VEGA R3
the Best Performance
Taking Off the Unbearable
Inconvenience

PANTECH

Society

Pantech wishes to share the beautiful world
with everyone
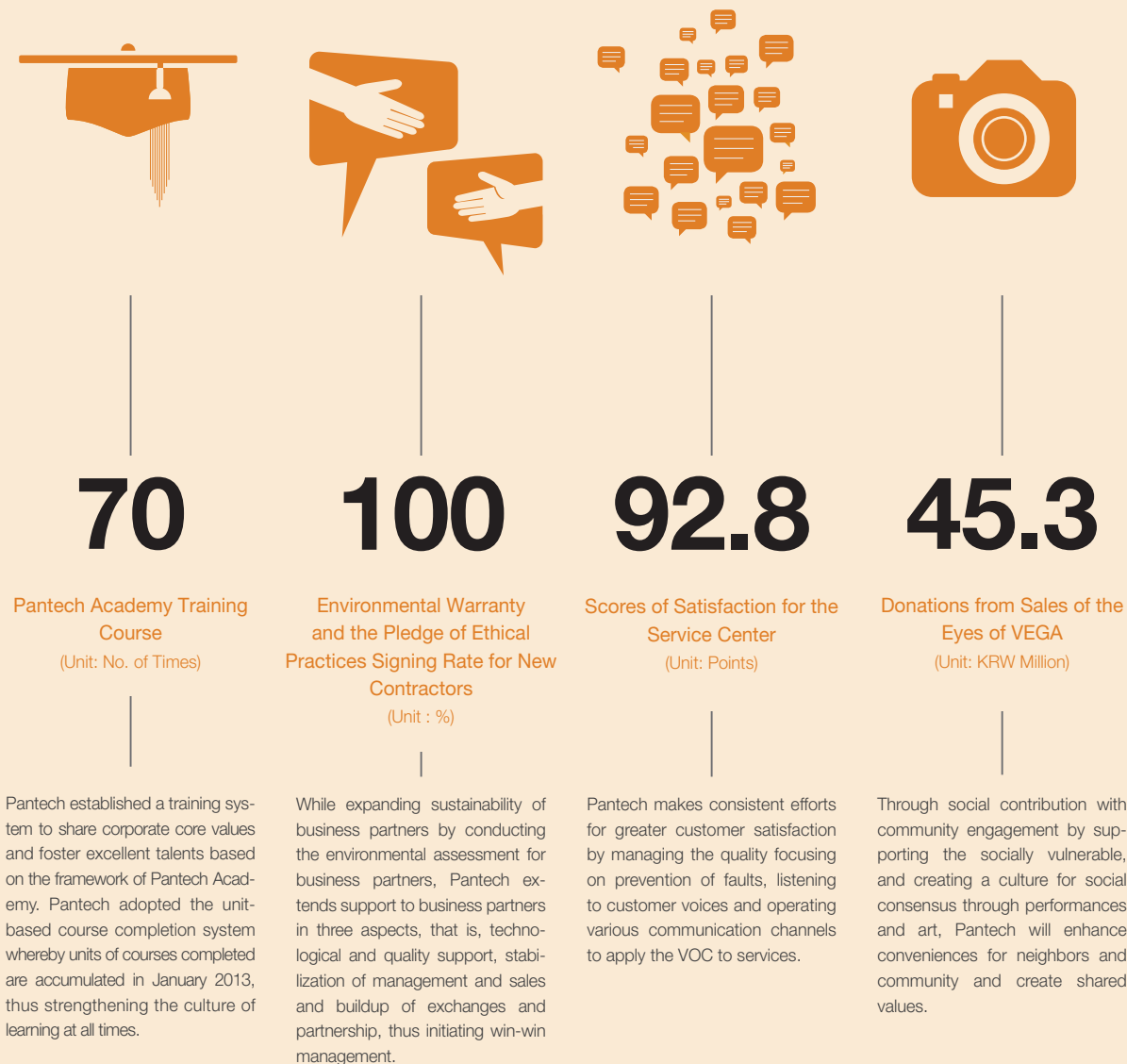
Social **DMA**

Enriching the future of the mankind through co-existence and sharing

The foundation of Pantech's sustainable management is created when the life of the mankind is made more convenient with businesses Pantech operates and when Pantech seeks for growth and development fulfilling social responsibilities in the process. Pantech seeks for win-win living and growth by enhancing and supporting business partners, supporting the socially vulnerable and practicing social contribution.

70
Pantech Academy Training Course
(Unit: No. of Times)

Pantech established a training system to share corporate core values and foster excellent talents based on the framework of Pantech Academy. Pantech adopted the unit-based course completion system whereby units of courses completed are accumulated in January 2013, thus strengthening the culture of learning at all times.

100
Environmental Warranty and the Pledge of Ethical Practices Signing Rate for New Contractors
(Unit : %)

While expanding sustainability of business partners by conducting the environmental assessment for business partners, Pantech extends support to business partners in three aspects, that is, technological and quality support, stabilization of management and sales and buildup of exchanges and partnership, thus initiating win-win management.

92.8
Scores of Satisfaction for the Service Center
(Unit: Points)

Pantech makes consistent efforts for greater customer satisfaction by managing the quality focusing on prevention of faults, listening to customer voices and operating various communication channels to apply the VOC to services.

45.3
Donations from Sales of the Eyes of VEGA
(Unit: KRW Million)

Through social contribution with community engagement by supporting the socially vulnerable, and creating a culture for social consensus through performances and art, Pantech will enhance conveniences for neighbors and community and create shared values.

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1. Employment and Trust

1.1 Stable Employment Environment

1.1.1 Easing the Turnover Rate

Since Pantech has undergone business alignments as well as management crises such as workouts in 2006, interest in work stability has soared in and outside the Company. Forming mutual trust with employees on job stability makes a significant impact on easing the burden of employees and enabling them to focus on their work. Being fully aware of this, Pantech has conducted meetings with the management, frequent interviews of the HR Team with employees and interviews with retirees. Pantech does the utmost to lower the turnover rate and stabilize the work environment by reflecting proposed measures for improvement to management.

Turnover rate per job category (Unit: %)

● R&D Center   ● Others   + Total

	2010	2011	2012
R&D Center	9.0	7.3	8.0
Others	8.9	7.8	8.6
Total	8.9 +	7.6 +	8.3% +

1.1.2 Policies on Child-raising and Giving Birth

Pantech extends policy support for employees not to quit working for reasons of giving birth or child-raising. Pantech supports pregnant employees to give birth without worries by offering diverse parental leaves. Maternal leave is offered with 105 days, that is, 15 days more than the legal standard of 90 days, while pregnancy leave is offered for the health of the pregnant and their fetus along with a fetus checkup leave every month. When employees return to work after maternal or child-raising leave, Pantech encourges them to communicate with their senior managers so that they can adapt to work easily and take job functions allocated for them so that the jitteriness and difficulties they might experience after return to work could be eased.

