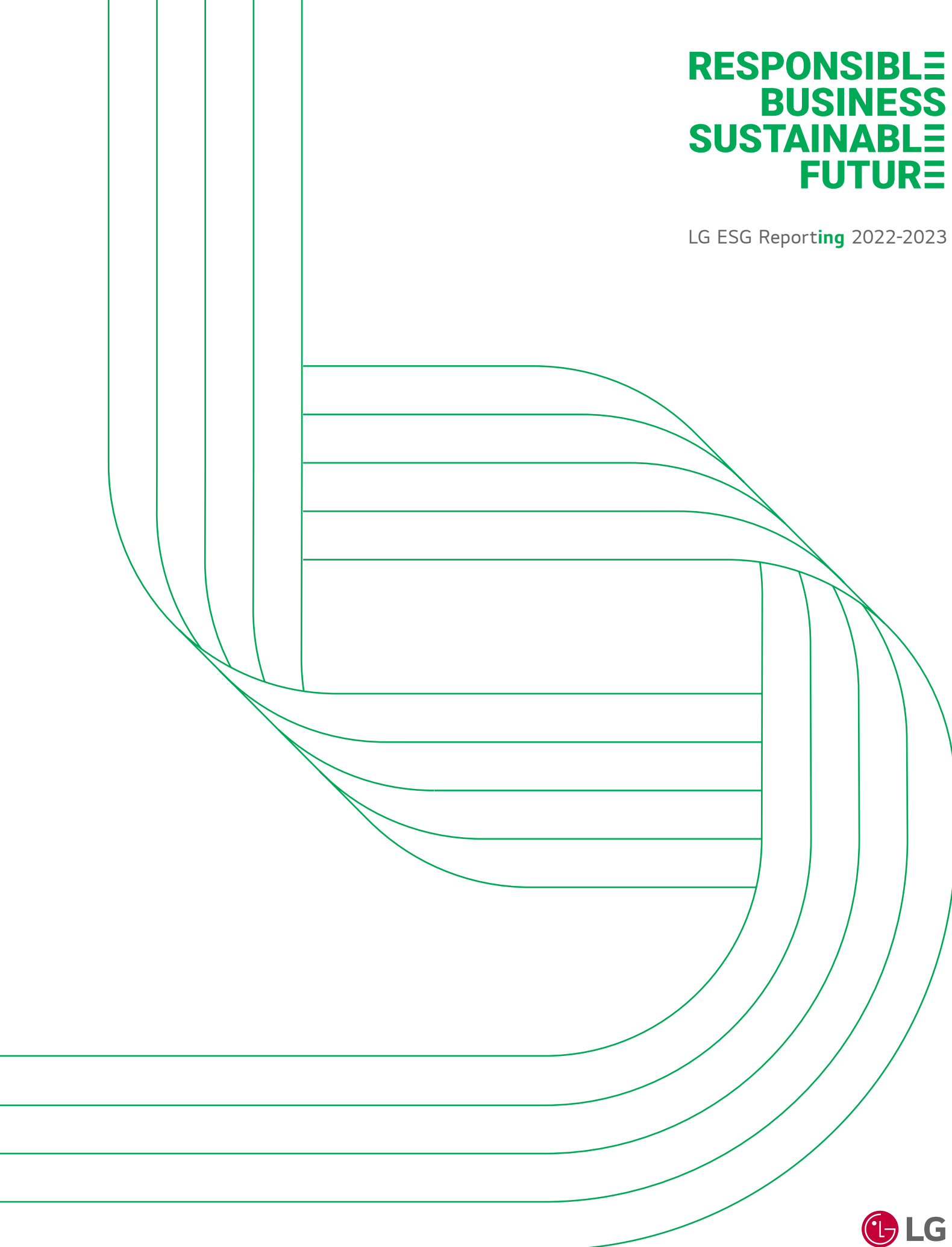


**RESPONSIBLE  
BUSINESS  
SUSTAINABLE  
FUTURE**

LG ESG Reporting 2022-2023



## ABOUT THIS REPORT

### Summary

This ESG report details LG's business direction, core strategies, and major performance on ESG topics. LG commits to consistently and transparently disclosing LG's ESG strategies and performance to its stakeholders through various channels including this ESG report, the second to be published following last year's.

### Reporting Principle

This report was prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021 and reflects the requirements of TCFD (Task Force on Climate-related Financial Disclosures) and SASB (Sustainability Accounting Standards Board)

### Report Period and Scope

This report covers the activities and performance from January 1, 2022, to December 31, 2022. For quantitative performance, three-year trend data is provided to offer insights into annual patterns. While the main focus is on 2022, select qualitative achievements from 2023 have been incorporated. The report's scope specifically delves into the ESG topics concerning LG Corp., as well as eight of its key affiliates and listed affiliates with assets totaling KRW2 trillion or more.

### ※ Reporting Scope

LG Corp., LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household & Health Care, LG Uplus and LG CNS

### Assurance

This report was verified by the Korea Management Registrar(KMR), a third-party professional verification and assurance agency that has no affiliations with LG, to ensure objectivity, fairness, and credibility in reporting.

The financial information contained in this report has been audited by an independent accounting firm.

### Contact Information

LG ESG Team

Homepage: <https://www.lgcorp.com>

Address: 128 Yeoui-daero, Yeongdeungpo-gu, Seoul

Phone: +82-2-3773-2429

E-mail: [esg@lg.com](mailto:esg@lg.com)

## CONTENTS

## MAKE OUR OWN WAY

Start Line	6
Step Into	10
Step Up	14

## VALUE IN ACTION

EFFECTIVE ACTION	Digitalization × ESG	22
	LG 2050 Net Zero	26
	Natural Resource Circularity	32
	Safety for All	38
	Governance for ESG	44

ECOLOGICAL ACTION	Customer Value	54
	Human Capital Management	58
	Responsible Supply Chain	62
	Social Contribution	66

EVOLUTIONAL ACTION	Future ABC	70
	Next Growth Driver	80

## ESG CURATION

ESG Data Definition	84
ESG Data Factbook	86
GRI Standards Index	88
Independent Assurance Statement	90

# MAKE OUR OWN WAY



● START LINE

● STEP INTO

● STEP UP

# Customer Value & ESG Management



ESG

The foundation of LG's existence is its customers. Achieving customer value remains LG's utmost priority, marking an enduring journey.

The values and actions that customers aspire to evolve in tandem with the changing times and environments.

Events such as extreme heatwaves, floods, the Russia-Ukraine conflict, and the repercussions of COVID-19 have reshaped the criteria and perspectives that customers employ when evaluating a company's products, services, business philosophy, and actions.

We constantly evaluate whether each initiative we undertake for our customers is in alignment with ESG. Moreover, we endeavor to embed ESG into our core business practices, ensuring customers perceive and experience sustainable value at every interaction with our products and services.

With unwavering dedication to global standards, particularly Net-Zero, LG is actively addressing the pressing challenges confronting our planet and its inhabitants. Simultaneously, LG remains deeply invested in pioneering research for future technologies, all in pursuit of amplifying customer value.

This approach exemplifies LG's commitment to actualizing customer value, embodying the "Responsible Business, Sustainable Future" philosophy that defines LG's ESG management.

## About LG Group

The LG Group is pursuing various businesses in the fields of electronics, chemicals and telecommunications and services.



### LG

**Established:** January 5, 1947

**Headquarters:** 128 Yeoui-daero, Yeongdeungpo-gu, Seoul

**Main Business Areas:** Manufacture of broadcast receivers and other visual and audio devices, production of basic petrochemical compounds, wireless and wired telecommunications, etc.

## Electronics

### LG Electronics

#### H&A

home appliances, air conditioners

#### HE

Media products such as TV and AV

#### VS

Automobile Parts

#### BS

Products and solutions such as monitors, PCs, signage, etc.

### LG Display

#### TV Display

Large OLED, LCD TV, Commercial

#### IT Display

Monitor, laptop, industrial products

#### Mobile Display

POLED (Plastic OLED), 6th generation smartphone display

#### Commercial Display

Commercial OLED, M+ Technology, in-TOUCH

#### Automotive Display

3D Digital Cluster Display

### LG Innotek

#### Optical solution

Mobile camera module and 3D sensing module, Car camera module

#### Substrate materials

Semiconductor substrate, tape substrate, photo mask

#### Electrical parts

Automobile motor sensor, communication module, power module, Lighting solution module

## Chemicals

### LG Chem

#### Petrochemical

NCC, PO, PVC/plasticizer, ABS, Acrylic/SAP, HPM, Catalyst, CNT

#### High-tech materials

Cathode materials, separators, engineering, IT materials, Semiconductor materials, Battery materials, engineering materials, RO filter

#### Bio science

Primary care, specialty care, aesthetics

### LG Energy Solution

#### Vehicle battery

Cells, modules, BMS, and pack products of electric vehicle batteries

#### Small battery

High capacity, high output, ultra-slim, and free-form batteries

#### ESS (Energy Storage System) Battery

Batteries for power grids, commercial use, residential use, and UPS (Uninterruptible Power Supply)

### LG Household & Health Care

#### Beauty

SU:M37<sup>®</sup>, Ohui, The History of Whoo, Belif

#### Home Care & Daily Beauty

Dr. Groot, Tech, Perioe, Elastine, Veilment

#### Refreshment

Monster, Gangwon Pyeongchangsue, Coca-Cola, Power Ade & Toretta, Glonsan Vermont

## Telecommunications & Services

### LG U+

#### Mobile

Various rate plans and support services, 5G-based content

#### Home

IPTV service for babies, 'U+Kids Land', 'Netflix', 'U+ Smart Home'

#### Corporate infrastructure

5G business-dedicated network service

### LG Hello Vision

#### Hello TV & Internet

TV, internet, phone

#### Hello mobile

Rate plan, lightning service, 0-won rental

#### Hello rental

TV, laptop & PC, household appliances, trend appliances

### LG CNS

#### Digital Transformation

Industry & economy, city & transportation, public & safety

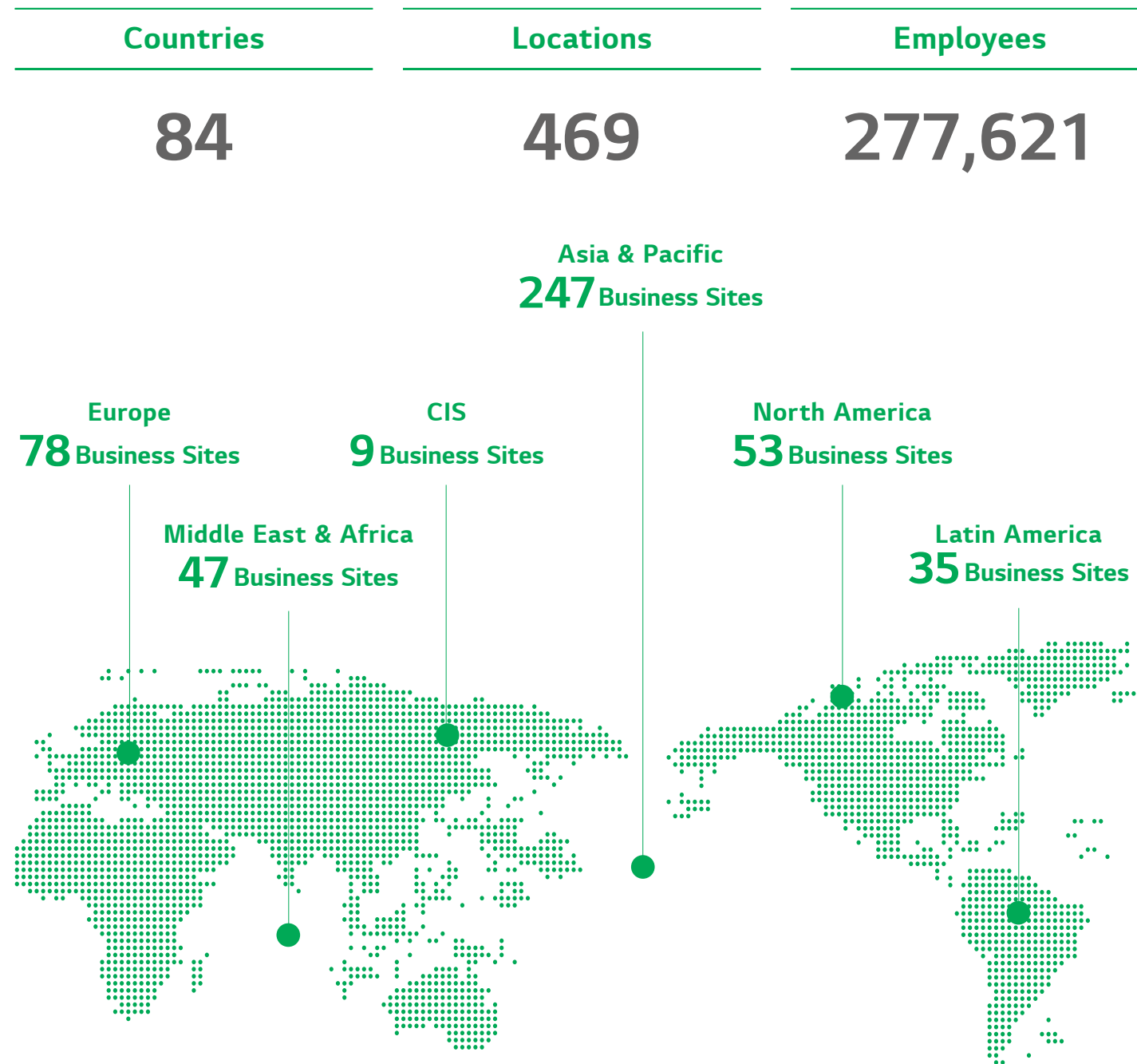
#### Digital Technology

Cloud, blockchain, smart logistics, smart city, Smart factory

#### Digital Solution

Cloud, blockchain, smart logistics, smart city, Smart factory

Global Business Sites



- As of the end of March 2023  
- Including production sites, sales subsidiaries, branches, liaisons, offices, etc.

Holding Structure

Electronics	Chemicals	Telecommunications & Services
<p><b>LG Electronics Inc.</b> 33.7%</p> <ul style="list-style-type: none"> <li>- LG Display Co., Ltd. 37.9%</li> <li>- Nanumnuri Co., Ltd. 100%</li> <li>- LG Innotek Co., Ltd. 40.8%</li> <li>- Innowith Co., Ltd. 100%</li> <li>- Hi Plaza Inc. 100%</li> <li>- Hi-M Solutek Co., Ltd. 100%</li> <li>- Hi-Caresolution Corp. 100%</li> <li>- Hi Teleservice Inc. 100%</li> <li>- Ace R&amp;A Co., Ltd. 100%</li> <li>- Hanuri Co., Ltd. 100%</li> <li>- Robostar Co., Ltd. 33.4%</li> <li>- LG Magna e-Powertrain Co., Ltd. 51.0%</li> <li>- Fitnesscandy Co., Ltd. 51.0%</li> <li>- Applemango Co., Ltd. 60.0%</li> <li>- ZKW Lighting Systems Korea Co., Ltd. 100%</li> </ul> <p>* 100% owned by ZKW Group GmbH. (overseas subsidiary)</p>	<p><b>LG Chem, Ltd.</b> 33.3%</p> <ul style="list-style-type: none"> <li>- LG Energy Solution, Ltd. 81.8%</li> <li>- Aremnuri Co., Ltd. 100%</li> <li>- SEETEC Co., Ltd. 50.0%</li> <li>- Haengboknuri Co., Ltd. 100%</li> <li>- FarmHannong Co., Ltd. 100%</li> <li>- LG BCM 100%</li> </ul> <p><b>LG Household &amp; Health Care, Ltd.</b> 34.0%</p> <ul style="list-style-type: none"> <li>- Coca-Cola Beverage Company 90.0%</li> <li>- Hankook Beverages 100%</li> <li>- Gwoonuri 100%</li> <li>- Hai tai HTB Co., Ltd. 100%</li> <li>- FMG Co., Ltd. 100%</li> <li>- Balkeunnuri Co., Ltd. 100%</li> <li>- LG Farouk Co. 50%</li> <li>- MiGenstory Co., Ltd. 100%</li> <li>- Ulleung Spring Water Co., Ltd. 87.0%</li> <li>- TaiGuk Pharmaceutical Co., Ltd. 99.3%</li> <li>- Rucipello Korea Inc. 100%</li> <li>- F&amp;I Agricultural Co.,Ltd. 90.0%</li> </ul>	<p><b>LG Uplus Corp.</b> 37.7%</p> <ul style="list-style-type: none"> <li>- LG Hello Vision Corp. 50.0%</li> <li>- CV Partners Co.,Ltd. 100%</li> <li>- CS Leader Co., Ltd. 100%</li> <li>- AIN Tele Service Co., Ltd. 100%</li> <li>- Medialog Corp. 99.6%</li> <li>- Dacom Crossing Co., Ltd. 51.0%</li> <li>- CS One Partner Co., Ltd. 100%</li> <li>- WithU Corporation Co., Ltd. 100%</li> <li>- Uplushome Service 100%</li> </ul> <p><b>GIIR Inc.</b> 35.0%</p> <ul style="list-style-type: none"> <li>- HS Ad Co., Ltd. 100%</li> <li>- L Best Co., Ltd. 100%</li> </ul>
		<p><b>LG CNS Co., Ltd.</b> 50.0%</p> <ul style="list-style-type: none"> <li>- BizTech Partners Co., Ltd. 96.1%</li> <li>- BizTech On Co., Ltd. 96.1%</li> <li>- Haengbokmaru Co., Ltd. 100%</li> <li>- Rightbrain Co., Ltd. 61.9%</li> </ul> <p><b>D&amp;O Co., Ltd.</b> 100%</p> <ul style="list-style-type: none"> <li>- miraeM Co., Ltd. 100%</li> <li>- D&amp;O CM, Co., Ltd. 100%</li> <li>- XI C&amp;A Co., Ltd. 40.0%</li> <li>- S&amp;I Corp. Co., Ltd. 40.0%</li> <li>- Dreamnuri Co., Ltd. 100%</li> </ul> <p><b>LG Management Development Institute</b> 100%</p> <p><b>LG Sports Ltd.</b> 100%</p>

- December 31, 2023 / Based on the FairTrade Act / Share ratio is based on common stock  
- Holding companies: 1 / 1st tier subsidiaries: 9 / 2nd tier subsidiaries: 45 / 3rd tier subsidiaries: 7 / Other companies: 1  
- On July 3, 2023, HS Ad and LBest were absorbed and merged into the parent company, GIIR, which subsequently changed its name to HS Ad.

## LG'S DIRECTION OF ESG MANAGEMENT

LG Group's ESG management pursues 'Responsible Business, Sustainable Future'.

A company will be one step closer to a sustainable future if it practices responsible management in all its business processes.

### RESPONSIBLE BUSINESS

- This is LG Group's belief and approach to promoting ESG management.
- We consider the impact that results from our business processes have on everyone's lives.
- Through collaborative efforts, we uphold social legitimacy, fairness, and gain market trust.
- A balanced performance across customer, financial, and non-financial values, fortifies LG Group's foundation, driving meaningful changes in our business.

### SUSTAINABLE FUTURE

- This is the vision LG Group aspires to through ESG management.
- We envision a world where the improved lives of individual stakeholders collectively drive sustainable growth.
- We secure a sustainable growth engine through customer value innovation.



**RESPONSIBLE  
BUSINESS**

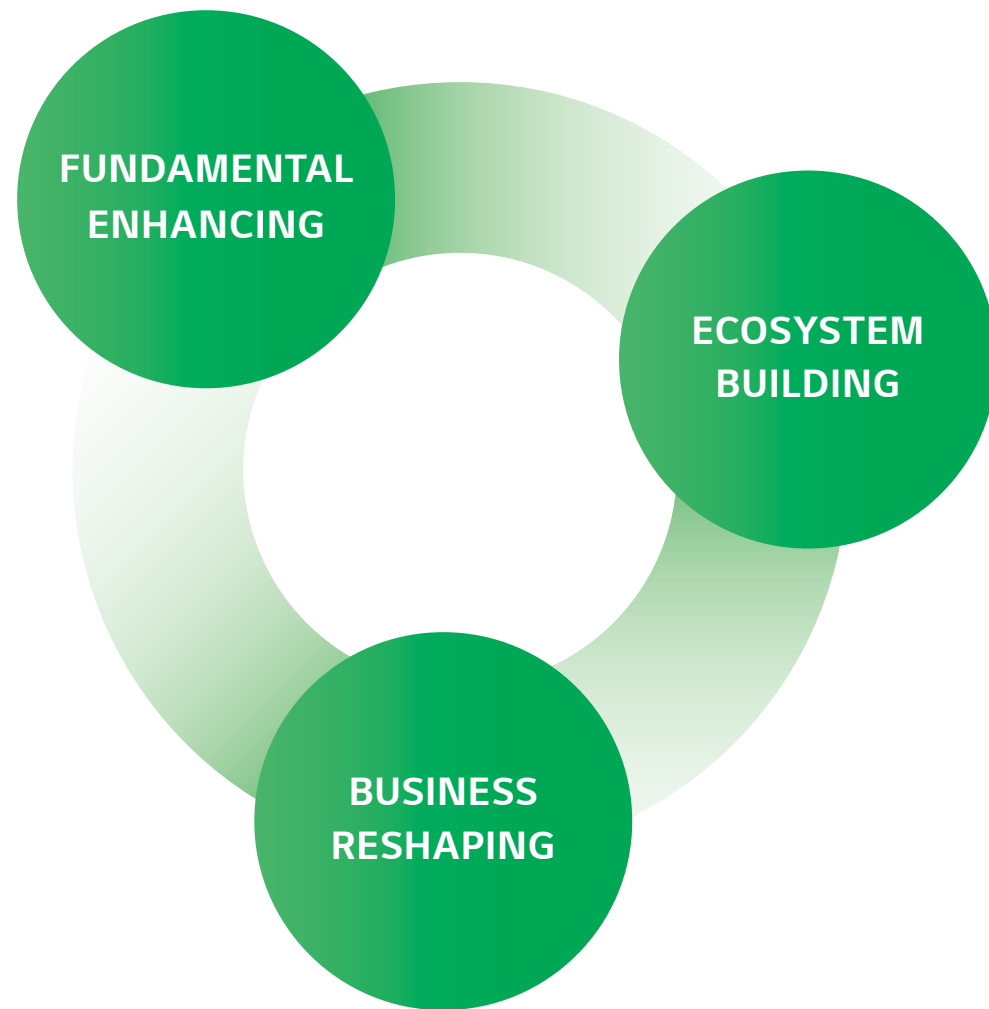


**SUSTAINABLE  
FUTURE**

# LG'S ESG STRATEGIC DIRECTION

In our commitment to responsible business practices and a sustainable future, LG focuses on:

- ① Reinforcing the ESG foundation for balanced outcomes (Fundamental Enhancing),
- ② Constructing an ESG ecosystem (Ecosystem Building), and
- ③ Transforming business strategies to enhance future competitiveness (Business Reshaping).



