film surface treatment technology was used to prevent water-discharge and pollutants
- Product Features
- FCCL for LCD applications: Used as materials for display driving circuits and the availability of an ultra-fine circuit width
- Smartphone FCCL: Paves the way for OLED technology to improve on heat dissipation issues caused by increasingly larger smartphones

Location
- Jungang ranching (Gangnyeong City, Jeju Province)

Major Customers
- LG Innotek, STEMCO (Samsung subsidiary), etc.

Product Line-up
- Display (ED) FCCL: Used for liquid crystal display
- Flexible (FCCL) for LED backlight
- Flexible (FCCL) for OLED display

Introduction to Business Divisions

FCCL Division

Key material that leads the display industry

Our FCCL (flexible copper clad laminates) are used as our key LCD panel material for TVs, notebooks and monitors. LS Mtron is the world’s third business to successfully launch the mass production of FCCL and in 2013 it ranked second in the world, in global market shares. With a wide-spectrum of product lineups, the division is expanding its business scope activities to include double-plated products for cell phones, semi-additives for medical devices, flexible display materials, medical device materials and RFID, which are based on our core technology of roll-to-roll thin film manufacturing. In so doing, the division is emerging as an industry leader specializing in miniature thin film materials.

Introduction to Main Products

- Delivers the hydraulic pressure of brake fluids when the driver applies the brakes
- Highest security grade is required among other finished vehicle components that are directly related to driver ergonomics and safety and thus outstanding durability, as well as customer requirements regarding high pressure and low expansion, should be satisfied

2013 Achievements
- FCCL approved by Samsung Electronics (December)
- Ranked No. 1 in global market share
- Secured semi-additive manufacturing technology

2013 Plans
- Hold a groundbreaking ceremony at the LSMB (Brazilian manufacturing subsidiary) plant, start mass production (August)
- Launch a new model equipped with a Tier4 engine
- Develop fuel-saving and eco-friendly tractors
- Strengthen competitive edge of our localized models in China and Brazil

Location
- Jeongeup site (Jeongeup City, North Jeolla Province)

Major Customers
- LG Innotek, STEMCO (Samsung subsidiary), etc.

Product Line-up
- Display FCCL: Used for high resolution signal wires, connecting devices, covering TVs, notebooks and monitors
- FPC FCCL: Designed to respond to microcircuits and slim devices, covering smart phones and medical devices
- Flexible solar cell(CIGS) Mo Film: Used for semi-conductive films, which are deployed to generate electricity from solar energy
LS Mtron’s ultracapacitor that leads the next generation energy market

LS Mtron’s ultracapacitors are used as an energy source in a variety of areas covering reserve power in preparation for outages that require high-energy efficiency, power density and long-term reliability, as well as auxiliary power and instant power. We work with major companies both in Korea and overseas to develop customized products, while strengthening our partnerships with our client companies. As part of our advance research initiatives, the division also works with leading research institutes and Korean companies both domestically and overseas on national projects to develop UC modules for hybrid vehicles, heavy equipment, and special-purpose vehicles, which in turn, paves the path to welcome future growth engines.

2012 Achievements

- Secured products to solidify customer base through the development of modules specialized for electricity and photovoltaic applications
- Participated in UC development projects launched by European/Japanese automobile makers

2013 Plans

- Secure automobile monitoring and thermal radiation analysis modeling technology
- Improve productivity in an innovative manner through the development of new coating technology
- Strengthen production capacity with the relocation of the production site to Anyang Hi-tech Center

Introduction to Main Products

- Global top-level low resistance
- High reliability with a greater than 10 year lifespan
- All ultracapacitor products are used in the new and renewable energy sector including improved energy efficiency, wind power, and solar power and are eco-friendly and do not contain hazardous substances

Location
- Anyang site (Anyang City, Gyeonggi Province)

Major Customers
- Global companies in the wind power, solar power, electricity and vehicle industries

Product Line-up
- LSUC: Used for wide-ranging applications such as the UC cell that boasts world-class voltage performance and reliability
- LSUM: UC module that provides high-voltage systems deployed for wind farm generators and vehicles in one single package
Integrated Sustainability Management (SM)

It is our belief that SM should be advanced in such a way as to establish a framework to identify both company-wide risks as well as opportunities in the intertwined relationship among the economy, society and the environment. This is why at LS Mtron, we have established various systems and decision-making bodies that ensure the integrated management of SM initiatives and plans. Specifically, our SM Steering Council, which we have been operating bi-monthly since 2010, serves as an integral venue for decision-making that promotes balanced growth for all stakeholder values.

Integrated Sustainability Management System

*SM Executive Office*
- Integrated management and support, operation of the SM Steering Council, stakeholder engagement, development and evaluation of KPIs, SM training and support

*SM Steering Council*
- Control Town (Make decisions, set directions and monitor)
- SM Subcommittees (Tackle action, collaboration)

*SM Executive Office*
- Quality, customer satisfaction
- Take action (collaboration)
- Corporate Collaboration & Manual outcome sample
- Social contribution
- Environment, health/safety
- Shared growth

*SM Steering Council*
- Under the Direct Control of the CEO
- CMO
- CSO
- CFO

*SM Subcommittees*
- CMO: Marketing & Planning Team
- CSO: Green Management
- CFO: Corporate Collaboration & Shared growth

Operational status between 2010 and 2012
- SM Steering Council met 10 times
- SM subcommittees met 20 times
- Three SM reports have been published

Key Agendas of the Sustainability Management Steering Council in 2012

**Council Meetings**
- 1st meeting (Jan. 2012)
  - Agenda
    - Review performance and report plans
  - Reporting and Directions
    - Report team-specific achievements and 2012 action plans

- 2nd meeting (Mar. 2012)
  - Agenda
    - Discuss progress and decisions (Each responsible team drew their own plans)
  - Reporting and Directions
    - Report team-specific planning directions and 2012 action plans

- 3rd meeting (May 2012)
  - Agenda
    - Build eco-friendly supply chain management system
  - Reporting and Directions
    - Supply chain management and environmental management plan
    - Supply chain management and environmental management system

- 4th meeting (July 2012)
  - Agenda
    - CHQ Roundtable operational risk response manual
  - Reporting and Directions
    - Report progress and decisions for manual development (Review major risks and set stage-specific response measures)

- 5th meeting (July 2012)
  - Agenda
    - Integrate progress reviews of EBM
  - Reporting and Directions
    - Integrate progress reviews of EBM
    - Identify major risks and set stage-specific responses

- 6th meeting (Aug. 2012)
  - Agenda
    - CHQ Roundtable operational risk response manual
  - Reporting and Directions
    - Identify major risks and set stage-specific responses

- 7th meeting (Aug. 2012)
  - Agenda
    - Advance SM roadmap at overseas subsidiaries
  - Reporting and Directions
    - Advance SM roadmap at overseas subsidiaries

- 8th meeting (Oct. 2012)
  - Agenda
    - 2nd SM roadmap
  - Reporting and Directions
    - 2nd SM roadmap

- 9th meeting (Nov. 2012)
  - Agenda
    - 3rd SM meeting
  - Reporting and Directions
    - 3rd SM meeting

- 10th meeting (Dec. 2012)
  - Agenda
    - 4th SM roadmap
  - Reporting and Directions
    - 4th SM roadmap

**Follow-up Results**
- Review progress and action plans
- Report team-specific achievements and 2012 action plans
- Identify major risks and set stage-specific responses
- Advance SM roadmap at overseas subsidiaries

**Manual Development Process**
- 1. Create an issue pool
- 2. Select major risks
- 3. Develop scenarios
- 4. Define workflow
- 5. Develop action plans

**Local Compliance Review at the Chinese Subsidiary**
At LS Mtron, 2012 was a year to initiate SM on a global scale. Thus, our SM initiatives were expanded to our overseas subsidiaries. The first step was to identify local regulatory trends in China and review our compliance status so as to prevent any possible risks that may occur due to regulatory violations. Eleven administrative ordinances and provincial regulations in China, including the Labor Contract Law (2008), were chosen and checklists were developed, both in Korean and Chinese, to examine the status of our legal compliance. The results demonstrated that our Chinese subsidiary complied with the majority of these regulations and that our working-level employees were highly knowledgeable about such regulations as well. Our top priority in 2013 is to discover ways to address upcoming regulations that will take effect in the future, such as expatriate worker employment standards.
Direction for the 2nd-term Sustainability Management Roadmap

As the 1st-term SM roadmap (2010~2012) came to an end, we developed the 2nd-term roadmap to chart our SM initiatives until 2015. While the 1st-term roadmap focused on the establishment of action frameworks and the integration of sustainability into business operations, the 2nd-term roadmap aims to elevate the level of risk management performance to those of global standards and to strengthen communications with stakeholders, as to generate substantial values.

2nd-term Vision Structure

At LS Mtron, we set the ‘Establishing Global Standards’ target under the 2nd-term SM roadmap. In other words, we will proactively comply with the standards and regulations that are required of corporate citizens doing business in the global market environment. Under this vision structure lie LS Mtron’s four unique implementation strategies and seven focus areas, which are founded upon LS partnerships, the LS Group management philosophy and its ethics management.

Development of Four Implementation Strategies and KPIs in the Seven Respective Focus Areas

We set the following four implementation strategies to meet our ‘2015 target’: adhere to global standards to establish new systems and programs that take global requirements into account, create stakeholder values to further advance the implementation tasks that have been achieved under the 1st-term roadmap, manage risks to minimize any possible negative impacts we may create, and communicate in a way to pursue substantial improvements in stakeholder relationships.

In order to undertake these implementation strategies, our teams that participate in the SM Steering Council developed implementation measures and KPIs for respective strategies. The first strategy of complying with global standards, which is the key strategy under the 2nd-term roadmap, was specifically identified on the basis of such global standards and guidelines as ISO 26000, GRI, EICC, and UNGC, as well as regulations that are directly related to our industry. Furthermore, we ensured that each KPI could be quantitatively evaluated so that it was possible to internally verify their level of completion. Particularly, major KPIs will be assessed through C/M, which is LS Mtron’s company-wide schematic used to build consensus on targets and measure performance.

- Details on KPIs are presented on the first page of each focus area.
Stakeholder Engagement and Materiality Test

An organization’s sustainability originates from fulfilling its responsibilities in meeting stakeholder expectations. We at LS Mtron ensure that stakeholder expectations are reflected in the following year’s operational plans in accordance with their business impacts. Once determined, these plans are reviewed through the SM Steering Council and the year’s achievements and plans for the following year are presented to stakeholders through sustainability reports.

Our Definition of Stakeholders

We define stakeholders as anyone who interacts with us, directly or indirectly. With the initiation of the 2nd-term sustainability management, we re-defined our definition of stakeholders through the analysis of global trends and stakeholder expectations. At LS Mtron, key stakeholders are defined as customers, employees, suppliers, global/local communities, and earth/ecology and general stakeholders are defined as central/local governments and shareholders/investors.

Development of the Stakeholder Engagement Model

Our stakeholder engagement model was established in order to strengthen communications with stakeholders. This model presents a virtuous cycle of creating values that satisfy stakeholder interest, while identifying and addressing risk on the basis of communication activities. This then serves to seamlessly contribute to achieving our corporate vision and reinforce our organizational competitive edge.

Materiality Test

The materiality test is conducted annually so as to enable us to prepare SM plans for the following year. SM issues to be addressed in 2013 were identified in consideration of various internal/external business conditions. Stakeholder surveys were also performed so as to pinpoint stakeholder interest levels in the issues while opinions of top management and employees were gathered to understand their business impact. The outcomes were then divided into High, Medium and Low categories and used in developing SM strategies for 2013.

• Level of Interest on Company-wide Management Issues by Stakeholder Group

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Customer</th>
<th>Supplier</th>
<th>Win-win Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue</td>
<td>Page</td>
<td>Issue</td>
<td>Page</td>
</tr>
<tr>
<td>1</td>
<td>2011</td>
<td>1</td>
<td>2011</td>
</tr>
<tr>
<td>2</td>
<td>2011</td>
<td>2</td>
<td>2011</td>
</tr>
<tr>
<td>3</td>
<td>2011</td>
<td>3</td>
<td>2011</td>
</tr>
<tr>
<td>4</td>
<td>2011</td>
<td>4</td>
<td>2011</td>
</tr>
<tr>
<td>5</td>
<td>2011</td>
<td>5</td>
<td>2011</td>
</tr>
</tbody>
</table>

• Collection of Stakeholder Expectations in 2012

<table>
<thead>
<tr>
<th><em>Stakeholder Expectations that were identified are presented on the first page of each issue.</em></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer</strong></td>
</tr>
<tr>
<td>• Quality and customer satisfaction</td>
</tr>
<tr>
<td>• Stakeholder participation</td>
</tr>
<tr>
<td>• Feedback gathering</td>
</tr>
<tr>
<td>• Development of SM systems</td>
</tr>
<tr>
<td>• Employee health/safety/benefits</td>
</tr>
<tr>
<td>• New issue</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Supplier</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Competition edge in quality</td>
</tr>
<tr>
<td>• Development of new business</td>
</tr>
<tr>
<td>• Customer relationship management</td>
</tr>
<tr>
<td>• Feedback gathering</td>
</tr>
<tr>
<td>• New issue</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Win-win Partnership</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Social contribution</td>
</tr>
<tr>
<td>• Management of GHG emissions</td>
</tr>
<tr>
<td>• Energy/resource management</td>
</tr>
<tr>
<td>• New issue</td>
</tr>
</tbody>
</table>

• Issues Considered in Conducting the Materiality Test

<table>
<thead>
<tr>
<th>Issue</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2012</td>
</tr>
<tr>
<td>2</td>
<td>2012</td>
</tr>
<tr>
<td>3</td>
<td>2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Customer satisfaction</td>
</tr>
<tr>
<td>• Development of new business</td>
</tr>
<tr>
<td>• Customer relationship management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stakeholder Expectations</td>
</tr>
<tr>
<td>• Feedback gathering</td>
</tr>
<tr>
<td>• Development of SM systems</td>
</tr>
<tr>
<td>• Employee health/safety/benefits</td>
</tr>
<tr>
<td>• New issue</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in Top Priority Issues in 2011/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Loyalty program</td>
</tr>
<tr>
<td>• Development of new business</td>
</tr>
<tr>
<td>• Customer relationship management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Customer satisfaction</td>
</tr>
<tr>
<td>• Development of new business</td>
</tr>
<tr>
<td>• Customer relationship management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stakeholder Expectations</td>
</tr>
<tr>
<td>• Feedback gathering</td>
</tr>
<tr>
<td>• Development of SM systems</td>
</tr>
<tr>
<td>• Employee health/safety/benefits</td>
</tr>
<tr>
<td>• New issue</td>
</tr>
</tbody>
</table>

An image shows the Stakeholder Engagement and Materiality Test with various stakeholders and their engagement processes. The materiality test matrix is also illustrated, detailing the level of interest and stakeholder expectations. The diagram includes various stakeholders such as customers, suppliers, and global/local communities, indicating their importance and engagement strategies. The stakeholder engagement model is presented as a virtuous cycle, emphasizing the importance of creating values that satisfy stakeholder interests, identifying and addressing risks, and contributing to the organization’s vision.
2012 Sustainability Management Steering Wheel

Since 2010, LS Mtron has been using the SM Steering Wheel pictured below to outline SM focus areas and management issues in each area on the basis of the annual materiality test outcomes. Our 2012 Steering Wheel consists of seven focus areas and one general area in addition to 21 management issues. Together, they serve as the overarching framework in organizing our sustainability reports.

Changes from 2011 to 2012

In 2012, the number of focus areas increased from the previous six to seven. This came with the addition of a stronger technological competitive edge that was needed to undertake stronger SM initiatives in the technology development division (CTO). Management issues to ensure a stronger technological competitive edge included the advancement of open innovation, recruitment and the fostering of outstanding R&D personnel and a stronger competitive edge in patents. Moreover, creating a more harmonious workplace was added as a new management issue under the employee value enhancement focus area.