1.1.3 Military Leave

The Gimpo site operates the military leave system for employees whose military service period is imminent. For those notified to join the mandatory military service on a certain date, Pantech encourages them to receive documents of leave absence two weeks prior to the leave and prepare to join the service. After leaving the military service, for those wishing to come back to work, they are encouraged to return after a period of social adaptation and rest after submitting a letter of return.
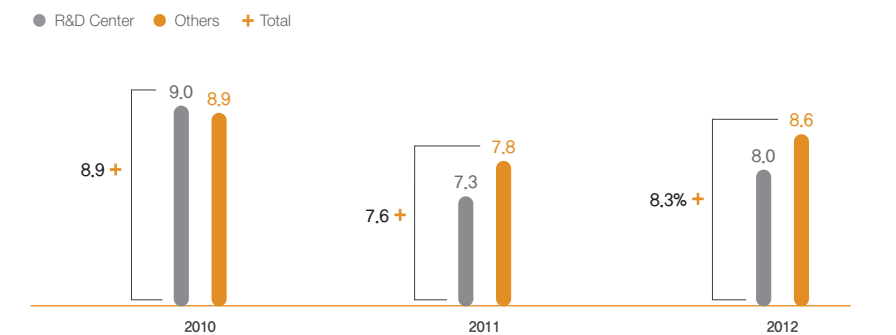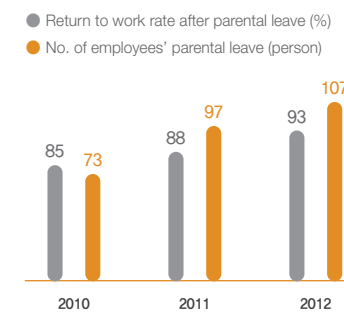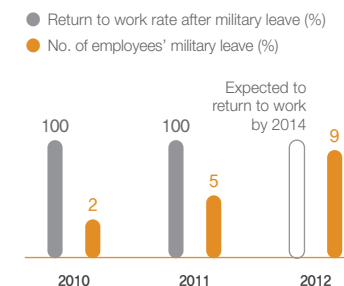

Pantech's Commitment

Pantech does the utmost for employees to work in a more stable and decent environment. Pantech's culture will put the top priority on enabling employees to exert their best capacities by supporting their sound work life where work-life balance is achieved.

Parental leave rate (Unit: Person/%)

● Return to work rate after parental leave (%)
● No. of employees' parental leave (person)

	2010	2011	2012
Return to work rate	85	88	93
No. of employees	73	97	107

Usage of military leave (Unit: Person/%)

● Return to work rate after military leave (%)
● No. of employees' military leave (%)

Expected to return to work by 2014

	2010	2011	2012
Return to work rate	100	100	
No. of employees	2	5	9

1.2 Culture of Mutual Respect and Communication

Pantech seeks to realize common visions while forging trust among employees and between the labor and the management based on the spirit of mutual respect. The spirit is a part of the 'GWP Program'[1], a campaign to enlighten a corporate culture of Pantech. It enables employees to respect mutual opinions through mutual trust and exert concentrated synergies towards common goals. For instance, open communication with employees takes place by organizing 'meetings with the management' at any time. In 2012, a total of 400 employees could communicate with the management through the meetings over 7 times. employees' opinions were gathered to take actions for improvement in diverse fields such as welfare benefits, research environment and capacity building. Moreover, 'management performance seminars' have been held since 2007 every quarter where management performance, plans and goals are shared. Since the third quarter of 2011, the title has been changed into 'management briefings to employees' to emphasize the significance of the labor-management respect, thus raising their participation and interest.

The 'Junior Board', an official meeting board between employees representatives and the management, offers opportunities for employees to take part in the corporate management both directly and indirectly. Participants discuss on general management agenda with the management by proposing their ideas and suggest measures for improvement. Proposed improvement measures are reviewed by relevant divisions, which, in turn, provide feedback so that employees' ideas could be reflected in corporate management. In 2012, meetings on corporate culture and GWP were held frequently besides the 2 regular ones to facilitate the operation of meetings. By encouraging junior employees to take part as the scope of participants stretched, representativeness of communication as well as employees' participation went up. Pantech's mutual respect and communication culture can be also found in the culture of win-win growth for the labor and the management. HR, welfare and working environment are addressed through ad-hoc labor-management council activities held every month along with the quarterly labor-management council meetings. Quarterly management results are reported every quarter to employees .

Labor-Management Communication Channels

Communication Channel	Agenda	Frequency
Monthly meetings	Regular meetings to establish trust	Once a month
Labor-Management Council	Explaining about the management status and negotiating on pending agenda	Once a month
Field representatives meeting	Negotiating on days of work in extra and sharing production plans and performance data	Once a month
Collective bargaining	Negotiating on maintaining or improving working conditions for employees	Every two year
Wage negotiations	Negotiating on deciding on employee wages	Once a year
Job Coordination Committee	Negotiating on operating jobs for production employees	Once a month

Gymnasium at the Gimpo Dormitory

1.3 A Decent Workplace

1.3.1 Expanding In-house Welfare Facilities for Refreshment

Besides the legal welfare benefits, Pantech offers diverse welfare benefits to enrich the lives and health of employees. They include medical support for employees and their family, congratulatory and condolence expenditures, congratulatory expenditures for wedding ceremonies, and transportation and oil fees. Since the Gimpo site is away from the downtown and has many employees stay in the company, there are the in-house gymnasium and library so that access to sports and cultural facilities is not lacking.

1.3.2 Open Counseling Room to Resolve Grievances

Pantech operates diverse counseling channels to resolve employees' grievances. As for HR and work-related grievances or concerns, each manager at the HR Training Team offers counseling. In particular, in order to enhance the capability to resolve in-house sexual harassment cases, one male and female counselors have been allocated from the HR Training Team since December 2012. Counseling is offered along with solutions through the bulletin board for matters related to improving the general working environment, thus raising accessibility and efficiency. The Gimpo site devised a grievance counseling system in October 2011 where dormitory superintendents and nurses at the health care center are available anytime to listen to employees' grievances. As such the site's turnover rate dropped 11% in 2012.

Status of Handling Employees' Grievances

● No. of cases registered for grievance counseling (No. of cases resolved)[1]
● No. of cases registered at the in-house bulletin board (No. of cases resolved)[2]

	2010	2011	2012
No. of cases registered for grievance counseling (No. of cases resolved)	20 (18)	65 (59)	31 (29)
No. of cases registered at the in-house bulletin board (No. of cases resolved)	34 (32)	50 (47)	63 (62)
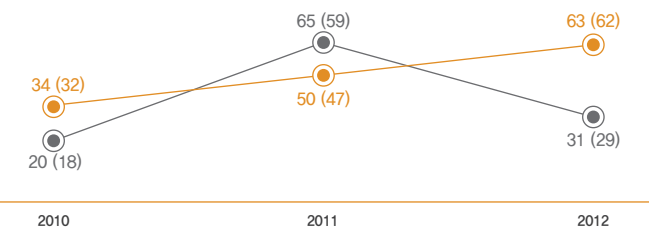
1.3.3 Employee Satisfaction Survey

In April 2013, Pantech conducted an employee satisfaction survey to analyze things to be improved to enhance their love for the company and a sense of belonging as well as objectively measure their satisfaction with the company. As a result, the scores on average were 62.6 points, and Pantech will continue to increase the scores through steady activities for enhancement.