**① FUNDAMENTAL ENHANCING**  
**For Balanced Performance**  
 Strengthening the ESG foundation to achieve balanced performance

Developing ESG management metrics	Strengthening the data management infrastructure	Formulating policy and managing risk
Setting standards for non-financial performance data management	Establishing non-financial data processes through Digital Transformation (DX)	Crafting Group-wide ESG policies
	Implementing an ESG information control system	Monitoring and managing group ESG risks

**② ECOSYSTEM BUILDING**  
**For Collective Impact**  
 Building the ESG ecosystem to lead greater changes

Promoting internal collaboration within the Group	Leveraging external capabilities by building strategic networks
Collaborating on international carbon offset initiatives	Operating and expanding the ESG advisory council
Establishing resource recycling strategies within the Group and discovering items	Engaging in global sustainability efforts
	Expanding ESG disclosure and communication activities

**③ BUSINESS RESHAPING**  
**For Future Value**  
 Transforming business approaches to sustain future competitiveness

Designing a comprehensive carbon reduction strategy and oversight mechanism	Providing intelligence in response to the carbon energy market	Conducting preemptive risk assessments for investment on future industry
Charting the Group's roadmap for carbon reduction	Predicting future emission allocations and energy costs using analytical models	Incorporating ESG risk considerations in investment evaluations
Instituting a system to track and measure goal achievements	Establishing and operating a collaboration system with expert research institutions	



# STRATEGIC ESG DIRECTIONS FOR KEY AFFILIATES

## LG Electronics

**Better Life for All**  
 For the Planet: Carbon Neutrality, Circularity, Clean Tech  
 For People: Decent Workplace, Diversity & Inclusion, Design for all

## LG Household & Health Care

**A Planet Borrowed by All**  
 For Healthy Products  
 For the Beautiful Planet  
 For Refreshing Society

As a responsible business  
**RESPONSIBLE BUSINESS**

We promise a sustainable future  
**SUSTAINABLE FUTURE**

## LG Display

**True Display for a Sustainable Future**  
 Eco-friendly technology innovation  
 Human respect value top priority  
 Ensuring Transparency and Soundness

## LG Energy Solution

**We Charge Toward a Better Future**  
 Climate Action & Circular Economy  
 Human Value Management  
 Advanced EH&S  
 Responsible & Impactful Business  
 Good Governance  
 ESG Disclosure & Communication

## LG Innotek

**Global No. 1 Material and Component Company to Bring a Better Tomorrow**  
 Eco-friendly for a healthy earth  
 Partnerships that increase social value  
 Trusted Governance

## LG U+

**A digital innovation company that promises pleasant changes in customers' daily lives**  
 Eco-friendly management  
 Human rights management  
 Fair and transparent partnerships

## LG Chem

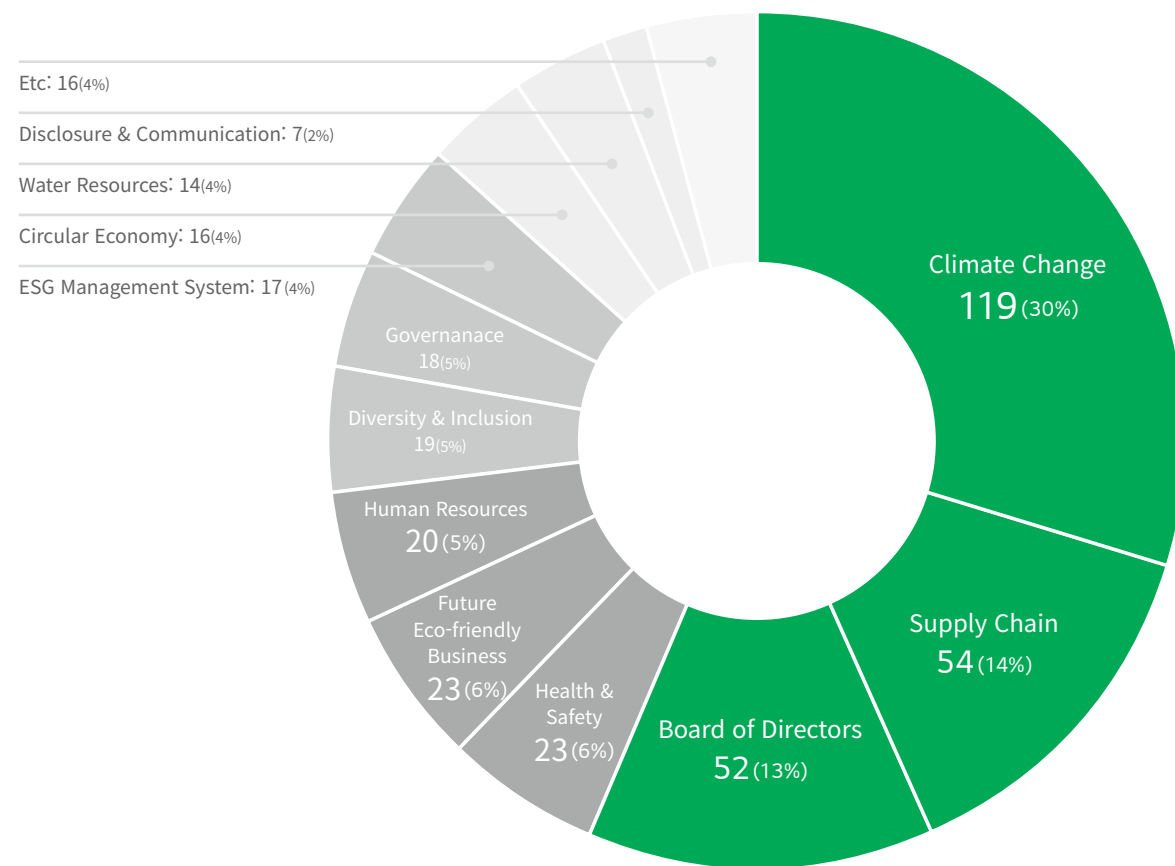
**Innovative and Differentiated Sustainable Solutions for the Environment and Society**  
 Response to climate change Climate Action  
 Renewable Energy Transition  
 Virtuous Cycle of Resources Circular Economy  
 Ecosystem Protection Environmental Protection  
 Responsible Supply Chain Development and Management

- LG CNS is in the process of establishing an ESG strategy

## WHY & BECAUSE

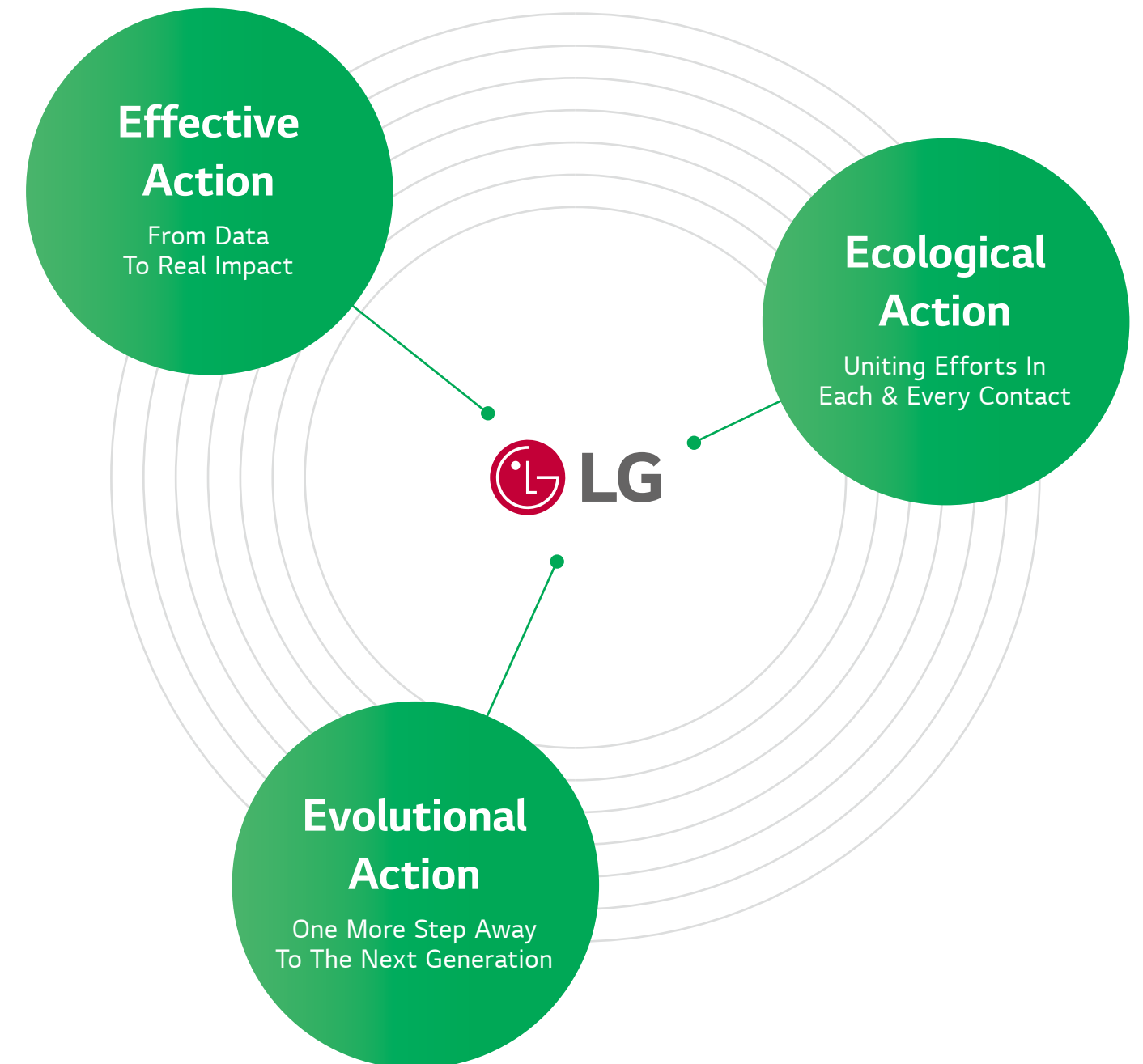
### Selection of Important Disclosure Information

Aiming to pinpoint priorities in ESG management and choose a communication agenda with stakeholders, LG delved into investors' inquiries about major LG affiliates. This analysis was done referencing the IFRS 'General Requirements for Sustainability-Related Financial Information Disclosure (S1, 2023)'. Between January 2022 and April 2023, we reviewed 398 inquiries from investors garnered during IR meetings and via shareholder letters. The results of this analysis helped us identify crucial information for disclosure that holds significant relevance for investors' decision-making processes.



For environmental issues, there were 119 questions about climate change (30%), 54 questions about social issues (14%), and 52 questions about the board of directors (13%), making these the most frequently asked questions.

The 2022-2023 LG ESG Report sheds light on the LG Group's execution of the selected key disclosure information. This report is categorized under three primary themes: Effective Action, Ecological Action, and Evolutional Action.



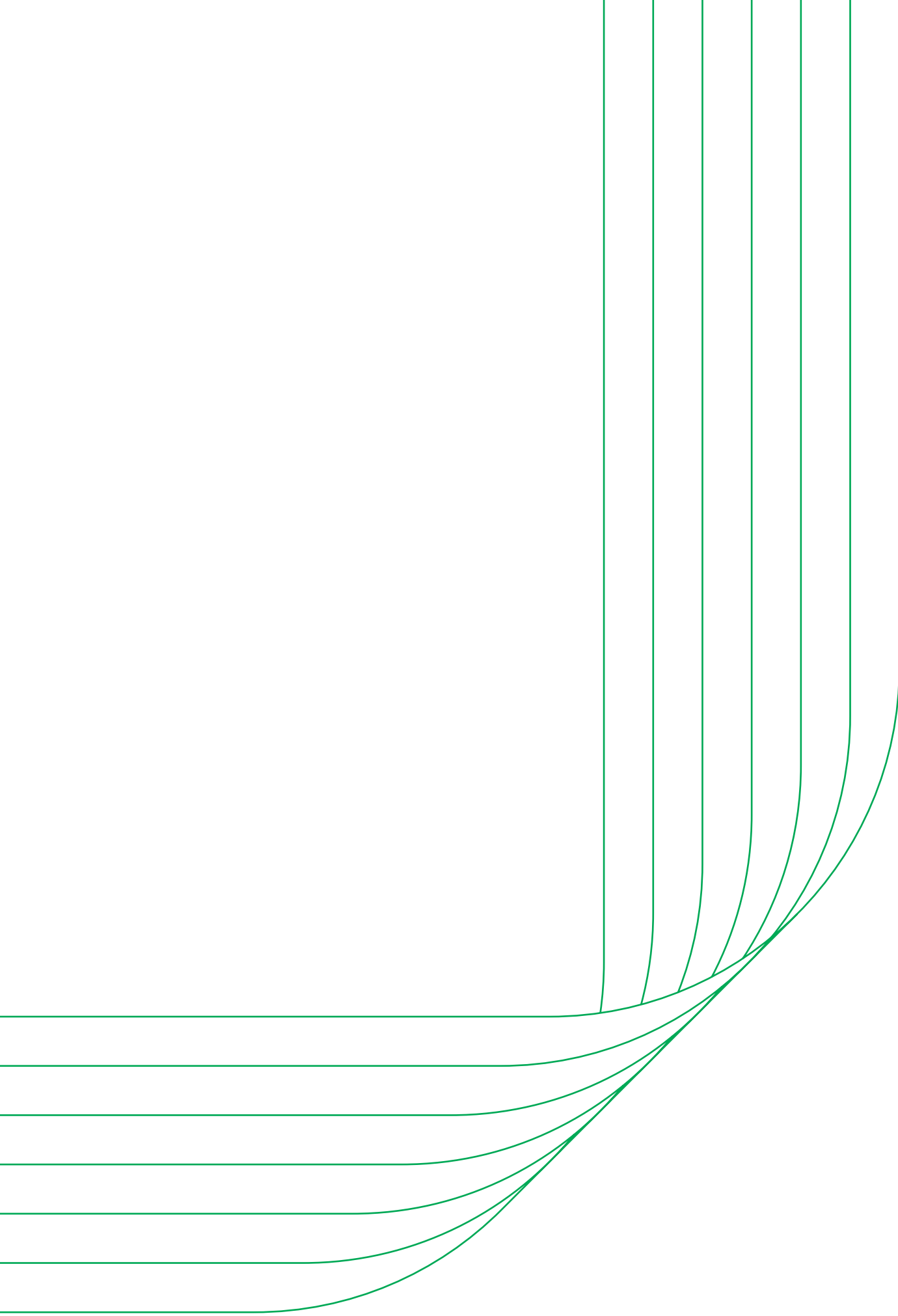
# VALUE IN ACTION



● EFFECTIVE ACTION

● ECOLOGICAL ACTION

● EVOLUTIONAL ACTION



# EFFECTIVE ACTION

FROM DATA TO REAL IMPACT

We will accurately measure non-financial performance and value, internalize them across the entire business, and bring about substantial changes.

VALUE IN ACTION

# EFFECTIVE ACTION

FROM DATA TO REAL IMPACT

- 22 DIGITALIZATION × ESG
- 26 LG 2050 NET ZERO
- 32 NATURAL RESOURCE CIRCULARITY
- 38 SAFETY FOR ALL
- 44 GOVERNANCE FOR ESG

# DIGITALIZATION × ESG

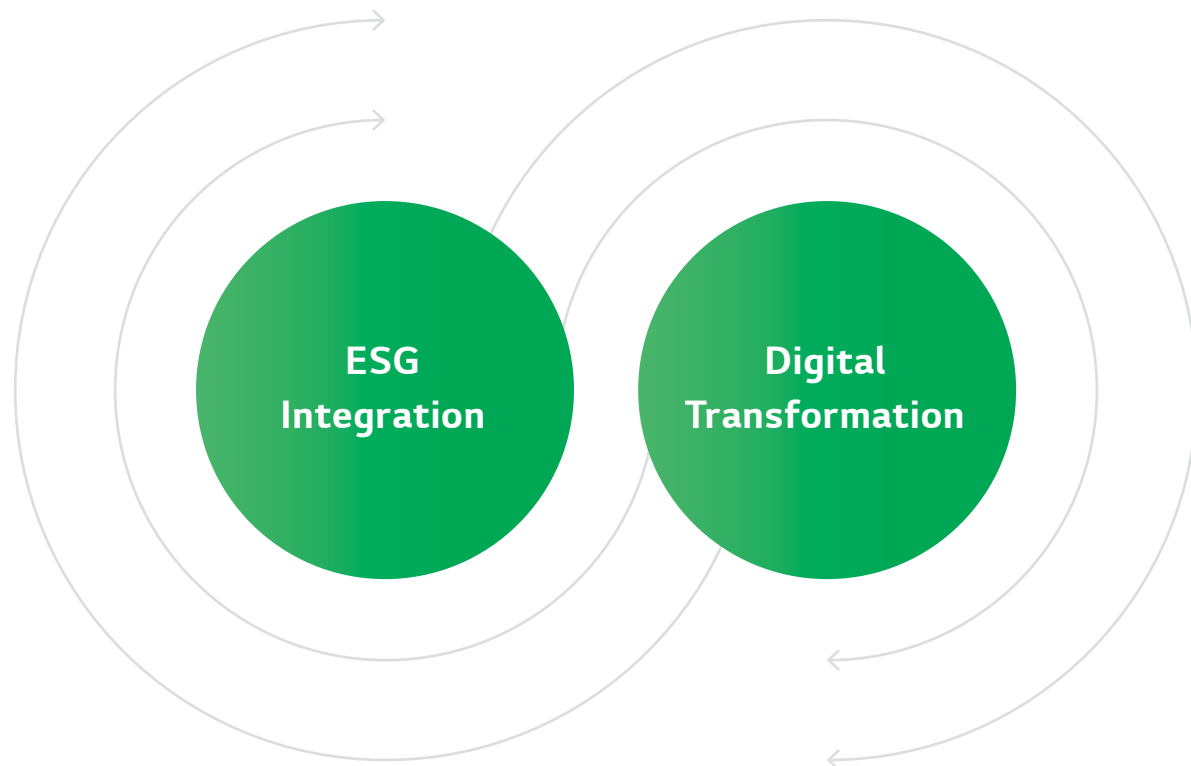
## LG ESG Intelligence building the ESG Data Highway

### Vision

Establishing a digitalized ESG information management system is an essential requirement for the substantive utilization of ESG information. Through trustworthy data management, we can accurately measure and predict ESG performance, and decisions based on this data can bring about sustainable growth and the future.

In 2021, LG began constructing 'LG ESG Intelligence', the Group's IT platform designed for the realization of Digitalization × ESG, and it was officially launched in June 2023 for our top 10 affiliates. Additionally, we are establishing an ESG information management system to ensure the continuous and objective operation of the IT platform. The system includes the establishment of internal control procedures, standardization of indicators, and enhancement of data integrity verification.

LG will implement and expand various support functions, starting from the business location where data is generated and managed, all the way to the executive team making decisions. Through this, LG will achieve its unique ESG Intelligence.

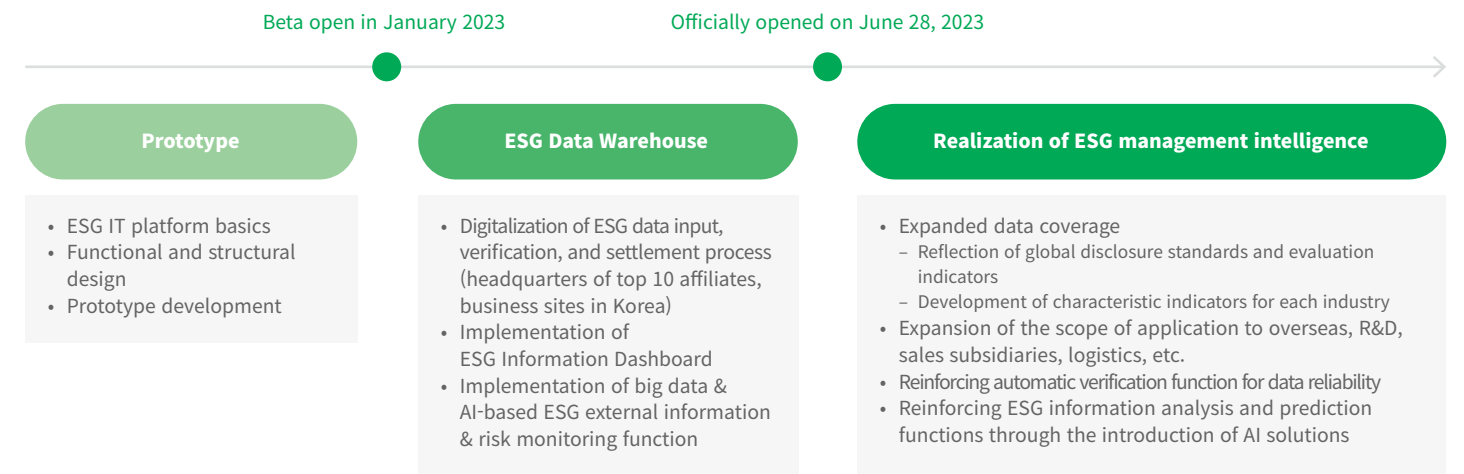


### Key Functions

- Implementation of end-to-end responsibility management and automatic human error verification function as ESG Data Warehouse
- Implementation of Dashboard screen to check ESG data status and changes at a glance
- Implementation of external information and risk monitoring functions based on big data/AI solutions

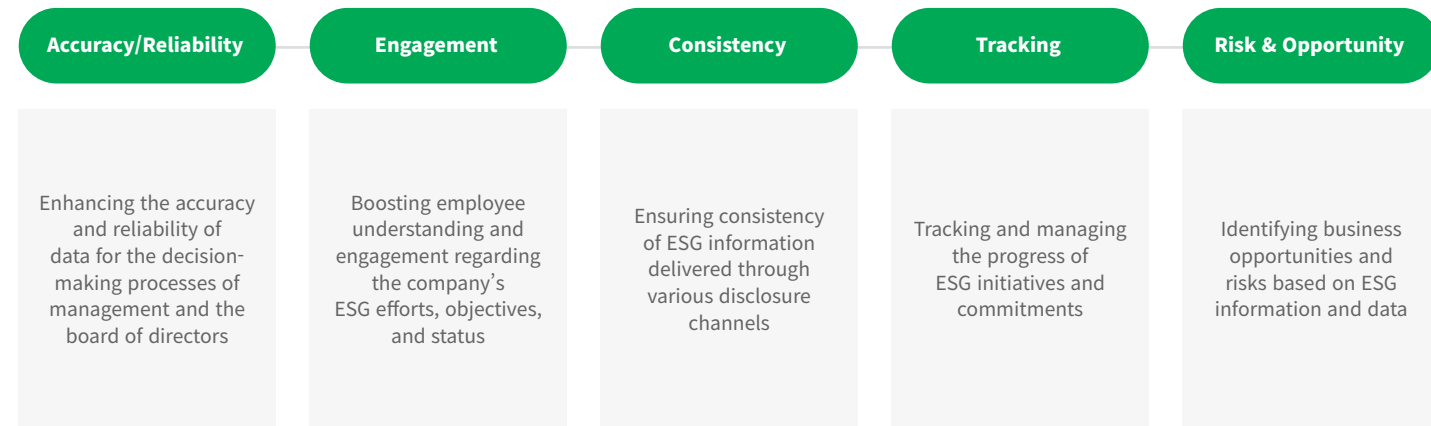


### Advancement Roadmap



### ESG Information Due Care Process

ESG information requires accurate and transparent management at the level of financial and accounting information. LG Group has standardized ESG information and established internal control procedures for the entire process of data generation, collection, input, and management.