Our Achievements in Numbers

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Issue</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation Initiatives</td>
<td>Financial value created through innovation initiatives</td>
<td>KRW 21.3 billion</td>
<td>KRW 18.7 billion</td>
<td>KRW 19 billion</td>
</tr>
<tr>
<td></td>
<td>No. of innovation tasks implemented</td>
<td>253</td>
<td>176</td>
<td>198</td>
</tr>
<tr>
<td></td>
<td>No. of innovation talent recruited</td>
<td>178</td>
<td>146</td>
<td>183</td>
</tr>
<tr>
<td></td>
<td>No. of innovation selection proposed</td>
<td>50 per person</td>
<td>21 per person</td>
<td>21 per person</td>
</tr>
<tr>
<td>Win-win Partnership</td>
<td>Direct investment in Win-win Partnership</td>
<td>KRW 1.49 billion</td>
<td>KRW 1.31 billion</td>
<td>KRW 2.77 billion</td>
</tr>
<tr>
<td></td>
<td>Number of supplier employees receiving a training</td>
<td>105</td>
<td>180</td>
<td>131</td>
</tr>
<tr>
<td></td>
<td>Number of suppliers chosen as Q-partners</td>
<td>32</td>
<td>34</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>Number of private-public joint investment projects</td>
<td>3,515 million</td>
<td>9,540 million</td>
<td>18,000 million</td>
</tr>
<tr>
<td>Quality and Customer</td>
<td>Customer satisfaction</td>
<td>3.0 points</td>
<td>3.2 points</td>
<td>3.7 points</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Retention of ISO certification examiners</td>
<td>22%</td>
<td>35%</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>Retention of Quality management engineers</td>
<td>7%</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>Social Contribution</td>
<td>Total hours of social volunteering</td>
<td>330</td>
<td>1,080</td>
<td>2,019</td>
</tr>
<tr>
<td></td>
<td>No. of volunteering employees</td>
<td>83</td>
<td>301</td>
<td>369</td>
</tr>
<tr>
<td></td>
<td>Investment in social contribution programs</td>
<td>KRW 297 million</td>
<td>KRW 579 million</td>
<td>KRW 351 million</td>
</tr>
<tr>
<td>Green Management</td>
<td>Share of eco-friendly products</td>
<td>24%</td>
<td>35%</td>
<td>44%</td>
</tr>
<tr>
<td></td>
<td>Environmental investment and expenses</td>
<td>KRW 402 million</td>
<td>KRW 599 million</td>
<td>KRW 787 million</td>
</tr>
<tr>
<td></td>
<td>Recycling of waste</td>
<td>85%</td>
<td>81%</td>
<td>84%</td>
</tr>
<tr>
<td></td>
<td>Intensity-based GHG emissions/CO2/kRW million</td>
<td>0.16%</td>
<td>0.14%</td>
<td>0.15%</td>
</tr>
<tr>
<td>Stronger Technological</td>
<td>Number of national/commissioned project contracts signed</td>
<td>14</td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>Competitive Edge</td>
<td>No. of patent applications</td>
<td>80</td>
<td>170</td>
<td>191</td>
</tr>
<tr>
<td></td>
<td>No. of Strategic Labs chosen</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Value Enhancement</td>
<td>Share of newly hired female employees</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>Training support</td>
<td>KRW 1.449 million P.P.</td>
<td>KRW 1.749 million P.P.</td>
<td>KRW 1.55 million P.P.</td>
</tr>
<tr>
<td></td>
<td>Benefits expenses</td>
<td>KRW 11.7 billion</td>
<td>KRW 21.1 billion</td>
<td>KRW 22.7 billion</td>
</tr>
<tr>
<td></td>
<td>Occupational injury rate</td>
<td>0.12%</td>
<td>0.27%</td>
<td>0.13%</td>
</tr>
<tr>
<td></td>
<td>No. of employees who received sustainability training</td>
<td>0</td>
<td>0</td>
<td>146</td>
</tr>
</tbody>
</table>

1) Declines due to the disposal of the Air Conditioning Division in 2011
2) Including office workers from 2011
3) Business support consulting, purchase-consultative projects, private-public joint investment technology development projects, etc.
4) Measured against employees in charge of quality issues on a company-wide level
5) Contract management is based on the actual number of contracts signed from 2012/2012 number stands at 42 when the 2011 criteria are applied
6) Strategic Labs work with LS Mtron in undertaking projects, signing MOUs or interacting through training or seminars, thus requiring strategic partnership
7) Practical training for office workers to prepare for ISO 26000 and to expand employee consensus
Changning our course to move into unchartered territory is what we call innovation at LS Mtron. To take a step higher through relentless growth, we continue to build a culture of creative innovation.

Innovation Initiatives

## Declaration
LS Mtron will act as a key driver in creating economic and social values by establishing a culture of innovation that usher in a new future through customized innovation initiatives that generate substantial outcomes.

## Communication Channels
- Meeting with CEO (Monthly)
- CEO ARBA (management by wandering around) (Quarterly)
- Gathering of innovation officers (Quarterly)
- Mtron Festival (Annually)
- Innovation initiative bulletin (Quarterly)

## 2012 Achievements and 2013 Plans

### 2012 Major Achievements

- **IgY** program was undertaken for executives in the Staff Division
- Productivity management system was improved by reviewing standards
- 44 innovation talents were fostered
- TRIZ implementation system was established and five pilot projects were undertaken
- Six rounds of innovative training as well as 22 rounds of task guidance were offered at overseas subsidiaries.

### 2013 Major Plans

- Provide company-wide training to integrate 3Cs that define innovation behaviors into business operations.
- Undertake 10 TRIZ tasks.
- Undertake 12 TRIZ tasks to build technological competitive edge.
- Ensure stability by strengthening innovation initiatives in daily operations (Participated by all employees).

## Break through limitations through customized innovation initiatives

LS Mtron has undertaken innovation initiatives since 2009 to build our own differentiating capabilities and competitive edge based on innovation, change, and 2012 was a year when we overcame limitations through customized innovation initiatives based on the capabilities developed over the years. By thinking outside of the box, the Electronic Component Division successfully resolved some technological issues that our competitors hadn't noticed and this earned us the title of No. 1 vendor. The CF Division became the world’s first to mass produce 5G battery stopper foil, which is being supplied to leading global companies. Such accomplishments are attributed to the continuous innovation undertaken on the shop floor. In 2012, these initiatives generated the financial outcome of KRW 19 billion and 198 innovation tasks were completed. What’s more, diverse innovation programs are currently under operation: employees are rewarded for the proposals and financial outcomes they generate, financially supported for their innovation activities and encouraged to participate in quality circle competitions. In so doing, they benefit from innovation outcomes and are encouraged to be part of innovation initiatives. In 2012, the ‘2nd-term innovation initiatives’ will be launched in full to ingrain innovation into our corporate DNA and the culture at large. These initiatives will lead our sustainable growth, based on the core values of ‘Challenge, Creativity, Communication.’

## Customized Innovation Initiatives

### Innovation Initiatives (2009-2011)

- **1st-term Innovation** "Innovation for Stronger Organizational Capability"
  - 2009: Establish an operational model to re-direct innovation. Lay the basic for innovation.
  - 2010: Undertake innovation initiatives that generate substantial outcomes. Launch customized innovation initiatives.

### 2nd-term Innovation Directions (2012-2015)

- **Innovation Target** Lead to business performance innovation contended to LS Mtron
- **Innovation Theme** Expansion of innovation activities
- **Innovation Culture** Cultivate a culture that defines innovation behaviors. Cultivate a culture of communication.

### Key Performance Indicators (KPI)

- **Creativity Evaluation**
  - Innovation capacity index based on the dissemination of innovation culture to overseas subsidiaries, cultivation of talents and suppliers
- **Communication Evaluation**
  - Communication capacity index based on the communication behaviors of business executives.
  - Completion of culture innovation tasks that aim to establish a culture of communication.

## Special Issue – Outcomes Generated through Customized Innovation Initiatives

### Support to Facilitate Innovation Initiatives

<table>
<thead>
<tr>
<th>2011</th>
<th>LS Mtron Innovation (Total)</th>
<th>Support expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>KRW 460 million</td>
</tr>
</tbody>
</table>

LS Mtron has undertaken innovation initiatives since 2009 to build our own differentiating capabilities and competitive edge based on innovation outcomes. By thinking outside of the box, the Electronic Component Division successfully resolved some technological issues that our competitors hadn’t noticed and this earned us the title of No. 1 vendor. The CF Division became the world’s first to mass produce 5G battery stopper foil, which is being supplied to leading global companies. Such accomplishments are attributed to the continuous innovation undertaken on the shop floor. In 2012, these initiatives generated the financial outcome of KRW 19 billion and 198 innovation tasks were completed. What’s more, diverse innovation programs are currently under operation: employees are rewarded for the proposals and financial outcomes they generate, financially supported for their innovation activities and encouraged to participate in quality circle competitions. In so doing, they benefit from innovation outcomes and are encouraged to be part of innovation initiatives. In 2012, the ‘2nd-term innovation initiatives’ will be launched in full to ingrain innovation into our corporate DNA and the culture at large. These initiatives will lead our sustainable growth, based on the core values of ‘Challenge, Creativity, Communication.’

### Introduction of TRIZ, the Creative Problem-solving Methodology

With our R&D Center in the lead, TRIZ was introduced to help our employees learn more about creative problem-solving skills. Basic and practical training was provided to employees, suppliers and Korean and overseas subsidiaries gathered together to share the outcomes of successful innovation initiatives undertaken by respective divisions over the last year. In 2012, eight competitive tasks and two special tasks were presented.

Fostering Innovation Talent and Undertaking Innovation Tasks

We continue to foster innovation talent at LS Mtron. In 2012, 44 new innovation experts were made ready for positions and currently there are 183 such experts. These experts actively undertake innovation tasks within their specialty areas (covering the Six Sigma, LPS and VE) while enhancing innovation capabilities by completing 198 tasks in 2012 alone.

### 2013 Major Plans

- Company-wide training to integrate 3Cs that define innovation behaviors into business operations.
- Undertake 10 TRIZ tasks.
- Undertake 12 ‘Break Through Limitations’ tasks to build technological competitive edge.
- Ensure stability by strengthening innovation initiatives in daily operations (Participated by all employees).

### Evaluation

<table>
<thead>
<tr>
<th>2012 Evaluation</th>
<th>2013 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRW 19 billion</td>
<td>KRW 19 billion</td>
</tr>
<tr>
<td>Vision</td>
<td>Vision</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Stakeholders</td>
</tr>
<tr>
<td>Diversity</td>
<td>Diversity</td>
</tr>
<tr>
<td>Policy: Policy</td>
<td></td>
</tr>
<tr>
<td>Vision: Vision</td>
<td></td>
</tr>
<tr>
<td>Evaluation: Evaluation</td>
<td></td>
</tr>
<tr>
<td>Stakeholders: Stakeholders</td>
<td></td>
</tr>
<tr>
<td>Diversity: Diversity</td>
<td></td>
</tr>
<tr>
<td>Policy: Policy</td>
<td></td>
</tr>
<tr>
<td>Vision: Vision</td>
<td></td>
</tr>
<tr>
<td>Evaluation: Evaluation</td>
<td></td>
</tr>
</tbody>
</table>
Win-win Partnership

As we are not fully complete on our own, our journey is taken ‘together’. Through the firm grip felt between hands held together and the truthful eyes that meet ‘eye to eye’, we see a bright tomorrow filled with hope.

Declaration

LS Mtron is determined to establish a virtuous cycle of mutual cooperations, where we can grow together with our suppliers, on the basis of a fair trade culture and build competitive capabilities to thrive in the global market.

Communication Channels

- Gathering of VDS (Voice of Supplier)
- Regular discussion meeting with suppliers (Business presentation)
- Performance-sharing supplier event
- Survey on the level of ethics management at LS Mtron
- Survey on supplier’s expectations of sustainability management

Directions

- Build sustainable partnerships through shared growth
- Expand the value chain to secure our competitive edge in the global market
- Expand supplier participation in and execution of sustainability management

Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier expectations</td>
<td>Expand channels to gather feedback</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operate the VDS system</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provide consulting/training support</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Support to build competitive edge in quality</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve payment conditions</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EDI activity</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase the number of Q system</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment technology development projects</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operate the LS Win-win Partnership Fund</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>Corporate Collaboration &amp; Procurement</td>
<td>Completed</td>
<td>Partially completed</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
</tbody>
</table>

SPECIAL ISSUE – Expansion of Private-Public Joint Investment Technology Development Projects

Inaugural ceremony of the private-public joint investment technology development project

Private-public joint investment technology development projects, launched in 2010 to assist suppliers in strengthening their R&D capabilities, constitute our representative shared growth program. This program provides technologically-competitive SMEs with 75% of the total R&D expenses (government 2: Large companies 1, up to KRW 1 billion in cash for three years) through a fund created by the government and large companies. We signed an agreement with the Small & Medium Business Administration (SMBA) and the Large & Small Business Cooperation Foundation in 2010 to invest KRW 20 billion in the fund (contributions made by the government and LS Mtron) and KRW 13.4 billion has been spent as of the end of 2012. Major 2012 projects include the development of eco-friendly engine moving systems in the Tractor Division and the development of automated automobile brake hose assemblies in the Automobile Component Division. Presently, a total of 18 projects are under progress. Thanks to our endeavors in identifying outstanding project tasks, we received the Task Discovery Award in the 2012 Large & Small Business Technology Cooperation Awards held by SMBA on September 6, 2012. Such exceptional tasks were also internally rewarded at the performance-sharing supplier event held in 2012.

What is the private-public joint investment technology development project?

- **Purpose**: Foster suppliers with a technologically-competitive edge by providing R&D funding
- **Details**: The government and investor companies jointly create a support fund (cooperation fund) to invest in technology development projects undertaken by SMEs.
  - Investor companies (large companies) in need of developing their own new technology (new products) create a fund in conjunction with the government ahead of time to provide R&D funds to SMEs to ensure shared growth.
  - If SMEs succeed in developing and commercializing technology, investor companies purchase products to help SMEs secure market.

Inaugural ceremony of the private-public joint investment technology development project
Q-Partner Program
Our Q-Partner program aims to identify and maintain partnerships with outstanding suppliers. In 2012, 33 Q-Partners (eight Platinum Partners and 25 Gold Partners) were chosen. Q-partners are entitled to 100% full cash payments and opportunities to work with us, including Win-win Partner- ship programs and innovation initiatives. Our current Q-partner assessment criteria include some sustainability management issues concerning environmental organizations, safety management, regulatory violations, injury management and labor management. The criteria will be gradually built upon to disseminate sustainability management to suppliers.

LS Mtron’s Commitment to Enhanced Ethics Management
In order to check ethics management levels and strengthen business transaction fairness, annual ethics management surveys are conducted. Our suppliers are asked to anonymously assess our improvement in ethics awareness, their satisfaction with our ethics management, the ethics level of our staff and our fairness in business transactions. The outcomes are analyzed to raise the ethics mindset among our staff and to make improvements through training. Special contract sustainability for ethical business behaviors were also introduced in 2010 to pursue mutually-beneficial sustainability management and take the lead in establishing fair transaction practices.

SRM Operation
Our SRM(Supplier Relationship Management) aims to promptly share information with our suppliers and strengthen our trust-based relationships with them. Payment request data generated from the development and modification of production plans is shared with them in real time, while our performance in complying with commitments made to them is shared. In so doing, we aim to prevent loss business opportunities and minimize management resource waste.

Payment Conditions
Since October 2010, 100% full cash equivalent payments have been made to our suppliers, of which our major suppliers have been paid on a half-monthly basis. In addition, 100% full cash pay- ments are available for Q-partners and transactions worth under KRW 5 million. This is just one of the many ways we demonstrate our efforts to help suppliers operate more stably.

LS Win-win Partnership Fund
Our LS Win-win Partnership Fund(worth KRW 5.5 billion) has been operating since 2010 through the agreement signed with Jeon Buk Bank. Another KRW 5 billion was added to the fund in conjunction with the Industrial Bank of Korea in 2012 to further expand the fund. Since 2010, this prime rate program allowed a total of 27 suppliers to take out loans amounting to KRW 4.15 billion in order to financially support suppliers in need of operational funds for facility investments.

Customized Assistance for an Improved Competitive Edge
Our major suppliers are subject to annual capacity evaluations based on the Q-partner assessment criteria. The 2011 evaluation outcomes revealed a significant gap in capacity levels among suppli- ers and we provided customized assistance to them. They were able to independently analyze such outcomes and improve while setting and undertaking improvement plans. Such endeavors led to a 15% year-on-year improvement in capacity levels in the 2012 evaluation.

Win-win Partnership Programs
The joint overseas market partnership program and the Win-win Partnership SME exporter program were introduced at the end of 2012 with the Export-Import Bank of Korea, to assist our suppli- ers suffering from poor financial conditions. While the former aims to provide direct/indirect fund- ing to suppliers who advance into overseas markets with us, the latter endeavors to offer financial support to produce export products, in addition to a performance guarantee to SME suppliers.

Facilitation of Communication with Suppliers

Win-win Partnership Model
“Business shared growth through strengthened strategic partnerships”

Win-win Partnership Programs

Financial support
- Guaranteed payment agreement (GPA) (only available for certified Q-partners)
- Supplier quality circle improvement activities and technology development project
- Quality assurance assistance
- Quality management system certification ceremony, where outstanding suppliers are recognized as Q-partners and successful innovation initiatives and examples of win-win cooperation are shared. 2012’s performance-sharing event engaged with CPO’s welcoming remarks with a progress report, followed by innovation initiative presentations, the Q-partner awarding ceremony and a banquet dinner, with executives from 33 Q-partners and major suppliers in attendance. The progress report presentation enabled participants to share diverse activities to strengthen their competitive edge in shared growth from the LS Win-win Partnership Fund, a win-win cooperation in health and safety with the Green Partnership program. Specifically, presentations on the private-public joint investment technology development project, LS Mtron’s representative shared growth program, as well as supplier quality circle improvement activities and productivity gain activities garnered immense interest from supplier executives. Special awards were given to Daehang Industrial Co., Ltd., Daesung Co., Ltd., Namkwang Enc Co., Ltd. for their efforts to promote Win-win Partnership.

Win-win Partnership Program Categories

Financial support
- LS Win-win Partnership Program, P-CDS
- Supplier quality circle improvement activities
- Technology development projects

Quality assurance
- Supplier quality circle improvement activities
- Quality management system certification
- Technology development projects

Technology development
- Technology development projects

Sustainability management systems
- Sustainability management systems

Evaluation Outcomes of Customized Support Programs

2012
2011
2010
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Q-partner
62
100
82
Quality and Customer Satisfaction

We put ourselves in the customers’ shoes and listen to their concerns so as to ensure that our services deliver the greatest possible satisfaction. Our top priority is to seek sustained quality improvements and provide better services.