1.3.4 Body-Mind Health Management through Club Activities

Pantech encourages employees to participate in in-house club activities so that their body-mind health can be boosted and a sense of achievement is reached. Such activities contribute to a higher sense of cooperation as employees gain not only a sense of individual achievement but also better network among each other enhancing their sense of belonging. Club activities are featured in the company newsletter every two to three months. As a result of such efforts to facilitate clubs, employees have more actively taken part in the activities. As of 2012, 21 clubs are available in diverse fields such as culture, sports, leisure, art, hobbies and entertainment with the participation of 704 employees

1.3.5 Inviting Employees' Children to Workplace

In order to bring up employees' children's understanding of the workplace and expand communication among family members, Pantech has invited the children since September 2012. Participants at the event taking place at the HQ in Sangam and the Gimpo site join various programs including a ceremony to award employees of honor, introduction to the company for the audience of children and visits of offices, thus helping them to better understand their parents' job. Of particular note, they could have a better understanding about their parents' job through a field trip to the production line where they could see how smartphones are produced and a hands-on experience to assemble mobile phones themselves. At the third event held in January 2013, 86 children from 55 families up to then took part. Pantech will continue to hold events inviting children regularly so that employees can find joy with their family and work.

2. HR Management

Pantech's Commitment

Under the slogan that says, "It is the power of people that enables one to overcome difficulties," Pantech focuses on people-focused HR management. Pantech will embark on a new journey for higher growth as its employees fly high with zeal and confidence

2.1 Pantech's DNA

Pantech believes that when employees understand the mechanism of corporate spirits, and enhance a higher awareness on core values and codes of action, a robust corporate culture can flourish, thus realizing the visions and missions Pantech pursue. Core values, qualifications and core competencies required for employees to do work are clearly suggested in the form of core competencies, through which Pantech is to pave the way to establish a strong corporate culture. Core capacities are divided into basic competency and leadership competency. The basic competency is the fundamental one required for any employees, reflecting core values and codes of action. The leadership competency is the one required in each stage of roles for employees, consisting of capacity elements required in performing work based on core values and codes of action in each role, and capacity elements required in each job title.
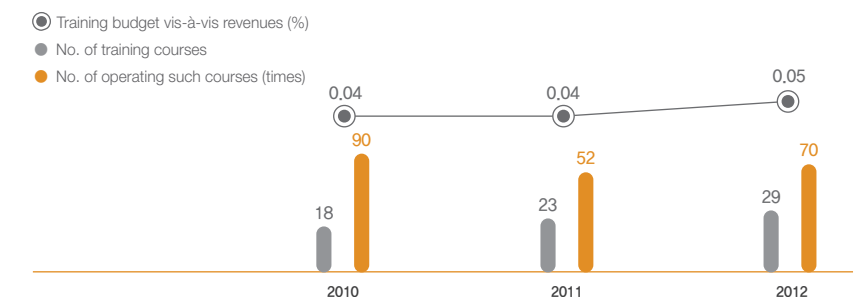
Core Values and Competencies

Core Competencies	Basic Competencies	● Basic Capacities ● Leadership Capacities
Tenacity	● Seeking for achievement	● A leader that generates high performance (Actualizer)
Innovation	● Seeking for innovation	● A leader that proposes visions (Visualizer)
Fundamentals	● Organization/ Fundamentals-oriented	● A leader that seamlessly manages an organization (Generalizer)

2.2 HR Development

2.2.1 Pantech Academy

The training system at Pantech is based on the framework of Pantech Academy, divided into three categories, that is, Core Academy, Professional Academy and Leadership Academy, and each area has diverse specific courses. Pantech offers optimized training in each stage of career as well as the area of training. In 2012, Pantech devised directions for training and enhanced curriculum through HR issue analysis.

Performance of Pantech Academy

◉ Training budget vis-à-vis revenues (%)
● No. of training courses
● No. of operating such courses (times)

	2010	2011	2012
Training budget vis-à-vis revenues (%)	0,04	0,04	0,05
No. of operating such courses (times)	90	52	70
No. of training courses	18	23	29

Status of Improvements in 2012 Curriculum

	Review and Issue Analysis for 2011	Activities for Improvement in 2012	Training Goals for 2013
Core Academy	· Ways to train on core values that can enhance the immersion level · Training that can be applied to business operations	· A program to share core values with all employees Developing (Pantech Way Coaching Course and Basics · Operating the second-stage program for GWP(Good Work Place)	· Conducting training to embody core values company-wide (3Q, 2013) · Operating the GWP program · Conducting a unit-based course completion system in 2013 · Establishing the Pantech Learning Center (Cyber Institute) and supporting learning at all times (e-learning / book reading and communication)
Professional Academy	· Training to enhance work capacities by job type and rank · Various training courses · Training that is highly applicable to business operations	· A project to establish capacity-oriented training course (Competency Based Curriculum, CBC) · Strengthening division-specific job training	· Establishing capacity-based training systems and diagnosis systems · Operating general courses and mandatory professional courses · Establishing the Individual Development Plan (IDP) and providing selective courses
Leadership Academy	· Establishing a training system to foster leaders by phase · Communication within the organization	· Operating the Leadership School · Operating the Coaching School · Fostering global leaders	· Running class-specific mandatory leadership courses · Operating mandatory manager leadership courses

Composition of the Unit-based Course Completion System

Mandatory Courses	
Mandatory Courses for Rank Promotion · Company-wide course · Leadership course · Job function course	Job title-specific course ·Team director course

Securing mandatory job functions and capabilities

Elective courses
· E - Learning · Book Learning · Language course · Outside courses in commission · Field operation-specific course

Providing opportunities for self-development on a selective basis

2.2.2 Unit-based Course Completion System

Pantech has adopted the Unit-based Course Completion System since January 2013 to create a favorable learning atmosphere for employees . By systematizing the completion of units to be completed a year, Pantech encourages them to learn in a systematic manner, and motivate them for self-development and growth. The system mandates taking each mandatory course and acquiring units to be completed depending on employees' job and rank.

Pantech ensures that each employees can secure essential capacities needed for work by completing courses that are appropriate for career development as the results are reflected in evaluation and promotion. In particular, the effectiveness of the system went up by excluding those that did not take the mandatory courses in the list for promotion and appointment to new positions. However, for those unable to take the courses due to overseas work, business trips or employment of new and seasoned employees, another standard is applied so that they do not get any unfair treatment in HR evaluation.