### Standardization of ESG Data

To ensure the consistency and comparability of ESG performance, LG Group has established 46 standard indicators and also integrated diverse management standards. This is the foundational step that will allow us to manage the entire lifecycle of data creation, loading, and analysis both efficiently and transparently. Moving forward, the LG Group plans to further expand the standardization of ESG-related information.

Topic	Area	Indicator count
Environmental (E)	Greenhouse Gas & Energy	15
	Water resources	
	Waste	
	Air	
Social (S)	Human resources	21
	Diversity	
	Safety/Health	
	Supply chain	
Governance (G)	Social contribution	10
	Board of Directors	
	Jeong-Do (the Right Way) Management	

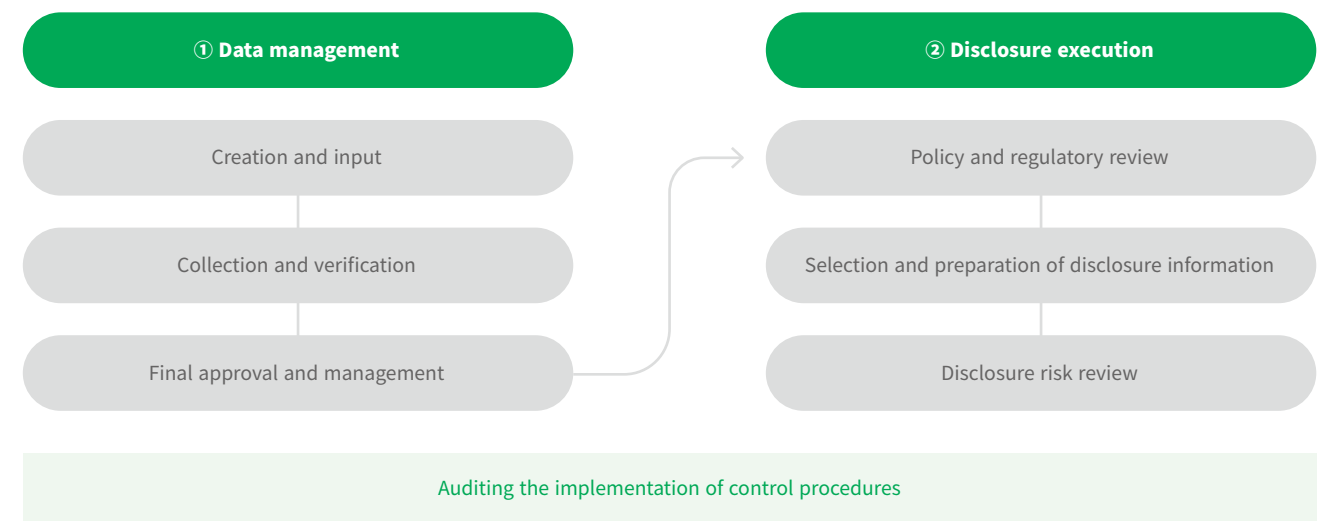
### Internal ESG control process

#### ① Data management

**Building a transparent and reliable ESG information management system**  
Implementation of non-financial data input, verification, and approval procedures based on the ESG IT platform. Assigning responsibility for creation, management, and supervision across three levels of data gates: the business site, headquarters, and company-wide.

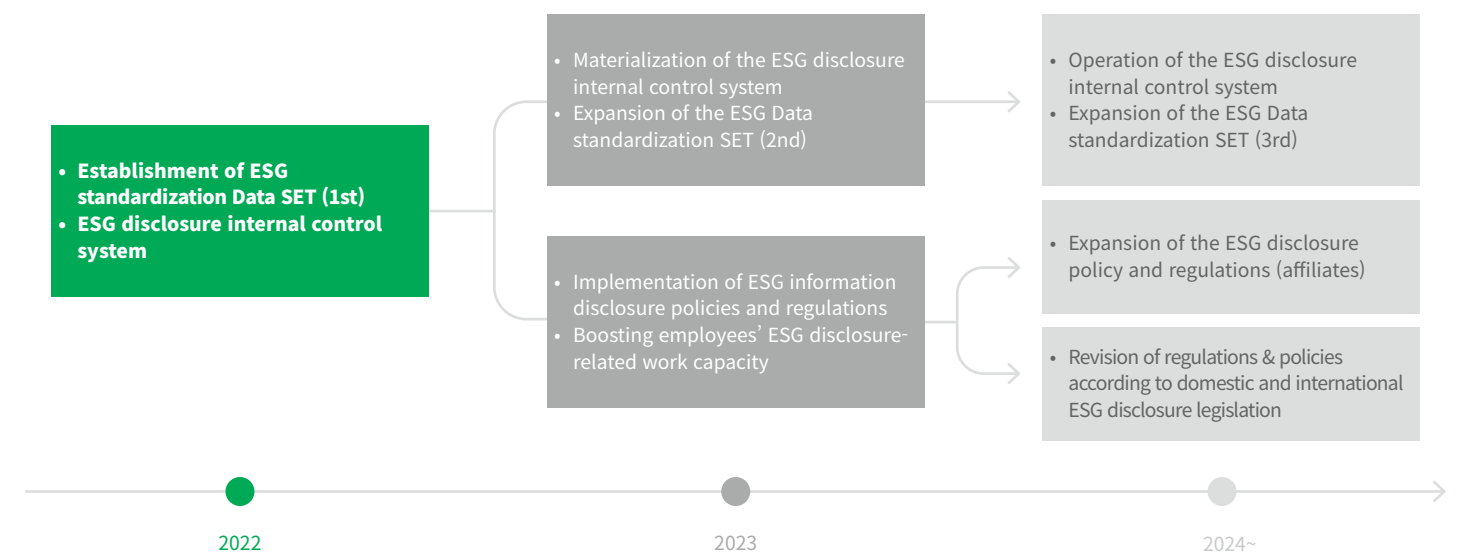
#### ② Disclosure execution

**Establish multi-angled evaluation and review process to prevent ESG disclosure risks**  
Preemptively respond to related risks by monitoring changes in disclosure regulations and policies and specify a process to minimize disclosure risks such as omission of information, error, and media and press concerns.



### Roadmap for Establishing Internal Control Process

LG is committed to progressively building and enhancing the internal control system for ESG information and ensuring a disclosure process that all stakeholders can trust.

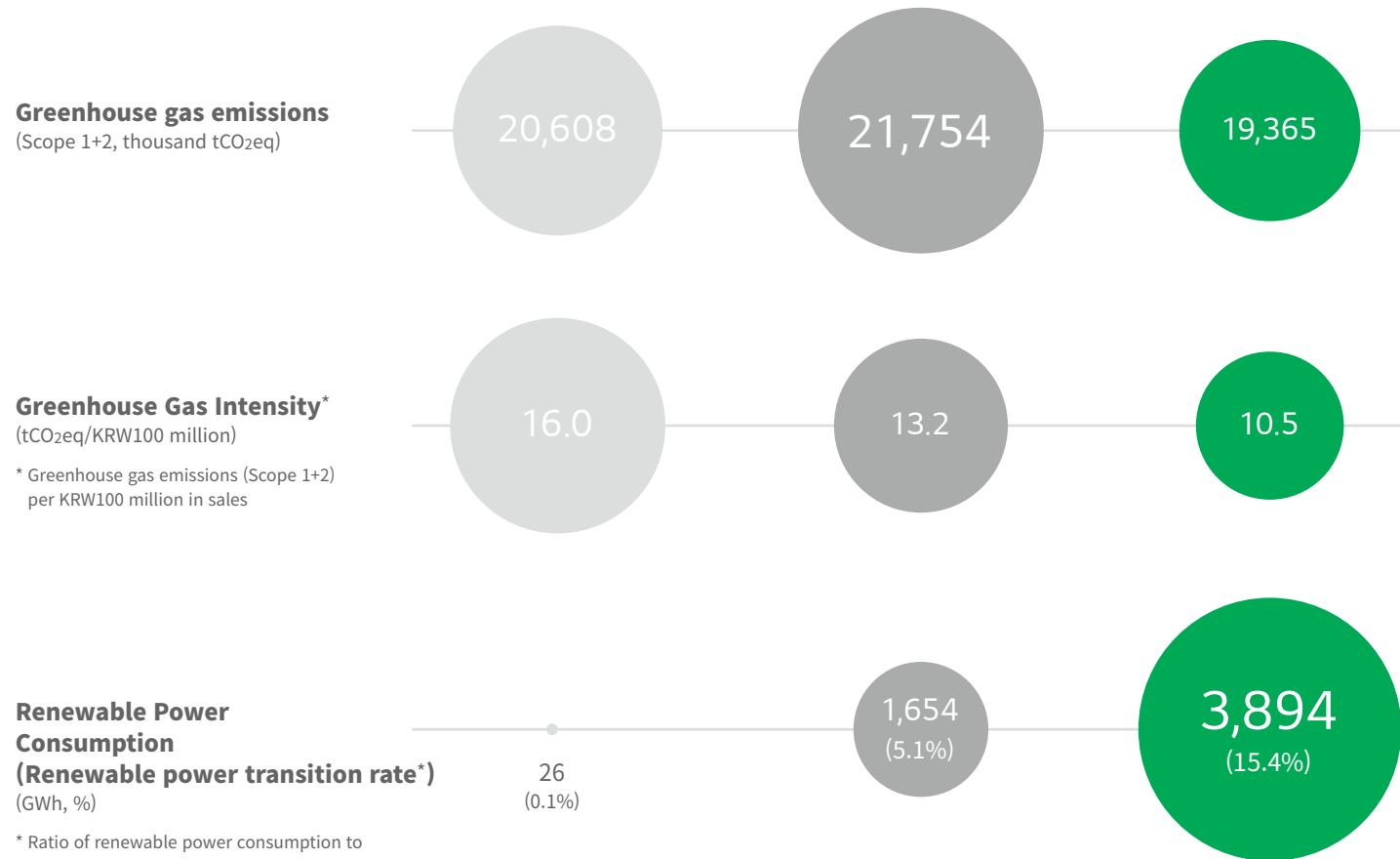


# LG 2050 NET ZERO

LG Group has established Net-zero implementation standards by comprehensively reviewing standards from international organizations, including each country's NDC<sup>1)</sup> under the Paris Agreement, UNFCCC<sup>2)</sup>, IEA<sup>3)</sup>, and the Net Zero Standard from CDP<sup>4)</sup> and SBTi<sup>5)</sup>. Using these standards as a foundation, we've devised an integrated roadmap towards the Group's 2050 Net-Zero, which consolidates carbon reduction measures from our seven major affiliates. LG Group will assess the reduction strategies of each affiliate in line with our Net-Zero standards, continuously refining our roadmap while factoring in climate change agendas and evolving market technologies.

1) NDC: Nationally Determined Contribution  
 2) UNFCCC: United Nations Framework Convention on Climate Change  
 3) IEA: International Energy Agency  
 4) CDP: Carbon Disclosure Project  
 5) SBTi: Science Based Targets initiative

## 2022 Impact Highlights



\* Ratio of renewable power consumption to total power consumption

- Based on the integration of 7 affiliates that participated in the establishment of the LG Group Net-Zero roadmap (LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household & Health Care, LG U+)

## Metrics & Target

**Establishment Guidelines**  
 Roadmap establishment period: 2022~2050  
 Base year: 2018  
 Intermediate goal: 2030  
 Final goal: 2050

**Participating Affiliates**(as of 2022)  
 LG Electronics  
 LG Display  
 LG Innotek  
 LG Chem  
 LG Energy Solution  
 LG Household & Health Care  
 LG U+

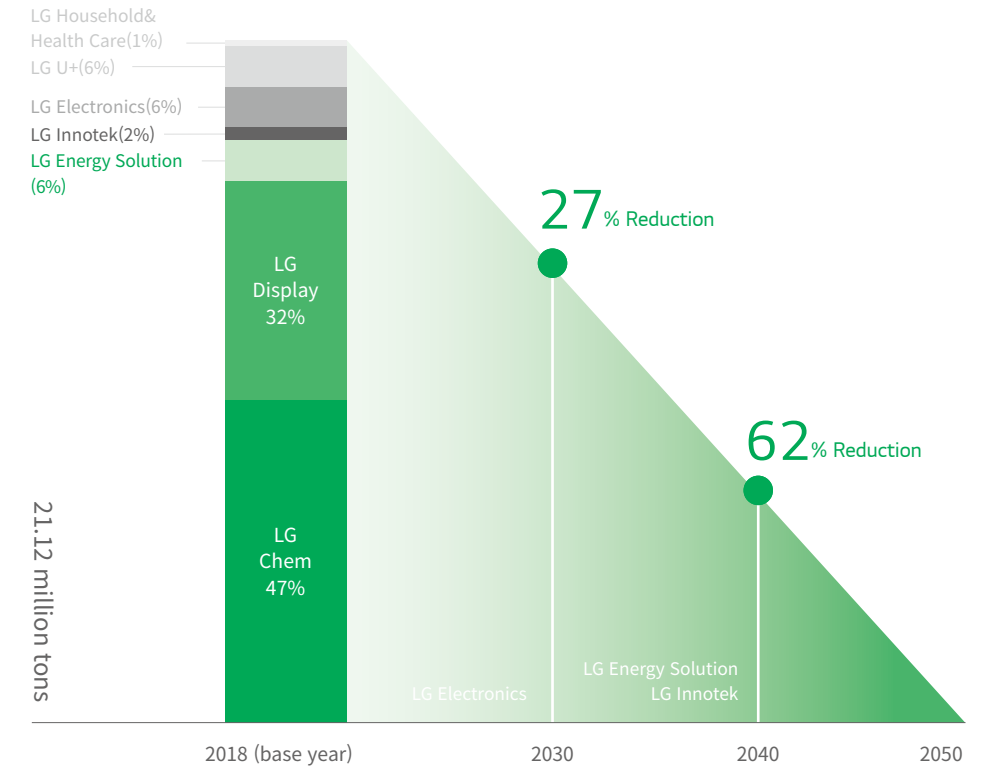
**Scope of the Goal Management**  
 147 facilities including domestic and overseas production sites and R&D centers of 7 participating affiliates (Excluding overseas sales subsidiaries & branches)

- Based on 6 affiliates. LG Display is reviewing the plan to use 100% renewable electricity by 2050  
 - Excluding overseas business sites of LG Household & Health Care  
 - LG U+ has no overseas business sites

## LG 2050 Net Zero Road Map

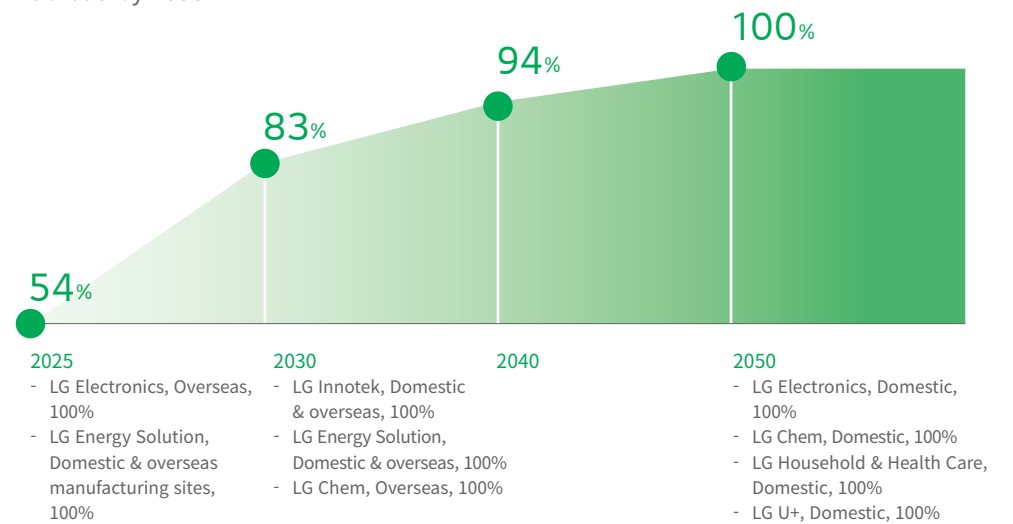
LG Group has established an integrated roadmap for achieving net-zero by 2050, with the goal of reducing net greenhouse gas emissions to zero. LG Group intends to follow the net-zero path, aiming to reduce Scope 1 (direct emissions) and Scope 2 (indirect emissions) from domestic and international business sites by 27% by 2030 and 62% by 2040, compared to the baseline year of 2018\*. This is part of our phased approach to achieving net-zero by 2050.

\* In line with the standard year for Carbon Neutrality & Green Growth Basic Law and the Korean NDC.



## Renewable Energy Transition Roadmap

LG Group plans to achieve RE100 in all business locations at home and abroad by 2050.





### Strategy & Practices

LG Group aims to reduce Scope 1 and Scope 2 emissions at both domestic and overseas business locations. This will be achieved through measures such as improving process efficiency, transitioning to low-carbon and zero-carbon fuels, and adopting future innovative technologies. Additionally, we will transition our power consumption to renewable energy.

Emission Reduction Direct reduction of scope 1 and scope 2 emissions	Renewable Energy Stable procurement of renewable energy	Offsetting Limited utilization of offsets	Climate Governance Establish implementation system and strengthen monitoring
<p><b>Process efficiency</b></p> <ul style="list-style-type: none"> <li>Replacing with high-efficiency equipment</li> <li>Increased waste heat utilization</li> <li>Improving process gas treatment efficiency, etc.</li> </ul> <p><b>Transition to low-carbon and zero-carbon fuels</b></p> <ul style="list-style-type: none"> <li>Replacing with electric boiler</li> <li>Increased use of bio raw materials and fuels, etc.</li> </ul> <p><b>Future innovation technology</b></p> <ul style="list-style-type: none"> <li>Use of green and blue hydrogen</li> <li>CCUS investment and introduction, etc.</li> </ul>	<p><b>Establishing a renewable energy procurement portfolio</b></p> <ul style="list-style-type: none"> <li>Policy monitoring and economic analysis</li> <li>Establishing regional renewable energy procurement strategies</li> </ul> <p><b>Renewable energy partnership</b></p> <ul style="list-style-type: none"> <li>Joint procurement and development of renewable energy</li> <li>Proposal for market revitalization policy and regulatory improvement</li> </ul>	<p><b>Utilization of global-class offset technology</b></p> <ul style="list-style-type: none"> <li>Residual emission limitation for which technical reduction is difficult</li> <li>Applying principles such as giving priority to self-reduction and shifting to removal</li> </ul> <p><b>Promote joint offset projects</b></p> <ul style="list-style-type: none"> <li>Joint response by participating affiliates</li> <li>Promotion of greenhouse gas absorption and storage business</li> <li>Promotion of greenhouse gas absorption and storage business</li> </ul>	<p><b>ESG Committee/ESG Team</b></p> <ul style="list-style-type: none"> <li>Operation of ESG committee and dedicated organization</li> <li>Roadmap implementation inspection, and report</li> </ul> <p><b>Operation of Group Climate Change Council</b></p> <ul style="list-style-type: none"> <li>Implementation and management of Net-Zero goals</li> <li>Consultation on renewable energy procurement</li> </ul>

### Percentage of Reductions by Method



### Process Efficiency and Fuel Conversion

#### Investment in Process Gas Reduction Facilities

LG Display has installed a Plasma Scrubber at the Paju plant to reduce greenhouse gas emissions resulting from fluorine gas (F-Gas) by over 90%. Consequently, the company reduced greenhouse gas emissions from process gases by 1.52 million tons in 2022. Moreover, LG Display is collaborating with equipment manufacturers to develop a highly efficient emission reduction technology using catalyst and heat. The aim is to achieve an emission reduction efficiency exceeding 95% by 2030 and 99% by 2050.

#### Eco-friendly IT System Development

LG CNS has pioneered an eco-friendly IT system that consolidates and oversees the infrastructure—including electricity, temperature, humidity, lighting, and security facilities—of the company’s data centers located in Busan, Sangam, Gasan, and Incheon. Leveraging this system, the company was able to reduce greenhouse gas emissions through real-time monitoring of the data centers, allowing swift detection, analysis, and control of failures, while also streamlining energy management within the computer rooms.

#### Bio-Based Raw Material Conversion

LG Chem is proactively reusing and recycling fossil fuel-based products, converting them into bio-based materials. This transformation is a pivotal part of our strategy to direct our business model towards sustainability. A significant step in this direction is our plan to transition the fuel for the cracking furnace at the Naphtha Cracking Center (NCC) plant — which accounts for a major portion of our carbon emissions — to carbon-free and low-carbon alternatives. LG Chem is establishing a low-carbon product line by leveraging bio-based raw materials known to be carbon-neutral, as no carbon emissions occur throughout their entire lifecycle. Moreover, in collaboration with our partners, LG Chem is striving to commercialize eco-friendly products using bio-based raw materials derived from renewable sources as fuel.

#### Introduction of Biofuel

In December 2022, LG Chem entered into a contract with GS EPS to establish a biomass power plant designed to produce industrial steam and electricity from waste wood. The company is set to invest a total of KRW320 billion in creating TW Biomass Energy at the Yeosu LG Chem chemical facility, with a goal of commencing operations by the first half of 2026. This biomass power plant repurposes waste wood — which might otherwise be burned or sent to landfills — by processing it into wood chips that are then used as raw material. By harnessing the thermal energy and electricity generated by TW Biomass Energy, LG Chem anticipates an annual reduction in carbon emissions of approximately 400,000 tons.

### Future Innovation Technology

#### Carbon Capture and Utilization (CCU) Technology

LG Chem is exploring electrochemical conversion technology, grounded in both catalytic conversion technology and environmentally friendly electrochemical reactions. Notably, catalytic conversion technology is a crucial method that holds promise in reducing carbon emissions. It also has the potential to enhance our competitiveness in the petrochemical industry, as it converts carbon into raw materials essential for products within our petrochemical portfolio.

#### Hydrogen

LG Chem is constructing the first hydrogen production plant in the petrochemical industry aimed at reducing carbon emissions. Groundbreaking is scheduled for the first half of 2023, and LG Chem aim to complete construction by the second quarter of 2024. This innovative hydrogen production facility will harness by-product methane from the NCC process as its primary raw material. The produced hydrogen will undergo NCC pyrolysis before being utilized as fuel. Through this pioneering initiative, the company anticipates a reduction in carbon emissions by approximately 140,000 tons annually.

### Renewable Energy

The renewable energy conversion rate of major LG affiliates (7 companies) on the Net-Zero roadmap saw an increase from 0.1% in 2020 to 15% in 2022. Domestically, the company secured renewable energy through green premiums and by purchasing Renewable Energy Credits (REC). Internationally, the company achieved a 15% renewable energy conversion rate through REC acquisitions and the promotion of Power Purchase Agreements (PPA). Moving forward, we aim to consistently boost the renewable energy conversion rate by expanding PPAs and investing in on-site generation installations. Specifically, LG Energy Solution underscores the importance of promoting RE100 within the supply chain and is working to transition the entire value chain to renewable energy, actively seeking participation from primary suppliers.

### Offsetting

#### External Reduction Project

LG Electronics is promoting a Clean Development Mechanism (CDM) project that allows the company to earn carbon credits from the power consumers save while using the company’s high-efficiency products.