Customer Expectations Identified in 2012

- Secure competitive-edge in quality
- Secure technological competitiveness
- Expand system to gather customer feedback
- Expand after-sales activities
- Secure core quality capacity by fostering talent
- Strengthen customer contact points and strengthen services
- Strengthen customer health, safety and data privacy

Sustainability management surveys
- Creation of the ISO 9001 certificate examiners: 15%
- Retention of the ISO 9001 certificate examiners: 30%
- Fostering quality-internal examiners: 10%
- Development of environmental hazardous substance management systems
- Initiatives to secure competitive edge in quality
- Operation of quality training courses

Secure Competitive Edge in Quality

There is no doubt that an edge in quality constitutes an essential prerequisite in a company’s ability to become competitive. At LS Mtron, we use the ERP system to monitor quality cost in real time. The entire organization, including respective teams, is included in the scope of quality cost management and targets are set to reduce quality failure costs at the start of each year. In order to reach these targets, each business division selects sub-tasks to improve on product quality failures and meetings are held to monitor progress. The outcomes of such endeavors are reported to the CEO regularly.

Competition edge in quality originates from competent individuals

Competitive edge in quality is a fundamental and essential prerequisite to becoming competitive. At LS Mtron, we use the ERP system to monitor quality cost in real time. The entire organization, including respective teams, is included in the scope of quality cost management and targets are set to reduce quality failure costs at the start of each year. In order to reach these targets, each business division selects sub-tasks to improve on product quality failures and meetings are held to monitor progress. The outcomes of such endeavors are reported to the CEO regularly.
Provide Products/Services that Impress Customers

Our annual customer satisfaction surveys are to contribute to delivering customer-driven services and enhancing quality by comparing and assessing where we are in relation to our competitors from a customers’ perspective so that we can identify and improve upon our shortcomings. In 2011, customer satisfaction surveys were conducted for seven divisions on the issues of quality, marketing, after sales services and deadlines. In 2012, such surveys were expanded to include all the eight divisions. Customers and dealers who sell only LS Mtron’s products were surveyed individually through e-mails and faxes. In 2012, the company-wide total score was 3.7 points on average, up 0.5 points from 2011. While the Tractor Division’s marketing department scored 3.4 points in design, up by 0.8 points from 2011, the Injection Molding Division gained the lowest score of 3.1 points in handling customer complaints in the after-sales services and deadline category. Our plan for 2013 is to conduct customer satisfaction surveys as part of our strategy to differentiate the service quality customers experience and to fully commit ourselves to improving customer satisfaction.

Our Quality Improvement Initiatives/ (Product/ management systems)

To improve product quality, we offer guidance to suppliers to help them with quality improvement, while diagnosing major manufacturing processes to strengthen management systems and improve continually to supplement vulnerable processes and ensure their efficient operation. Included in major improvements are the stabilization of the CAC hose manufacturing process in the Automotive Component Division, the development of work-standard management systems in the Injection Molding Division and the operation of the TFF to provide the quality assurance of battery copper foil length direction in the CF Division.

Optimization of Quality Management Systems

At LS Mtron, quality management activities are systematically complemented to satisfy both customer requirements and internal targets. Our ISO 9001 and ISO/TS 16949 quality management systems are subject to annual examinations by authorized certification bodies. Meanwhile, process diagnoses are performed and issues are identified to make continuous improvements and develop quality management systems that are optimized for distinctive features of each business division.

Quality Improvement Support for Overseas Subsidiaries

Korean experts were sent to the LS Mtron, (Tractor Division’s overseas subsidiary), to provide quality training, service support and assistance for the quality improvement of major components. Our plan is to continually improve on our quality assurance systems by fostering local experts so that such support activities enable the LS Mtron to diagnose quality and improve independently. Our Injection Molding Division transferred its knowledge and long-term expertise to the Chinese local plant operated by its Chinese subsidiary, LSMW. The division also sent inspection experts three times to the subsidiary to help local inspectors build stronger inspection capabilities and improve detection rates. In the beginning of 2012, the Electronic Component Division discussed ways to promote quality collaboration with the LSEQ, its Chinese subsidiary in Qingdao. Chinese local inspectors received guidance from the division’s Korean experts to improve their detection capabilities and efforts were made to secure quality regarding the transfer of mass production.

Strengthening Quality Cooperation Systems

We believe that our supplier’s competitive edge is a direct lead in to our own competitive edge. This is why we consistently make both regular and special diagnoses to help suppliers supplement and improve their quality management systems. As such, Tarsan Technology, a supplier of the Tractor Division, was offered assistance to ensure stable product quality. Also, the Electronic Component Division held Partnership Day in February 2012 with 10 suppliers in attendance.

Quality Training Courses

To continuously strengthen quality capabilities, employees in each division, along with those in the areas of development, production and quality assurance, participated in regular quality training programs that included two basic and five professional courses. Furthermore, practical inspection courses and ERP quality module courses were provided to assist employees who, either through an organizational shuffle or recruitment, became members of the newly created Quality Assurance Team. ERP quality module training used actual cases as teaching materials to provide customized courses and invited in-house instructors who were internally trained.

Protection of Customer Safety through the Eco-Friendly Supply Chain

At LS Mtron, designated staff members work to ensure that relevant regulations are analyzed and management systems are systematically supplemented to promote sustainable production and consumption while delivering safer and more eco-friendly products. Our commitment to fulfilling social responsibility within our sphere of influence was demonstrated through our participation in the Large Business-SME Green Partnership Program that was organized by the Ministry of Knowledge and Economy, in 2012. Under this program, we plan to lay the foundation for shared growth by establishing system-based hazardous chemical management schemes in conjunction with suppliers and transferring relevant managerial skills to suppliers for the next two years.

Quality Improvement Initiatives/ (Product/ management systems)

To improve product quality, we offer guidance to suppliers to help them with quality improvement, while diagnosing major manufacturing processes to strengthen management systems and improve continually to supplement vulnerable processes and ensure their efficient operation. Included in major improvements are the stabilization of the CAC hose manufacturing process in the Automotive Component Division, the development of work-standard management systems in the Injection Molding Division and the operation of the TFF to provide the quality assurance of battery copper foil length direction in the CF Division.

Optimization of Quality Management Systems

At LS Mtron, quality management activities are systematically complemented to satisfy both customer requirements and internal targets. Our ISO 9001 and ISO/TS 16949 quality management systems are subject to annual examinations by authorized certification bodies. Meanwhile, process diagnoses are performed and issues are identified to make continuous improvements and develop quality management systems that are optimized for distinctive features of each business division.

Quality Improvement Support for Overseas Subsidiaries

Korean experts were sent to the LS Mtron, (Tractor Division’s overseas subsidiary), to provide quality training, service support and assistance for the quality improvement of major components. Our plan is to continually improve on our quality assurance systems by fostering local experts so that such support activities enable the LS Mtron to diagnose quality and improve independently. Our Injection Molding Division transferred its knowledge and long-term expertise to the Chinese local plant operated by its Chinese subsidiary, LSMW. The division also sent inspection experts three times to the subsidiary to help local inspectors build stronger inspection capabilities and improve detection rates. In the beginning of 2012, the Electronic Component Division discussed ways to promote quality collaboration with the LSEQ, its Chinese subsidiary in Qingdao. Chinese local inspectors received guidance from the division’s Korean experts to improve their detection capabilities and efforts were made to secure quality regarding the transfer of mass production.

Strengthening Quality Cooperation Systems

We believe that our supplier’s competitive edge is a direct lead in to our own competitive edge. This is why we consistently make both regular and special diagnoses to help suppliers supplement and improve their quality management systems. As such, Tarsan Technology, a supplier of the Tractor Division, was offered assistance to ensure stable product quality. Also, the Electronic Component Division held Partnership Day in February 2012 with 10 suppliers in attendance.

Quality Training Courses

To continuously strengthen quality capabilities, employees in each division, along with those in the areas of development, production and quality assurance, participated in regular quality training programs that included two basic and five professional courses. Furthermore, practical inspection courses and ERP quality module courses were provided to assist employees who, either through an organizational shuffle or recruitment, became members of the newly created Quality Assurance Team. ERP quality module training used actual cases as teaching materials to provide customized courses and invited in-house instructors who were internally trained.

Protection of Customer Safety through the Eco-Friendly Supply Chain

At LS Mtron, designated staff members work to ensure that relevant regulations are analyzed and management systems are systematically supplemented to promote sustainable production and consumption while delivering safer and more eco-friendly products. Our commitment to fulfilling social responsibility within our sphere of influence was demonstrated through our participation in the Large Business-SME Green Partnership Program that was organized by the Ministry of Knowledge and Economy, in 2012. Under this program, we plan to lay the foundation for shared growth by establishing system-based hazardous chemical management schemes in conjunction with suppliers and transferring relevant managerial skills to suppliers for the next two years.
Social Contribution

It is with deep affection that we look at the least privileged. We are never hesitant to lend a helping hand to whoever needs our love. We will become a light corridor, sincerely shining a bright light into the darkest reaches of our society.

Job creation and fostering of future talent

Communication Channels

- Consultation with local government agencies
- Cooperation with NGOs (Partners in social contribution programs)
- One Company One School affiliation, One Company One Village affiliation
- Corporate social responsibility

Directions

- Improve LS Mtron’s reputation by developing a unique corporate brand through representative social contribution programs
- Maintain close and trust-based relationships with local communities
- Improve employee mindsets regarding corporate social responsibility and expand employee volunteer activities
- Promote shared growth with economic development of local communities

Promotion of Culture/Arts/Sports

Sponsorship 
- Support to promote culture, arts and sports in local communities

Community Engagement through the Fostering of Local Talent and Product Donations

Support to foster next-generation young farmers, local stream clean-up initiatives and other community activities
- Affiliations with universities and local communities
- Sponsorship of local cultural/arts/sports activities including the Jeonju International Film Festival, the Jeonju World Sorf Film Festival

Facilitation of Employee Volunteerism

(Community engagement and support )

2012 Major Plans

- Strengthen support for employee volunteerism
- Affiliations with schools in local communities
- Expand sponsorship for culture/arts/sports in local communities as well as employee participation

2013 Major Plans

2012 Achievements and 2013 Plans

Key Performance Indicators (KPI)

- Number of operations of local contribution programs (directly engage employees in local communities)
- Number of employees (on-site)
- Community involvement and development
- Job creation and fostering of future talents

2012 Achievements and 2013 Plans

Key Performance Indicators (KPI)
Representative Social Contribution Programs

**2012 Achievements and 2013 Plans**

<table>
<thead>
<tr>
<th>2012 Major Achievements</th>
<th>Evaluation</th>
<th>2013 Major Plans</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 2nd Global Happy Village campaign in 2012(Vietnam)</td>
<td>✔️</td>
<td>- 3rd Global Happy Village campaign in 2013</td>
<td>Year-round</td>
</tr>
<tr>
<td>- Employee volunteers were sent to help educate children and construct a new school building</td>
<td>✔️</td>
<td>- Operate representative domestic social contribution programs: Local volunteer activities undertaken by We Love Farming Village volunteers</td>
<td>Year-round</td>
</tr>
<tr>
<td>- Representative domestic social contribution program(We Love Farming Village Volunteer Group)</td>
<td>✔️</td>
<td>- Schedule: Twice a year</td>
<td>Year-round</td>
</tr>
<tr>
<td>- 30 employees helped elderly people living alone to take self-portraits and home repair</td>
<td>✔️</td>
<td>- Venue: North Jeolla, North Gyeongsang</td>
<td>Year-round</td>
</tr>
</tbody>
</table>

**SPECIAL ISSUE – LS Mtron’s Global Happy Village Campaign**

**LS Mtron’s Global Happy Village Campaign**

**1. Overview**

**Date:** June 25 – June 28, 2012

**Place:** Banfu Village in Tuyen Quang Province, Vietnam (Highland areas N.W. Hanoi)

**Target:** Banfu Elementary School students and teachers, local people

**Programs:** Volunteer activities(Student education, physical volunteer activities and enlightenment education), support activities(Help construct a new school building and provide school supplies)

**Volunteers:** 12 LS Mtron employees(from different divisions, age groups and job categories)

**2. Programs**

- **The ‘Happy Village Campaign’,** LS Mtron’s representative global social contribution program, is performed in the different phases of preliminary education, volunteer activities and sustained volunteer engagement so that the spirit of volunteerism is integrated into the fabric of each employee’s daily life. In this way, it becomes natural for them to share their experiences with others and spread the ‘volunteer virus’ to the wider world.

**Episode |** The target area for our volunteer activities was in the highland areas of the northwestern part of Vietnam, which is one of the most undeveloped regions and populated by ethnic minorities. On numerous occasions, we could notice holes due to heavy rainfall or poor road conditions and on one occasion, our volunteers even had to walk several kilometers in the scorching sun with temperatures of over 40°C to reach their students because the vehicle had gotten stuck in the mud.

The weather, poor road conditions and general local conditions posed such challenges to our volunteers. Yet, we were able to finish the campaign with a smile and a great sense of satisfaction in the end.

**Jong-Sig Kim, Campaign Leader**

**Partial Completion:**

- Local information and language

Learn about the general conditions in Vietnam, the target beneficiary of volunteer activities, including the politics, culture, society and religions.

**Fully completed:**

- Music education

Music education is hardly a part of the regular school curriculum in Vietnam and it is even more difficult to obtain the musical instrument that is needed to study it. LS Mtron volunteers were aware of such local conditions through preliminary research and found content suitable to teach music easily and help students stick with their learning.

- Art education

Children were encouraged to draw the visions of their future dreams on T-shirts. Volunteers first shared their dreams and then introduced a variety of existing jobs in the world to the students.

- Physical volunteer activity

Physical volunteer activities included fence construction and wall painting. The fence was built along with local teachers and murals were painted on the left and right sides of the wall.

- Sports day

Sports day programs that are typically seen at school sports day in Korea such as relay races and treasure hunts were also provided in Vietnam. Volunteers became members of each class and bonded with the students while playing games and sports.

- Participation in domestic volunteer activities

Participation in domestic volunteer activities

In November, Global Happy Village volunteers took part in volunteer activities in Korea.

**Completed, □ Partially completed, ◯ Not completed, ∞ Continuous Activity**

**Major Plans**

<table>
<thead>
<tr>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-round</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-round</td>
</tr>
</tbody>
</table>

**Partially completed,**

- **Art education**

Children were encouraged to draw the visions of their future dreams on T-shirts. Volunteers first shared their dreams and then introduced a variety of existing jobs in the world to the students.
### Green Management

Toward a future where forests are filled with greenness, the earth breathes freely and everyone dreams of a tomorrow filled with overwhelming hope, our endeavors at LS Mtron never cease in developing eco-friendly green products.

**Declaration**

LS Mtron aims to become a global leading green company in the industrial machinery and cutting-edge component industry, through sustained endeavors to reduce energy consumption and GHG emissions, along with the support to expand the scope of green business.

**Communication Channels**

- Environmental policy presentations by central/local governments
- Discussions with environmental NGOs and environmental engineer councils
- Green company information disclosure
- Local Agenda 21 in Anyang
- Industrial Health and Safety Committee and committee meetings
- Surveys of expectations regarding sustainability management

**Directions**

- Adapt to climate change through the reduction of GHG emissions
- Expand the scope of eco-friendly products and green business
- Operate a safe and healthy eco-friendly workplace

**Stakeholder Expectations Identified in 2012**

- Surveys of expectations regarding sustainability management
- Surveys of expectations towards green society
- Surveys of expectations regarding greenhouse gas management
- Surveys of expectations towards eco-friendly products
- Surveys of expectations towards industrial machinery and cutting-edge component industry

**Key Performance Indicators (KPI)**

<table>
<thead>
<tr>
<th>Category</th>
<th>KPI</th>
<th>Targets to Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>( \text{Share of eco-friendly products in total sales} )</td>
<td>( \text{In accordance with global standards} )</td>
</tr>
<tr>
<td>Environment</td>
<td>( \text{GHG emissions by site} )</td>
<td>( \text{Green Management} )</td>
</tr>
<tr>
<td>Environment</td>
<td>( \text{Emission} )</td>
<td>( \text{Climate change mitigation and adaptation} )</td>
</tr>
</tbody>
</table>

**Evaluation**

- **GHG Emissions by Site in 2012**
  - **Unit**: tCO₂eq
  - **Type**:
    - **SCOPE 1**: Direct emissions (combustion of fossil fuels)
    - **SCOPE 2**: Indirect emissions (power purchased for own use)
    - **SCOPE 3**: Indirect emissions (business travel, office supplies, etc.)