All the timetables are disclosed on the website of 'Pantech Learning Center' for convenient unit management. The center is an integrated training management system encompassing all the matters related to training as well as individual unit management. Using the system, employees can identify and manage at once the mandatory courses to take, units that they have completed and units recognized by taking elective courses.
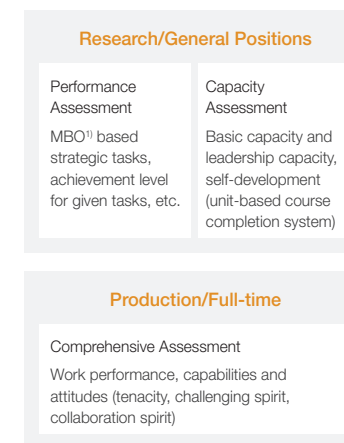
Mentoring Program

2.2.3 Mentoring Program

Pantech operates the mentoring program for the newly joined - new or seasoned hires so that they make a safe landing in the company. Mentoring is twofold: pre-mentoring for new hires before they join the company; and post-mentoring for all the newly joined. The former is run for four weeks before joining the company so that they can better understand business operations and corporate culture of Pantech. Through over three mentoring day activities, strong bonding is induced between mentees and mentors and Pantech and the newly joined.

The mentoring program is run for eight weeks after they join the company, enabling them to adapt to the work life in their organization, work and business operations. Under the program, mentoring day activities are recommended to take place over twice (joining cultural events and book reading), and mentoring time is recommended to be offered over eight times. Orientation sessions are available for mentors and mentees prior to mentoring to enhance its effectiveness. The program is systematically managed by inducing the participants to fill up the mentoring plan sheet and records. In 2012, 132 new hires and 26 seasoned hires took part. The survey results on the mentoring showed that 70% of the participants said it was very conducive to understanding the corporate culture and business operations at Pantech.

2.3 Performance Evaluation and Compensation

Job Category-Specific Assessment

Research/General Positions	
Performance Assessment MBO[1] based strategic tasks, achievement level for given tasks, etc.	Capacity Assessment Basic capacity and leadership capacity, self-development (unit-based course completion system)

Production/Full-time
Comprehensive Assessment Work performance, capabilities and attitudes (tenacity, challenging spirit, collaboration spirit)

[1] Management By Objectives (MBO)

Pantech conducts evaluation in a fair and rational manner without any discrimination against any employees . Performance evaluation is to evaluate performance indicators on a semi-quarterly basis for research and general employees, especially goal achievement and difficulty levels of jobs. Meanwhile, capacity evaluation is to evaluate leadership capacities to grow as leaders on an annual basis. For production employees and full-time employees, job performance such as meeting a deadline, work efficiency and work quality, and capabilities and attitudes such as tenacity, challenging spirit and collaboration spirit are evaluated on an annual basis. Fair evaluation takes place based on such evaluation systems, and the results are presented to employees as conducive feedback.

By doing so, Pantech gives motivations to achieve their goals in work performance and voluntarily developing individual capacities, and develop talents over the long haul. Motivation for continued generation of high performance is conducted through differential compensation for high performance achievers depending on performance evaluation results. Adequate levels of compensation are given to low performance achievers too so that they can garner strong performance in the future. Moreover, Pantech strives to achieve the corporate management goal by motivating employees through the management performance system in conjunction with the corporate performance besides their annual salaries.

3. Win-Win Management for Suppliers

Pantech's Commitment

Pantech will grow along with suppliers as their reliable partner. Pantech will practice win-win management by enhancing competitiveness of suppliers and encouraging them to secure sustainability.

3.1 Vision and System for Win-Win Growth

Forging win-win growth and cooperation with suppliers serves as a driving force for sustainable growth for community and the nation besides Pantech and suppliers. Pantech seeks to secure continuous and constructive synergies by strengthening win-win growth partnerships with suppliers based on trust, while establishing the culture of win-win growth within the company. To this end, Pantech strives to forge cooperation and win-win growth based on mutual trust in all stages of value chain including internal units for procurement, production and R&D, and primary through tertiary suppliers. At the same time, Pantech encourages suppliers to practice sustainability by suggesting environmental and ethical standards for them to take part in its efforts for sustainability.

"Securing continuous and constructive competitiveness"

Win-Win Growth & Collaboration

Technological Cooperation and Quality Support	Supporting to stabilize management and sales	Establishing the Corporate Culture for Win-Win Growth
· Support for development initiatives · Operating the proposal system · Supporting S/W technologies · Supporting to improve quality such as audit and quality guidance	· Increasing the cash payment rate · Improving the conditions for proceeds payment and making payment earlier than scheduled · Procurement component group and module units · Operating the subcontracting system for high-price components where materials are provided free-of-charge · Supporting to manage the supply/demand of secondary through tertiary suppliers	· Strengthening exchanges with suppliers · Utilizing transparent and fair transaction systems

3.2 Win-Win Growth Program

Pantech makes efforts to enhance long-term competitiveness of suppliers and grow with them as a reliable partner. A culture of win-win growth is formed through cooperation and support in three aspects, namely, technological and quality support for suppliers, stabilizing management and sales and strengthening exchanges and partnerships. Above all, Pantech seeks to form a growth chain in a virtuous circle which contributes to technological enhancement of suppliers through technological cooperation and quality support, thus further improving its technologies and quality competitiveness. To this end, Pantech supports development tasks with strings attached for procurement including new product development and ensuring local production, operate a system to make suggestions to adopt preemptive technologies and support a higher sample quality through audits and quality guidance. As such, technology and quality backing programs are up and running at Pantech.

Win-Win Management for Suppliers

At the same time, Pantech does the utmost to enhance financial stability of small and medium-sized suppliers by improving the payment and supply/demand management. Pantech increases the rate of paying in cash for companies lacking in liquidity, and improve the conditions for proceeds payment to resolve their financial burdens, and make payment for them earlier than scheduled. Pantech also purchases group units or module units for components, thus contributing to expanding sales for suppliers. For high-price components, Pantech eased the burden for procurement high-price materials by operating the subcontracting system for small and medium-sized suppliers where materials are offered free-of-charge. Pantech also supports the supply/demand management for secondary and tertiary suppliers, thus raising stability in management and sales of such companies. Moreover, transparent and fair transactions system TMM [1], TMM and seminars, operating standards for suppliers are objectified and ethical management is practiced. This has led to stronger win-win growth partnerships based on the culture of trust.

3.3 Securing Sustainability for Suppliers

Our activities related to providing products and services are interlinked with various supply chains as well as suppliers. Therefore, Pantech recognizes that the participation and practice of suppliers is also critical to realize sustainable growth that Pantech pursues. All new contractors are to sign the code of ethics action pledge and environmental warranty agreement, based on which suppliers' practice of sustainability is reviewed and encouraged.

3.3.1 Expansion of Ethical Management to Suppliers

Pantech encourages new suppliers to sign the code of ethics action pledge in order to share ethical management with suppliers. Moreover, Pantech expands the culture of ethical management by asking for their cooperation in acting out corporate ethics and promoting the anti-corruption program.

3.3.2 Environmental Assessment

For all suppliers Pantech works with, Pantech conducts the environmental impact evaluation for suppliers in order to establish a system for reliable information on the environment and to guarantee it. It applies to components, raw materials and packaging materials. Adequacy evaluation takes place for three areas: environmental system; hazardous material management system; and management of materials and products. Moreover, Pantech strives to minimize the environmental impact by operating the system to evaluate the reliability of components for the environment where the permissible concentration levels of hazardous substances such as lead, cadmium and mercury are assessed.