Classification	Key performance
Implement CDM project (selling high-efficient refrigerators in India)	<ul style="list-style-type: none"> <li>Approved by UNFCCC in 2013</li> <li>Expected to receive certificates for refrigerators sold from January 2018 to December 2020</li> </ul>
Secure UN Emissions Trading	<ul style="list-style-type: none"> <li>Secured 560,000 tons by 2020</li> <li>1.2 million tons to be additionally secured by 2025</li> </ul>

**Risk Management**

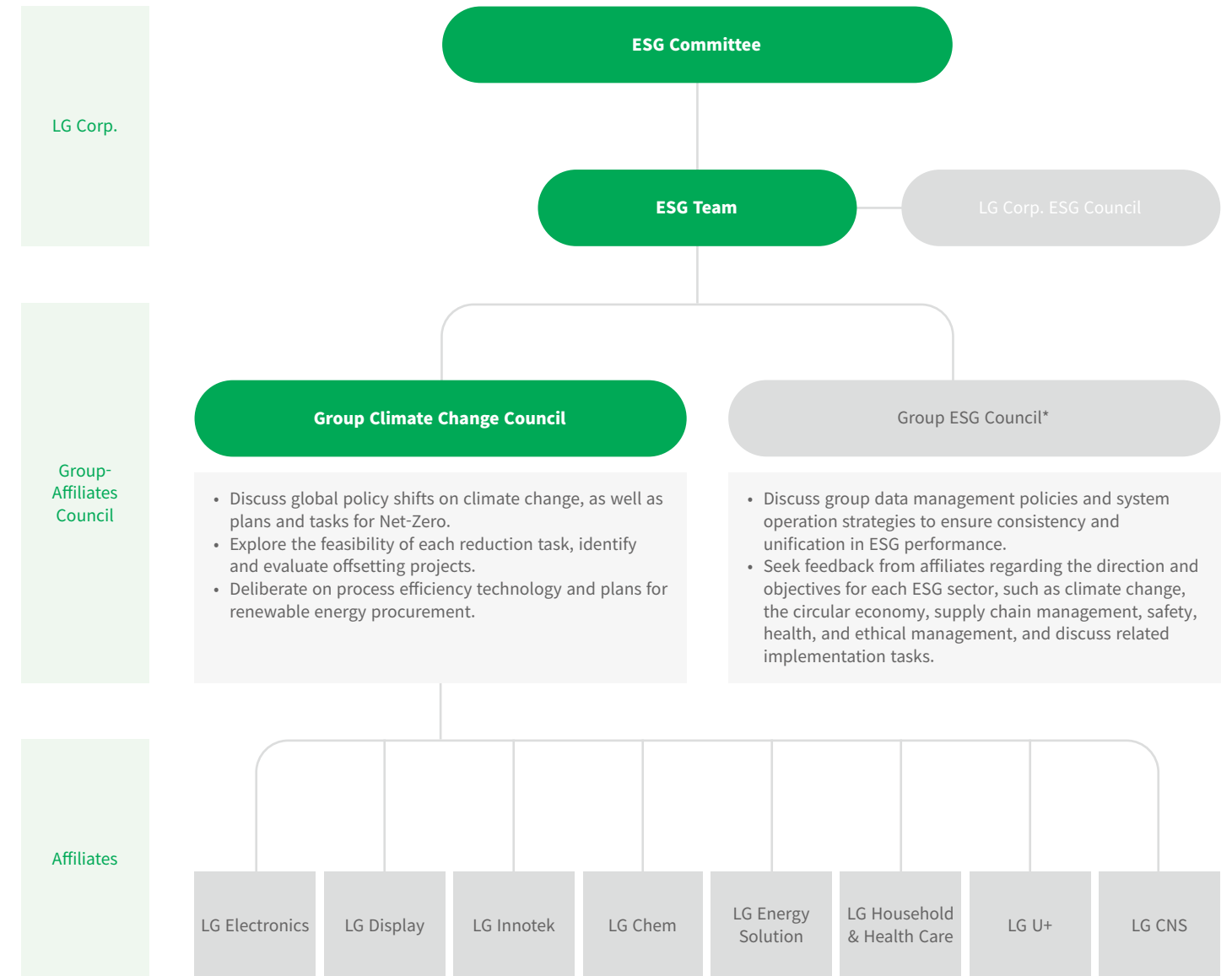
LG Group determines risks and opportunities by identifying climate risks and opportunities and calculating and evaluating carbon reduction costs and benefits when making large-scale investments and selecting locations for business sites.

We will continue to supplement our climate risk management system to align with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and carry out realistic climate risk assessments while considering the specific climate data of each country and the unique attributes of the industries in which the LG Group operates.

Risk type	Specific	Financial impact	Term	Potential financial impact	Affiliates	
<b>Transition Risk</b>	<b>Policy</b>	<ul style="list-style-type: none"> <li>Rise in the price of greenhouse gas credits</li> <li>Increase in carbon credit debt</li> </ul>	High	Short Term	<ul style="list-style-type: none"> <li>Reduction of emission allowance allocations due to the strengthened operation of the emission trading system</li> <li>Increased mid-to long-term emission permit purchase cost due to rising emission permit prices</li> </ul>	Electronics/ Chemical/ Telecom
		<ul style="list-style-type: none"> <li>Occurrence of business operation risks due to failure to respond to new policies</li> </ul>	Medium	long term	<ul style="list-style-type: none"> <li>Increased cost to respond with new regulations to align with strengthened climate change regulations, such as the Carbon Border Adjustment Mechanism, EU Taxonomy, and expanded climate disclosure obligations</li> </ul>	Electronics/ Chemical
	<b>Legal</b>	<ul style="list-style-type: none"> <li>Decreased sales and negative impact on transactions</li> </ul>	High	Short Term	<ul style="list-style-type: none"> <li>Need to comply with legal requirements stemming from regulations like the emissions trading system. However, the financial burden could escalate in the event of litigation related to climate change or non-compliance with these requirements</li> </ul>	Electronics/ Chemical/ Telecom
	<b>Technology</b>	<ul style="list-style-type: none"> <li>Replace with low-carbon products/services</li> <li>Cost of low-carbon technology transition</li> </ul>	High	long term	<ul style="list-style-type: none"> <li>Increased expenditures due to failures and delays in new technology development</li> <li>Increased costs of developing low-carbon technologies and transitioning to renewable energy</li> </ul>	Electronics/ Chemical/ Telecom
	<b>Market</b>	<ul style="list-style-type: none"> <li>Reduced demand for existing products/services due to changes in customer preferences</li> </ul>	High	long term	<ul style="list-style-type: none"> <li>Increased demand from customers/investors for disclosure of information on net-zero achievement and renewable energy usage, resulting in a risk of a decline in sales due to the potential loss of business opportunities if these demands are not met</li> </ul>	Electronics/ Chemical/ Telecom
	<b>Reputation</b>	<ul style="list-style-type: none"> <li>Changing customer preferences</li> <li>Increasing negative perception of the industry</li> </ul>	High	long term	<ul style="list-style-type: none"> <li>Climate change-related reputational damage adversely affects a company's ability to raise capital</li> <li>Declining sales due to increased negative perceptions of industries such as energy-consuming industries</li> </ul>	Electronics/ Chemical/ Telecom
<b>Physical Risk</b>	<b>Acute</b>	<ul style="list-style-type: none"> <li>Expenditure due to property damage</li> <li>Increasing negative perception of the industry</li> </ul>	Medium	long term	<ul style="list-style-type: none"> <li>Increased direct damage to assets such as production facilities and buildings due to an increase in the frequency of natural disasters</li> </ul>	Electronics/ Chemical/ Telecom
	<b>Chronic</b>	<ul style="list-style-type: none"> <li>Rise in expenses during business operation</li> </ul>	Medium	long term	<ul style="list-style-type: none"> <li>Increased possibility of workplace flooding resulting from rising sea level, etc.</li> <li>Additional increase in energy costs due to higher average temperatures and increased frequency of heat waves</li> </ul>	Electronics/ Chemical/ Telecom

**Governance**

LG Group has set up climate governance centered around the ESG Committee and the Group Climate Change Council. Within this framework, we consistently monitor the progress of the Group's 2050 Net-Zero Integrated Roadmap. This involves forecasting GHG emissions, implementing and overseeing tasks for each reduction method, all while taking into account market shifts and updated business strategies.



\* The Group ESG Committee includes 7 participating affiliates as well as LG CNS, LG HelloVision, and D&O.

# NATURAL RESOURCE CIRCULARITY

LG affiliates formulate resource circulation strategies and set objectives tailored to the distinct characteristics of their respective industries. These affiliates consistently achieve high waste recycling rates at their operational sites. From a product development perspective and in our pursuit of a circular ecosystem, we are at the forefront of developing innovative technologies and products that promote the continuous recycling of plastics while diligently working to minimize the environmental impact resulting from battery waste.

## Strategy & Target



### Plastic Circular Economy

- LG Electronics**
  - A cumulative use of 600,000 tons of recycled plastic (2021-2030)
  - A cumulative collection of 8 million tons of discarded appliances (2006-2030)
- LG Chem**
  - Establish a plastic resource circular system and expand the range of biodegradable plastic products
- LG Household & Health Care**
  - Use of 200 tons of recycled plastic (by 2025)



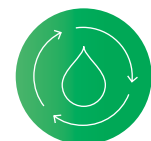
### Battery Closed Loop

- LG Energy Solution**
  - Establish a resource circular system covering the entire battery value chain
  - Expand the recycling system to production facilities at business sites worldwide



### Waste Recycling

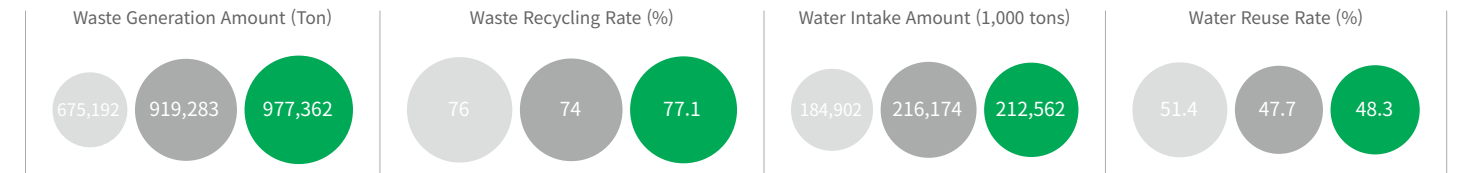
- LG Electronics**
  - Production site waste recycling rate of 95% (by 2030)
- LG Display**
  - 100% recycling rate based on zero landfill certification criteria (by 2030)
- LG Innotek**
  - A waste recycling rate of 95% and a unit value of 0.20 (by 2030)
  - Zero landfill certification for domestic and overseas business sites



### Water Resource Resilience Recovery

- LG Display**
  - A 207% reuse rate compared to the water intake amount
- LG Innotek**
  - A water resource reuse rate of 50% (by 2030)
- LG Household & Health Care**
  - Water usage unit value of 1.46 tons/product-ton (by 2025)

## 2022 Impact Highlights



– These figures are based on the simple sum of the 8 major LG Group affiliates: LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household & Health Care, LG U+, and LG CNS.

## Systems for Plastic Circular Economy

### Waste Plastic Recycling Business

LG Chem manufactures a range of recycled plastics, including PCR ABS (Acrylonitrile Butadiene Styrene), PCR PC (Polycarbonate), and PCR PC/ABS, using plastics sourced from discarded home appliances. The company is dedicated to minimizing landfill and incineration of plastic waste by promoting a circular economy for plastics.

#### ① PCR ABS

LG Chem pioneered the industry by using recycled ABS to produce a vivid, clean, white-colored PCR ABS. LG Chem's PCR ABS retains its outstanding physical properties even when it is reused.

#### ② PCR PC & PC/ABS

LG Chem commercialized PCR PC and PCR PC/ABS in 2009. Products composed of 50% PCR PC/ABS have the potential to emit about 40% less carbon compared to those made from non-recycled materials. With an aim to establish a circular resource system—from the procurement of raw materials to offering consumers products crafted from recycled components—LG Chem is broadening our partnerships with diverse companies. This includes Coupang, Korea's leading e-commerce platform, and major home appliance manufacturers like LG Electronics.

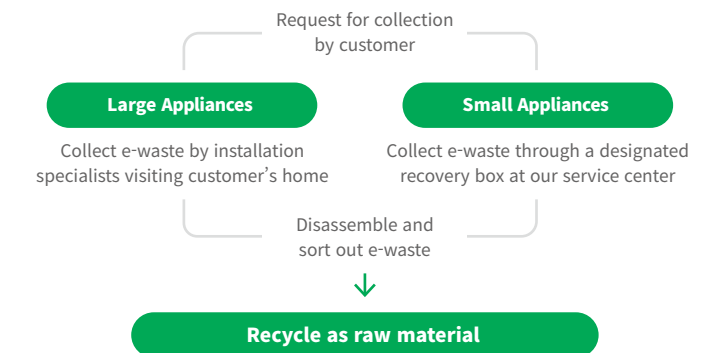
#### ③ PCR PE & PCR PP

LG Chem employs recycled PE and PP, common general-purpose plastics, in the formulation of premium-quality PCR PE and PCR PP. LG Chem's PCR products match the quality of their counterparts made from virgin materials. These recycled materials are versatile and can be used in a range of products, from films to injection-molded items.

### Recovery and Recycling of Waste Electronic Products

LG Electronics advocates for a “sustainable cycle” that minimizes environmental impact throughout the entire life cycle of home appliances—from production and packaging to consumption and eventual recovery. In line with this, the company extracts new resources from discarded home appliances. These reclaimed materials are then repurposed for the exteriors of new products or as recycled packaging materials. Such initiatives not only promote a circular resource system but also contribute to reduced carbon emissions.

#### Process of Free Recovery Service for E-waste (Korea)



### Enhancement of Packaging Resource Circulation and Promotion of Refill Products

LG H&H has enhanced resource circulation for product packaging materials by transitioning from colored PET containers to colorless PET. Furthermore, the company promotes metal-free pump products to broaden the scope of recyclable packaging. LG H&H is also broadening our selection of refillable products, introducing refill options for items like cream and essence containers, which previously were not available in refillable formats.

Highest recycled content packaging usage (Unit: Ton)

2021	2022
1,080	1,662

– Expansion of label-free beverages increased by 53.9% year-on-year

**Battery Closed Loop**

LG Energy Solution has established a closed loop for sustainable battery management. Recovered batteries are either reused, or when discarded, are disassembled and the rare metals they contain, such as lithium, cobalt, nickel, and manganese, are recycled.

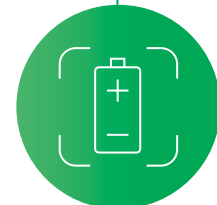


**① Used Battery Recovery**

This stage involves the retrieval of batteries that can no longer serve their purpose in electric vehicles due to wear and tear or damage from accidents. Through a regional collection system, these batteries are gathered and then sorted during the initial diagnostic phase. Batteries deemed reusable are subsequently transferred to storage.

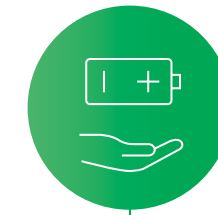
**THE CIRCULAR ECONOMY**

**OF BATTERIES**



**② Diagnosis and Classification (Reconditioning)**

At this stage, the batteries identified as potentially reusable during the collection phase undergo a thorough technical assessment. Each battery is graded based on its condition and intended use. Those that do not qualify for reuse are designated for recycling.



**③ Refurbishing**

At this stage, reusable batteries are commercialized based on their intended purpose, ensuring cost competitiveness. LG Energy Solution develop solutions tailored to meet the necessary system performance, quality benchmarks, and regulatory standards. This is achieved through optimal safety design and an efficient manufacturing process.

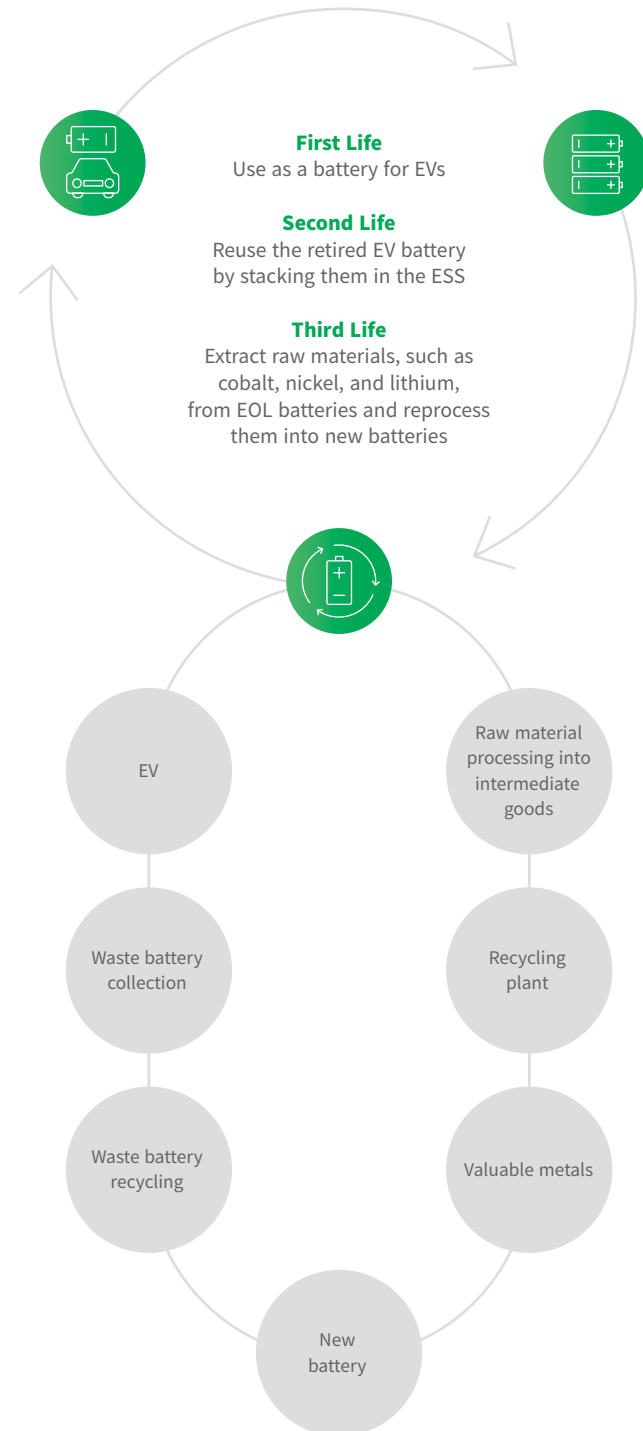


**④ Sales and Marketing of Reused Products**

Products that boast both superior safety standards and price competitiveness need applications that will fully leverage the value of reusable batteries. Therefore, it's important to devise a business strategy for marketing and selling these refurbished products based on their specific applications, while at the same time maintaining a robust battery recovery system to ensure the highest quality standards.

**Waste Battery Material Recycling**

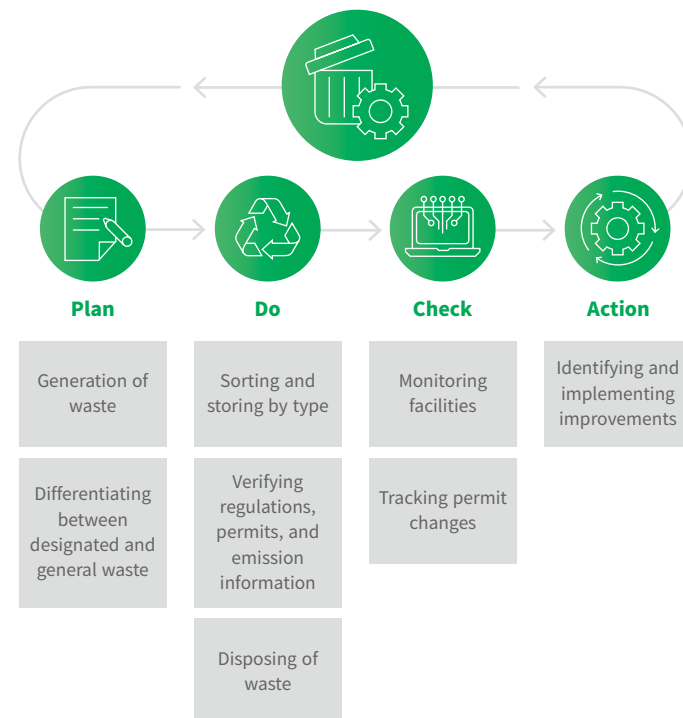
With the goal of contributing to a circular economy through battery recycling, LG Chem is identifying and forming partnerships with refining and smelting companies capable of isolating and extracting essential raw materials from discarded batteries. In December 2021, the company entered into a long-term nickel supply agreement with Li-Cycle, North America’s premier battery recycling company renowned for its expertise in recycling batteries and extracting pivotal raw materials.



**Waste Recycling**

LG Group has implemented and operates a PDCA cycle tailored to the characteristics of each industry to minimize waste produced in processes and boost the recycling rate. Through this approach, we are broadening our Zero Waste to Landfill (ZWTL) certification and achieving tangible waste reduction outcomes.

Waste Management Process



**Zero Waste to Landfill Certification**

LG Display has reduced the volume of waste acid by minimizing the use of liquid chemicals. Additionally, the company is maximizing resource circulation by developing pulp recycling technology, protective film (PET) fiber raw material technology, and a system that can reclaim copper from wastewater sludge. Consequently, in 2021, LG Display’s Yantai subsidiary achieved the platinum ‘Zero Waste to Landfill (ZWTL)’ certification (with a recycling rate of 100%). In 2022, all Korean production plants received the gold ZWTL certification (with a recycling rate of 95% and above), and the LG Display Nanjing plant also received the platinum certification.

**Water Resilience**

**Water Usage Reduction**

LG Display has a dedicated team that monitors company-wide water usage. This team evaluates the volume of water consumed and wastewater generated during the manufacturing process. Their goal is to identify areas for water conservation within the manufacturing processes and to oversee monthly water-saving performance metrics. As a result, the company managed to decrease water consumption by 107 million tons, surpassing the 2022 goal of conserving 111 million tons by 104%.

**Wastewater Discharge Reduction**

In 2022, LG H&H reduced its wastewater discharge by 13.8% compared to the previous year, and the water source unit saw an increase of approximately 2.6%. The company’s Cheongju plant integrated an automatic strainer washer into its shampoo production equipment, and the Ulsan plant has also been working on initiatives to minimize wastewater discharge by optimizing formulas in the soap production process, which in turn decreases the standard exchange rate.

(Unit: Ton)

Year	Discharged Waste Water
2020	101,243
2021	122,645
2022	105,730

- Based on separate standards of LG Household & Health Care

**Water Resource Reusing & Recycling**

LG Innotek’s Gumi plant utilizes greywater (domestically used water) as a replacement for industrial water. Wastewater produced during the manufacturing process is repurposed as cleaning water for the operation of air pollution control facilities, such as absorption towers.

**Groundwater Recycling System**

LG Uplus’ IDC Center uses tap water to prevent the formation of sludge solids at the top of the septic tank where wastewater enters. LG Uplus’s Pyeongchon Mega Center is equipped with a groundwater drainage facility, which allowed the company to save 3,153ℓ of water annually by utilizing waste groundwater to deter the formation of sludge solids.

**Microplastic Reduction in Washing Machines**

LG Electronics has incorporated a feature into its ‘UP Appliances’ washing machines to reduce microplastics emissions. The “microplastic care course” in LG Electronics’s TROMM washing machine diminishes the microplastics produced from fabric friction during the washing cycle. LG Electronics conducted a washing test with Intertek, an internationally accredited testing and certification agency, on polyester training jackets. The test results revealed that the generation of microplastics during washing decreased by 70%.