<table>
<thead>
<tr>
<th>Year</th>
<th>SCOPE 1</th>
<th>SCOPE 2</th>
<th>SCOPE 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>99,415</td>
<td>774</td>
<td>0</td>
<td>99,415</td>
</tr>
<tr>
<td>2011</td>
<td>99,415</td>
<td>774</td>
<td>0</td>
<td>99,415</td>
</tr>
<tr>
<td>2012</td>
<td>99,415</td>
<td>774</td>
<td>0</td>
<td>99,415</td>
</tr>
</tbody>
</table>

**Support for Suppliers in Building Low Carbon Management Systems**

Our participation in the Green-Carbon Partnership, a government-led national project, aims to advance mutually beneficial green management with suppliers by taking detailed actions to develop a low carbon supply chain for 20 suppliers. A kick-off workshop was held last December to share background information and project directions. Meanwhile, energy-saving measures are under development through the establishment of GHG inventory and environmental management systems as well as the diagnosis of energy consumption based on field diagnoses of suppliers. In addition, training for working level employees with our suppliers will be provided so as to lay a firm foundation for green management within the supply chain.
Operation of Advanced ESH Business Sites

- **2012 Achievements and 2013 Plans**

<table>
<thead>
<tr>
<th>2012 Major Achievements</th>
<th>Evaluation</th>
<th>2013 Major Plans</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Risk management support given to Chinese subsidiaries</td>
<td>□</td>
<td>- Identify major risks at Hi-tech Center and integrate them into internal regulations</td>
<td>Aug.</td>
</tr>
<tr>
<td>- Diagnosis for prevention activities and prepare for emergency scenarios</td>
<td>□</td>
<td>- Support overseas subsidiaries in building systems and diagnosing fire prevention solutions</td>
<td>Sep.</td>
</tr>
<tr>
<td>- Development of environmental safety management software</td>
<td>□</td>
<td>- Foster environmental safety officers at overseas subsidiaries</td>
<td>Sep.</td>
</tr>
<tr>
<td>- Workshop training for environmental safety officers at Chinese subsidiaries</td>
<td>□</td>
<td>- Support overseas subsidiaries in building systems and diagnosing fire prevention solutions</td>
<td>Sep.</td>
</tr>
<tr>
<td>- Secured transparency in disclosing corporate environmental data</td>
<td>□</td>
<td>- Foster environmental safety officers at overseas subsidiaries</td>
<td>Sep.</td>
</tr>
</tbody>
</table>

Global initiatives for strengthened safety capacity

- LSMSQ, LSQG and LSMSW were subject to safety diagnoses in 2012 to improve their fire safety and prevention capabilities. Specifically, high-functional thermographic cameras were used to check heating areas to prevent electric fires while major risk factors of electric fires were closely examined. Firefighting facility inspections were made and firefighting training scenarios were developed or modified for a swift response to fire accidents. Random firefighting training helped our overseas subsidiaries build a more stable training system while workshops were held to foster local staff with improved fire safety and prevention practices.

Improvement of Eco-friendly Processes and Management of Pollutants

The reverse osmosis devices deployed in 2012 helped us reduce water consumption while the replacement of old precipitators and the additional installment of scrubbers improved the environmental safety of the Hi-tech Center. In 2012, the total waste discharge rose by 19% (on an intensity basis) from the previous year but our recycling was up by a percentage. The reverse osmosis devices deployed in 2012 helped us reduce water consumption while the replacement of old precipitators and the additional installment of scrubbers improved the environmental safety of the Hi-tech Center. In 2012, the total waste discharge rose by 19% (on an intensity basis) from the previous year but our recycling was up by a percentage.

Improvement of Environmental Safety Computing Processes

Our computing processes regarding advanced environmental safety examinations and work permits were improved to prevent risks related to environmental safety regulations and construction undertakings. Environmental safety was aligned with construction order awarding processes to ensure that environmental safety reviews become a mandatory step in the entire process. In addition, electrical fire prevention reviews were added to minimize the risk of accidents.

Re-designation as a Green Company and Local Environmental Protection Campaign

Our Jeonju site was re-designated as a Green Company in November 2011. This recognition distinguishes it from other sites for its sustained efforts in improving the surrounding environment and for its preventive environmental management practices. Other company-wide initiatives to fulfill our social responsibility include the One Company One Stream campaign, the Green Industrial Complex campaign and environmental safety support for S&Mes.

The Development of Environmental Safety Operational Systems for the Hi-tech Center

Major environmental safety risks were identified for the Hi-tech Center that was built in Anyang in February, 2013 while inspection and improvement was made accordingly. We will establish ESH work standards and ensure that the center grows in harmony with the local community.

Expansion of Eco-friendly Products

- **2012 Achievements and 2013 Plans**

<table>
<thead>
<tr>
<th>2012 Major Achievements</th>
<th>Evaluation</th>
<th>2013 Major Plans</th>
<th>Deadline</th>
</tr>
</thead>
</table>

The development of eco-friendly products is a shortcut to fulfilling our environmental responsibility

We believe that the development of eco-friendly products will provide us with a shortcut to fulfilling our environmental responsibilities, by delivering new values to customers and minimizing the environmental impacts of the manufacturing processes. In order to facilitate the development of such eco-friendly products, we at LS Mtron have independently defined the scope of eco-friendly products and introduced eco-friendly design processes since 2010. Every year, our internal criteria is used to include those products whose basic design factors were improved or which satisfy the eco-friendly business requirements according to our definition of eco-friendly products. Furthermore, great efforts are being put into developing eco-friendly products and expanding their sales. In 2012, an eco-friendly tractor diesel engine was developed through the use of our own technology and a hybrid tractor is under development with the goal of reducing exhaust gas by 90% and fuel consumption by 20% to that of the existing engine model. In addition, our Injection Molding Division is focusing on developing a mid-to-large size electric motor that minimizes GHG emissions and saves more energy. The entire antenna and connector component models that have been launched into the market satisfy the RoHS criteria and are halogen-free and Be-free. Furthermore, we are committed to building technological capacity for eco-friendly products in the energy storage device sector.

This includes the development of UL models for high-capacity battery packs for mobile devices and copper foil with the thinner form factor.

<table>
<thead>
<tr>
<th>Category</th>
<th>Evaluation</th>
<th>Share of Eco-friendly Products in R&amp;D Investment (Number of projects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Share</td>
<td>24</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>106(39)</td>
<td>105(34)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Evaluation</th>
<th>Eco-friendly Product/Technology Development Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Share</td>
<td>24</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>106(39)</td>
<td>105(34)</td>
</tr>
</tbody>
</table>

Eco-friendly Product/Technology Development Plan

Operate eco-friendly design verification procedures as part of the overall product development process.

- Operated while developing mid-term technology development strategies.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
<th>Eco-friendly Product/Technology Development Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Development of R&amp;D</td>
<td>- Development of mid-term technology development strategies</td>
</tr>
<tr>
<td>2</td>
<td>Briefing to managers</td>
<td>- Development of mid-term technology development strategies</td>
</tr>
<tr>
<td>1</td>
<td>Selection of technology</td>
<td>- Development of mid-term technology development strategies</td>
</tr>
</tbody>
</table>

Majors Eco-friendly Products in 2012

<table>
<thead>
<tr>
<th>Business Decision</th>
<th>Category of Eco-friendly Product</th>
<th>Product Model</th>
<th>Major Features/Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>Reduced/Standard business</td>
<td>P/C/2/C/5/C models for North America and Europe</td>
<td>- Reduced emission of pollutants and increased engine efficiency (2%–5%) compared to the previous model(2011)</td>
</tr>
<tr>
<td>Injection Molding</td>
<td>Reduced/GHC emissions</td>
<td>Hydrodynamic/5/C models</td>
<td>- 20%–45% and 25% increase in efficiency compared to previous models(2011)</td>
</tr>
<tr>
<td>Special Business</td>
<td>Resource saving</td>
<td>4/C (SAP) category</td>
<td>- Increased service life compared to the previous model(2011) (years → 12 years)</td>
</tr>
<tr>
<td>Electronics Component</td>
<td>Reduced/GHC emissions</td>
<td>All products</td>
<td>- Responds to R&amp;T requirements</td>
</tr>
<tr>
<td>OF</td>
<td>Reduced/Standard business</td>
<td>T/M-treated products</td>
<td>- Elimination of arsenic during the plating process</td>
</tr>
<tr>
<td>Automotive Component</td>
<td>Reduced/GHC emissions</td>
<td>T/C/Br/A/Power steering base</td>
<td>- Composites that satisfy 45% requirements on automotive exhaust gas emissions.</td>
</tr>
<tr>
<td>UC</td>
<td>Eco-friendly business</td>
<td>All products</td>
<td>- Applied to the eco-friendly energy sector including electric vehicles, wind power generators and ICE vehicles.</td>
</tr>
</tbody>
</table>
To be a driving force that leads the global era – Our mission is to build an innovative and specialized R&D domain and strengthen our technological competitive edge. We take a leap forward in the technological capabilities that few other companies can match.

Stronger Technological Competitive Edge

Communication Channels Related to Technology Development
- External Channels, Cooperation with industry-academia cooperation partners (universities) Cooperation with university labs (Lab.)
- Internal Channels, Change Agent initiative job level-specific discussion

Directions
- Facilitate R&D capacity-building and a corporate R&D culture
- Strengthen the industry-academia-research institute partnership
- Lay the foundation for building a mid-term technological competitive edge

R&D 1st Term Review(~2012) and 2nd Term Directions(~2013)

Key Performance Indicators(KP)

<table>
<thead>
<tr>
<th>Category</th>
<th>1st Term “Strengthen the follower capability”</th>
<th>2nd Term “Prepare to advance into the future (First Move)”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metrics: global standards (ISO)</td>
<td>Comply with global standards (ISO)</td>
<td>Traditional technology</td>
</tr>
<tr>
<td>Metrics: R&amp;D efficiency</td>
<td>Development of R&amp;D strategies (R&amp;D intensity, number of R&amp;D projects, number of R&amp;D projects)</td>
<td>Technology Management, H/S Development</td>
</tr>
</tbody>
</table>

- Develop core technologies and new technologies
- Strengthen the research and development capability and build overseas R&D capabilities

- Strengthen the foundation for future growth
- Appoint the CTO, lay the basis for core platform technology
- Forge relationships with universities that serve as a base for core innovation
- Strengthen the core foundation R&D center

- Develop global leading products through open innovation

Advance Open Innovation

- 2012 Achievements and 2013 Plans

2012 Major Achievements

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Performance Indicators(KP)</th>
<th>Train in Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metrics: global standards (ISO)</td>
<td>Comply with global standards (ISO)</td>
<td>Traditional technology</td>
</tr>
<tr>
<td>Metrics: R&amp;D efficiency</td>
<td>Development of R&amp;D strategies (R&amp;D intensity, number of R&amp;D projects, number of R&amp;D projects)</td>
<td>Technology Management, H/S Development</td>
</tr>
</tbody>
</table>

- 2013 Major Plans

- Sign one MOU for industry-academia cooperation
- Undertake 10 national/commissioned projects
- Select 17 Strategic Labs and signed with core platform technology

SPECIAL ISSUE – LS Mtron Chosen to be a Supervisor of the Strategic Core Materials Technology Development Project Led by the Ministry of Knowledge and Economy

We were chosen as a supervisor for the strategic core materials technology development project led by the Ministry of Knowledge and Economy to develop ultra high-strength electrolytic copper foil for lithium ion batteries and PCBs between 2012 and 2019. The first phase of this project (Nov. 2012 – Oct. 2016) alone will demand a total of KRW 15 billion in investment. We will develop core technology in conjunction with government-invested research institutes including the Korea Institute of Industrial Technology and the Korea Institute of Materials Science, along with universities such as Seoul National University and Hanyang University and five other companies. The project agreement meeting, held at our R&D Center last November, was attended by representatives and working-level staff from respective participating organizations to discuss the timetable of core technology development and cooperation measures. We will capitalize on this project to further facilitate the open innovation of core platform technology and strengthen our network with academia and research institutes for technological cooperation.

Wide-ranging Industry-Academia-Research Institute Cooperation Programs

At LS Mtron, numerous national/commissioned projects are undertaken in cooperation with external partners. In addition, industry-academia cooperation projects are being operated under close relationships with top-notch universities (Seoul National University, Yonsei University and Hanyang University) in the tractor, injection molding and CF business. In the first half of 2012, 30 strategic labs were chosen within domestic universities to develop 14 core platform technologies and seven cooperation contracts (national/commissioned/advisory) were agreed and are currently in progress. In the second half of the year, strategic relationships were forged with a total of nine labs and R&D activities are underway to identify further strategic labs.

Join the Polymer Nano Convergence Materials Processing Technology

We are a corporate member of the Polymer Nano Convergence Materials Processing Technology Center recently launched through the consortium of 20 professors in the polymer processing field and 22 resin and injection molding companies. The membership allows us to build a stronger technological competitiveness by forging closer relationships with upsteam businesses in the injection molding industry. This helps us in developing organic response capabilities to address injection molding-related field claims from the machinery and polymer perspectives and in collecting R&D information on industry leaders and research institutes in Korea and abroad.

Expert Technology Seminars

In 2012, we hosted a number of technology seminars by inviting experts in respective fields: a seminar on trends and the future development of precision farming in Japan and China in relation to tractors in January 2012, a seminar on the material processing injection molding technology, rheology and energy storage materials in May, a seminar on building the foundation for reliability assessments and FMEA implementation in July, and a seminar on rechargeable battery market trends and metal anodes (as well as the development of Li-Air batteries) in October.
**Recruit and Foster Outstanding R&D Talent**

We believe that our sustainability as a company is secured only through the recruitment of exceptional and talented individuals. Our industrial scholarship program was improved in 2012 to recruit outstanding R&D talent in advance. A key part of this improvement concerned improved treatment for beneficiaries. While the previous system merely focused on providing tuition support, the improved system offers financial learning support with specified benefit periods. Moreover, the level of such support rose significantly from 50% of the industrial average to the highest available percentage in Korea. Such improvements led to an enhanced awareness about us and a strengthened competitive edge in recruiting talented individuals. This system also eliminated cost-related risks caused by the unlimited financial support required for prolonged doctoral programs.

In addition, our R&D Center launched the R&D degree program under which researchers are sent to universities and other research institutes to earn their PhD in second half of 2012. Designed to build internal technological capabilities and strengthen industry-academia cooperation, this program targets doctoral courses offered by universities and other research institutes that serve as a base for industry-academia cooperation. This program will help our researchers build stronger capacity while improving employee satisfaction.

**Interviewer Training**

Our interviewer training program was launched for the first time in order to strengthen our ability to recruit the right people. The training consisted of systemic theories courses and mock interview practices and enabled us to conduct more organized interviews through the introduction of new tools that included interview scenarios, questionnaires and assessment forms.

**Strengthen Overseas Recruitment**

Our overseas recruitment practices were improved—from the traditional open presentations—to major-specific seminars. Target universities and majors were studied in advance to prepare the overseas recruitment status data, which was then used to recruit talented individuals in a more systemized manner. We searched for and selected candidates from target Lab.s, which resulted in overseas recruitment status data, which was then used to recruit talented individuals. This system also eliminated cost-related risks caused by the unlimited financial support required for prolonged doctoral programs.

Global talent recruitment presentation

**Build the Foundation for a Mid/long-term Technological Competitive Edge**

To preemptively handle the risks of global patent disputes that are expected to occur due to our preparation to advance from a fast follower into a global top-tier company, we at LS Mtron are undertaking wide-ranging patent activities. In 2012, a total of 18 patent analysis projects were implemented with external research companies and newly disclosed competitor patents were monitored. This helped us identify the patents that may function as a barrier to our developing products, as well as how to design around these patents and secure data to assert their invalidity, thus preventing possible patent disputes before they occur. In addition, annual patent training is provided, which also helps to eliminate patent dispute risks concerning our developing products and allow us to design around them. The most recent training program took place in 2012. This expanded training opportunities for our researchers. In 2013, our goal is to introduce the ‘IP-driven technology acquisition project’ led by the Korean government within a broader spectrum of our business and integrate its outcomes across the board. In so doing, we will be able to secure advance response to ‘barrier patents’, utilize R&D patent technology information and identify core and essential patents.

**Addressing IP risks through an advance response to IP issues**

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential patent</td>
<td>4</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Core patent</td>
<td>57</td>
<td>31</td>
<td>36</td>
</tr>
<tr>
<td>Total patent applications</td>
<td>87</td>
<td>70</td>
<td>79</td>
</tr>
</tbody>
</table>

**Application for Core Technology Patents**

To protect our core technology and 36 patents whose remarkable patentability and technological business feasibility was proven and managed as key patents, we created 191 patent applications in 2012. Six applications were also made for ‘essential patents’ that will lead the market within the next five to 10 years. In 2013, we will be fully committed to applying for such essential patents.

**Introduce TRIZ, Creative Problem-solving Methodology**

TRIZ was fully launched as a way to solve problems creatively, thus enabling us to innovate our R&D capabilities. Basic training was provided to researchers in March and July of this year. This training is expected to be fully applied in the future in accordance with the TRIZ process, and the results with proven applicability were shared.

**Strengthen Functionality on the Basis of Reliability**

We are establishing reliability in our business conduct by building a stronger reliability function, as one of the specialized technological areas, that is required in becoming a global top-tier company. The machinery business will be the first target for strengthened reliability and this will further be expanded to include the components/materials business. To this end, new business units, as well as professional analysis labs equipped with SEM, EDG and other analytical tools, were created.

<table>
<thead>
<tr>
<th>Task</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Business T(rip Culture) - The compensation</td>
<td>(96%)</td>
<td>(72%)</td>
<td>(75%)</td>
</tr>
</tbody>
</table>

**Strengthening Overseas Recruitment System**

Three overseas and two in Korea

**2012 Achievements and 2013 Plans**

- **Improvement of the company-wide industrial scholarship system and overseas recruitment system**
- **Selection of industrial scholarship beneficiaries**
- **Three overseas and two in Korea**
- **Introduction of the R&D degree program and the selection of five beneficiaries**
- **Five TRIZ pilot projects undertaken by the R&D Center**

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential patent</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Core patent</td>
<td>57</td>
<td>31</td>
</tr>
<tr>
<td>Total patent applications</td>
<td>87</td>
<td>70</td>
</tr>
</tbody>
</table>
Employee Value Enhancement

With the belief that each and every employee is the owner at LS Mtron, our top priority is to create a pleasant workplace. Our corporate value is enhanced by the participation and communication that engages everyone.

Communication Channels

- Engagement and Cooperation Enhancement Council
- Labor-management working-level consultations and meetings/Labor-management discussions
- Convenance Resolution Committee
- Emergency communication meetings
- Organizational capacity surveys
- Cyber Ombudsman
- Sustainability management expectation surveys

Directions

- Advance the HR system to the level of global companies
- Develop a corporate competitive edge through the sustained efforts to build stronger employee capacity
- Strengthen trust-based relationships between labor and management as well as respect for the human rights of employees
- Create a culture of trust and communication
- Operate a safe, healthy and eco-friendly workplace

Declaration

LS Mtron recognizes employees as an important stakeholder and a main initiator behind the creation of corporate value. We respect the human rights of each stakeholder and a main initiator behind the creation of LS Mtron's business impact.