4. Customer Satisfaction
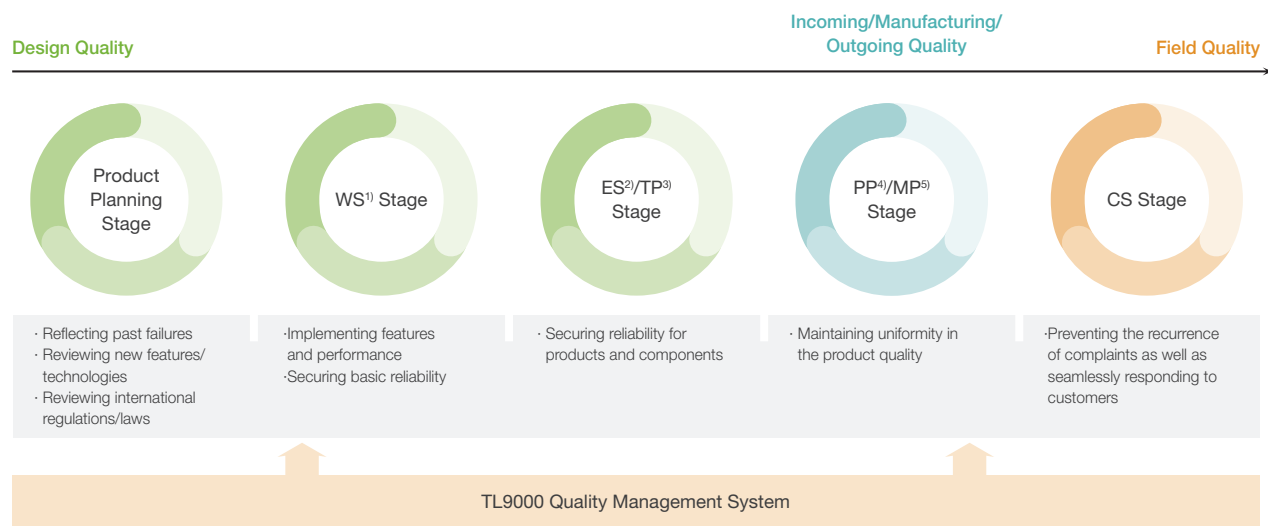
Pantech's Commitment

Quality-driven customer satisfaction is its basic strategy for future growth as well as survival beyond a mere goal. Pantech will realize customer satisfaction by providing top-notch products and services by putting itself in customers' shoes in its thoughts and actions.

4.1 Reliable Product Quality

The first step in customer satisfaction is to make products with reliable quality. Pantech strives to launch perfect products by undergoing numerous stages of testing from design, mass production to deliveryshipping based on thorough quality principles in order to maintain the top-notch product quality. In 2000, Pantech strengthened the quality management system by adopting TL9000 quality management system, while striving to maintain adequate quality management system in line with TL9000. While conducting continued reviews through quality audits, Pantech identifies the compliance by regularly evaluating whether or not improvement activities resulting from review results are effectively implemented within the quality management systems.
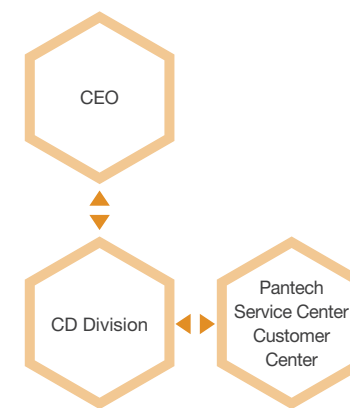
Pantech does the utmost to gain solid trust to customers on the product quality by focusing on capacities to prevent defects in advance instead of focusing on removing defects that have already occurred. The Quality Division operates the 'Council on Ideas for Better Quality Plan where ideas to achieve better quality are shared even from the pre-deliberation stage for product planning. The council is at the forefront to secure quality in advance by conducting specific reviews in achieving quality goals and devising measures to improve risks. In 2012, Pantech came up with a system to quantitatively evaluate the product quality in the perspective of customers by upgrading the existing Quality of User Experience Assessment System. The Quality of User Experience refers to a relative value of the product completion level including product performance which can be felt by users as they use the product.

Quality Management Process by Product Stage

Design Quality — Incoming/Manufacturing/Outgoing Quality — Field Quality

Product Planning Stage	WS[1] Stage	ES[2]/TP[3] Stage	PP[4]/MP[5] Stage	CS Stage
· Reflecting past failures · Reviewing new features/ technologies · Reviewing international regulations/laws	· Implementing features and performance · Securing basic reliability	· Securing reliability for products and components	· Maintaining uniformity in the product quality	· Preventing the recurrence of complaints as well as seamlessly responding to customers

TL9000 Quality Management System

[1] WS: Working Sample
[2] ES: Engineering Sample
[3] TP: Test Sample
[4] PP: Pre Production
[5] MP: Mass Production

Service Quality Enhancement Communication

CEO
CD Division
Pantech Service Center Customer Center

Advanced Customer Service

Since a smartphone is equipped with numerous features compared to a feature phone, users' expectations or complaints vary depending on their taste. The Quality of User Experience System is underway to measure data and objectify standards through customer response surveys and comparison with competitors' products on items that can be subjectively evaluated, including sound/audio quality, camera, touch screen responsiveness and camera quality. Items that require improvement are made objective, which in turn are reflected in the quality evaluation, thus contributing to making products that satisfy more customers.

As a result of such endeavors leading to making high-quality products, Pantech has maintained favorable partnerships with major mobile operators in North America and Japan. In North America, Pantech ranked Best In Class five times in a row at AT&T's periodic evaluation on its suppliers. Thanks to such quality competitiveness, Pantech has enjoyed partnerships for over 10 years with Verizon. Meanwhile, Pantech has received a commendation plaque from KDDI of Japan given to suppliers of highest excellence for three years in a row from 2006 to 2008 for having contributing to enabling the au brand to rank No.1 in customer satisfaction. Pantech will continue to establish trust from customers and suppliers through competitive product quality on end.

4.2 Advanced Customer Service

4.2.1 Customer Satisfaction Strategies

Pantech establishes service quality strategies to enhance the service quality, and devises and manages internal standard regulations and guideline. Pantech put in place the CS internal IT system to efficiently execute the service quality strategies, through which customer service information is efficiently managed and each manager in charge monitors execution management processes on the service quality strategies. Information collected through IT statistical system such as Online Analytical Processing (OLAP) on major KPIs, performance for Happy Call and service satisfaction survey are used for evaluation and analysis through various CS councils, and corresponding feedback is offered to devise response strategies.