**Waterless Washing Machine**

LG Electronics is developing a ‘Waterless Washing Machine’ that doesn’t need water to launder clothes. This innovative machine utilizes liquid CO2 to clean garments, bypassing the traditional need for water. The machine is built with a mechanism that cools and compresses gaseous CO2 and converts it into a liquid state which then replaces water in the washing process. By harnessing the viscosity and surface tension of carbon dioxide, the machine can effectively eliminate dirt and stains without relying on detergents, water, or oil. Consequently, it doesn’t produce wastewater or emit exhaust gases, setting it apart from standard commercial washing machines or oil-based dry-cleaning methods.

# SAFETY FOR ALL

LG Group offers a world-class safety and health management system to ensure the well-being of all its employees, and the company also undertakes various initiatives, including risk management, fostering a safety culture, capacity building, and providing support to partner companies.

## Health and Safety Management Policy

LG is committed to the sustainable development of society by placing paramount importance on the safety and health of all stakeholders, including executives and employees. This commitment is grounded in our fundamental principle of People-oriented management.

### We prioritize a safe workplace, employee health, and adherence to laws over management efficiency and economic viability.

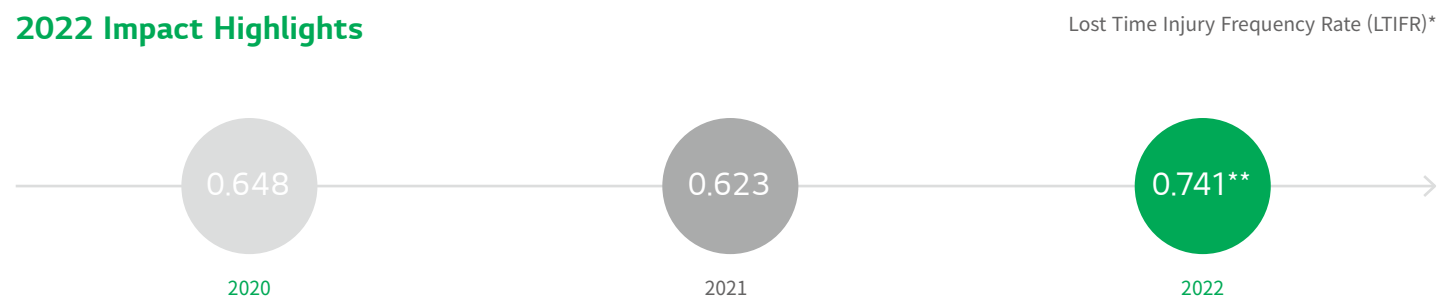
- Set objectives and strategies to continuously identify and mitigate potential risks, ensuring a safe and positive working environment.
- Strictly comply with laws, regulations, and procedures, and also establish and abide by the company’s proprietary standards that go beyond legal requirements.

### We will develop and implement action plans to address safety incidents and health concerns.

- Regularly conduct emergency response drills and provide safety and health education and training for both executives and employees.
- Promote employee health management through routine health screenings and ensure preparedness for pandemic situations by stocking quarantine supplies and maintaining a support system.

### We will transparently share safety and health-related information with all stakeholders, including suppliers and local communities, fostering open communication and encouraging improvement.

## 2022 Impact Highlights



\* Lost-Time Injuries Frequency Rate (LTIFR): Represents the number of lost-time injuries occurring in a workplace per 1 million hours worked.  
 \*\* Note: In 2022, the LTIFR increased due to the implementation of ESG data management at overseas workplaces.

## Safety and Health Policy and Management System

LG Group is implementing a safety and health management system, where action plans are made with the utmost importance placed on the safety and health of all employees.

### Safety Rules and the 8 Life Rules Safety Rules

LG Display is at the forefront of preventing severe personal safety incidents for all employees and partners by implementing Safety Rules and the 8 Life Rules for tasks that carry a high risk of serious accidents. Specifically, the company provides routine training on risk factors and safety regulations related to safety devices, confined spaces, work at heights, electricity, heavy objects, forklift operations, firearms, and chemical substances. These areas are also regularly inspected, and any issues are promptly addressed and rectified. Moreover, the company is consistently making efforts to foster a safe work environment and culture by identifying and promoting best safety practices.



### Safety Guidelines to Prevent Accidents

- ① Always adhere to the 8 life rules.
- ② Ensure all work procedures incorporate and adhere to safety checklists.
- ③ Engage in adequate warm-ups before outdoor activities, including exercise.
- ④ Report immediately to the central control room if safety concerns arise or in the event of an accident.
- ⑤ Share risk information with supplier and grant permission for safe operations before commencing work.
- ⑥ Always wear appropriate safety equipment while working.
- ⑦ Wear a seat belt when driving and never drive under the influence of alcohol.



### 8 Life Rules to Prevent Serious Accidents

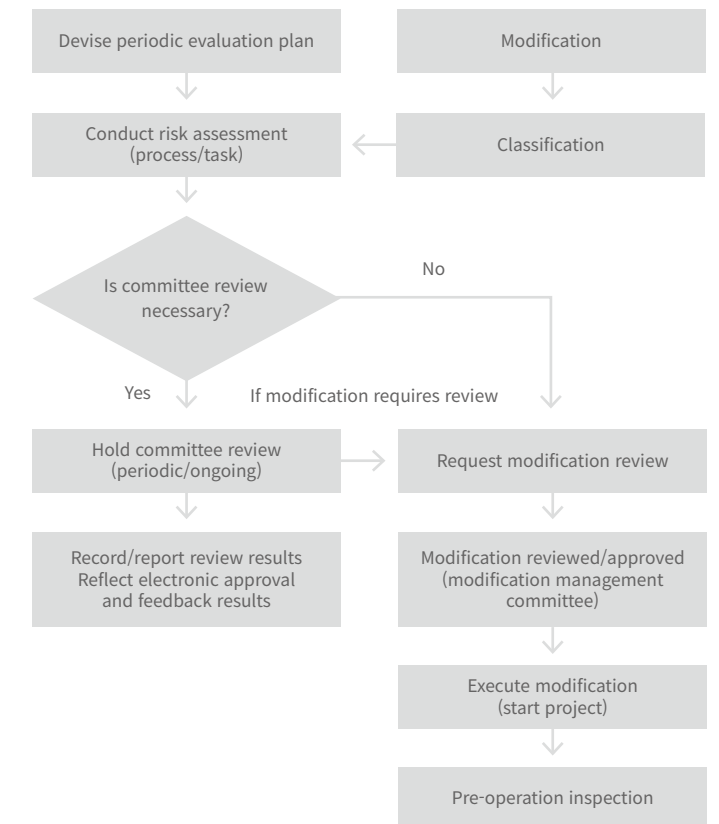
- ① Unauthorized tampering or alteration of safety devices is forbidden. Obtain approval when necessary.
- ② When working at heights, ensure fall prevention measures (e.g., safety harnesses) are in place.
- ③ For tasks involving heavy items, implement measures to prevent them from breaking free or tipping over.
- ④ While working with fire, take precautions to avoid proximity to flammable materials.
- ⑤ Before and during work in confined spaces, monitor oxygen levels and the presence of hazardous gases.
- ⑥ Prior to working with electricity, always ensure the power is off.
- ⑦ When operating a forklift, adhere to the company’s speed limits and always wear a seat belt.
- ⑧ When handling chemical substances, implement measures to prevent spills, such as locking valves and clearing any residues.

### Environmental and Safety Risk Management System

LG Chem actively monitors the crisis response levels across all business sites by assessing their crisis management systems, analyzing root causes of issues, and initiating company-wide improvement activities. LG Chem consistently track changes and updates to environmental and safety-related regulations, societal concerns, and emerging trends to ensure proactive risk management. Annually, all domestic and international business sites undergo self-assessments to ensure compliance with environmental and safety regulations, making necessary corrections as needed. LG Chem’s subsidiaries further enhance safety and environmental precautions by setting up LGC standards and routinely inspecting all business locations, all while elevating awareness of environmental and safety considerations.

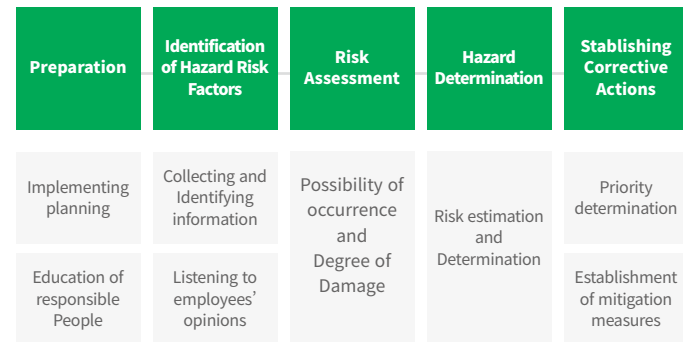
### Proactive Risk Identification and Management

LG Chem’s facilities operate a Risk Assessment Committee under the leadership of the plant manager. This Committee routinely reviews the appropriateness of risk assessments and re-examines potential risk factors. To mitigate risks, the plant manager conducts advance risk checks in line with the core risk verification protocol for each task prior to approving work assignments.



**Discovery and Mitigation of Potential Risks**

LG Electronics emphasizes risk assessment, proactively identifying and rectifying risk factors through preliminary checks and diagnostics. In 2022, the company identified and eliminated hazardous risk factors in 46,463 routine risk evaluations. The outcomes of these assessments were then used to categorize risk levels and initiate action to mitigate high-risk factors.



**Safety Crisis Response Process**

LG Electronics has established a consolidated crisis response process across the company by updating safety and environmental standards. This approach aims to minimize the impact of safety and environmental hazards by ensuring immediate action and rapid resolution in case of safety incidents.

Classification	Details
Crisis situation	Major disasters, fire accidents, dangerous objects/combustible gas leaks, infectious diseases, chemical substance leaks, pollutant (air/water) leaks, UT supply interruptions/power outages, natural disasters, etc.
Smart Working Committee	Common, Fire, Safety, Health, Chemicals, Water/Air, Waste, Electricity/Construction, Energy/UT, etc. Creation/revision and distribution of company-wide standard manuals Standards in 2022 (8 creations and 62 revisions) and manuals (11 creations and 74 revisions)

Additionally, the company has established accident reporting standards and manuals, continuously updating them to ensure both immediate responses and the implementation of measures to prevent recurrences.

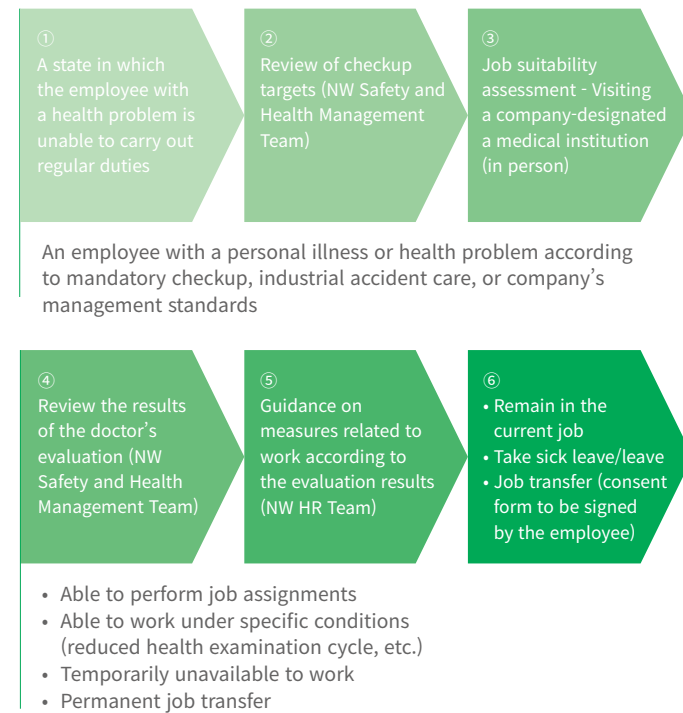


**Health**

**Assessing Job Suitability for Employees with Health Concerns**

LG U+ mandates assessments by specialists in occupational and environmental medicine for employees with specific health issues namely those with brain or cardiovascular conditions, or rare diseases. This evaluation ensures the suitability of their job assignments. This measure aims to prevent work-related accidents stemming from worsening conditions or other health complications.

Safety and environment risk management process



**Red Circle Health Campaign**

Since 2018, LG H&H has hosted the 'Red Circle Weekly Event' to help employees avoid developing cerebral and cardiovascular diseases. The first week of September is designated to raise awareness of the risks associated with these diseases and to foster a collective health management culture. In 2022, the company uploaded educational materials to the "Baeum Madang (Learning Plaza)" online platform, enabling all employees (around 8,000 in number) to learn about preventing cerebrovascular and cardiovascular diseases.

**Promotion of Healthy Employees and Work Environment**

LG Energy Solution has established an in-house clinic to offer professional medical services to its employees. Periodic assessments are conducted to measure their exposure to workplace factors like noise and dust that can impact their health. The company is also committed to improving the work environment by evaluating the strain on their musculoskeletal system quantitatively. Furthermore, the company opened the 'Green Mind Psychological Counseling Room' that is open to employees to monitor and manage their mental health. LG Energy Solution remains dedicated to enhancing safety and health management capabilities, aiming to prevent illness at the root by helping the employees to remain healthy.

**Smart System**

**Globally Integrated Environment and Safety IT System**

LG Chem has established and operates an integrated IT system rooted in global environmental and safety work standards. LG Chem is elevating our environmental and safety management standards by implementing this system across all business sites, both domestic and international, including locations in China, the United States, Poland, and Vietnam. LG Chem is continually enhance the system to address compliance risks in line with the introduction and amendment of laws, and to fortify the implementation of environmental and safety work procedures.

**'New Safety Environment Portal' System**

LG Display is aiming to build a pioneering smart safety environment system by infusing digital and IT innovations into its safety and health management. In line with this, the company introduced Integrated Safety Management (ISM) in 2016. By 2023, LG Display launched the 'New Safety Environment Portal', intended for the comprehensive management of all tasks related to safety, health, the environment, and chemicals. This move represents the company's efforts to merge the existing Integrated Safety Management System(ISM) with the 'Safety Environment Portal' and to further develop a comprehensive safety, health, and environmental management system.

Key Functions of the New Safety and Environment Portal

Category	Functions
Safety	Work inspection, safety ideas and suggestions, safety points
Health	Appointment for check-up and comprehensive health check-up plan and results
Environment	Electricity, utility, gas operation monitoring
Chemical substances	Chemical substance visibility, status map, and regulated chemicals information

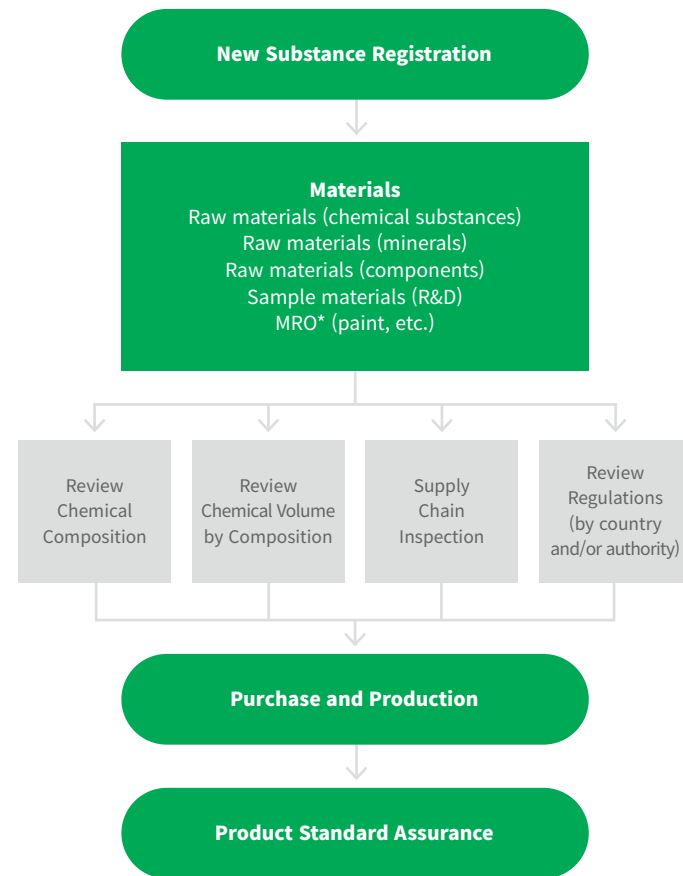
**Building a Company-wide Environmental Safety Smart Factory**

LG Energy Solution is committed to creating a safer and healthier workplace by ensuring all its factories are environmentally sound and smart. The smart factory initiative facilitates a working environment where potential abnormalities can be detected and addressed promptly by remotely monitoring real-time indicators such as abnormal temperature and pressure conditions and hazardous chemical leakages that could happen in the manufacturing process. Furthermore, the company is implementing a system that not only prevents deviations from standard operating parameters but also curbs the extent of potential damage through automated factory controls.

### Management of Hazardous Substances in Products

LG Energy Solution verifies raw and subsidiary material information using CHARMs 2.0 (Chemical Assurance and Regulation Management System), an integrated chemical management system. Furthermore, the company is planning to implement the Hazardous Substance Management System (HSMS) for new products by 2024, enabling integrated management of material information across all production facilities.

Key Functions of CHARMs 2.0



\* MRO: Maintenance Repair and Operation Procurement

### Safety Culture

#### Strengthened Environmental, Health, and Safety(EHS) Organizational Structure and Expertise

In 2022, LG Chem introduced the role of Chief Safety & Environment Officer (CSEO) to oversee environmental, safety, and health matters. The CSEO is vested with independent authority over investment, budgeting, staffing, evaluations, and strategies pertaining to environmental, safety, and health initiatives. Serving as the control tower, the CSEO coordinates company-wide environmental and safety operations, encompassing the formulation of overarching policies, compliance with legislation, performance assessments, and system management. This role also extends to diagnostic functions, including offering technical support and monitoring implementation status. Furthermore, LG Chem has appointed environment and safety managers at each business location to ensure consistent policy implementation, thereby bolstering on-the-ground responsiveness and execution. Additionally, LG Chem initiated the CSEO conference system, which facilitates regular reviews of policy effectiveness at various business sites, deliberates on environmental and safety enhancement strategies, and expedites decision-making.

LG Chem CSEO Meetings in 2022

Meeting	Agenda	Frequency
Environment & Safety Committee	<ul style="list-style-type: none"> <li>Decision-making on corporate-wide EH&amp;S issues</li> <li>Review on the status of prevention &amp; management of serious accidents</li> </ul>	Bi-annual
CSEO Field Management	<ul style="list-style-type: none"> <li>Inspection of major EH&amp;S issues in the workplace</li> <li>Review of key EH&amp;S management indicators' performance</li> </ul>	Quarterly
Health & Safety Executive Meeting	<ul style="list-style-type: none"> <li>Review and discussion of key EH&amp;S priorities and issues</li> </ul>	Bi-monthly
EH&S Department Meeting	<ul style="list-style-type: none"> <li>Discussion of key EH&amp;S policies and issues</li> </ul>	Monthly
EH&S Leaders' Workshop	<ul style="list-style-type: none"> <li>Review of key EH&amp;S management indicators' performance</li> </ul>	Annual
Business Divisions' EH&S Meeting	<ul style="list-style-type: none"> <li>Review of each business division's EH&amp;S activity</li> <li>Discussion of management meeting materials and miscellaneous agenda items</li> </ul>	Weekly

### Safety and Health Competency Training

LG Innotek offers a suite of annual training programs designed to bolster employees' expertise in safety and health. These programs include training to learn about safety and health-related regulations, safety and health leadership, specialized training for safety and health managers, and an expert course on accident investigation.

Type	Course	Target
Statutory Training	Training for New Hires	New employees
	Special Education	Workers subject to special training (40 types)
	Periodic Education	All employees
Specialized Training	Training upon changes in work details	Workers whose work details have changed
	Health and safety leadership course	Senior management, managers, supervisors
	Accident investigation expert course	Managers, supervisors, EESH key person, etc.
	Health and safety manager specialization course	Managers, supervisors, EESH key person, etc.

### Hazardous Risk Factor Competition (Network Sector Risk Evaluation)

LG U+ has launched the Hazardous Risk Factor Competition, an initiative designed to enhance the company's expertise in identifying and assessing risks across various operational tasks. During the period from October to December 2022, participants introduced 457 risk-related scenarios that hadn't been previously identified in the field. A panel of evaluators assessed these submissions based on factors such as the relevance of the topic, in-depth risk mitigation strategies, occurrence frequency, and the potential severity of the risks. Ultimately, 81 participants were recognized and rewarded for their insightful contributions. LG U+ plans to integrate the risk factors highlighted during the competition into their operational safety guidelines, further strengthening and refining the company's risk management approach.

### Participatory Safety Education

In 2018, LG Electronics opened a safety experience center where employees can engage in hands-on safety training. This center boasts facilities that allow participants to experience firsthand work and equipment-related safety risks through VR. They can also learn vital skills such as CPR and the correct procedures for evacuation during a fire. Furthermore, the company has produced promotional materials related to the 7 safety rules, using various formats such as animations, cartoons, brochures, and banners. These tools are employed to effectively heighten safety awareness among the employees.

### Supplier Management

#### Enhancing Safety Capabilities of Partner Companies

LG Chem bolsters the safety monitoring and oversight of partner companies by recruiting safety professionals as part of our safety observer system. When choosing a contractor for a construction or expansion project, LG Chem initially evaluate the basic safety management capabilities of prospective contractors. This is followed by an assessment of their specific accident prevention measures, using the Safety Bid Evaluation (SBE) system as a benchmark. Additionally, LG Chem champion initiatives to elevate the safety competencies of our partner companies. To support this, LG Chem offer a repository of best practices tailored for risk assessment of various tasks. This aids our business partners in effectively identifying potential risks associated with their tasks and devising appropriate solutions.

#### Operation of the Subcontracting Company Council

LG H&H established a Subcontracting Company Council dedicated to the safety and disaster prevention activities of our in-house suppliers. Our goal is to enhance the safety of these suppliers by gathering feedback related to safety and health, and subsequently taking measures to address the identified issues. The Subcontractor Council meetings are held regularly, once a month. In 2022, the council members listened to the opinions of the suppliers and provided support in areas such as improved workplace lighting, fire extinguishers for forklifts, and educational materials to prevent hypothermia during winter.