Employee Expectations Identified in 2012

<table>
<thead>
<tr>
<th>Number of employees, changes in ranking from the previous year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance the HR system to the level of global companies</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Develop a corporate competitive edge through the sustained efforts to build stronger employee capacity</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Strengthen trust-based relationships between labor and management as well as respect for the human rights of employees</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Create a culture of trust and communication</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Operate a safe, healthy and eco-friendly workplace</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
</tr>
</tbody>
</table>

Key Performance Indicators (KPI)

<table>
<thead>
<tr>
<th>Category</th>
<th>KPI</th>
<th>Year in Charge</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for overseas subsidiaries in building HR systems</td>
<td>Provide common guidelines for all overseas subsidiaries (legal, cultural, social, employment etc.) in a timely manner</td>
<td>Operational directive</td>
<td>◎</td>
<td>◎</td>
<td>◎</td>
</tr>
</tbody>
</table>

Global HR

2012 Achievements and 2013 Plans

- Diversify channels to recruit top talent: strengthen overseas recruitment/industry-academia alignment, introduce the internship program
- Establish common HR regulations for overseas subsidiaries while reflecting country-specific features
- Improve the office worker assessment system for increased fairness
- Establish LS Mtron’s unique technical worker HR system (going in 2013)
- Establish a HR risk management system: six issues completed
- Improve the promotion system for office workers
- Improve HR systems (promotion, assessment)
- Support overseas subsidiaries (2013, Brazilian subsidiary)
- Strengthen the funneling of candidates for separate positions
- Recruit top talent in a timely manner for growth in the business sector and R&D

SPECIAL ISSUE – Develop a HR Regulation System for Overseas Subsidiaries

Improving the HR system to become a global company

Diversify recruitment channels help us hire the best and brightest in advance, through the expansion of the industrial scholarship program and the introduction of the internship program. The number of beneficiaries in these two programs will gradually increase to retain outstanding human resources. In addition, free notes that outline our corporate overview and welfare and benefits programs were distributed to ten domestic universities to improve awareness about us.

To accelerate our development into a global company, the HR infrastructure for overseas subsidiaries was recently established. While heads of respective overseas subsidiaries previously used the HR regulations of the Korean head office for their operation, our overseas HR regulation system for overseas subsidiaries was developed to take nation-specific features into account, on the common platform of regulations that were defined by the head office for all overseas subsidiaries. Our overseas HR regulation system covers all HR-related categories and we did our utmost to reflect specificities resulting from nation-specific legal regulations and customs in regulations concerning compensation, as well as welfare and benefits. For instance, the HR regulations for our Russian subsidiary ensure the consideration for the nation’s legal requirement that stipulates that employees should be paid at least twice a month. In Indonesia, our employees whose children get circumcised can take a leave of absence to celebrate the occasion. Such instances demonstrate our respect for the diversity of national customs. Our overseas HR regulations took effect at all our subsidiaries in August 2012 and will be subject to constant revisions in the upcoming years.

HR Regulations for Overseas Subsidiaries

- Establish a HR risk management system: six issues completed
- Improve the promotion system for office workers
- Improve HR systems (promotion, assessment)
- Support overseas subsidiaries (2013, Brazilian subsidiary)
- Strengthen the funneling of candidates for separate positions
- Recruit top talent in a timely manner for growth in the business sector and R&D

To accelerate our development into a global company, the HR infrastructure for overseas subsidiaries was recently established. While heads of respective overseas subsidiaries previously used the HR regulations of the Korean head office for their operation, our overseas HR regulation system for overseas subsidiaries was developed to take nation-specific features into account, on the common platform of regulations that were defined by the head office for all overseas subsidiaries. Our overseas HR regulation system covers all HR-related categories and we did our utmost to reflect specificities resulting from nation-specific legal regulations and customs in regulations concerning compensation, as well as welfare and benefits. For instance, the HR regulations for our Russian subsidiary ensure the consideration for the nation’s legal requirement that stipulates that employees should be paid at least twice a month. In Indonesia, our employees whose children get circumcised can take a leave of absence to celebrate the occasion. Such instances demonstrate our respect for the diversity of national customs. Our overseas HR regulations took effect at all our subsidiaries in August 2012 and will be subject to constant revisions in the upcoming years.

HR Regulations for Overseas Subsidiaries

- Improve the Office Worker Evaluation System for Increased Fairness

Our SPCM (Strategic Performance & Competency Management) system aims to evaluate the performance of the entire staff and assist them with capacity building. In 2012, the employee evaluation system was revised to improve on organizational operation issues that resulted from performance assessments, while maintaining the performance-driven HR policy to increase the fairness of our HR system. To ensure that organization-level, short-term performance does not affect an individual employee’s long-term HR career, individual performance indicators were given in equal ratios to those of division-level performance in performance evaluations. Company-wide evaluation audits were also strengthened to prevent any performance-related distortions.

Developing the HR Risk Management System

Our HR risk management system was designed with the minimum possible cost to protect our assets and business execution capabilities from the broader negative impacts caused by business operations. A total of six cases were identified as major HR risks and case-specific scenarios were developed. The number of such risk cases to be handled will increase even further.

Diversify channels to recruit top talent

Diversified recruitment channels help us hire the best and brightest in advance, through the expansion of the industrial scholarship program and the introduction of the internship program. The number of beneficiaries in these two programs will gradually increase to retain outstanding human resources. In addition, free notes that outline our corporate overview and welfare and benefits programs were distributed to ten domestic universities to improve awareness about us.

To accelerate our development into a global company, the HR infrastructure for overseas subsidiaries was recently established. While heads of respective overseas subsidiaries previously used the HR regulations of the Korean head office for their operation, our overseas HR regulation system for overseas subsidiaries was developed to take nation-specific features into account, on the common platform of regulations that were defined by the head office for all overseas subsidiaries. Our overseas HR regulation system covers all HR-related categories and we did our utmost to reflect specificities resulting from nation-specific legal regulations and customs in regulations concerning compensation, as well as welfare and benefits. For instance, the HR regulations for our Russian subsidiary ensure the consideration for the nation’s legal requirement that stipulates that employees should be paid at least twice a month. In Indonesia, our employees whose children get circumcised can take a leave of absence to celebrate the occasion. Such instances demonstrate our respect for the diversity of national customs. Our overseas HR regulations took effect at all our subsidiaries in August 2012 and will be subject to constant revisions in the upcoming years.

HR Regulations for Overseas Subsidiaries

- Establish a HR risk management system: six issues completed
- Improve the Office Worker Evaluation System for Increased Fairness

Our SPCM (Strategic Performance & Competency Management) system aims to evaluate the performance of the entire staff and assist them with capacity building. In 2012, the employee evaluation system was revised to improve on organizational operation issues that resulted from performance assessments, while maintaining the performance-driven HR policy to increase the fairness of our HR system. To ensure that organization-level, short-term performance does not affect an individual employee’s long-term HR career, individual performance indicators were given in equal ratios to those of division-level performance in performance evaluations. Company-wide evaluation audits were also strengthened to prevent any performance-related distortions.

Developing the HR Risk Management System

Our HR risk management system was designed with the minimum possible cost to protect our assets and business execution capabilities from the broader negative impacts caused by business operations. A total of six cases were identified as major HR risks and case-specific scenarios were developed. The number of such risk cases to be handled will increase even further.

Diversify channels to recruit top talent

Diversified recruitment channels help us hire the best and brightest in advance, through the expansion of the industrial scholarship program and the introduction of the internship program. The number of beneficiaries in these two programs will gradually increase to retain outstanding human resources. In addition, free notes that outline our corporate overview and welfare and benefits programs were distributed to ten domestic universities to improve awareness about us.

To accelerate our development into a global company, the HR infrastructure for overseas subsidiaries was recently established. While heads of respective overseas subsidiaries previously used the HR regulations of the Korean head office for their operation, our overseas HR regulation system for overseas subsidiaries was developed to take nation-specific features into account, on the common platform of regulations that were defined by the head office for all overseas subsidiaries. Our overseas HR regulation system covers all HR-related categories and we did our utmost to reflect specificities resulting from nation-specific legal regulations and customs in regulations concerning compensation, as well as welfare and benefits. For instance, the HR regulations for our Russian subsidiary ensure the consideration for the nation’s legal requirement that stipulates that employees should be paid at least twice a month. In Indonesia, our employees whose children get circumcised can take a leave of absence to celebrate the occasion. Such instances demonstrate our respect for the diversity of national customs. Our overseas HR regulations took effect at all our subsidiaries in August 2012 and will be subject to constant revisions in the upcoming years.
Build Stronger Employee Capacity

- **2012 Achievements and 2013 Plans**

<table>
<thead>
<tr>
<th>2012 Major Achievements</th>
<th>Evaluation</th>
<th>2013 Major Plans</th>
<th>Deadlines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength a caring program for new recruits</td>
<td>●</td>
<td>Establish a job category specific common training system and develop operate courses</td>
<td>Jun, Sep</td>
</tr>
<tr>
<td>Strengthen the leadership capacity of executives and team leaders</td>
<td>●</td>
<td>Establish a job category specific common training system and develop operate courses</td>
<td></td>
</tr>
<tr>
<td>Develop the training roadmap based on job category job-specific capacity mapping</td>
<td>●</td>
<td>Strength a caring program for new recruits</td>
<td></td>
</tr>
</tbody>
</table>

**Leadership courses for team leaders**

The 2011 organizational capacity survey demonstrated that the leadership capacity for team leaders was relatively low, compared to that of the CEO and executives. Our solution was to provide two rounds of two-day leadership courses to every team leader at LS Mtron to help them improve their performance management capacities and strengthen their staff interview/coaching skills. The 2012 organizational capacity survey (conducted after the training) showed a four-point increase in the category of “leadership capacity of team leaders.” This demonstrated the substantial improvement in the performance management and team member management team leaders.

**Team leader candidate-fostering program**
Our 2013 team leader candidate-fostering program was reinforced to respond to the growing importance of the leadership capacity of team leaders in maximizing organizational performance. A key talent pool that consists of team leader candidates was chosen and final candidates were chosen based on the succession plan, who were then trained in people/performance/organization management for three months.

**Job Capacity Reinforcement Training**
LS Mtron has been offering common courses for sales representatives annually since 2007, with the aim to nurture key talents into next-generation leaders. In 2012, sales staff took the Group introduction, LS Mtron introduction, and mentoring program. These courses help new hires adapt to our corporate culture as quickly as possible and acquire job knowledge. This training system helps strengthen job capacity through career and technical management.

**Key Talent Training**
Our mid/long-term and global training aim to nurture key talents into next-generation leaders. In 2012, six mid/long-term training courses covering MBA, evening graduate courses, advanced marketing strategy courses and global training courses in intensive English/Chinese were offered.

Deliver a Pleasant Workplace

- **2012 Achievements and 2013 Plans**

<table>
<thead>
<tr>
<th>2012 Major Achievements</th>
<th>Evaluation</th>
<th>2013 Major Plans</th>
<th>Deadlines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of the intensive leave program to help employees recharge</td>
<td>●</td>
<td>Support for employee childcare</td>
<td></td>
</tr>
<tr>
<td>Establishment of the intensive leave program to help employees recharge</td>
<td>●</td>
<td>Establish the intensive leave program to help employees recharge</td>
<td></td>
</tr>
</tbody>
</table>

**Pursuit of work/ life balance**

The introduction of the intensive leave program ensures that our employees enjoy a higher level of satisfaction, with increased job efficiency, through the right work/life balance. The program encourages employees to take leave for at least three to five days every six months (with their paid annual holidays combined). Executives and division heads used the program actively to make it more available for other employees. When the program was first launched back in 2012, about 75% of the eligible employees took intensive leave and our goal for 2013 is to increase this figure to 100%. We are committed to developing the program as part of our unique corporate culture that strives for a pleasant workplace through the development of the job back-up system and the launching of various promotional activities.

**Welfare and Benefits Schemes**

To help our employees promote the right work/life balance and respect their right to diverse social engagements, as well as economic, social and cultural rights, we provide a wide spectrum of welfare and benefit schemes. These include pension funds, expenditures for congratulatory and bereavement purposes, tuition support, awards/medals for long-term tenured employees, housing loan support, meal expense support, medical check-ups, medical expense support for employees and their families, resort facilities, and bonus payments for those who work on national holidays.

**Handling of Employee Grievances and the Gathering of Feedback**
Grievance handling procedures are posted on our internal online bulletin board so that all employees can easily understand and use them in addressing any grievances they may be facing. Our Jeonju and Jeongeup sites operate a counseling office, which handled 228 employee grievances in 2012. In addition, annual organizational capacity survey and employee satisfaction surveys are conducted of office workers and researchers. Survey results are then responded to the respective di-visions to help enhance organizational capacity and activity while various improvements are made to increase the satisfaction for those survey items that received low ratings.

**LS Mtron Happy Family Day**
To celebrate the Korean month of family in May, a ‘painting competition for LS Mtron employee children’ was held at the Gwacheon National Science Museum to encourage our employees to build stronger relationships with their family members. Held under the theme of ‘family and our company, LS Mtron’, the competition was attended by 300 children to demonstrate their remarkable painting skills and enjoy various programs such as, hand-printing, making relieves on copper plates and other recreational activities. The competition served as an invaluable opportunity in enabling the participants to recognize the fact that close family ties are the cornerstone of corporate growth. Award-winning paintings were used to make the 2013 calendar. LS Mtron will take the lead in creating a great workplace through such events that promote communication.
Employee Engagement and Dialogue

2012 Achievements and 2013 Plans

- Support for Chinese subsidiaries in developing labor management policies and information sharing
- Operation of various systems to comply with regulations on human rights protection and labor issues
- Meeting with the CEO: 9 meetings, Dialogue with division heads: 52 occasions

Employee Health and Safety

2012 Achievements and 2013 Plans

- Investigation of and improvement on musculoskeletal risk factors
- Identification of and improvement of risks sites to build a stronger fire prevention capacity
- Regular prevention diagnosis of electrical fires

SPECIAL ISSUE – Assistance for Chinese Subsidiaries in Improving Labor Relations

Establishing value-driven labor relations based on global standards

Recently, labor conditions in China have radically changed. Greater attention is being put on closing the increasing income gap, shifting the economic system to a domestic-demand-driven one, fulfilling corporate social responsibility and protecting employee rights. These all lead to the growing importance of stable labor relations. LS Mtron provided training and workshops on numerous occasions for all separate workers and HR managers in charge of recruiting local employees in China. We did this in order to build value-driven labor relations through engagement and dialogue with local Chinese employees on the basis of global standards that require our compliance with human rights protection and legal regulations. Various systems were created to increase employee value and their success stories at the Korean head office were introduced, along with the sharing of major details regarding Chinese labor regulations. The systems that could be localized were immediately launched and are currently under operation in China. Such training courses and workshops will be held regularly and communication channels will be supplemented and improved so that we can continue to explore ways to expand dialogue with our employees.

Protecting Employee Human Rights

We work in various ways to protect the dignity of all our staff and improve their human rights. We fully comply with labor regulations (as well as the Labor Standards Act and ILO regulations) including the prohibition of child labor and forced labor, which are stipulated in the Korean Constitution to promote free labor union activities. We ensure free labor union activities and comply with international standards (related regulations). We fully comply with labor regulations (as well as the Labor Standards Act and ILO regulations) including the prohibition of child labor and forced labor, which are stipulated in the Korean Constitution to promote free labor union activities. HR departments at each site are responsible for the constant monitoring for any violations of employee human rights. HR departments at each site are responsible for the constant monitoring for any violations of employee human rights. Systems are up and running to report and handle such violations through the Cyber Ombudsman program, grievance handling offices and counseling offices. The environmental safety risk assessment system allows us to identify and eliminate potential risks and conduct evaluation results will encourage employees to take the initiative in safety management.

Establish a Corporate Culture of Communication

Diverse communication channels are up and running to establish a culture of communication that enables employees to accurately recognize corporate visions and goals and to present their ideas freely to top management. Meetings with the CEO provide a venue of free communication between the company CEO and the staff, while quarterly discussion meetings held under the supervision of division heads, help share the vision and philosophy of the top management, while gathering grievances and proposals raised by employees and followed with prompt feedback.

Build Value-driven Labor Relations

We ensure free labor union activities and comply with international standards (related regulations and ILO regulations). We had 628 unionized members (41.8% of the total employees) as of the end of December 2012, and these members have the right to vote. Our top management and labor union leaders share the status on business operations and business strategic directions through annual collective wage bargaining and the Engagement and Cooperation Enforcement Council. They also ensure that they are mutually cooperative to improve work conditions and their economic and social status. At each site, labor-management discussions and working-level meetings are held to discuss and address ongoing issues that cover work conditions. Furthermore, monthly, department-level, labor-management trust council meetings are held to handle employee grievances and consistently improve the work environment.

Safer Workplace and Support for Suppliers

Our electrical safety manuals for respective business sites were developed through the electrical fire prevention taskforce team, while the R&B regarding fire prevention were reviewed and regular internal audits are performed. The development of tools to classify and diagnose the major causes of electrical fires helped us make company-wide inspections and supplement relevant systems. To reduce the damage caused by sandwich panels which are a main culprit for the spread of fire, sandwich panels were replaced with flame-retardant ones. Moreover, an environment conducive to fire prevention is being created through the development of various guidelines for fire prevention and the implementation of training courses. Work guidelines were set to handle fires caused by fire sparks, the advance approval system was created for the use of electrical heating devices and standards were developed for the installation and purchase of multi-sockets. Furthermore, the fire safety qualification system was newly launched to ensure that fire prevention management becomes ingrained into our daily operations, through the acquisition of professional knowledge and voluntary employee participation.