Internal communication within the company for enhancement of the service quality is one of the critical assets to embody service quality strategies and strengthen the execution capability. Under the auspices of the Customer Delight (CD) Division, Pantech seeks to facilitate communication for enhancing service quality and expand the sharing of service quality strategies company-wide. Through various channels such as councils, meetings and online communities, not only employees at the HQ but also employees at the Pantech Service Center and Customer Center can share service quality strategies and execution status. Pantech offers community space within the service IT system to facilitate communication between employees at customer contact points and HQ, and those between contact points. Various types of information needed to seamlessly carry out service operations through communities are shared in real time.

4.2.2 Intensifying the Service Capacity for Customer Contact Points

The service environment is rapidly changing as industrial trends in mobile communications evolve, and professional and differentiated customer services are required in tandem with higher customer expectations. Pantech's Cyber Customer Center as the online customer service channel was opened catering to customers' online experiences. Pantech provides optimized services not only via PC but also mobile web and application formats to enhance customer convenience. Pantech strengthened the mechanism for customers to resolve problems with their mobile phone only by using its online website without having to visit the Service Center. Pantech runs diverse communication channels by type of service.

In customer response, Pantech provides the customer response manual to employees in customer contact points and realigned the grievance handling process, thus enhancing expertise and promptness. Improved customer responses as such led to saving time for customers needed to use its services, while getting sufficient answers to their questions. As a result, the response rate to service calls amounting to 90,000 cases a month reached 96%, and the number of hours for cyber consulting was 6,000 cases a month. As such, the goal is to respond in an hour, and the current response rate is 98.9% per hour during the operating hours.

In order to develop high-tech talents personnel that can present higher quality customer services in customer service, Pantech operates a service training program for engineers, and facilitate a greater accuracy in maintenance and self-development by imposing qualifications through certification evaluation. Recently, new types of product categories and new technologies have emerged amid the spread of smartphones, which accompany unexpected forms of defects. Pantech boosts technological prowess of workforce at customer contact points through training befitting technological and environmental changes, while responding to such needs by strengthening the support for CS technologies.

Customer Conveniences at the Cyber Customer Center

Self-Diagnosis	· Enabling customers to find solutions to problems on their own without having to visit the service center · Extending support on smartphone unlock according to a set process without having visit the service center
Remote Support via PC	· Helping to set the USB driver on customers' PC through reservation in advance
Protecting Personal Information for a Lost Phone	· Preventing the unwanted leakage of personal information upon losing a mobile phone (V-Protection)
Information to Utilize a Mobile Phone	· Providing useful information and functions in using a mobile phone
Downloading S/W and Users' Manual	· Enabling to download model-specific firmware, data manager and users' manual

Customer Satisfaction through Customized Services

4.2.3 Customer Satisfaction through Customized Services

Pantech adopted diverse customized customer services to enhance customer satisfaction with their purchase by innovating the after-sale services in 2012.

Pantech expanded the number of Pantech Service Center, its exclusive service center, and raised accessibility to service through home delivery and night-time services. The home delivery service was designed for customers lacking in easy accessibility as a free-of-charge service where customers can apply for the service at the Customer Center or the Cyber Customer Center (http://www. pantechservice.co.kr) and send their product via delivery service so that they do not have to visit the center and get the repair service needed. Moreover, for office workers or students that cannot afford time during daytime, nighttime service has become available since August 2012 starting with major centers so that they can access services at night during weekdays. As a result of its efforts for customer satisfaction, its internal Happy Call score on service satisfaction went up by 3.4 points year-on-year.

Results of 2012 Service Innovation

Home Delivery Service	· Adopted in July 2012 · No. of services used amounting to 741 in total in 2012 (124 cases on average per month)
Nighttime Service	· Adopted in July 2012 · No. of services used amounting to 113,491 in total in 2012 (18,915 cases on average per month)

Customer Satisfaction Scores

● Scores from Korea Gallup's survey
● Satisfaction score for the Service Center (Results of internal Happy Call service)

	2010	2011	2012
Korea Gallup	89.4	86.0	Not applied[2]
Service Center	93.2	89.4	92.8
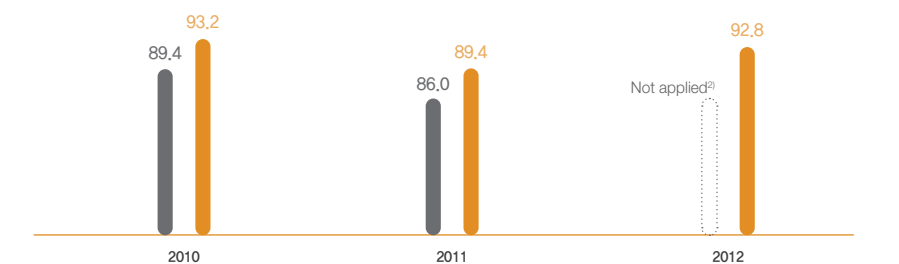
[1] Not applied since it was replaced with the data of KS-SQI (Korea Service Quality Indicator) provided by the Korean Standards Association in 2012

[2] Records calculated by averaging monthly results of the satisfaction scores for the Service Center (results of internal Happy Call)
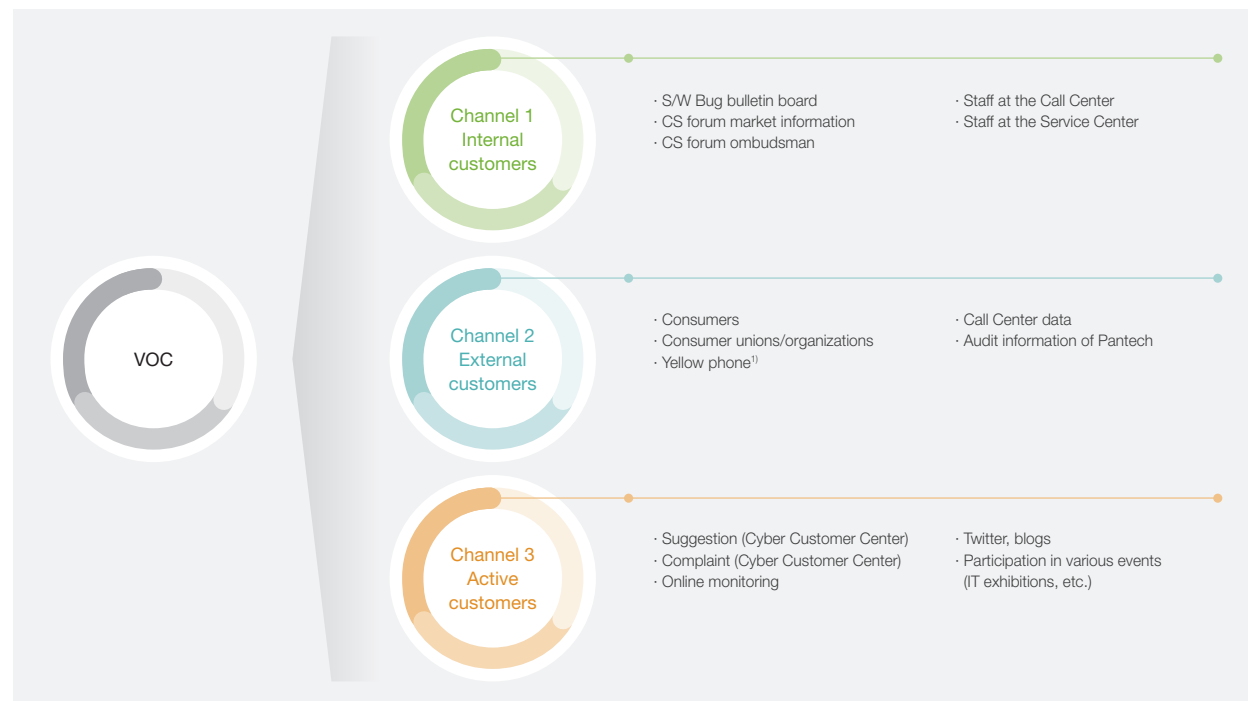
4.3 Interactive Communication

