

B4E Global Summit 2010
Leadership Perspective _ Solutions for Sustainability

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In COEX Auditorium, at 11:00 on 22nd April, 2010

Yong Nam, Vice Chairman & CEO of LG Electronics

Ladies and Gentlemen,

It is both a pleasure and an honour to have the chance to speak to you today.

The issues being discussed over the course of this event are very important, far-reaching and exciting. This reflects the reality that businesses' role in addressing environmental challenges is complex and multi-faceted. At its heart, though, is a simple reality: the need to change how people think and act. There are many who look primarily to governments or NGOs to force this change, and that's ok. But I also see an enormous number of things that business can do, regardless of the progress of political or social processes.

Today, I'd like to share with you briefly why I believe that.

We at LG are in an unusual position of having a very broad range of businesses within our group: these include not only technologies you use in your home or workplace, but also some of the specialized building materials and technologies in commercial and residential buildings.

We take our commitment to the planet very seriously. We sponsor a number of initiatives around education on environmental science and engineering. We are also working to reduce our environmental footprint. In fact, the LG Group will invest \$18 billion over the next decade to create environmentally friendly businesses and to reduce emissions by 40 percent. That's a reduction of 50 million metric tons of greenhouse gases every year by 2020 !

Like other companies, we also work constantly on improving the energy efficiency of our products. But what excites us most is looking at carbon efficiency at the level of living systems – buildings, city blocks, campuses, malls, towns. When you do this, you start to see business opportunities on a completely different scale. Let me explain.

Think about your home. If you're like most people, you have a few dozen devices which all operate independently. The building materials, lights, air conditioning, appliances were all independent choices made years ago. The only place where home energy usage is managed centrally is in your brain. You're all clever people, but everyone has their limits.

Then think about your office building – or the supermarket where you shop, or the school or university your children go. With few exceptions, these places are accidental collections of equipment, with just enough central management to make sure they all function properly, but with very little attention focused on energy efficiency.

Think about how many times you have been somewhere in the winter and the heat is turned up too high, or had to put on more clothes indoors in summer because the building aircon was set too low. Or the times you've walked into an empty room in your home and found a TV or lights on with no one around. That of course represents complete waste of our natural resources.

Let me illustrate how significant this is. The average home in the US consumes nearly one-thousand kilowatt hours per month at a cost of around \$100 per month per household. We are smart-enabling our devices, and providing consumers some simple tools to manage the devices easily and effectively. Our goal is to help every household reduce consumption by at least 20%, for a savings \$240 per year. Across 100 million homes in the US, that represents potential energy savings of \$24 billion per year – and that's in the US alone.

When you start to look at larger buildings, the numbers just get bigger. Take a hotel. By installing the right combination of equipment and control systems, we believe we can reduce energy usage and carbon output by around 40-50%. That represents a major cost savings for any business.

As businessmen, we see very clearly that, if we can help consumers and businesses achieve those sorts of meaningful savings, we can keep a portion of it in return for efforts. And the

prospect of those returns is enough to encourage us to make the required investments in research and development, which have been and continue to be, significant.

We're developing packages of both residential and commercial energy management technologies to create turn-key 'green building' solutions. Within the next five years, we expect these solutions to be amongst our most significant growth opportunities. If we succeed, they will represent a significant portion of our profits. The benefits that we can bring to customers and our shareholders are compelling and exciting, as is the positive impact on the environment

You can see what we're doing. We're trying to make it possible for people to change. We're giving homeowners ways to reduce bills, giving businesses ways to reduce costs. We're giving them the ability to change, and a reason to change. And when we achieve that, an energy-efficient lifestyle will become a habit, a lifestyle, not an aspiration. The measure of success will be that people no longer need to debate the benefits, but take it as given that Life is Green, which is our environmental vision.

We at LG are lucky: we can look across individual products, and see how they combine together into solutions that can transform how people live. But this isn't a problem we're going to solve alone. The business community will crack it a lot faster if we work together.

We are already cooperating with a number of companies in delivering the solutions I mentioned. We look forward to cooperating with even more. I hope some of you will be amongst them. That's why events such as this are so important. There is so much more we can do together than we can in isolation.

I am very optimistic because I believe that we've barely gotten started. The next few decades will see tremendous innovation in energy and carbon efficiency. It will change the way we live and we will welcome those changes.

Businesses will pursue these opportunities for a variety of reasons, a sense of social responsibility. But the fact that we're all increasingly recognizing that energy efficiency is not just the right thing to do, but also a great commercial opportunity, will undoubtedly accelerate progress. What we need here and now, among all of us, is the vision and courage to embrace these opportunities.

Thank you very much.