Detailed Management of Employee Health and Risk Factors

In response to the growing occurrence of work-related musculoskeletal diseases, musculoskeletal risk factors were investigated through ergonomic assessments of the work environment where employees perform simple repetitive work or bear excessive workloads. The outcomes were used to identify processes that require improvement and our improvement activities will continue in the upcoming years. Furthermore, major cancers were included in the annual medical check-up screening to increase employee satisfaction with medical check-up services.

Improve the Environmental Safety Risk Assessment

The environmental safety risk assessment system allows us to identify and eliminate potential risks and establish voluntary safety practices. Improvements will be made to ensure the organic implementation of risk factor improvement measures. Meanwhile, the publication of an environmental safety white paper as well as rewards awarded in accordance with environmental safety assessment results will encourage employees to take the initiative in safety management.

Anti-smoking Program and Fund

Our anti-smoking program aims to improve employee health and create a pleasant work environment. To further encourage employees to participate in such anti-smoking initiatives, the anti-smoking fund was created to increase the success rate of quitting smoking. Once the initiative is completed, the remaining fund will be donated to volunteer organizations.

SPECIAL ISSUE – Build Stronger Fire Prevention Capacity

Endeavors for an injury-free, accident-free workplace

Our electrical safety manuals for respective business sites were developed through the electrical fire prevention taskforce team, while the R&B regarding fire prevention were reviewed and regular internal audits are performed. The development of tools to classify and diagnose the major causes of electrical fires helped us make company-wide inspections and supplement relevant systems. To reduce the damage caused by sandwich panels which are a main culprit for the spread of fire, sandwich panels were replaced with flame-retardant ones. Moreover, an environment conducive to fire prevention is being created through the development of various guidelines for fire prevention and the implementation of training courses. Work guidelines were set to handle fires caused by fire sparks, the advance approval system was created for the use of electrical heating devices and standards were developed for the installation and purchase of multi-sockets. Furthermore, the fire safety qualification system was newly launched to ensure that fire prevention management becomes ingrained into our daily operations, through the acquisition of professional knowledge and voluntary employee participation.

Detailed Management of Employee Health and Risk Factors

In response to the growing occurrence of work-related musculoskeletal diseases, musculoskeletal risk factors were investigated through ergonomic assessments of the work environment where employees perform simple repetitive work or bear excessive workloads. The outcomes were used to identify processes that require improvement and our improvement activities will continue in the upcoming years. Furthermore, major cancers were included in the annual medical check-up screening to increase employee satisfaction with medical check-up services.

Improve the Environmental Safety Risk Assessment

The environmental safety risk assessment system allows us to identify and eliminate potential risks and establish voluntary safety practices. Improvements will be made to ensure the organic implementation of risk factor improvement measures. Meanwhile, the publication of an environmental safety white paper as well as rewards awarded in accordance with environmental safety assessment results will encourage employees to take the initiative in safety management.

Anti-smoking Program and Fund

Our anti-smoking program aims to improve employee health and create a pleasant work environment. To further encourage employees to participate in such anti-smoking initiatives, the anti-smoking fund was created to increase the success rate of quitting smoking. Once the initiative is completed, the remaining fund will be donated to volunteer organizations.
Corporate Governance

Since the launching of the LS Group as a holding company, LS Mtron has continued to establish corporate governance that is led by professional executives and the board of directors. This ensures the independence and transparency of corporate governance. Presently, LS Mtron remains a non-listed company.

Board of Directors(BOD)

Our board of directors(BOD) consists of three inside directors and one auditor. The BOD is the highest decision-making body in the company and directors should fulfill their duty of care and loyalty as managers in good faith, in conformity with commercial laws. Directors are compensated in accordance with relevant compensation regulations within the limit approved at the general shareholder meeting. In addition to financial performance, the BOD assessment includes social and environmental performance.

Composition of the BOD(As of March 3, 2013)

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Position</th>
<th>Gender</th>
<th>Experiences</th>
<th>Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>CEO</td>
<td>Chairman</td>
<td>Male</td>
<td>Business management major at Korea University; former director at LG International Corporation; former vice president at LG Invested &amp; Securities</td>
<td>CEO</td>
</tr>
<tr>
<td>-</td>
<td>CEO</td>
<td>President</td>
<td>Male</td>
<td>Mechanical engineering major at Hongik University; former vice president at LS &amp; System</td>
<td>CEO</td>
</tr>
<tr>
<td>-</td>
<td>CEO</td>
<td>Director</td>
<td>Male</td>
<td>Mechanical engineering major at Chungbuk National University; former head of the finance team at LS Mtron</td>
<td>CEO</td>
</tr>
<tr>
<td>-</td>
<td>Audit</td>
<td>Auditor</td>
<td>Male</td>
<td>Electrical engineering major at Seoul National University; former professor at Hoseo University</td>
<td>Auditor</td>
</tr>
</tbody>
</table>

Shareholder

As of the end of 2012, LS Mtron’s issued shares stood at 9,000,000 in number and they are wholly owned by LS Corporation.

Composition of the Shareholders(As of December 31, 2012)

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Type of Share</th>
<th>Number of Shares</th>
<th>Value(KRW million)</th>
<th>Stockholding Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>LS Corporation</td>
<td>Common stock</td>
<td>9,000,000</td>
<td>41,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Management and Responsibility for Sustainability Management

At LS Mtron, the Sustainability Management Steering Group supervised by the CEO(Chief Strategy Planning Officer) has been serving as the top decision-making body since 2010. The group is also responsible for managing sustainability management principles and operational regulations.

Communication with the Top Management

The monthly Meeting with the CEO is held regularly to ensure that the management directions and the messages of the CEO are delivered directly to the employees and that they have the opportunity to freely present their opinions to the CEO. The quarterly CEO MB(A)management by wandering around arms to allow the voices on the shop floor to be heard and ensure instant and rapid decision-making. Furthermore, quarterly discussions with division heads are held under the supervision of respective division heads, to enable them to share employee ideas and grievances.

Ethics Management

At LS Mtron, we believe that integrity is an essential factor that lays the ground for us to generate performance. To comply with the principle of fair operating practices proposed by ISO 26000 for the upcoming 2nd-term of sustainability management, relevant systems are under operation and constant endeavors are being made to reinforce our communication with our stakeholders.

Communication with Stakeholders

• Continued Promotional Activities
  Case studies and messages related to ethics management are shared through the internal ethics management bulletin board to help employees voluntarily raise ethics awareness and encourage stakeholder participation.

Ethics Management Systems

• Cyber Ombudsman System
  The Cyber Ombudsman and the Ethics Counseling Office are under operation on our corporate website. Furthermore, informant protection programs are provided to ensure that stakeholders(such as employees, customers and suppliers) feel free to report any issues that they may have. Such programs include confidentiality, identity protection and exemptions.

Issues Submitted and Handled through the Cyber Ombudsman

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Issues</td>
<td>15</td>
<td>15</td>
<td>5</td>
</tr>
</tbody>
</table>

• Ethics Pledge
  All our employees are obligated to sign the ethics pledge. In addition, special conditions that specify the implementation of ethical practices were included, along with the general conditions in all the transactions and contracts made with suppliers. This helps us institutionalize ethical standards in our business conduct.

Compliance with Fair Trade Principles

To advance and monitor ethics management appropriately, we undertake programs to comply with laws regarding monopoly regula-

Introduction to LS Mtron’s Chinese Subsidiaries

At LS Mtron, we consider China as a strategic partner in being able to ‘strengthen global competitive edge’ which constitutes our management principle for 2013. Since our first entry into the market in 2004, production/sales subsidiaries were established and are currently under operation in four business areas. In 2012, sustainability management initiatives at these overseas subsidiaries were undertaken through the function-specific support offered by the Sustainability Management Steering Group at the head office in Korea. Our Chinese subsidiaries, however, will establish and operate their own sustainability management systems in the upcoming years.

LSMQ (LS Machinery Qingdao Co., Ltd.)
- 2010 - Completion of the plant
- 2012 - Development of the K-model (15th economical model)
- 2013 - Establishment of the office for the northeastern region
- 2013 - Entry into the U.S. market

LSMW (LS Machinery Wuxi Co., Ltd.)
- 2005 - Completion of the plant
- 2010 - Development of the ultra super large 3,000ton size
- 2012 - Expansion of the component warehouse and the painting line
- 2012 - Completion of the product line-up of five electric models.

LSEQ (LS Electronic Devices Qingdao Co., Ltd.)
- 2006 - Completion of the plant
- 2012 - 150 million RMB in sales
- 2013 - Expansion of the 2nd plant
- 2013 - 100 million RMB in sales (forward)

LSMQ, LSEQ (Qingdao)

LSMW (Wuxi)

Create a Safe and Pleasant Workplace
To create a safe workplace that meets global standards, annual fire prevention and production safety training is provided at our Chinese subsidiaries. While fire prevention training was previously offered to some of the local employees in conjunction with the Green Management Team at the head office, all local employees were trained in 2012. The training program included directives to be taken in the hypothetical scenario of onsite fires. These included the method for distributing the warning, evacuation, and early-stage extinguishing activities using internal firefighting equipment. Furthermore, the training was videotaped and analyzed to review both the fire-extinguishing activities and the rescue system. New recruits were educated on production safety and regular safety inspections were made of the production facilities and dormitories to be prepared against fires. Our Chinese subsidiaries will be fully committed to building proactive capabilities to prevent fires, safety accidents and other unexpected emergencies.

Develop Advanced HR Systems
Our Chinese subsidiaries believe that top-notch HR systems are the driving force behind the sustained improvement of business outcomes in China and are working proactively to establish such systems. We responded actively to the HR and labor regulations that were revised or modified in 2012 and HR workshops were held twice at our Shanghai office to improve the HR and promotion systems at Chinese subsidiaries. LSMQ became the first Chinese company to introduce the HR system. In addition, HR consulting projects were undertaken through the assistance of the Chinese Business Support Team. Meanwhile, a HR management system was developed that reflects both Korean corporate culture and Chinese local conditions. This system was shared at the LS Mtron HR seminar held in China.

Conduct a Happy Workplace
At our Chinese subsidiaries, diverse programs are under consistent operation to promote a more harmonious workplace. This, in turn will secure future growth engines and a strengthened competitive edge. Included in such endeavors undertaken in 2012 are mountain climbing, spending recreational time at an amusement park. These activities encouraged employees to develop a sense of loyalty to the company and boosted the morale among employees. LSMW provided medical check-up services to both the employees and their children and LSEQ offered entertainment and sports activities through the installation of various sports facilities, including ping-pong tables, a basketball court and the screening of movies free of charge in the auditorium. LSEQ gave bags and school supplies to the children of employees as a gift to mark the beginning of a new semester and practiced family-friendly management.

Innovation Initiatives
Our Chinese subsidiaries developed basic-level innovation capacities and laid the basis to generate substantial outcomes. With the assistance from the Innovation Team at the head office, basic innovation training for new recruits, quality circle leader training, KL training, and ‘Immediate Practice’ training for team leaders was provided at respective subsidiaries. Such endeavors enabled the production team at LSMQ to receive the Presidential Silver Medal at the National Quality Circle Competition held in Korea. Meanwhile, LSEQ participated in the Mtron 6 Festival, held at the head office in Korea, to share their success stories of innovation.

Improve Quality and Build Stronger Customer Satisfaction Capacity
All the sites run by our Chinese subsidiaries are building their quality management evaluation schemes and boosting their year-round improvement and optimization activities. Furthermore, various capacity-building activities were undertaken for improved customer satisfaction. LSMFW focused on the VOC (voice of the customer with the Quality Management Team at the Korean head office) to strengthen its detection capability while undertaking measures for increased product quality. At LSEQ, issues that resulted from the transfer of mass production were identified and improved. Furthermore, LSEQ sites were audited by their client (Samsung Electronics) and became a certified supplier. These sales employees also visited their major customers for direct observation and practice. LSMQ strengthened the phone call system at the call center and hired more operators to shorten customer wait time. Furthermore, ‘360° Heart Service Training’ was launched to ensure more efficient customer services.

Innovation Capacity Training

<table>
<thead>
<tr>
<th>Category</th>
<th>Name of Training Course</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSMQ</td>
<td>Quality circle leader training</td>
<td>12 months</td>
</tr>
<tr>
<td>LSEQ</td>
<td>KL training</td>
<td>2 months</td>
</tr>
<tr>
<td>LSMW</td>
<td>Team Building training for team leaders</td>
<td>2 months</td>
</tr>
<tr>
<td>LSEQ</td>
<td>Complete course for new recruits</td>
<td>2 months</td>
</tr>
</tbody>
</table>
### Key Quantitative Indications

#### Economic Data

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employees</td>
<td>No. of persons</td>
<td>1,669</td>
<td>1,849</td>
<td>1,849</td>
<td>Including non-regular workers and excluding day laborers</td>
</tr>
<tr>
<td>Regular/non-regular employees</td>
<td>No. of persons</td>
<td>1,497/172</td>
<td>1,514/155</td>
<td>1,547/186</td>
<td></td>
</tr>
<tr>
<td>Mtron</td>
<td>No. of persons</td>
<td>706/05</td>
<td>687/29</td>
<td>680/38</td>
<td></td>
</tr>
<tr>
<td>Jinjeong</td>
<td>No. of persons</td>
<td>180/36</td>
<td>256/01</td>
<td>252/02</td>
<td></td>
</tr>
<tr>
<td>Ansan</td>
<td>No. of persons</td>
<td>238/28</td>
<td>238/35</td>
<td>250/32</td>
<td></td>
</tr>
<tr>
<td>Dong</td>
<td>No. of persons (including non-regular workers)</td>
<td>87/17</td>
<td>112/22</td>
<td>127/25</td>
<td></td>
</tr>
<tr>
<td>30's</td>
<td>No. of persons</td>
<td>89/5</td>
<td>94/1</td>
<td>100/1</td>
<td></td>
</tr>
<tr>
<td>Sales departments</td>
<td>No. of persons (including non-regular workers)</td>
<td>119/5</td>
<td>69/5</td>
<td>80/1</td>
<td></td>
</tr>
<tr>
<td>Head Office</td>
<td>No. of persons</td>
<td>87/18</td>
<td>100/12</td>
<td>99/7</td>
<td></td>
</tr>
<tr>
<td>Employees by age group</td>
<td>No. of persons</td>
<td>1,589</td>
<td>1,689</td>
<td>1,683</td>
<td></td>
</tr>
<tr>
<td>19's</td>
<td>No. of persons</td>
<td>175</td>
<td>259</td>
<td>258</td>
<td></td>
</tr>
<tr>
<td>20's</td>
<td>No. of persons</td>
<td>553</td>
<td>647</td>
<td>670</td>
<td></td>
</tr>
<tr>
<td>21's</td>
<td>No. of persons</td>
<td>472</td>
<td>410</td>
<td>398</td>
<td></td>
</tr>
<tr>
<td>22's</td>
<td>No. of persons</td>
<td>362</td>
<td>374</td>
<td>347</td>
<td></td>
</tr>
<tr>
<td>Over 60's</td>
<td>No. of persons</td>
<td>25</td>
<td>18</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>New recruits</td>
<td>No. of persons</td>
<td>296</td>
<td>240</td>
<td>243</td>
<td></td>
</tr>
<tr>
<td>Male/Female</td>
<td>No. of persons</td>
<td>255/41</td>
<td>231/05</td>
<td>274/45</td>
<td></td>
</tr>
<tr>
<td>Female employees</td>
<td>No. of persons/%</td>
<td>47/44</td>
<td>47/59</td>
<td>49/59</td>
<td></td>
</tr>
<tr>
<td>Employees with disabilities</td>
<td>No. of persons/%</td>
<td>50/2.2</td>
<td>40/2.4</td>
<td>52/1.8</td>
<td></td>
</tr>
<tr>
<td>Unionized employees/ratio</td>
<td>No. of persons/%</td>
<td>1,439</td>
<td>1,389</td>
<td>1,516</td>
<td></td>
</tr>
<tr>
<td>Training session</td>
<td>Workdays/Person</td>
<td>198</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Training hours by job level</td>
<td>No. of hours/person</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Senior managers</td>
<td>No. of hours/person</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Deputy general managers</td>
<td>No. of hours/person</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>General managers</td>
<td>No. of hours/person</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Assistant managers/assistants</td>
<td>No. of hours/person</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Average annual earnings</td>
<td>No. of persons</td>
<td>96/199</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees who took childcare leave</td>
<td>No. of persons</td>
<td>-</td>
<td>7</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Employees who took childcare leave / reinstatement</td>
<td>No. of persons/%</td>
<td>-</td>
<td>14</td>
<td>3/140</td>
<td></td>
</tr>
<tr>
<td>Reinstatement: As of the reinstatement year after childcare leave</td>
<td>No. of persons</td>
<td>-</td>
<td>228</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newly established in 2011</td>
<td>(Jeonju, Jeongeup, R&amp;D Center)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment rate/unemployment</td>
<td>No. of persons/%</td>
<td>016/16</td>
<td>030/28</td>
<td>028/41</td>
<td></td>
</tr>
<tr>
<td>Ratio: Measured against the total employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dialogue with the CEO, division heads</td>
<td>No. of occasions</td>
<td>24</td>
<td>28</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Participation and Cooperation Enhancement Council</td>
<td>No. of meetings held</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>New employees/total</td>
<td>No. of persons</td>
<td>258</td>
<td>256</td>
<td>260</td>
<td></td>
</tr>
<tr>
<td>Employees working at subsidiaries in foreign and domestic offices</td>
<td>No. of persons</td>
<td>51,201</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment rate ratio %</td>
<td>-</td>
<td>0.18</td>
<td>0.30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Other issues to note:
- The fixed pay rate is applied equally to all employees in the same job level regardless of gender difference.
- Our new recruits are guaranteed the legal minimum wage regardless of their gender difference or location.
- When unionized members are transferred to other sites or departments or changes occur in business operations, including the relocation of production facilities, both the labor union and senior union members are notified in advance.