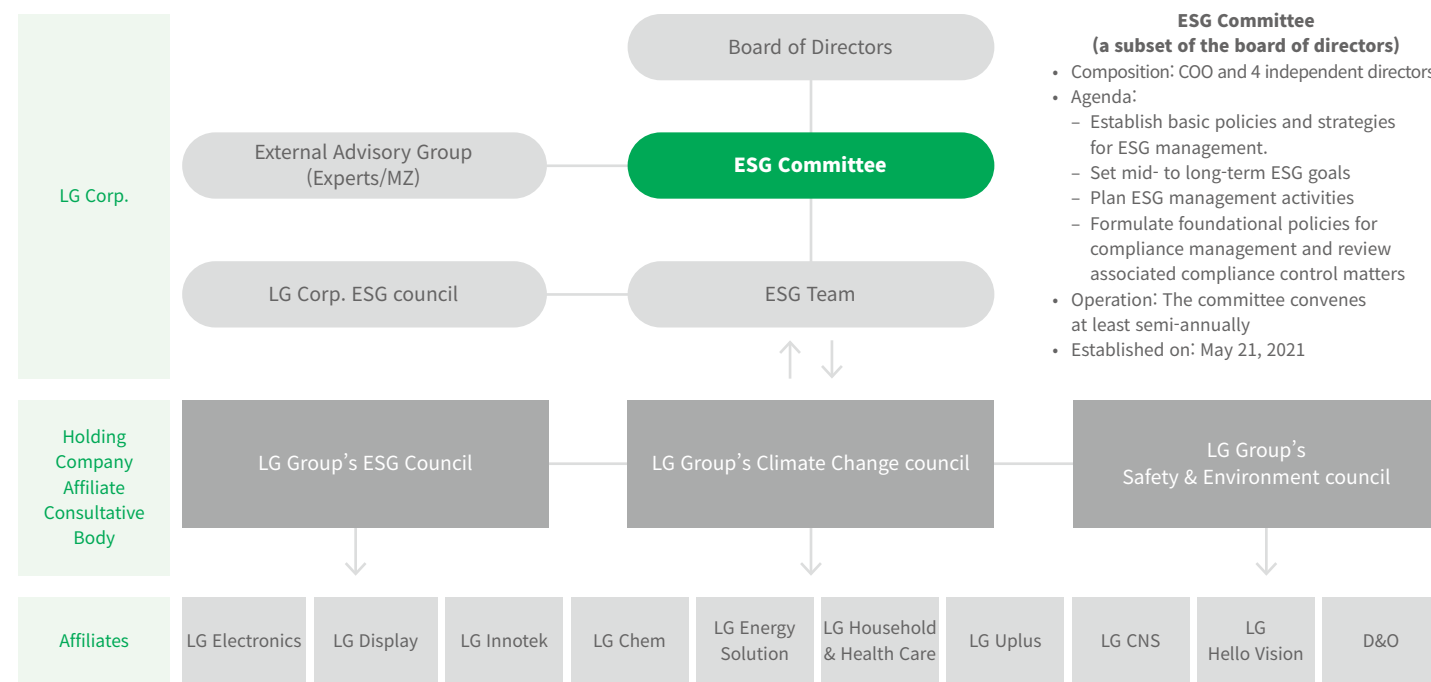


# GOVERNANCE FOR ESG

## ESG Management System

In May 2021, LG Corp. established a governance system for ESG management by inaugurating the ESG Committee under its Board of Directors and forming a team dedicated exclusively to ESG activities. The ESG Committee members comprise the COO and all outside directors. This committee is the paramount decision-making body for ESG management and is responsible for reviewing and approving foundational ESG policies, strategies, mid- to long-term goals, and action plans geared towards sustainable growth.

### ESG Implementation Structure



### ESG Committee Activities

Session	Attendees/Entire members	Agenda	Voting result
1st (May 24, 2022)	5/5	Resolutions • Approval of the shareholder return plan for LG Corp.	Passed
2nd (Jun.28, 2022)	5/5	Resolutions • LG ESG direction and promotion strategy • Group's ESG policy guidelines	Passed
		Report items • LG's safety and health inspection results • LG's ESG report disclosure • ESG IT platform progress	Reported
3rd (Sept.1, 2022)	5/5	Report items • Review the establishment of the Group's Net-Zero roadmap • LG's safety and health management system operation status and plan	Reported
		Resolutions • Group's 2050 Net-zero Integrated Roadmap	Passed
4th (Dec.19, 2022)	5/5	Report items • ESG management performance and plans • Review the Group's ESG agenda and goals • LG's safety and health management system operation performance plan • Progress and implementation plan for ESG IT platform	Reported

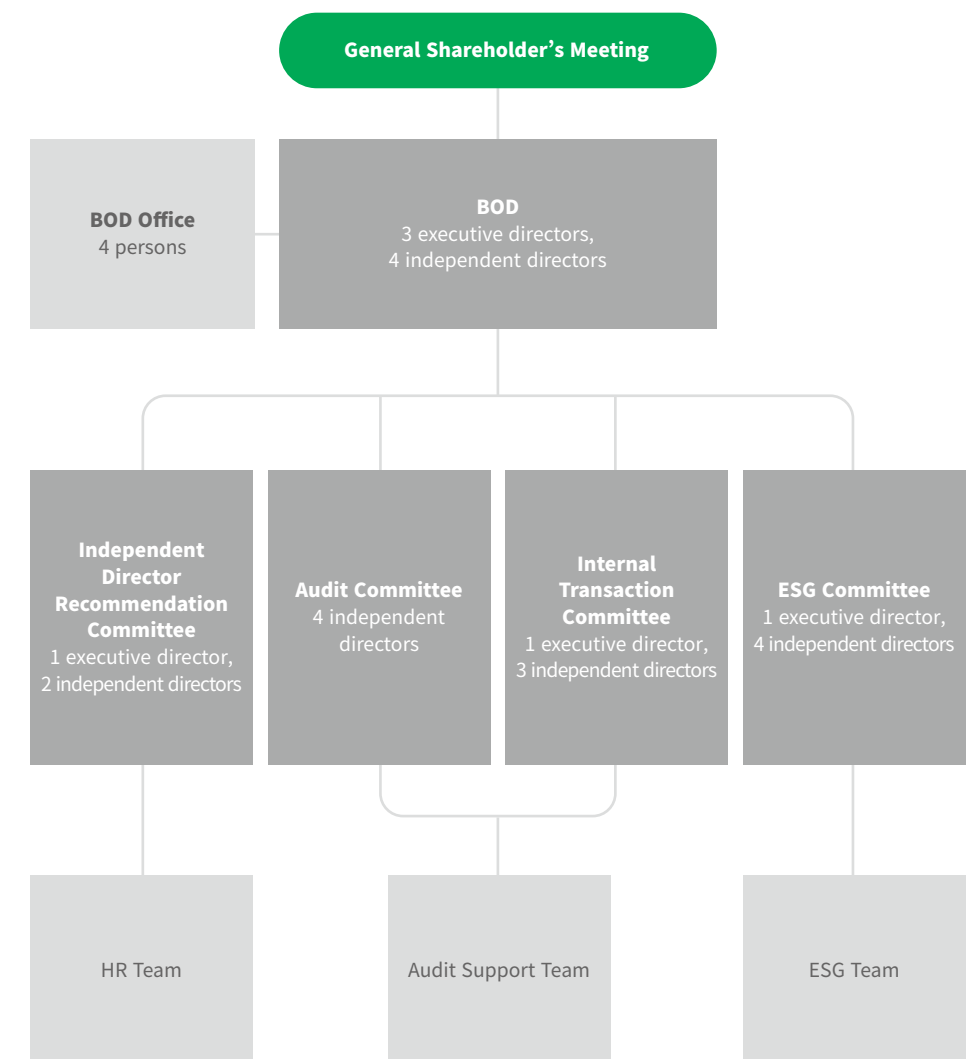
## Governance

LG Group is committed to establishing a transparent and robust governance structure that is founded upon the management philosophy of 'Customer-Value Creation', the goal of 'People-Oriented Management', and the principle of 'Board-centered Management'. LG was the first among Korean companies to establish a pure holding company system. Moreover, in 2021, to bolster ESG management and ensure fairness in related business transactions, we introduced the ESG Committee and the Internal Transactions Committee under the Board of Directors.

### Structure of the Board of Directors

LG Corp., along with LG Electronics, LG Innotek, LG Display, LG Chem, LG Energy Solution, LG Household & Health Care, and LG U+ (collectively referred to as "major listed LG companies"), maintain a board of directors composed of seven members. Over half of these members are independent directors, ensuring the board's independence. LG carefully appoints independent directors after assessing their interests, experience, and expertise. These board members uphold responsible management, engaging in thorough discussions on all agenda items.

Board of Directors Organizational Chart for LG Corp.



- As of June 2023

**Committees within the Board of Directors**

The major LG listed companies have several committees within their board of directors. They include the Independent Directors Candidate Recommendation Committee, Audit Committee, Internal Transactions Committee, and ESG Committee. Some affiliates also have additional committees such as the Management Committee and Finance Committee. In the case of LG Corp., the Audit Committee consists entirely of independent directors(total of 4) with finance and accounting backgrounds. The Independent Directors Candidate Recommendation Committee consists of 3 members, two out of which are independent directors. In addition, the ESG Committee has five members, and four of them are independent directors, and in the case of the Internal Transactions Committee, 3 out of 4 members are outside directors.

**Board Composition at LG Corp**

Classification	Name	Gender	Committee	Career Experience	Expertise	Term
Executive Director	Kwang Mo Koo	Male	-	• (Current) Chairman and CEO, LG Corp. • Managing Director, LG Corp. Business Strategy Team	General business management	From June 29, 2018 to the end of the 2024 regular general shareholder's meeting
Executive Director	Bong Seok Kwon	Male	• Independent Director Recommendation Committee • ESG Committee	• (Current) Vice Chairman, LG Corp. • CEO, LG Electronics	General business management	From January 7, 2022 to the end of the 2025 regular general shareholder's meeting
Executive Director	Beom Jong Ha	Male	• Internal Transaction Committee	• (Current) Head of Management Support Department, LG Corp. • Managing Director(Finance & Economics), LG Chem	Finance	From March 26, 2019 to the end of the 2025 regular general shareholder's meeting
Independent Director	Jong Soo Han	Male	• Independent Director Recommendation Committee • ESG Committee • Internal Transaction Committee • Audit Committee	• (Current) Professor, Ewha Womans University Business School • Professor, Rutgers University, USA	Accounting, Audit	From March 26, 2019 to the end of the 2025 regular general shareholder's meeting
Independent Director	Sung Wook Cho	Male	• ESG Committee • Internal Transaction Committee • Audit Committee • Independent Director Recommendation Committee	• (Current) Representative Attorney at Hwawoo Law Firm • Chief Prosecutor, Daejeon High Prosecutors' Office	Law	From March 27, 2020 to the end of the 2026 regular general shareholder's meeting
Independent Director	Soo Young Lee	Female	• ESG Committee • Internal Transaction Committee • Audit Committee	• (Current) Representative Executive Officer, Eco Management Korea Holdings Co., Ltd. • CEO, Kolon Water & Energy Co., Ltd.	Environment, Management	From March 26, 2021 to the end of the 2024 regular general shareholder's meeting
Independent Director	Jong Su Park	Male	• ESG Committee • Audit Committee	• Professor, Korea University Law School • Non-permanent member of the Central Administrative Appeals Commission	Tax policy	From March 29, 2023 to the end of the 2026 regular general shareholder's meeting

- As of June 2023

**Board of Directors Operation Status**

As a general rule, the Board of Directors meets quarterly in line with internal regulations. However, meetings can be convened as needed. In 2022, LG Group conducted a total of 7 board meetings where 31 agenda items were discussed. All directors maintained a 100% attendance rate at these meetings.

Board activities (Unit: Times/Cases)				Board attendance (Unit: %)			
Category	2020	2021	2022	Category	2020	2021	2022
Number of BOD meetings	6	8	7	Average attendance	97.6	100	100
Approval	12	26	18				
Reporting	6	8	13				

**Expertise and Diversity of the Board of Directors**

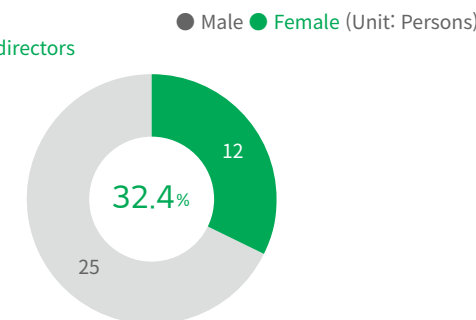
LG Group embraces diversity in the composition of its board of directors and imposes no specific restrictions based on gender or age when appointing directors. In line with these principles, the independent directors of LG Group's primary listed companies are seasoned professionals with expertise spanning various fields. Their diverse backgrounds encompass finance, accounting, environment, management consulting, and law. Furthermore, in adherence to the Capital Market and Financial Investment Business Act and other regulations, LG Group ensures a balanced gender representation on its board, and it is testified by the fact that 32.4% of all independent directors are female.

Current status of expertise of independent directors in listed LG affiliates (Unit: Persons)

Category	Law	Finance, Accounting	Business, Economics	Research, Development	Enterprise, Management	Policy, Administration
Number of directors	10	9	8	5	3	2
Total	37					

- As of June 2023 / Major listed LG Group affiliates including Hello Vision and GIIR

Current status of female independent directors of LG Group (Unit: Persons)



- As of June 2023

**① Criteria for Assessing the Professionalism of Directors**

- Possession of expertise in fields such as management, economics, law, accounting, and the environment
- Relevant work experience and industry knowledge in sectors where LG and its major affiliates operate
- An understanding of their responsibilities as an independent director

**② Criteria for Assessing the Diversity of Directors**

Gender	Uphold the principle of gender equality to ensure the board of directors operates with diverse perspectives.
Age	Enhance board efficiency by balancing responsiveness to changes in the business environment with experience.
Experience and Background	Take into account the characteristics of Korean society while refraining from biases based on regional backgrounds.
Others	Promote diversity by considering other factors such as nationality, race, religion, and ethnicity.

**Independent Director Appointment Procedure and Standards**

LG Group has set up internal criteria concerning the qualifications required for independent director. This includes examining potential conflicts of interest, such as any disqualifications stipulated by the Commercial Act, any transactional relationships with the company, and any close familial ties with key executives. Through these provisions, LG Group strives to appoint unbiased individuals as independent director. Those appointed as independent director possess verified expertise and rich experience in various areas, including finance & accounting, industry-specific management consulting, and law. They are appointed through a shareholders' meeting, following recommendations from the specially formed independent director Candidate Recommendation Committee. Apart from legal disqualifications, a thorough review is conducted to ensure there are no transactions or vested interests with major shareholders and other special relationships. This guarantees the independence of the independent director.

**Independence of Independent Directors**

Major listed LG companies have established and are operating an Independent Director Candidate Recommendation Committee to recommend independent director candidates.

To ensure fairness and independence in both the appointment of independent director and the committee's operation, at least two of its three members are required to be independent director. Beyond evaluating potential conflicts of interest between the company and the independent director, as well as any legal disqualifications, a thorough assessment is carried out regarding the expertise, independence, and aptitude of the independent director candidates to fulfill their responsibilities.

**Evaluation of Independent Directors**

The LG Group evaluates the performance of its independent director by taking into account both quantitative and qualitative outcomes of their activities. This evaluation is conducted as their term of office nears its end to decide on the possibility of reappointment.

For an independent director approaching the end of their term, the company undertakes a comprehensive assessment. This includes reviewing their attendance rate at board meetings; the effectiveness of their suggestions on board agendas; and their contributions to the internal control and monitoring systems, especially concerning the company's significant financial risks when serving as an audit committee member.

**Remuneration System**

Directors' remuneration adheres to internal regulations within the limits of the total remuneration approved at the general shareholders' meeting as stipulated by Article 388 of the Commercial Act. For independent director, the amount paid is uniform: In 2022, the total remuneration for LG Group's directors amounted to KRW14,603 million, with the average amount of KRW2,086 million per director. For Independent director(excluding members of the Audit Committee), it was KRW102 million per person, and for members of the Audit Committee, it averaged KRW105 million per person. The remuneration for registered directors comprises an annual salary that takes into account the inflation rate, external competitiveness, financial performance, remuneration according to their respective roles, and performance incentives based on both business and individual accomplishments. All these factors are comprehensively considered in devising the remuneration structure.

Board of Directors Remuneration (Unit: Persons, KRW million)

Category	Registered Directors	Outside Directors	Audit Committee Members
Number of Persons	3	1	3
Total Remuneration	14,186	102	315
Average Remuneration per Person	4,729	102	105

- As of the end of December 2022  
 - The total remuneration includes directors and auditors currently in office as of the reference date, as well as directors and auditors who have retired during the period up to the reference date.

**Key Performance Indicators for Executives**

Management performance is assessed based on both quantitative indicators, such as the company's sales and operating profit from the previous year, and qualitative indicators, including the company's realization of mid-to long-term expectations, their leadership, and overall contribution to the company. The outcomes of this performance review influence the bonus, which can range from 0 to 150% of the standard annual salary, as determined by the board of directors.

Current status of CEO remuneration (Unit: KRW million)

Name	Total remuneration
Kwang Mo Koo	9,478

- As of the end of December 2022

**Stock Holdings**

LG Group neither imposes stock ownership requirements on its CEO and executives nor has internal regulations pertaining to this. Nevertheless, some executives choose to hold stocks in the company as a demonstration of responsible management. The current status of such holdings is disclosed in the company's business reports.

Stock holdings by management (Unit: One Share)

Name	Position	Number of Shares
Kwang Mo Koo	CEO	25,096,717
Soo Young Lee	Independent Director/ Audit Committee Member	911
Bum Sik Hong	President	2,144

- As of the end of December 2022

**Leadership Stability**

LG Group has implemented and actively manages an internal process designed to ensure leadership stability. Annually, a management personnel consultative body—comprised of key executives and personnel representatives—convenes to identify potential candidates for the Group's CEO position. This pool of candidates is drawn from both LG's top management (C-Level executives) and select external professionals. Those from LG's top echelons are trained and their performance assessed throughout the year. LG is dedicated to continuously enhancing this process to reliably identify and cultivate the pool of potential successors endowed with superior skills and capabilities.

The company establishes the criteria and qualifications for the CEO role, taking into account the management landscape and business strategy, to identify the most suitable candidates. These potential candidates undergo a rigorous verification of their qualifications. Subsequently, the company shortlists a pool that is two to three times larger than the available positions. This pool comprises immediate appointees and long-term candidates who might assume the role in 3 to 5 years. Their qualifications are consistently assessed throughout the year, and as required, adjustments to the pool are made. When a CEO transition is imminent, the ultimate candidate is chosen from the training pool after validation by the management personnel council and the supporting department. Only then is the candidate's appointment presented to the board of directors.

The Board of Directors evaluates if a candidate possesses the skills to manage the company in alignment with its and the shareholders' interests and to champion the company's core values and vision. Once endorsed by the board, the candidate is nominated for the position of inside director at the general shareholders' meeting. The executive succession process culminates when the candidate is appointed as the representative director during the subsequent board meeting.

**Crisis Management**

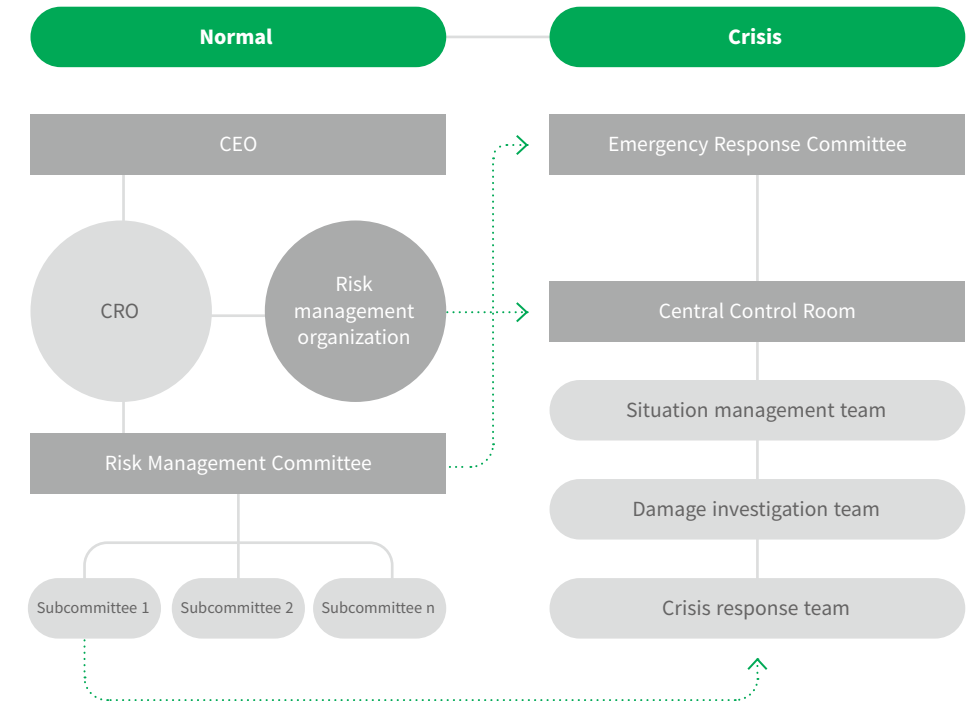
**Establishing Governance**

LG Group has appointed a CRO (Chief Risk Officer) to each of its 14 affiliated companies and established dedicated organizations for crisis management. We've defined roles within the organization based on two phases: the normal situation (before a crisis arises) and during the crisis.

\* LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household & Health Care, Farm Hannong, LG U+, LG CNS, LG Hello Vision, D&O, HS Ad, LG Academy, LG Science Park

**Direction of Implementation**

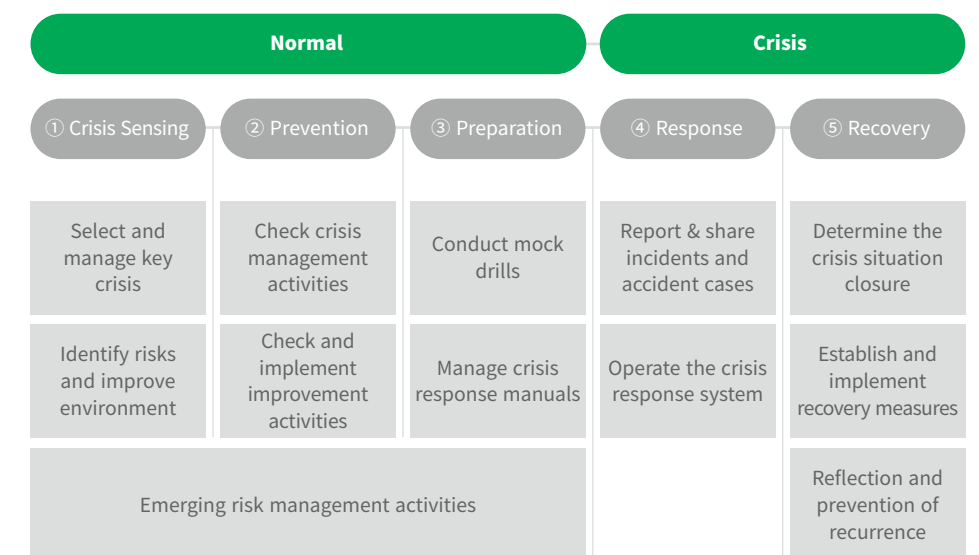
LG Group has a system in place to mitigate risks that might arise during business activities and to rapidly address incidents that could evolve into more significant crises. With crisis management governance anchored by the CRO (Chief Risk Officer) who oversees this system, the company adheres to a structured crisis response process, which includes crisis sensing, prevention, preparation, response, and recovery. Additionally, the company is bolstering employee awareness and proficiency in crisis management through various incentives, including an educational reward program.



- In the event of a company-wide crisis, the Risk Management Committee takes the lead; for a risk level that must be resolved by a subcommittee, the subcommittee can act as an emergency response committee.