4.3.1 Respecting the Voice of Customers (VOC)

Pantech does the utmost to listen to the voice of customers and actively respond to proposed ideas and demands. VOC is frequently collected, researched and analyzed to figure out customer needs and problems thereof. VOC channels are divided into those for internal customers, external customers and activated customers in the VOC collection system. Among them, feedback is provided at the "I suggest" board at the Cyber Customer Center and Twitter to facilitate the operation of VOC channels.

Collected VOC is compiled and classified according to their content, and the VOC Report for Products and VOC Report for Services are published to raise company-wide issues. Related agenda are reviewed and discussed by relevant divisions, which then decided on whether or not to reflect them, expect to reflect them or dispose them, and carry out follow-up management. For VOC for products, the progress rate for improvements made on VOC agenda is managed every quarter, while for VOC for services, each service center conducts its internal training and invites coaching instructors to bring about improvement.

Data on the Voice of Customers (VOC)

VOC

Channel 1 Internal customers
· S/W Bug bulletin board
· CS forum market information
· CS forum ombudsman
· Staff at the Call Center
· Staff at the Service Center

Channel 2 External customers
· Consumers
· Consumer unions/organizations
· Yellow phone[1]
· Call Center data
· Audit information of Pantech

Channel 3 Active customers
· Suggestion (Cyber Customer Center)
· Complaint (Cyber Customer Center)
· Online monitoring
· Twitter, blogs
· Participation in various events (IT exhibitions, etc.)

[1] An extra management channel with designated managers for critical grievances among customer complaints registered through various channels

VEGA Blog

혁신은 이런 것이다
VEGA 블로그 오픈
www.VEGAblog.co.kr

In-house Journalist Group

4.3.2 Fun Blog with Customers

Pantech opened its VEGA blog(www.vegablog.co.kr) in December 2011 to communicate with customers heart-to-heart and convey the innovative value of the brand VEGA. The blog serves as a ground for direct communication with customers. Blog posting is done by the in-house and outside journalist group.

The in-house journalist group formed in January 2012 is to honestly convey the company news to make the blog reliable and honest. They have regularly posted expert knowledge in each of the given fields, development-related episodes and company news. College student journalist group is working instead of in-house group starting from 2013 so that communication could be made more active in the perspective of young customers.

Since its opening at the end of December 2011, a total of 850,000 people have visited the blog as of early April 2013. Pantech will continue to communicate with more subscribers by steadily updating it.

4.4 Protection of Customers' Personal Information

Amid increasing social interest in protecting private information, the Personal Information Protection Act has been implemented since September 30, 2011. Accordingly, the need to strengthen the system to protect personal information and secure response measures on stronger regulations has risen both in and outside the company. Pantech established internal management plans for personal information, and stipulated provisions needed in safety handling personal information without being lost, stolen, leaked, modified or damaged. According to the internal management plans for personal information, designated managers to protect personal information set plans for information protection and conduct various tasks including protecting and managing personal information materials, executing and implementing training plans, conducting investigation and making improvement.

At the same time, regular audit takes place to see if the personal information protection regulations are complied with to prevent abuse or leakage of personal information. Personal information protection training is available for employees so that they have an acute awareness about the significance of protecting customers' personal information. Technical efforts to protect personal information are underway on end. Since 2012, Pantech has phased out a project to establish personal information protection solutions to strengthen the technological basis for the due protection. By doing so, illegal access to personal information is to be banned in treating a series of personal information such as collection, storage, management, usage, provisioning and disposal of personal information, and damage cases are to be prevented through enhanced and stronger personal information protection systems.
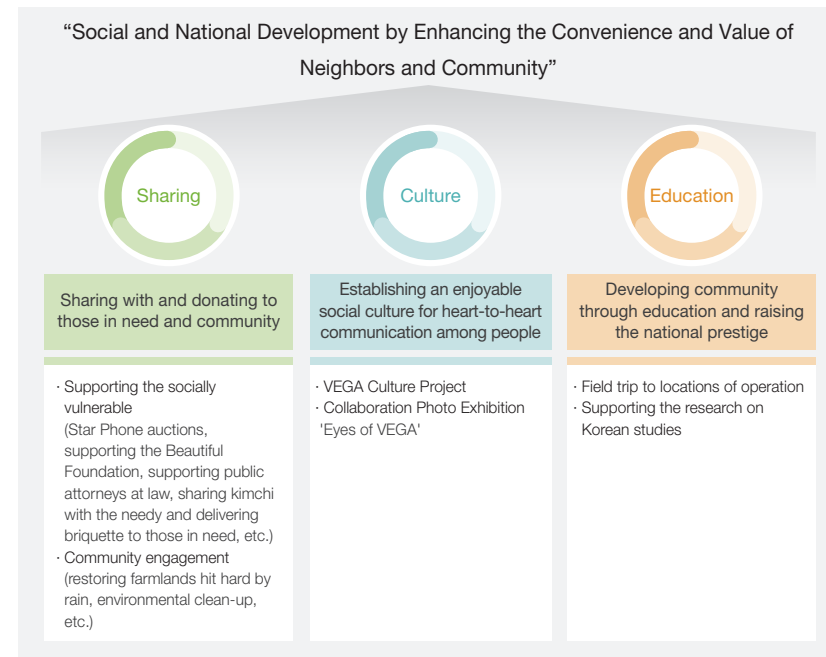
5. Community Contribution

KEY
ISSUES
MAJOR
ISSUES

Customers　Employees　Community　Suppliers　Shareholders and Investors

5.1 Vision and Strategies for Social Contribution

Under its vision for social contribution, 'To Contribute to Social and National Development by Enhancing the Convenience and Value of Neighbors and Community', Pantech practices various activities in three areas: sharing, culture and education. Pantech, as an IT company that cherishes people above all, will form CSR partnerships for continued development of community, and conduct active social contribution activities with the goal of achieving a beautiful win-win growth.