#### Social Data (As of December 31, 2012)

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>No. of persons</td>
</tr>
<tr>
<td>Operating Income</td>
<td>No. of persons</td>
</tr>
<tr>
<td>Half-yearly Income from Continuing Operations</td>
<td>No. of persons</td>
</tr>
<tr>
<td>Income from Discontinued Operations</td>
<td>No. of persons</td>
</tr>
<tr>
<td>Net Income</td>
<td>No. of persons</td>
</tr>
</tbody>
</table>

#### LS Mtron

- **Summary Financial Statement**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>687,956</td>
<td>603,281</td>
<td>509,915</td>
</tr>
<tr>
<td>Operating Income</td>
<td>345,902</td>
<td>375,783</td>
<td>377,783</td>
</tr>
<tr>
<td>Half-yearly Income from Continuing Operations</td>
<td>202,802</td>
<td>166,488</td>
<td>139,278</td>
</tr>
<tr>
<td>Income from Discontinued Operations</td>
<td>3,845</td>
<td>62,114</td>
<td>15,159</td>
</tr>
<tr>
<td>Net Income</td>
<td>23,034</td>
<td>82,423</td>
<td>51,934</td>
</tr>
</tbody>
</table>

- **Summary Income Statement**

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>No. of persons</td>
<td>1,589</td>
<td>1,849</td>
<td>1,849</td>
</tr>
<tr>
<td>Operating Income</td>
<td>No. of persons</td>
<td>706/05</td>
<td>687/29</td>
<td>680/38</td>
</tr>
<tr>
<td>Half-yearly Income from Continuing Operations</td>
<td>No. of persons</td>
<td>180/36</td>
<td>256/01</td>
<td>252/02</td>
</tr>
<tr>
<td>Income from Discontinued Operations</td>
<td>No. of persons</td>
<td>238/28</td>
<td>238/35</td>
<td>250/32</td>
</tr>
<tr>
<td>Net Income</td>
<td>No. of persons</td>
<td>1,439</td>
<td>1,389</td>
<td>1,516</td>
</tr>
</tbody>
</table>

### LS Mtron and its Subsidiaries

- **Summary Financial Statement**

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>No. of persons</td>
<td>1,589</td>
<td>1,849</td>
<td>1,849</td>
</tr>
<tr>
<td>Operating Income</td>
<td>No. of persons</td>
<td>706/05</td>
<td>687/29</td>
<td>680/38</td>
</tr>
<tr>
<td>Half-yearly Income from Continuing Operations</td>
<td>No. of persons</td>
<td>180/36</td>
<td>256/01</td>
<td>252/02</td>
</tr>
<tr>
<td>Income from Discontinued Operations</td>
<td>No. of persons</td>
<td>238/28</td>
<td>238/35</td>
<td>250/32</td>
</tr>
<tr>
<td>Net Income</td>
<td>No. of persons</td>
<td>1,439</td>
<td>1,389</td>
<td>1,516</td>
</tr>
</tbody>
</table>
Environmental Data

(As of December 31, 2012)

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG emissions</td>
<td>tCO2eq</td>
<td>36,297</td>
<td>39,413</td>
<td>50,015</td>
<td>Recalculated by including the Air Conditioning Division whose operations were transferred in 2011 in accordance with the Korean government’s GHG verification criteria</td>
</tr>
<tr>
<td>Wastewater discharged</td>
<td>m3</td>
<td>75,026</td>
<td>76,177</td>
<td>78,628</td>
<td></td>
</tr>
<tr>
<td>Underground water</td>
<td>m3</td>
<td>12,511</td>
<td>13,212</td>
<td>11,901</td>
<td></td>
</tr>
<tr>
<td>Among head office</td>
<td>m3</td>
<td>11,180</td>
<td>12,466</td>
<td>13,186</td>
<td></td>
</tr>
<tr>
<td>GHG emissions by source</td>
<td>tCO2eq</td>
<td>96,297</td>
<td>99,415</td>
<td>102,615</td>
<td></td>
</tr>
<tr>
<td>Indirect emissions</td>
<td>tCO2eq</td>
<td>89,723</td>
<td>91,904</td>
<td>93,600</td>
<td></td>
</tr>
<tr>
<td>Stationary combustion</td>
<td>tCO2eq</td>
<td>5,146</td>
<td>6,181</td>
<td>7,090</td>
<td></td>
</tr>
<tr>
<td>Waste generation</td>
<td>t</td>
<td>1,428</td>
<td>1,330</td>
<td>1,225</td>
<td></td>
</tr>
<tr>
<td>Primary raw materials – Copper</td>
<td>t</td>
<td>0.16</td>
<td>0.14</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>Energy consumption (Excluding indirect consumption)</td>
<td>t</td>
<td>1,846</td>
<td>1,906</td>
<td>2,076</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>t</td>
<td>1,704</td>
<td>1,743</td>
<td>1,894</td>
<td></td>
</tr>
<tr>
<td>LPG</td>
<td>t</td>
<td>99</td>
<td>120</td>
<td>137</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>t</td>
<td>43</td>
<td>43</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>GH expenditure and investments</td>
<td>KRW million</td>
<td>765</td>
<td>799</td>
<td>1,017</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>KRW million</td>
<td>239</td>
<td>522</td>
<td>590</td>
<td></td>
</tr>
<tr>
<td>Climatic change</td>
<td>KRW million</td>
<td>56</td>
<td>77</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>Health and safety</td>
<td>KRW million</td>
<td>559</td>
<td>150</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td>Primary raw materials – Copper</td>
<td>t</td>
<td>13,805</td>
<td>14,076</td>
<td>9,901</td>
<td></td>
</tr>
<tr>
<td>Primary raw materials – Cobalt and tin</td>
<td>t</td>
<td>931</td>
<td>1,456</td>
<td>1,651</td>
<td></td>
</tr>
<tr>
<td>Primary raw materials – Synthesis resin</td>
<td>t</td>
<td>101</td>
<td>94</td>
<td>121</td>
<td></td>
</tr>
<tr>
<td>Water consumption</td>
<td>m3</td>
<td>588,772</td>
<td>589,469</td>
<td>728,484</td>
<td>Water is sourced from the Han River, the Mangyeong River and the Nakdong River</td>
</tr>
<tr>
<td>Industrial water</td>
<td>m3</td>
<td>522,943</td>
<td>507,540</td>
<td>630,352</td>
<td></td>
</tr>
<tr>
<td>Residential water</td>
<td>m3</td>
<td>55,043</td>
<td>60,046</td>
<td>81,013</td>
<td></td>
</tr>
<tr>
<td>Underground water</td>
<td>m3</td>
<td>20,186</td>
<td>21,643</td>
<td>23,681</td>
<td></td>
</tr>
<tr>
<td>Emission of air pollutants – Dust</td>
<td>kg</td>
<td>4,790</td>
<td>12,106</td>
<td>11,344</td>
<td></td>
</tr>
<tr>
<td>Discharge of water pollutants – COD</td>
<td>kg</td>
<td>7,376</td>
<td>8,131</td>
<td>13,151</td>
<td></td>
</tr>
<tr>
<td>Discharge of water pollutants – TS</td>
<td>kg</td>
<td>4,575</td>
<td>4,964</td>
<td>7,026</td>
<td></td>
</tr>
<tr>
<td>Discharge of wastewater</td>
<td>m3</td>
<td>370,925</td>
<td>334,618</td>
<td>506,506</td>
<td></td>
</tr>
<tr>
<td>Water recycling/Reusing ratio</td>
<td>t/m²</td>
<td>485,082/586</td>
<td>451,044/556</td>
<td>418,605/443</td>
<td>Recalculated by multiplying the unit surface of the air-conditioning (AC) division operations in 2011</td>
</tr>
<tr>
<td>Waste generation – General waste</td>
<td>t</td>
<td>4,225</td>
<td>3,958</td>
<td>4,532</td>
<td></td>
</tr>
<tr>
<td>Waste generation – Syngas</td>
<td>t</td>
<td>344</td>
<td>312</td>
<td>295</td>
<td></td>
</tr>
<tr>
<td>Waste recycling rate</td>
<td>t/m²</td>
<td>25</td>
<td>27</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Ozone depletion substances – IPCC</td>
<td>kg</td>
<td>12,760</td>
<td>3,000</td>
<td>3,000</td>
<td>Reduced due to the transfer of the Air Conditioning Division operations in 2011</td>
</tr>
</tbody>
</table>

Legal Compliance

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penalties and non-financial sanctions imposed due to the violation of environmental regulations</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Legal actions taken due to unfair competition and monopoly practices (group-buying, etc.)</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Regulatory violations regarding product-related customer safety and health</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Violations of product-related information disclosure regulations (labeling, etc.)</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Violations of marketing and communication regulations</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Regulatory violations regarding personal information protection</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Violations regarding product supply</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Violations regarding the prohibition of discrimination</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Violations regarding the infringement of the rights of local residents</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

Awards

<table>
<thead>
<tr>
<th>Date</th>
<th>Name of the Awards</th>
<th>Host Organization</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>GM Supplier of the Year Award</td>
<td>GM</td>
<td>Chosen as an excellent supplier (Auto Parts Division)</td>
</tr>
<tr>
<td>June</td>
<td>Quality Circle Competition in the North (Jeju Province)</td>
<td>North Jeolla Province</td>
<td>Excellent Award/Business strategy production line, LB production line (LB production line)</td>
</tr>
<tr>
<td>June</td>
<td>Green Company Council Best Practice Presentation</td>
<td>Green Company Council</td>
<td>Environment Minister Award (Jeonju site)</td>
</tr>
<tr>
<td>October</td>
<td>Korea’s Top 10 Workplace Awards</td>
<td>KOFST</td>
<td>Good work (in the manufacturing sector)</td>
</tr>
<tr>
<td>November</td>
<td>Sustainability Management Awards</td>
<td>Ministry of Knowledge and Economy</td>
<td>KSA President Award (Korean Standards Association)</td>
</tr>
<tr>
<td>November</td>
<td>National Quality Circle Competition</td>
<td>Korean Standards Association</td>
<td>Quality Circle Competition congress (korean standards association)</td>
</tr>
<tr>
<td>June</td>
<td>Environment Minister Award (Jeonju site)</td>
<td>Jeonju City Government</td>
<td>Environment Minister Award (Jeonju City Government)</td>
</tr>
<tr>
<td>December</td>
<td>Korea’s 100 Great Workplace Awards</td>
<td>Korea Chamber of Commerce &amp; Industry</td>
<td>KSA President Award (Korean Standards Association)</td>
</tr>
</tbody>
</table>

Government Subsidy

In 2012, net government subsidies amounted to KRW 2.21 trillion and technology expense redemptions amounted to KRW 350 million.

Membership

<table>
<thead>
<tr>
<th>Economy</th>
<th>Details</th>
</tr>
</thead>
</table>

Society

<table>
<thead>
<tr>
<th>Korea Industry Safety Association</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Forces Commandants Association</td>
<td>Korea Industrial Complex Safety Supervisor Association Fair Competition Federation, Korea Fire Safety Association</td>
</tr>
</tbody>
</table>

Environment

| Korea Industrial Complex Fire Safety Supervisor Association, Jeonju Industrial Complex Environment Association, Green Company Council, Korea Environmental Engineers Association |

Sustainability Management

| United Nations Global Compact (UNGC) | Details                                                                 |

Extra Data

<table>
<thead>
<tr>
<th>Date</th>
<th>Name of the Awards</th>
<th>Host Organization</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>November</td>
<td>Green Company Council Best Practice Presentation</td>
<td>Green Company Council</td>
<td>Environment Minister Award (Jeonju site)</td>
</tr>
<tr>
<td>December</td>
<td>Korea’s 100 Great Workplace Awards</td>
<td>Korea Chamber of Commerce &amp; Industry</td>
<td>KSA President Award (Korean Standards Association)</td>
</tr>
</tbody>
</table>

Penalties and non-financial sanctions imposed due to the violation of environmental regulations | None       | None       | None       | None                                         |
| Legal actions taken due to unfair competition and monopoly practices (group-buying, etc.) | None       | None       | None       | None                                         |
| Regulatory violations regarding product-related customer safety and health | None       | None       | None       | None                                         |
| Violations of product-related information disclosure regulations (labeling, etc.) | None       | None       | None       | None                                         |
| Violations of marketing and communication regulations | None       | None       | None       | None                                         |
| Regulatory violations regarding personal information protection | None       | None       | None       | None                                         |
| Violations regarding product supply | None       | None       | None       | None                                         |
| Violations regarding the prohibition of discrimination | None       | None       | None       | None                                         |
| Violations regarding the infringement of the rights of local residents | None       | None       | None       | None                                         |
| GM Supplier of the Year Award | GM                 | Chosen as an excellent supplier (Auto Parts Division)                      |
| Quality Circle Competition in the North (Jeju Province) | North Jeolla Province | Excellent Award/Business strategy production line, LB production line (LB production line) |
| Green Company Council Best Practice Presentation | Green Company Council | Environment Minister Award (Jeonju site)                                |
| Korea’s Top 10 Workplace Awards | KOFST  | Good work (in the manufacturing sector)                               |
| Sustainability Management Awards | Ministry of Knowledge and Economy | KSA President Award (Korean Standards Association)                        |
| National Quality Circle Competition | Korean Standards Association | Quality Circle Competition congress (korean standards association)        |
| Environment Minister Award (Jeonju site) | Jeonju City Government | Environment Minister Award (Jeonju City Government)                     |
| Korea’s 100 Great Workplace Awards | Korea Chamber of Commerce & Industry | KSA President Award (Korean Standards Association)                        |

Penalties and non-financial sanctions imposed due to the violation of environmental regulations | None       | None       | None       | None                                         |
<p>| Legal actions taken due to unfair competition and monopoly practices (group-buying, etc.) | None       | None       | None       | None                                         |
| Regulatory violations regarding product-related customer safety and health | None       | None       | None       | None                                         |
| Violations of product-related information disclosure regulations (labeling, etc.) | None       | None       | None       | None                                         |
| Violations of marketing and communication regulations | None       | None       | None       | None                                         |
| Regulatory violations regarding personal information protection | None       | None       | None       | None                                         |
| Violations regarding product supply | None       | None       | None       | None                                         |
| Violations regarding the prohibition of discrimination | None       | None       | None       | None                                         |
| Violations regarding the infringement of the rights of local residents | None       | None       | None       | None                                         |</p>
<table>
<thead>
<tr>
<th>CRG C3.1</th>
<th>Disclosure Items</th>
<th>Application level</th>
<th>Page</th>
<th>wolf: ISO clause</th>
</tr>
</thead>
</table>

**LAVOR PRACTICES AND DECENT WORK Disclosures on Management Approach**

<table>
<thead>
<tr>
<th>CRG C3.1</th>
<th>Disclosure Items</th>
<th>Application level</th>
<th>Page</th>
<th>wolf: ISO clause</th>
</tr>
</thead>
</table>

**SAFETY, HEALTH and SINCE 00**

- Percentage of employees covered by collective bargaining agreements
- Health and safety policies, including work-related fatalities by region
- Safety training, education, prevention, and risk control programs in place to support workforce members, their families, or communities affected by serious diseases
- Health and safety topics covered in formal agreements with trade unions
- Percentage of employees receiving regular performance and career development reviews
- Data on basic salary of line to be earners by employee category
- Work hours and overtime rates other than financial terms

**Human Rights Disclosures on Management Approach**

<table>
<thead>
<tr>
<th>CRG C3.1</th>
<th>Disclosure Items</th>
<th>Application level</th>
<th>Page</th>
<th>wolf: ISO clause</th>
</tr>
</thead>
</table>

**Investment and Procurement Practices**

- Percentage of significant investment agreements that include human rights clauses in stronger human rights screening
- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken
- Total number of employees trained on policies and procedures concerning human rights that are relevant to operations, including the percentage of employees trained

**Anti-Discrimination of Gender and Age**

- Number of incidents of discrimination and acts taken
- Operators identified in which the right to exercise freedom of association and collective bargaining may be at risk, and action taken to support these rights
- Number of incidents of violations involving rights of indigenous people and actions taken
- Number of total number of actions that have been subject to human rights reviews and/or impact assessments
- Percentage of companies that are engaged in human rights work, addressed formal and informal grievance procedures

**Society Disclosures on Management Approach**

<table>
<thead>
<tr>
<th>CRG C3.1</th>
<th>Disclosure Items</th>
<th>Application level</th>
<th>Page</th>
<th>wolf: ISO clause</th>
</tr>
</thead>
</table>

**Technocracy**

- Human rights and environment of any project and processes that assess and manage the impact of operations on communities, including mining, operating, and mining
- Percentage of cultural and social activities undertaken for local communities
- Public policy positions and partnerships in public policy development and lobbying
- Value chain of financial and other contributions to political parties, parliament, and related institutions by country
- Total number of legal actions for all complaint behaviors, internal, external, and misconduct processes and practices examined
- FREEHOLD REGULATIONS AND TENDER PROCEDURES

**Anti-Corruption**

- Operators with significant potential or actual embroilments in local communities
- Investors and stakeholders measures implemented in operations with significant potential or actual negative impacts on local communities

**Product Responsibility Disclosures on Management Approach**

<table>
<thead>
<tr>
<th>CRG C3.1</th>
<th>Disclosure Items</th>
<th>Application level</th>
<th>Page</th>
<th>wolf: ISO clause</th>
</tr>
</thead>
</table>

**Customer Health and Safety**

- 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, type of accident

**Product and Service Labeling**

- Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of accidents

**Marketing Communication**

- Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship

**Corporate Responsibility**

- Total number of sub-contracted employees engaging/related to customer group and those of customer data

**Corporate Governance**

- Total number of sub-contracted employees engaging/related to customer group and those of customer data

**Reporting**

- Total number of incidents of non-compliance with laws and regulations concerning the product and service information and labeling

**GRI Application Level**

Our ‘2012 Sustainability Report’ contains each of the criteria to qualify for GRI-C3.1 Application level A+ and therefore, we make a self-declaration Level A+ for this report. The entire report contents and reporting process were reviewed by an independent external assurance provider. We did not apply the GRI C3 Sector Supplements to this report as the requirements cover only a small portion of our business activities.