**Crisis Management Process**

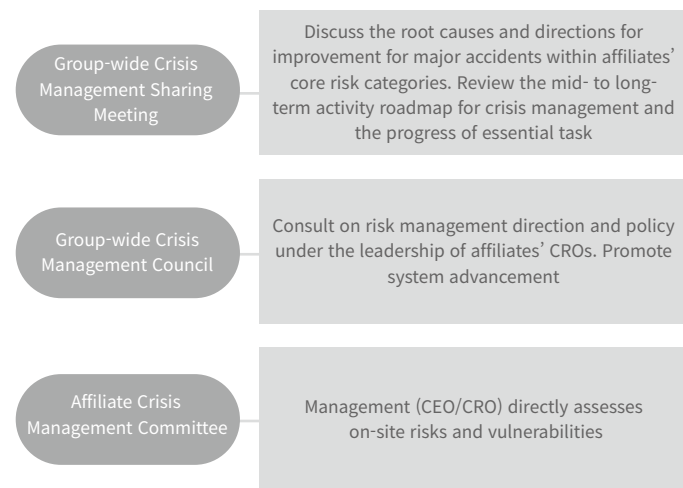
The crisis management process is structured around sensing and improving to prevent risks, and when a crisis occurs, to minimize damage through responsive and recovery activities.



**Crisis Sensing, Prevention, and Preparedness**

LG Group selects standard crisis categories and types for the group, and manages key crisis factors tailored to the industrial characteristics of each affiliate. The company regularly identifies areas for improvement and implements appropriate measures, always keeping in mind shifts in the internal and external environment. Notably, risks necessitating a group-wide response are managed separately, with the aim of crafting preemptive countermeasures. Furthermore, LG Group is setting up a group consultative body and committee governance focused on crisis prevention. This will facilitate discussions on bolstering crisis management capabilities, disseminating case studies, and risk assessments.

**Consultative Body**



Each LG Group affiliate has crafted scenarios and formulated response guidelines based on various hypothetical crisis situations. These scenarios and guidelines are regularly updated and refined through mock training exercises.

**Crisis Response and Recovery**

LG has overhauled communication standards and clarified organizational roles and responsibilities to ensure that any crisis situation is swiftly communicated to the pertinent departments and management. Furthermore, an IT support system is in place to guarantee an immediate response. The recovery process, crucial for business continuity, is meticulously executed in crisis situations based on a pre-determined plan. LG's crisis response aptitude is held in high regard internationally, as evidenced by the company's attainment and maintenance of ISO 22301, the global standard for Business Continuity Management.

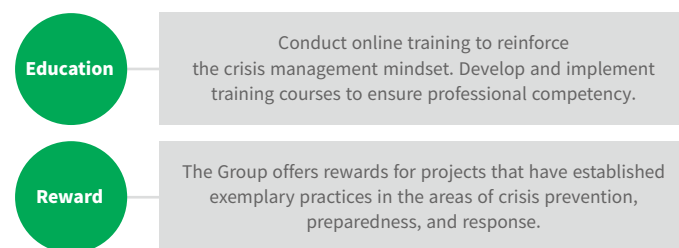
- Communication Standards and Procedures**
  - Maintaining LG Group's standardized crisis ratings and criteria for affiliate crisis assessment
  - Maintaining communication systems based on issue and incident type
- Defining the Role of the Response Organization**
  - Clear definition of the response organization's structure and roles during a crisis (emergency committee and functional organization)
- Establishment and Operation of IT Support System**
  - Implementation and management of a mobile & web system, inclusive of accident reporting, dashboard, and mission dispatch functions, all of which will enable immediate and concurrent communication among relevant departments and management during a crisis

**Process Advancement Activities**

LG Group is committed to enhancing and fortifying the crisis response capabilities of all its affiliates. This is achieved by fostering collaboration between affiliates, allowing them to build more resilient crisis response capabilities that adapt to shifts in both internal and external environments. Additionally, the 'LG Crisis Management Standard Model' has been developed, drawing on global guidelines and integrating best practices from affiliates in crisis management.

**Organizational Culture and Competency**

We offer training opportunities to enhance the crisis management mindset and skills of our employees. Additionally, we heighten their awareness of crisis management through a reward system.



**Jeong-Do Management**

**Direction**

In 1994, LG Group established the foundational direction for Jeong-do Management by introducing the group-wide LG Code of Ethics. This was done to ensure that all executives and employees prioritize ethical values and actively implement them. The 'LG Code of Ethics' is distributed to and shared among employees both in Korea and overseas to ensure their familiarity with it.

**Organization**

LG Group is establishing an organizational structure to ensure the group-wide practice of Jeong-Do Management. Within the affiliates, the company has set up the Management Assessment Team and the Ethics Office, both of which report directly to the CEO. The Management Assessment Team's responsibilities include assessing the integrity of business operations and ensuring adherence to principles. Meanwhile, the Ethics Office oversees Jeong-do management training, promotional activities, and also undertakes investigations and preventative measures against corruption.

The LG Group ardently upholds Jeong-Do (trans. the Right Way) Management and Compliance Management, championing the belief that all employees should embody integrity within the company. Continuously nurturing these management philosophies is LG's distinctive approach to action. Through Jeong-Do Management, we prioritize three behavioral principles: Integrity, Fair Transaction, Fair Competition through competence. This approach not only adds value for our customers but also emphasizes a management style that respects individuals.



**LG Code of Ethics**

**Chapter 1 Responsibilities and Obligations to Customers**

Under the belief that customers are the true business foundation, LG always respects customers' opinions and secures unconditional trust from customers by constantly creating and providing values that are helpful to customers.

**Chapter 2 Fair Competition**

LG complies with local laws and regulations in all business activities around the world, and secures a competitive edge through fair competition.

**Chapter 3 Fair Trade**

All transactions are made according to the principle of free competition while equal opportunities for participation are guaranteed, and mutual trust and cooperative relationships are established through transparent and fair transactions to pursue shared development from a long-term perspective.

**Chapter 4 Basic Ethics of Employees**

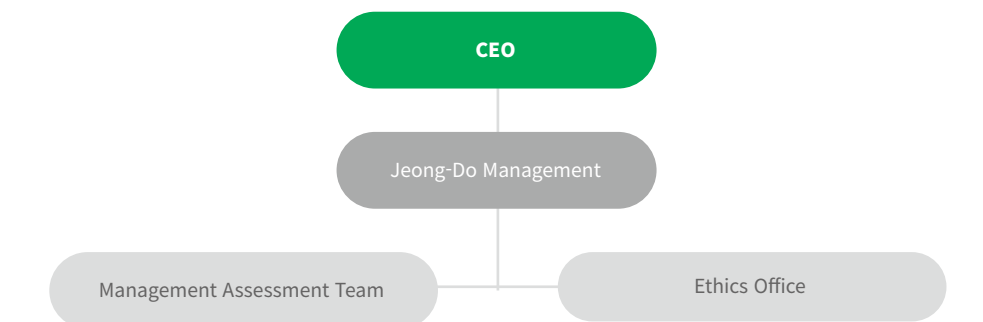
Executives and employees establish the right values as LG people with the belief of honesty and fairness, and fulfill their assigned missions through continuous self-development and fair job performance.

**Chapter 5 Responsibilities for Employees**

LG respects all employees as human beings, treats them fairly according to their abilities and achievements, and strives to enable them to fully demonstrate their creativity.

**Chapter 6 Responsibility to the State and Society**

LG protects the interests of shareholders and contributes to the affluent life of the people and social development by growing into a sound company through rational business development.



**Practice**

LG Group has set up an online educational platform for its employees, offering regular Jeong-Do Management training that they can voluntarily access and complete at any time.

Pledge to practice Jeong-Do Management (Unit: Persons)

Category	2020	2021	2022
Total subjects	193,473	187,150	203,559
Pledge signees	188,061	181,952	184,547

- Executives and employees are required to sign up. (This must be filled out and submitted even when promoted or reassigned to a different position.)
- Based on 12 affiliates: Reports include those from Scope 8 companies, as well as from HelloVision, D&O, Farm Hannong, and HS Ad.

Participation in Jeong-Do Management training (Unit: Persons)

Category	2020	2021	2022
Total subjects	121,774	187,209	170,354
Pledge signees	92,311	155,310	145,250

- Excluding legal mandatory training (prevention of sexual harassment, improvement of awareness of the disabled) and compliance training
- Based on 12 affiliates: Reports include those from Scope 8 companies as well as Hello Vision, D&O, GIIR, Farm Hannong.

Jeong-Do management training and PR activities

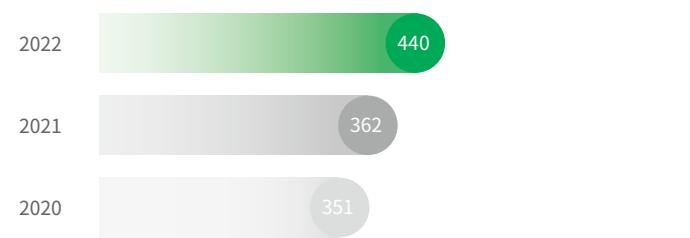
Category	Description
Online Training Environment	<ul style="list-style-type: none"> <li>• Providing regular training using platforms                             <ul style="list-style-type: none"> <li>- Group-wide: Qrius</li> <li>- LG Electronics: Learning Net</li> <li>- LG Display: Smart HRD, D-tube</li> <li>- LG Chem: Global Academy</li> <li>- LG Uplus: LGU Smart Learning</li> </ul> </li> <li>• Real-time Q&amp;A using an in-house chatbot, provision of guides                             <ul style="list-style-type: none"> <li>- LG Display: LetsBot</li> <li>- LG Chem: ChemBot</li> <li>- LG CNS: LVI</li> </ul> </li> </ul>
Training Themes and Contents	<ul style="list-style-type: none"> <li>• Introduction to customer value practice, quality mindset, and cyber Shinmungo</li> <li>• Basic ethics of employees (violation cases, internal regulations reminder, correct practice guide)                             <ul style="list-style-type: none"> <li>- Prevention of information leakage, prohibition of receipt of money or entertainment, prohibition of misappropriation of assets, prohibition of document/calculation fabrication</li> </ul> </li> <li>• Focused training to enhance employee awareness of trending social changes (safety, sexual harassment, workplace harassment, etc.)</li> </ul>

**Corruption and Irregularity Reporting System**

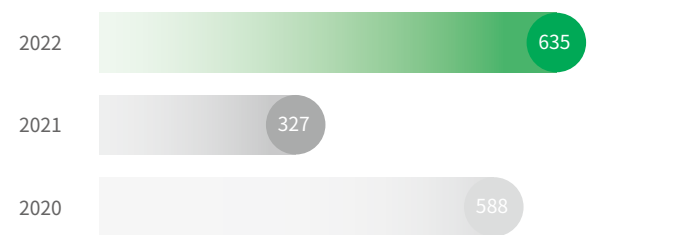
LG Group provides multiple channels, including the Internet, phone, fax, and mail, to facilitate reports from individuals. The company abides by whistleblower protection principles, ensuring that those who report corruptions and irregularities are not disadvantaged or discriminated against in their working conditions. The identity of the whistleblower and the details of the report are also safeguarded. Furthermore, to bolster adherence to Jeong-Do Management among executives and employees and to eliminate corruption and irregularities that undermines customer value, we have implemented a reward system for reporting them.

- Cyber Shinmungo (reporting system): <https://ethics.lg.co.kr/main/en.do>

Number of violations (Unit: Cases)



Number of people sanctioned (Unit: Persons)



- The data for 2020 and 2021 have been adjusted. This is due to discrepancies between the time when actions were taken following investigations into violations and the time when such information was disclosed.
- Based on 12 affiliates: Reports include those from Scope 8 companies as well as Hello Vision, D&O, GIIR, Farm Hannong.

# ECOLOGICAL ACTION

UNITING EFFORTS IN EACH & EVERY CONTACT

We will practice responsible business for the sustainable future of all stakeholders.

# ECOLOGICAL ACTION

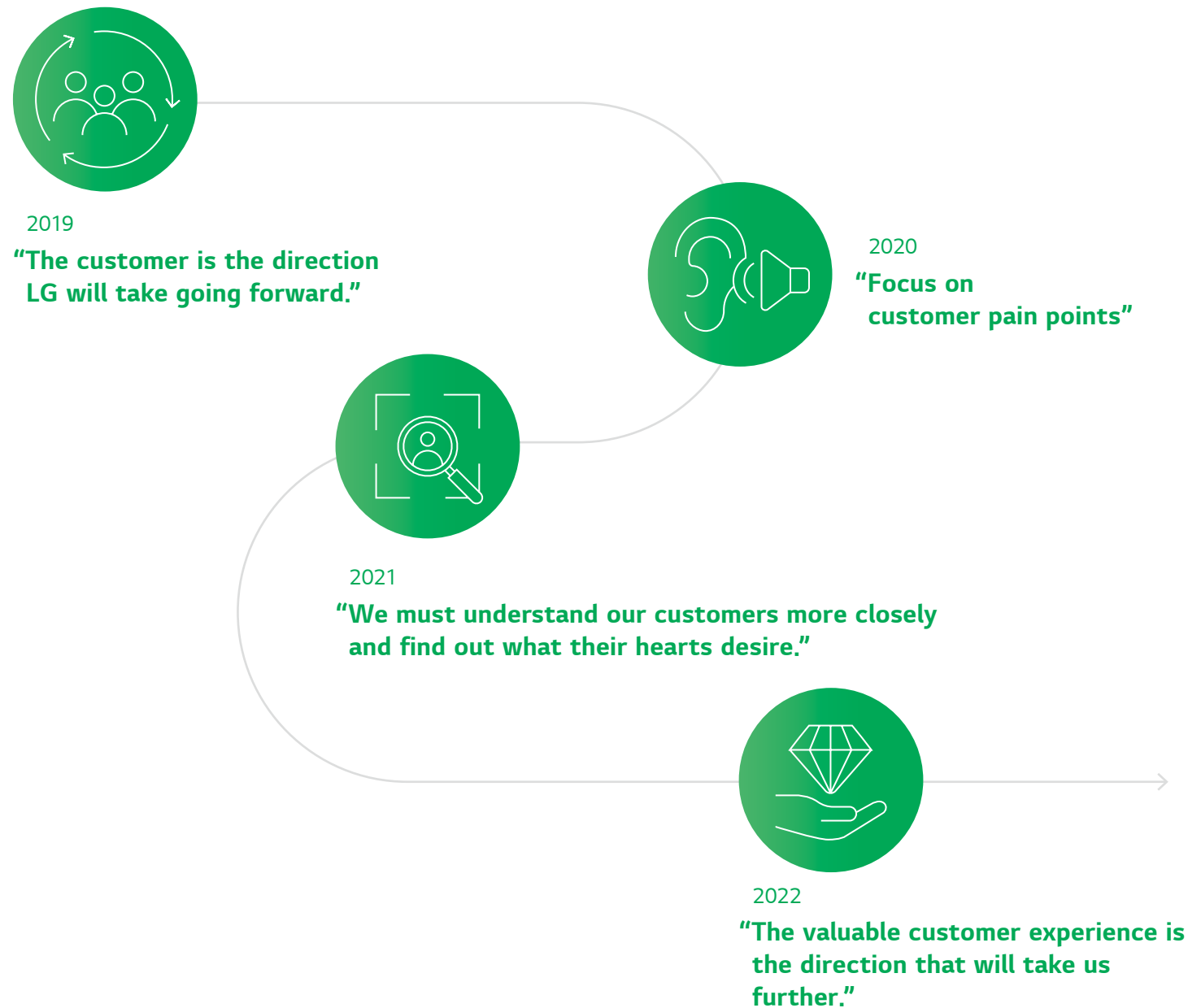
UNITING EFFORTS IN  
EACH & EVERY CONTACT

- 54 CUSTOMER VALUE
- 58 HUMAN CAPITAL MANAGEMENT
- 62 RESPONSIBLE SUPPLY CHAIN
- 66 SOCIAL CONTRIBUTION

# CUSTOMER VALUE

## A Journey to Uncover the Answers Within Our Customers

LG Group consistently prioritizes our customers and strives to deliver unparalleled value to them. Our pursuit of customer value at LG Group starts with an in-depth understanding of their experiences and needs. We are devoted to exceeding customer expectations with innovative products and services, all while deeply empathizing and continuously exploring what our customers truly desire.



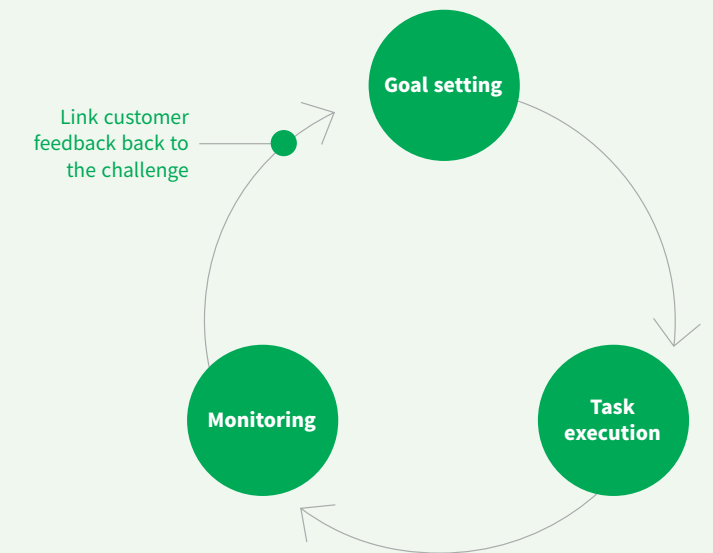
## Journey to Practice Customer Value

LG Group continuously enhances its products and services by measuring and monitoring specific customer experiences, with the goal of providing innovative experiences that customers can distinctly perceive and appreciate.



### Positive cycle system of customer experience innovation

- Goal Setting**
  - Establish customer value orientation for each client company
  - Derive core values and experiences to be provided to customers
  - Establish a mid- to long-term implementation roadmap to realize customer experience
- Action Support**
  - Operate ACE Camp and Tutorial to support problem-solving in customer experience innovation
- Monitoring**
  - Continuously improve customer experience through regular monitoring of customer feedback results\*



\* Customer satisfaction, customer recommendation index

Goal Setting

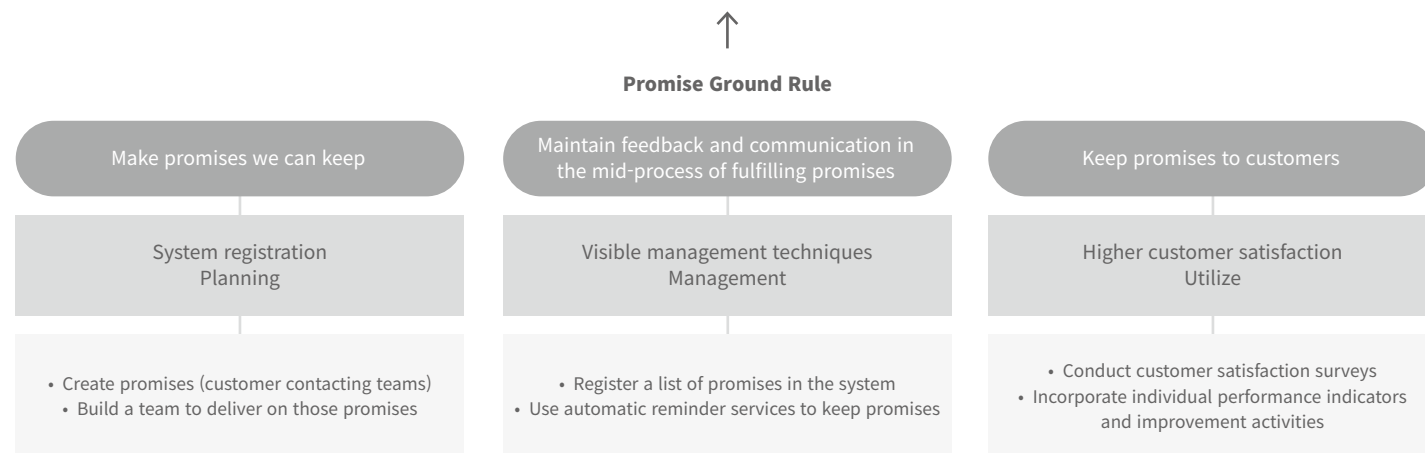
Establish a goal for customer experience innovation and examples of the promise management system

Envisioning its role as the ‘Global No. 1 materials and parts manufacturer’ and as a partner for the success of customer businesses, LG Innotek has outlined three promises with customers under the banner of ‘Ground Rules’. They are: ① Make a commitment that is non-negotiable; ② Provide interim feedback to reassure customers; and ③ Ensure the fulfillment of promises. In 2023, LG Innotek implemented a system that enables members to easily register, manage, and utilize the promises our company has made with customers.

Our company has intensified its efforts to uphold its commitments to customers. To address chronic instances of unfulfilled promises, LG Innotek has taken multiple measures, including periodic evaluations of customer satisfaction and the creation of a system to gather feedback regarding promise fulfillment. Moreover, the performance related to these promises is incorporated into the management’s evaluation metrics.

Realizing the Vision of ‘Global No. 1 Materials and Parts Company’ as a Must-Have Partner for Customer Business Success

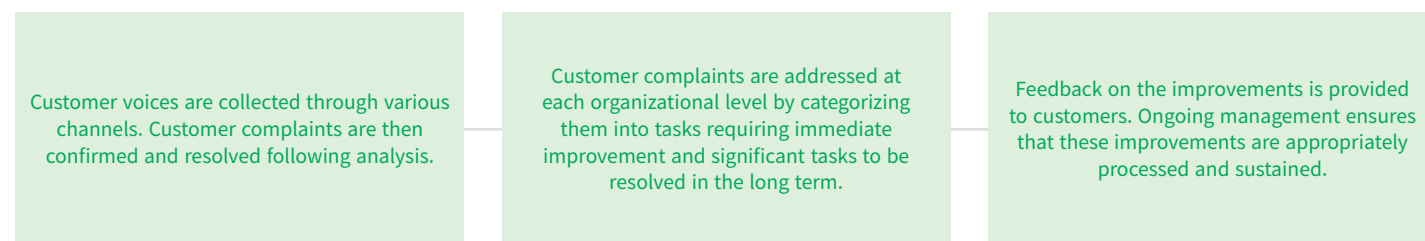
Customers lead a company to success and help it gain recognition and grow in the market. This is achieved by delivering both basic and differentiated values, which form the foundation of the company’s commitments throughout the product purchase experience journey.