"Social and National Development by Enhancing the Convenience and Value of Neighbors and Community"

Sharing	Culture	Education
Sharing with and donating to those in need and community	Establishing an enjoyable social culture for heart-to-heart communication among people	Developing community through education and raising the national prestige
· Supporting the socially vulnerable (Star Phone auctions, supporting the Beautiful Foundation, supporting public attorneys at law, sharing kimchi with the needy and delivering briquette to those in need, etc.) · Community engagement (restoring farmlands hit hard by rain, environmental clean-up, etc.)	· VEGA Culture Project · Collaboration Photo Exhibition 'Eyes of VEGA'	· Field trip to locations of operation · Supporting the research on Korean studies

5.2 Sharing

Pantech has carried out various activities to support the socially vulnerable so that those in need could live a life soundly in the society. Pantech has conducted the 'Star Phone Auction' since 2005 to raise donations for the socially vulnerable worldwide every year where mobile phones and various items owned by famous Korean celebrities are donated for the auction. All revenues raised from the event where dozens of stars participate are donated to the UNICEF every year. In 2012, Pantech joined the campaign of 'Schools for Asia' organized by the UNICEF, thus providing learning opportunities to children in Asia that cannot go to school for different reasons. As such, its passion for global social contribution will never stop by engaging in diverse campaigns.

Our helping hands also go to those in need through the kimchi sharing event by donating the Korean cabbages needed to prepare kimchi and participating in the preparation. In 2012, the Gimpo site gave 700 cabbages of kimchi to Haemargeum Maeumteo, a welfare center for children with severe disabilities, and the HQ in Sangam gave 300 cabbages of kimchi to the elderly living alone and child bread bearers. Moreover, in 2012, Pantech offered 1,000 units of briquettes for the vulnerable via the administrative office of Tongjin-eup in Gimpo City.

Pantech strives to become a company that seeks for win-win growth by contributing to community while sharing with the needy. The Gimpo site creates a pleasant environment in the community by cleaning up surrounding areas of the plant and outskirts on a quarterly basis. A total of 112 employees from five teams at the Gimpo site took part on the 'Spring Clean-up Day' in 2012 to collect nearby garbage, cigarette butts, used plastic bags, used bottles and other garbage. In 2011, when a loss of farmlands was expected due to soil dust due to rainfalls on farmlands near the Gimpo Plant, Pantech repaired the submerging farmlands and drainage pipelines prior to harvesting period, thus preventing economic damage to the community and forging bonding with local residents.

5.3 Culture

Pantech has annually held the VEGA Culture Project to lead cultural events where everyone can become happy. Starting with the event titled "I am a racer" in 2011, Pantech held "The 1st Solo Concert of Ulala Session' and 'VEGA Family Rock Festival.' The rock festival held in 2012 imbues its brand philosophy to communicate genuinely with one another and make the world a better place where Pantech understands one another better. It was intended under the subtitle of being 'a project of innovative family love' where family can have fun together heart-to-heart.
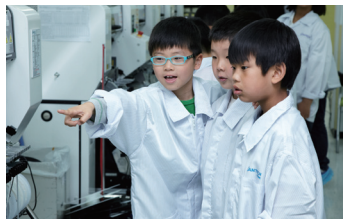
About 5,000 people in family groups took part in the performance that started from 2:00 pm from May 26 to the early dawn of 27. Performance of a family band was staged for a harmony within families, while an event was carried out for people to convey a message of love to one another through the 'VEGA Mailbox.' The 'VEGA Family Rock Festival' was a beautiful event where people laughed, had fund and chitchatted with one another through the night. The festivity was to narrow any gap among families or different generations. Pantech will continue to implement the 'VEGA Culture Project' to establish a fund social culture.

5.4 Education

Pantech offers a field trip to its locations of operation for local elementary schools so that children can take a greater interest in the IT industry, while wishing to foster would-be IT experts with new experiences and knowledge. In May 2012, 33 students from Ong Jung Elementary School visited Gimpo Plant to look around the production line. Pantech plans to present such field trip programs more proactively in partnership with local schools.

Signing agreements with the Korea Society and Syracuse University as well as the Pantech-Stanford Fellowship, Pantech has supported the research on Korean studies in foreign universities in order to broaden global understanding of Korea and raise the national brand value. The Pantech-Stanford Fellowship has supported researches on Northeastern and Korean studies at Asia-Pacific Research Centre (APARC) within Stanford Institute for International Studies (SIIS). Scholarships are presented to selected scholars of Korean studies as well as experts in the public sector, media and political and business circles through a selection committee under the APARC. Pantech also offers opportunities to discuss on Korea among political and economic leaders and scholars of Korea and the U.S. through the Korea Forum.

The Korea Society is a non-profit organization that facilitates discussions, exchanges and researches on issues of mutual interest between Korea and the U.S. in different fields including bilateral public policies, business, education, culture and art. Pantech has actively supported the organization to enhance the bilateral relations and the national prestige of Korea. Pantech C&I has also supported the Korean government's scholarship program titled 'Korean Language and Culture' run by Korean Studies Institute at Syracuse University since 2011, thus wishing to deepen the understanding of Korea among ethnic Koreans abroad and foreigners, and forge positive relationships with them.

Education

Field Trip to Gimpo Plant from Ong Jung Elementary School

#Special Case _ Eyes of VEGA

'Eyes of VEGA' - Wishing to Share the World with Them

Pantech organized a special photo exhibition titled 'Eyes of VEGA' with renowned photographer Kim Jung-man on January 21, 2013. The event aimed to raise a fund for operating surgeries for the blind so that children who suffer due to their inability to see and the elderly that cannot see the world can see the world. The intention of the exhibition was indirectly conveyed by symbolizing the 'eye' of VEGA with VEGA R3's 13 million-pixel camera lens. Kim's photo tits covered both home and abroad including Jusanji of North Gyeongsang Province, traditional palaces in Seoul and the Southern Sil Road of Yunnam Province in China and Tokyo of Japan where he photographed landscape and people. The exhibition also showcased 46 pieces of his works shot with the VEGA R3 in his studio.

While holding an offline event for people to listen to his lecture, Pantech opened an online photo exhibition (http://photo.vegaevent.co.kr, from January 21 to February 28, 2013) with the same artworks for those that cannot come to the offline event or the exhibition. The online exhibition enabled each photo be shared via Facebook and Twitter, and even after the on/offline gallery event was over, an additional exhibition was held on the first floor of Pantech Sangam Building for about six months. As such, Pantech sought to spread the culture of sharing for the socially vulnerable by striving to encourage strong interest and participation in the exhibition.

In this exhibition, an innovative idea came up using smartphones besides showcasing photography. Explanation about artworks was available via a smartphone application instead of resorting to curators or audio devices. Visitors could rent the VEGA R3 with the curator application from the information desk, and listen to corresponding explanation on the works which the camera sensors through the application. It was intended for people to experience a more modern and convenient view of the works.

A total of 2,270 people watched the offline exhibition, while 10,373 and 5,014 people appreciated the photos in the online exhibition via web and mobile, respectively, and shared the message of the 'Eyes of VEGA', 'Wishing to Share the World with Them.' All the revenues generated by selling postcards at the exhibition and the photography art books with Kim's autograph were donated to Korea University Medical Center to be used for children and the elderly with visual disabilities. By selling artworks and art books in the offline exhibition, 45 million won was raised to operate surgeries for about 20 blind people. Further donations will be made from additional revenues through an in-house exhibition at Pantech.