**UNGC COP Report**

We joined the UN Global Compact on September 2, 2011 and comply with 10 principles in the four areas of human rights, labor, environment and anti-corruption. All employees and executives at LS Mtron will take the lead in creating a fair and transparent society by complying with the UN Global Compact on the four areas, and fulfilling duties and actions required for a corporate citizen.

**The Ten Principles**

<table>
<thead>
<tr>
<th>CRG C3.1</th>
<th>Disclosure Items</th>
<th>Application level</th>
<th>Page</th>
<th>wolf: ISO clause</th>
</tr>
</thead>
</table>

**Human Rights**

- Principle 2: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 3: The elimination of all forms of forced and compulsory labor
- Principle 4: The abolition of child labor
- Principle 5: The elimination of discrimination in respect of employment and occupation

**Environment**

- Principle 6: Businesses should support a precautionary approach to environmental challenges
- Principle 7: Code of Conduct, Chapter 1: Basic Ethics of Employees: The Eight UN Principles
- Principle 8: Code of Conduct, Chapter 2: Corporate Responsibilities for Employees: Employment Regulations

**Anti-Corruption**

- Principle 9: Businesses should work against corruption in all its forms, including solicitations and bribery
- Principle 10: Businesses should work against corruption in all its forms, including solicitations and bribery

**LSM Policies**

- Code of Conduct, Chapter 1: Basic Ethics of Employees: The Eight UN Principles
- Code of Conduct, Chapter 2: Corporate Responsibilities for Employees: Employment Regulations
- Code of Conduct, Chapter 3: Responsibilities for Country and Society
- Code of Conduct, Chapter 4: Responsibilities for Country and Society
- Code of Conduct, Chapter 4: Business Partner Ethics
- Code of Conduct, Chapter 5: Corporate Responsibilities for Employees: Employment Regulations

**3.1 Our ‘2012 Sustainability Report’ contains each of the criteria to qualify for GRI-C3.1 Application level A+ and therefore, we make a self-declaration Level A+ for this report. The entire report contents and reporting process were reviewed by an independent external assurance provider.**

**3.2 We joined the UN Global Compact on September 2, 2011 and comply with 10 principles in the four areas of human rights, labor, environment and anti-corruption. All employees and executives at LS Mtron will take the lead in creating a fair and transparent society by complying with the UN Global Compact on the four areas, and fulfilling duties and actions required for a corporate citizen.**

**The Ten Principles**

<table>
<thead>
<tr>
<th>CRG C3.1</th>
<th>Disclosure Items</th>
<th>Application level</th>
<th>Page</th>
<th>wolf: ISO clause</th>
</tr>
</thead>
</table>

**Human Rights**

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Make sure that they are not complicit in human rights abuses

**Environment**

- Principle 3: The elimination of all forms of forced and compulsory labor
- Principle 4: The abolition of child labor
- Principle 5: The elimination of discrimination in respect of employment and occupation

**Anti-Corruption**

- Principle 6: The elimination of corruption in all its forms, including solicitations and bribery
- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: Code of Conduct, Chapter 1: Basic Ethics of Employees: The Eight UN Principles
- Principle 9: Code of Conduct, Chapter 2: Corporate Responsibilities for Employees: Employment Regulations

**LSM Policies**

- Code of Conduct, Chapter 1: Basic Ethics of Employees: The Eight UN Principles
- Code of Conduct, Chapter 2: Corporate Responsibilities for Employees: Employment Regulations
- Code of Conduct, Chapter 3: Responsibilities for Country and Society
- Code of Conduct, Chapter 4: Business Partner Ethics

**3.2 We joined the UN Global Compact on September 2, 2011 and comply with 10 principles in the four areas of human rights, labor, environment and anti-corruption. All employees and executives at LS Mtron will take the lead in creating a fair and transparent society by complying with the UN Global Compact on the four areas, and fulfilling duties and actions required for a corporate citizen.**
The Business Institute for Sustainable Development (BISD), led by the Korean Chamber of Commerce & Industry (KCCI), was commissioned by LS Mtron to perform the assurance engagement of the ‘LS Mtron Sustainability Report 2012’ (the ‘Report’ hereafter) and presents its conclusions as follows.

Purpose
This assurance statement aims to verify if this report contains any significant errors or prejudices and to present the conclusions through an independent assurance engagement of the issues and performance regarding the sustainability management conducted at LS Mtron.

Responsibility and Independence
This report outlines the endeavors, achievements and future plans concerning the sustainability management of LS Mtron in 2012 and the responsibility related to the preparation of this report lies with LS Mtron.

In conducting the assurance engagement of this report and presenting assurance conclusions, BISD has no interest in any business operations of LS Mtron that aim to generate profits other than serving as a third-party assurance provider in a bid to maintain its independence and autonomy.

Assurance Standards and Limitations
BISD performed the assurance engagement in consideration of the three accountability principles of AA1000AS(2008) (inclusivity, materiality and responsiveness) as well as the reporting principles proposed by the Global Reporting Initiative (GRI) C3.1 guidelines.

The scope of the assurance was limited to the performance in 2012, and therefore excludes any data before 2012. In conducting the assurance engagement, physical inspections were made of the three accountability principles of AA1000AS(2008) (inclusivity, materiality and responsiveness) as well as the reporting principles proposed by the Global Reporting Initiative (GRI) C3.1 guidelines.

Materiality
Does LS Mtron include material issues that affect stakeholders in the entire spectrum of sustainability management in this Report?
- LS Mtron used the materiality test process to finalize major sustainability management issues.
- LS Mtron identified major issues through a separate process of gathering opinions on stakeholder expectations (by stakeholder group) as part of the materiality test process.
- BISD is not aware of any significant issues that were omitted from the materiality test process.

Responsiveness
Does LS Mtron appropriately respond to stakeholder issues?
- LS Mtron ensures that major sustainability management issues that were identified through the materiality test process are reflected in the key performance indicators in relevant segments so as to appropriately address the issues that interest stakeholders.
- BISD is not aware of any violations of the principle of responsiveness in LS Mtron’s response to major sustainability management issues or of sustainability management performance that is described in this Report from the perspective of significance.

Recommendations
BISD presents the following recommendations in a boundary that does not affect the assurance conclusions.

- LS Mtron has been sincerely undertaking the process of establishing targets for major issues and taking concrete steps to reach them through the Sustainability Management Steering Group and subcommittees. BISD believes that this process plays an essential role in LS Mtron’s actions to undertake various sustainability management initiatives and is also related to numerous activities described in the Report. Therefore, it is recommended that LS Mtron report how this process is continuously being operated and improved for stakeholders so as to improve its sustainability management system even further.
- BISD believes that it would be meaningful to develop direct communication channels (including stakeholder dialogue) so as to gather feedback from stakeholders. Specifically, venues to directly interact with stakeholders that allow their genuine opinions may be heard, in addition to surveys, will be helpful to LS Mtron’s sustainability management.
- While maintaining the consistency and completeness of sustainability management data, LS Mtron would benefit from enhancing the alignment of the reported data through an analysis of the meaning behind such data. Likewise, it is recommended that the company integrate the outcomes of such analyses into its future plans.
- LS Mtron needs to secure the validity of the report content through a balanced perspective. This can be achieved through the inclusion of both positive and negative views regarding the major issues that affect the company in the Report. While the Report does contain some negative issues, the company needs to consider whether to include more detailed strategies to address such issues that may cause risks in the upcoming years.
- LS Mtron’s sustainability management organization needs to be reinforced to ensure a more proactive response to shifting conditions related to sustainability management.
I. Purpose
The Sustainability Management(SM) Principles and Action Guidelines cover basic principles to ensure systematic implementation of our SM initiatives and lay the foundation to provide stakeholders including customers with the best value as a global leader in the machinery and component business.

II. Integrated SM Management System
1. Establishment of Policy
1.1 Integrated SM Framework
In order to ensure systematic implementation of sustainability management, the Sustainability Management Steering Group, a Board of Directors and top management level body, serves as a top decision-making group and company-wide SM management responsibilities lie with managers in charge within the company.
1) SM Steering Group
This is an enterprise-wide consultative group to deploy SM initiatives and its main roles are as follows.
(1) Discussing directions and strategies to practice SM
(2) Identifying company-wide SM issues and discussing ways to improve each SM issue
(3) Publishing SM Reports and holding dialogue with stakeholders
(4) Supplementing SM-related policies and systems
2) Sustainability Management Executive Office
The SM Executive Office is the supervising body for SM initiatives and its main roles are as follows.
(1) Setting SM directions, strategies and education plans
(2) Diagnosing and evaluating company-wide SM activities
(3) Supervising the SM Steering Council
(4) Publishing SM Reports
(5) Creating and managing SM-related policies

1.2 stipulation of relevant policy
SM-related operation policies, systems and issue-specific implementation policies must be stipulated and actively disseminated to ensure their company-wide application and deployment.

1.3 regular review and improvement
Policies set in relation with SM must be reviewed on a quarterly basis and revised if their modification and supplementation is needed.

2. SM Materiality Test
The SM Executive Office, in charge of practical SM matters, performs SM materiality tests every year through stakeholder engagement in order to understand stakeholder interest and business impact, which form the basis for building SM strategies.

3. Regular diagnosis and monitoring
LS Minos’s in-house SM diagnosis model, which includes all SM-related global standards, is utilized to conduct regular diagnosis once a year and continuing monitoring is carried out by the SM Steering Group.

4. Company-Wide Education and Consensus Building
Company-wide education plans are set and includes every year to promote sustainability management and to build consensus among employees.

5. SM Reporting Framework
Team leaders and their working-level employees with those departments in relation with SM Focus Areas identified through materiality test are obliged to report progress made and improvements to be made to the SM Steering Group via business-division level cooperation in order to ensure appropriate response to and improvement of SM issues.

5.1 LS Minos SM Focus Area and Relevant Departments
1) Integrated SM Management: SM Executive Office
2) Economic and Social Value Creation: Win-Win Partnership Team, Quality Management Team, Innovation Team
3) Social Contribution: Business Support Team
4) Green Management: Green Management Team, Technology Management Team, Production Technology Group
5) Employee Value Enhancement: HR Team, HR Development Team
6) Stronger Technological Competitive Edge: Technology Management Team, Patent Management Team
7) Integrated Risk Management: SM Executive Office
8) Corporate Governance: Business Management & Planning Team
9) Ethics Management: Internal Audit & Consulting Team

6. Operation of Sub-committee
Sub-committees were created to boost executive capabilities in each SM Focus Area and to encourage proactive participation of each business division and they should report progress made and future improvements to the SM Steering Group.

6.1 SM sub-committee and Supervising Department
1) Green Management: Green Management Team
2) Eco-Friendly Product: Technology Management Team
3) Corporate Collaboration & Prosperity: Corporate Collaboration & Prosperity Team
4) Social Contribution: Business Support Team
5) Customer and Quality Management: Quality Management Team
6) Eco-Friendly Supply Chain: Quality Management Team

III. Stakeholder Dialogue and Fulfillment of Promise
1. Stakeholder Dialogue
Regular and official dialogue opportunities created by building dialogue channels with core stakeholders and setting annual dialogue plans are utilized to review SM Focus Areas, determine future implementation directions, add more Focus Areas and modify existing ones and promote participation in setting Reports.

1.1 Identification of Core Stakeholders and Responsibilities to Respond
Stakeholders are identified through analysis of social interest and impact on LS Minos’s business and the following roles and responsibilities to respond to them should be performed.
1) Customer: Customer satisfaction, increased customer responsibilities(product quality, producibility, customer safety and etc.) and etc.
2) Business partners: seeking win-win growth through partnership, enhancing fair trade relationship and etc.
3) employee: building employee capacity and improving their working conditions, protecting their human rights and complying with labor regulations and etc.
4) Global/local community: Engaging and developing local communities, social philanthropic activities and etc.
5) Earth/Ecology: managing and reducing impact of products and etc.
6) Business partners: seeking win-win growth through partnership, enhancing fair trade relationship and etc.

1.2 Improvement of Stakeholder Dialogue
As for annual plan to hold dialogue with stakeholders, the first phase is to gather information on expectations and requirements of stakeholders, the second phase to set SM and detailed plans and then stakeholder dialogue is conducted via direct dialogues or surveys, which is followed by the results summarized and incorporated in setting next year’s directions and plans.

2. Expansion of SM Disclosure
In addition to publishing the SM Report every year to fulfill promises with stakeholders and provide critical information, more information is to be disclosed on the company’s financial and nonfinancial performance on the corporate website.

IV. Management of Non-Financial Risks
LS Minos strives to systematically manage and respond to non-financial risks but ALSO nonfinancial risks including SEE(Social, Environmental, Ethical) risks. Every SM Focus Area is considered as a core risk issue and company-wide response is ensured through the integrated risk management framework of the SM Steering Group.
Apr. 1, 2013 (The fourth edition)
Report Preparation

This report was prepared under the supervision of the Sustainability Report Editorial Meeting which consists of the Sustainability Management Steering Group and the Sustainability Management Executive Office, in accordance with LS Mtron’s sustainability management reporting system, with the support offered by business division.

General Management
Chief Strategy Officer(CSO)
James Kim(Senior Vice President)

Business Management & Planning Team
Sang-Min Lee, Sung-Beom Kim, Jong-Hyun Park

Sustainability Management Executive Office
Mark Myung-Hoon Yoo, Ho-Sung Cho

Participating Employees
Staff
Internal Audit & Consulting Team
Eui-Jae Yoo, Young-Sang Lee

Technology Management Team
Jong-Dae Byun, Min-Won Keum, Jae-Min Seo

Green Management Team
Chul-Eung Jun, Ki-Young Lim

Corporate Collaboration & Prosperity Team
Gil-Sang Lee, Bong-Sook Jeong

Business Support Team
Maeng-Kyoo Sung, James Lee, Na-Rae Choi

Human Resources Team
Chang-Woo Lee, Choon-Jin Park

Human Resources Development Team
Myoung-Ho Park, Hong-Kau Park, Byung-Jin Kim

Chinese Business Support Team
Gos-yun Chung, Xiang-Lee Jiang

Patent Management Team
Byoung-Kwang Lee, Min-Seok Yoon

Quality Management Team
Hyeon-Jung Park, Da-Sung Oh

Innovation Team
Hyun-Jyu Park, Soo-Mi Chae, Sung-Pyo Cho

Business Division
Tractor Division
Deok-Goo Kim, Joo-Se Kim, Dong-Joo Heo, Mo-No Lee

Injection Molding Division
Jae-Kwan Seo, Jeong-Ho Ahn, Jin-Jeong Kim

Special Business Division
Gun-Wook Hwang, Sung-Kwon Yu

CF Division
Sun-Ik Hwang, Dong-jin Cho, Jae-Cheol Boo

Electronic Component Division
Hyung-Ju Lee, Min-Tack Seo

Automotive Component Division
Jeong-il Choi, Sang-Woo Ahn

FCCL Division
Gyo-Mun Kim, Byeong-Ki Song

UC Division
Koey-Kyeong Yoon

For More Information

For further information on LS Mtron, please refer to the following websites:

LS Mtron
www.lsmtron.co.kr

Tractor Division
www.lstractor.co.kr

Injection Molding Division
www.lsinjection.co.kr

Special Business Division
www.lstrackshoe.co.kr

Electronic Component Division
www.lscomponent.com

UC Division
www.ultracapacitor.co.kr

dart.fss.or.kr

www.lsholdings.co.kr

Previous Reports

Sustainability Reports

Environment Report 2005

Sustainability Report 2006

Sustainability Report 2009

Sustainability Report 2010

Sustainability Report 2011

Environment Reports

Environment Report 2002

Environment Report 2003

Date of Publication: May 2013
Publisher: Jae-Seol Shim
Publishing Company: LS Mtron Co., Ltd.
Design: Design 207

LS Mtron’s 2012 Sustainability Report was printed on FSC Mont Blanc paper produced by Hansol Paper Co., Ltd. The FSC Mont Blanc paper contains the FSC certification that is only awarded to products manufactured from environmentally developed and managed wood. As elemental chlorine-free pulp is utilized in the processing, the paper is also environmentally-friendly. Furthermore, the report was printed with soy oil ink which massively reduces air pollutants that may be emitted from an FSC-certified printing house during the printing process.