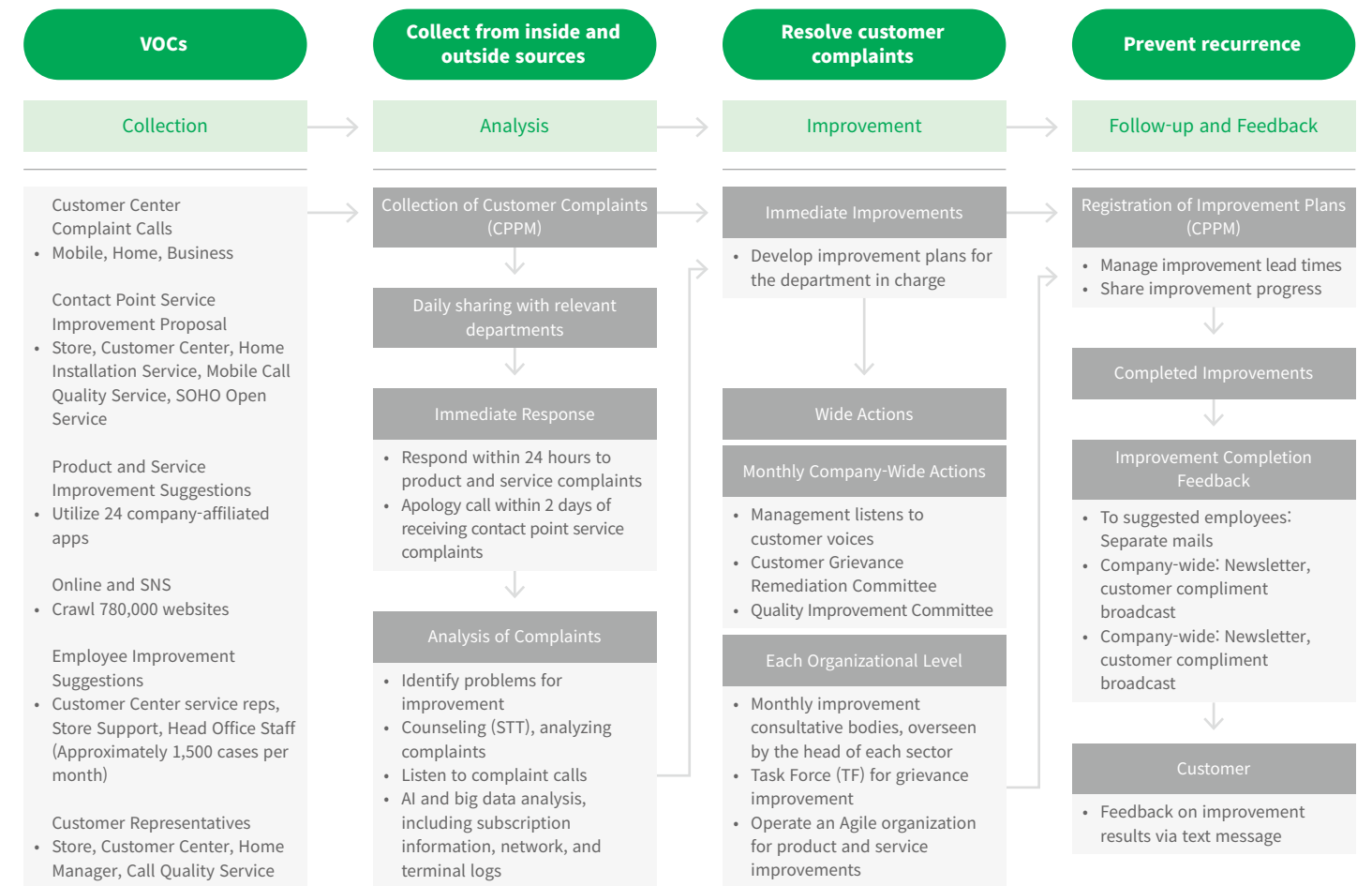
Task Execution

Case: Reduction in Customer Complaint Calls

LG U+ has been proactively addressing customer complaints through a systematic management process. Consequently, the number of unresolved customer complaint calls has steadily decreased since 2020.



LG U+ Customer Grievance Management Process



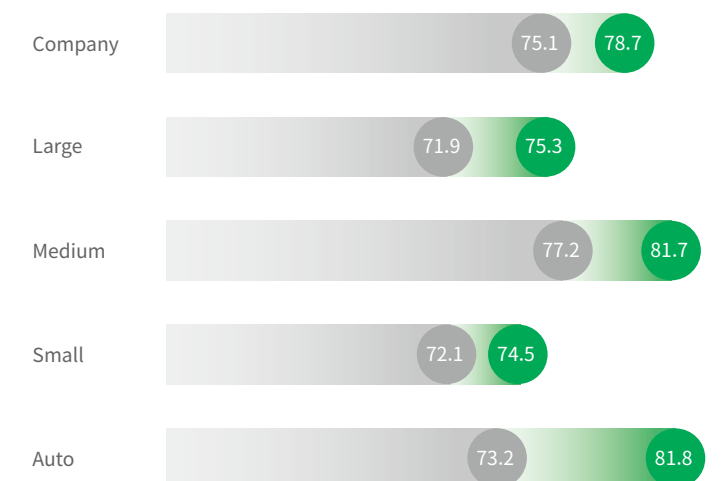
Monitoring

Case: Customer Satisfaction Survey and Monitoring

Since 2020, LG Display has regularly conducted customer satisfaction surveys to objectively gauge the level of customer satisfaction from the customer’s perspective. In these surveys, LG Display assesses its own customer satisfaction levels, its competitive standing relative to other companies, and then shares the findings with relevant departments. This collaboration ensures that necessary measures are taken to address identified areas of concern. In 2022, LG Display recorded a 78.7% level of customer satisfaction, marking a 3.6% increase compared to 2021. This data was gathered from a survey involving 16 major customer companies. This growth is attributable to systematic and organizational efforts made to enhance key areas identified during the 2020-2021 survey period. This improvement is attributed to the systematic and organizational efforts directed at enhancing key areas identified during the 2020 and 2021 surveys. While these results are promising, LG Display remains dedicated to continuously exploring future directions. Instead of resting on its laurels, the company will maintain a positive and open attitude towards ongoing improvements in customer satisfaction.

LG Display Customer Satisfaction

● 2021 ● 2022 (Unit: %)



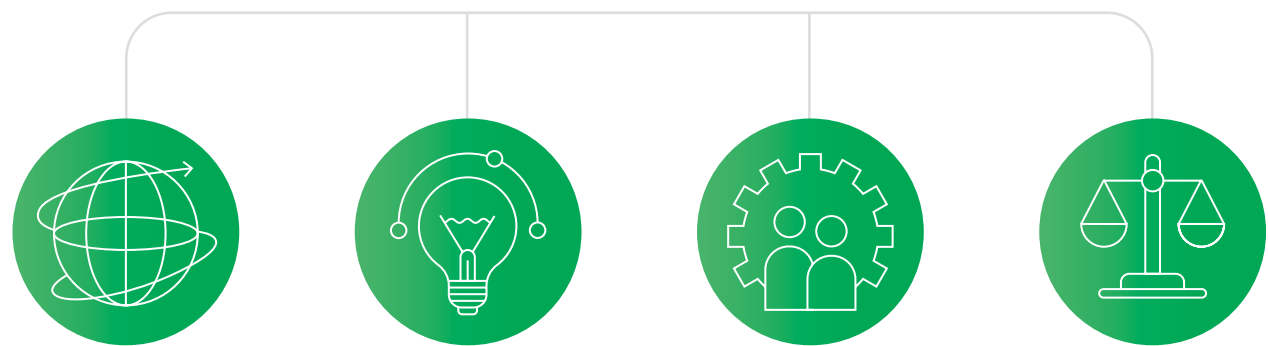


# HUMAN CAPITAL MANAGEMENT

The LG Group supports a corporate culture that respects individuality and the diverse backgrounds of its employees, ensuring that they deliver their best performance.

By empowering employees to maximize their capabilities and showcase their results, we're not only fostering personal growth but also contributing to the realization of the LG Group's vision and goals. Our corporate culture is rooted in equality, mutual respect, and open communication, underscoring the joint growth of the LG Group and its dedicated team.

**A person who has faith in the LG Way and possesses the ability to execute.**



**Challenge**

A person who aspires to be the world's best, fueled by dreams and passion.

**Innovation**

A person who puts customers first and is committed to constant innovation.

**Creative**

A person who works autonomously, fostering creativity and teamwork.

**Fair Competition**

A person who continually develops their skills and competes fairly.

## 2022 Impact Highlights

(Unit: %, hours, KRW10,000)

Topic	2020	2021	2022
Percentage of full-time employees	95.2	93.9	95.2
Voluntary retirement rate*	9.0	12.2	15.4
Parental leave return rate	90.7	90.0	88.3
Average training hours	37	39	41
Average cost of training	56	61	83

\* There have been overall numerical changes from 2020 to 2022 due to the expansion of the scope of data management to include overseas business sites. These numbers reflect the increased turnover rate in 2022 at electronics subsidiaries in Central and South America, which is attributable to changes in local labor laws.

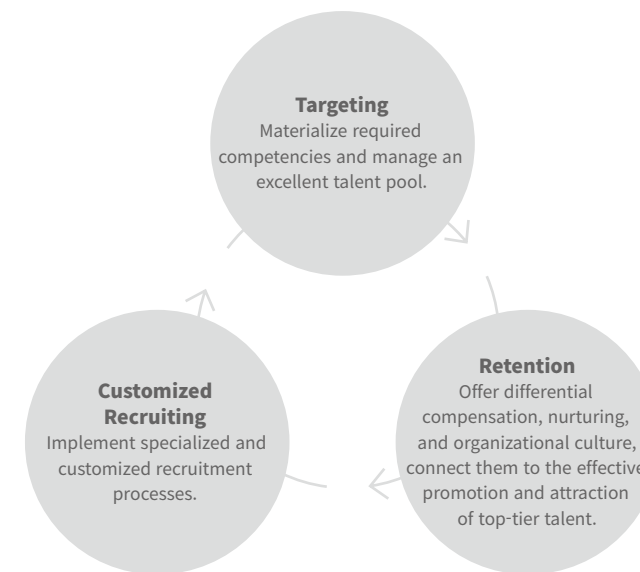
## Talent Recruitment

Instead of conducting Group-level open recruitment events, the LG Group hires new employees by affiliate. Furthermore, we have overhauled our selection tools to enhance the objectivity of talent recruitment. By forecasting candidates' character traits and job competencies, we can now provide a more comprehensive evaluation. We've also introduced character and aptitude tests to better assess applicants' qualifications, moving away from an excessive reliance on the backgrounds and career trajectories listed on their resumes.

### Transition to an On-demand Recruiting Model

The LG Group has transitioned to an on-demand recruitment model, allowing for the hiring of new employees throughout the year. All affiliate companies have also launched and maintain internship programs. These initiatives aim to create a virtuous cycle of talent verification, employment, and development. This is achieved through a specialized recruitment process tailored to each business division, all grounded on a meticulously determined count of required employees based on specific job competencies.

Moreover, the LG Group has implemented an online personality and aptitude test to expedite the recruiting process. We're also dedicated to enhancing our recruitment brand image. This commitment is evidenced by our introduction of a real-time recruitment counseling chatbot on the recruitment site and the utilization of AI for document screening and interviews.

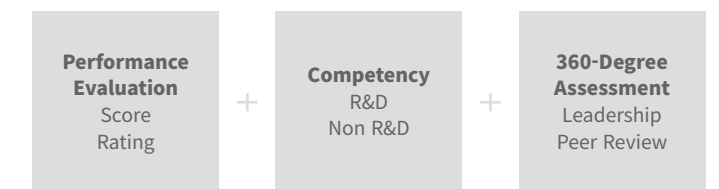


## HR Management and Development

The LG Group has established systematic training and leadership programs specifically designed to develop employees, including new hires. Additionally, the company offers various evaluation and incentive schemes aimed at helping employees achieve better business outcomes and build stronger competencies.

### Employee Performance Evaluation

Beyond basic performance assessments, LG Electronics has implemented a comprehensive approach to performance management. This includes regular performance reviews, multi-faceted evaluations, rating evaluation committees, and objection processes—all aimed at assessing employees' performance in a fair and objective manner.



Categories	Evaluation Target	Implementation Period
Performance Evaluation	Score Rating	All Employees
Competency	R&D / Non R&D	All Employees
360-Degree Assessment	Leadership	Managers (including some key personnel)
	Peer Review	All Employees (including managers)

### Nurturing Talents Who Grow Alongside the Company

LG Chem offers a range of job competency development programs designed to help employees find purpose in their work and actively enhance their value.

Career Vision Achievement	Future Leaders
<ul style="list-style-type: none"> <li>Career Market</li> <li>Career Week</li> <li>Career Advisor</li> </ul>	<ul style="list-style-type: none"> <li>LG &amp; I (Candidate Education)</li> <li>Leadership Education</li> </ul>
Global Talent	Experts
<ul style="list-style-type: none"> <li>Mid-to-Long Term Overseas Training and Global MBA</li> <li>Language Program</li> </ul>	<ul style="list-style-type: none"> <li>Specialized Education</li> <li>LG Chemical Masters/Experts</li> </ul>

## Diversity

### Respect for Employee Diversity

LG Electronics guarantees respect for the human dignity and value of all employees and stakeholders, along with their right to pursue happiness in their work. To ensure this, the company has instituted measures that allow all employees to perform their roles according to their abilities and aptitudes, without facing discrimination or disadvantages based on factors such as gender, race, education, or religion.

Category	Detail
Bigger Size of Workforce	<ul style="list-style-type: none"> <li>Expansion of strategic Moments of Truth (M.O.T) and implementation of various programs to increase female recruitment                             <ul style="list-style-type: none"> <li>Recruitment of exceptional female talent in R&amp;D areas such as Software, AI, and Big Data through professor recommendations and online recruitment seminars</li> <li>Hosting recruitment seminars to build a pool of outstanding female talent</li> <li>Conducting preliminary reviews for hiring in key areas by using recruitment platforms to create a robust pool of female talent</li> </ul> </li> <li>Recruitment of executive-level female talent and development of internal female leaders and experts                             <ul style="list-style-type: none"> <li>Increasing the representation of female executives and managers through both external recruitment and internal promotions</li> <li>Enhancing and nurturing the leader/expert pool via the targeted selection of core female talent</li> </ul> </li> <li>Identifying available job positions for existing employees with disabilities, along with issuing separate recruitment notices                             <ul style="list-style-type: none"> <li>Annually assessing the types and severity of disabilities to adjust human resource allocation in areas such as R&amp;D and software coding</li> </ul> </li> <li>Expanding employment opportunities for individuals with disabilities by creating more suitable job roles                             <ul style="list-style-type: none"> <li>Creating new job positions for severely disabled employees in business locations that have no disabled such job positions</li> </ul> </li> <li>Considering the creation of new job opportunities by encouraging all affiliates to sign cleaning contracts with Hanuri</li> </ul>
System Improvements	<ul style="list-style-type: none"> <li>Enhanced support for the recruitment and development of female leaders                             <ul style="list-style-type: none"> <li>Exploring additional support measures for deploying female leaders to overseas locations to further empower them</li> <li>Improving care provisions, such as maternity protection and parental leave</li> </ul> </li> </ul>
Changed Perception of Development	<ul style="list-style-type: none"> <li>Developing programs to raise awareness about diversity and inclusivity among all employees.</li> <li>Systematizing development programs to strengthen the pipeline for female leader                             <ul style="list-style-type: none"> <li>Creating mid-to-long-term development plans in line with the growing number of female talents</li> <li>Focusing on enhancing leadership skills to cultivate more female leaders</li> </ul> </li> </ul>
Prohibition of Discrimination and Harassment	<ul style="list-style-type: none"> <li>Types of Harassment: Work-related and non-work-related harassment, including physical, verbal, sexual, and group harassment</li> <li>Reporting Methods: Reports can be made via the LG Jeong-do management Site (<a href="https://ethics.lg.co.kr/main/en.do">https://ethics.lg.co.kr/main/en.do</a>) or directly to the Ethics Bureau at <a href="mailto:ethics@lge.com">ethics@lge.com</a></li> <li>Measures: Should incidents of discrimination or harassment be confirmed, disciplinary actions, including workplace reassignment, will be taken against the perpetrators</li> </ul>

– LG Electronics’ policy on diversity and inclusion: <https://www.lg.com/global/sustainability/reports>

### Talent Management Based on Diversity

LG Chem is committed to creating a workplace that fosters diversity by accommodating talented individuals from various backgrounds including gender, age, nationality, race, and religion. The company advocates for fairness and equality through initiatives such as BC tours, tech conferences, recruitment-linked internships for foreign nationals, talent development in non-metropolitan areas, and the incorporation of AI-based interviews. Through these recruitment activities, LG Chem is able to secure a diverse talent pool and objectively evaluate the capabilities and competencies of applicants to hire the most suitable candidates.

### More Employment Opportunities for the Socially Underprivileged

LG Household & Health Care adheres to non-discriminatory hiring practices in line with the International Labor Organization conventions and labor laws, both domestic and international. Specifically, the company established a workplace tailored for individuals with disabilities, named “Balkeunnuri” (trans. Bright World), in 2015. The aim is to enable employees with disabilities to fully showcase their abilities while also expanding employment opportunities for this demographic. As of the end of 2022, 65 of the 93 employees at Balkeunnuri are individuals with disabilities, 53 of whom are severely disabled. Moreover, through a business agreement with the Korea Employment Agency for the Disabled, the company operates a Balkeunnuri cosmetics packaging experience booth at the Chungbuk Developmentally Disabled Training Center, thus continuously contributing to increased employment opportunities for individuals with disabilities.

### Support for the Disabled

In 2016, LG CNS established Haengbokmaru Co., Ltd., a standard workplace for disabled individuals, aimed at providing employment opportunities and improving employee welfare. Haengbokmaru operates in-house cafes at various LG locations including the LG Science Park headquarters in Magok, the DDMC in Sangam, and the IT Center in Sangam. The company currently has 92 employees, of which 82 are disabled and 76 are severely disabled. A total of seven managers, including three with disabilities, oversee the employees’ work and assist in their career development. Professional counselors are also available for emotional and psychological support. Additional amenities for employees with disabilities include exclusive lounges and group insurance policies.

LG CNS has also entered into a business agreement with the Korea Art Association for the Disabled, providing employees with disabilities better access to cultural and artistic activities. This includes participation in exhibitions by disabled artists and other social contribution activities, all done in partnership with the Korea Employment Agency for the Disabled. LG CNS’s commitment to creating better job opportunities for the disabled was acknowledged when the company received a commendation from the Minister of Employment and Labor at the 2022 Employment Promotion Competition.

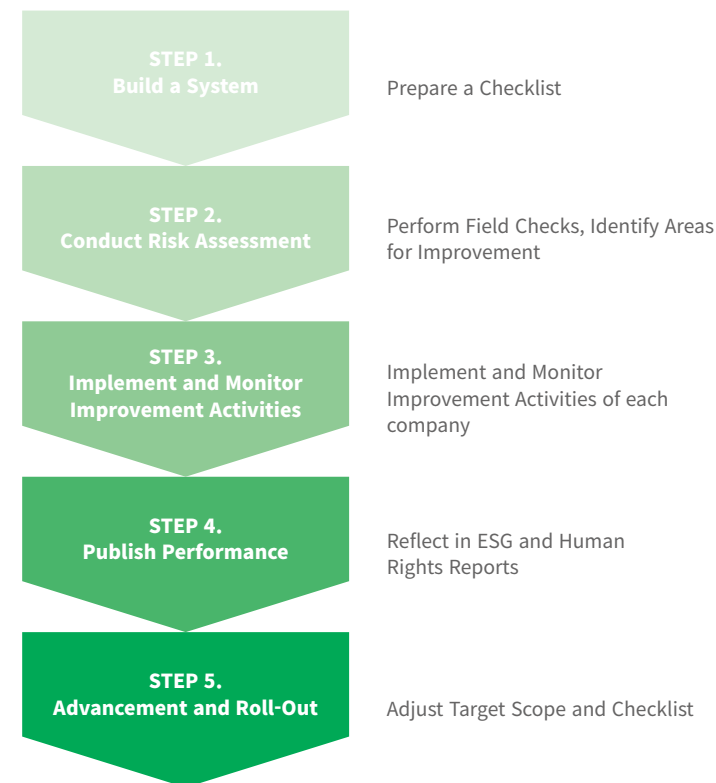
## Human Rights Management

Major affiliates of the LG Group conduct human rights risk assessments to identify potential human rights risks arising from business activities and manage them systematically. In addition, these potential risks are monitored regularly on an annual basis, and preemptive measures are taken to address any identified issues.

### Human Rights Due Diligence

In 2022, LG Household & Health Care conducted a self-inspection focused on human rights at 22 major domestic and international business locations. The results revealed no significant concerns, except for an issue related to overtime at the Beijing business site. To address this, the company initiated various measures aimed at improving the work environment. These included retraining on, and promotion of, flexible working systems, as well as launching a production facility efficiency project specifically for the Beijing location. These initiatives aim to ensure that employees at the Beijing site can maintain a healthy work-life balance.

### Human Rights Due Diligence Process



### Employee Human Rights Training and Participation

LG Innotek offers training to all employees aimed at preventing harassment and discrimination in the workplace that may arise due to differences in gender, job ranks, and disability. Additionally, the company provides labor and human rights-related education to managers and relevant staff, in addition to ESG risk assessments for suppliers. LG U+ conducts training sessions on human rights management, sexual harassment prevention, and workplace bullying prevention for all employees. These training programs are designed to ensure the basic human rights, labor rights, and safety rights of employees.

### Protection of Emotional Labor Workers

The LG U+ Customer Center has developed a response manual to safeguard customer service representatives who may be exposed to verbal abuse and sexual harassment. To address harassment issues, LG U+ have implemented measures such as ARS warnings and call termination protocols for customers who engage in sexual harassment, abusive language, intimidation, humiliation, and obstruction of business. To help manage stress resulting from emotional labor, the company also ensures that employees have sufficient rest time after dealing with problematic customers. Furthermore, employees are offered annual mental health examinations, accompanied by optional psychological counseling services. In addition to the Customer Center, the company operates a separate Customer Protection Team to handle both internal and external complaints. This team also provides additional benefits such as paid leave, psychological treatment programs, and separate incentives for employees.

# RESPONSIBLE SUPPLY CHAIN

LG Group regularly assesses risk factors and support systems to manage supply chain ESG (Environmental, Social, and Governance) risks and strengthen the ESG management capabilities of its suppliers. The Group is also committed to international efforts to prevent human rights violations and environmental degradation

## Strategy & Target

LG Electronics	LG Display	LG Innotek
<ul style="list-style-type: none"> <li>Achieve 100% of LG's business sites with zero major non-conformance, based on RBA* audit requirements (by 2030)</li> <li>Limit high-risk suppliers to 0.5% based on self-assessments (by 2030)</li> </ul>	<ul style="list-style-type: none"> <li>Keep the percentage of suppliers with high-risk based on self-assessment (SAQ) to less than 1% (by 2025)</li> <li>Attain 100% RMAP** certification for conflict minerals</li> </ul>	<ul style="list-style-type: none"> <li>Maintain the highest grade in the win-win growth index assessment</li> <li>Expand the Win-Win Growth Fund for supplier financial support</li> <li>Train 3,000 employees per year to strengthen partner competencies</li> </ul>
LG Chem	LG Energy Solution	LG Household & Health Care
<ul style="list-style-type: none"> <li>(Short-term) Reinforce partner competencies through risk management related to supply chain sustainability</li> <li>(Mid-term) Conduct reduction activities based on GHG emissions targets within the supply chain and increase the proportion of eco-friendly raw material procurement</li> <li>(Long-term) Respond flexibly to crises and changes, and build an eco-friendly supply chain for win-win growth with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Secure over 90% of suppliers as ESG Low Risk (by 2030)</li> </ul>	<ul style="list-style-type: none"> <li>Achieve an improvement in the safe quality level for 660 supplier companies (accumulated, by 2025)</li> <li>Provide technical support for suppliers in 1,811 cases (accumulated, by 2025)</li> <li>Offer financial support for suppliers totaling KRW310.2 billion (accumulated, by 2025)</li> <li>Reach a sustainable palm oil (RSPO) purchase ratio target of 64.9% (by 2025)</li> </ul>

\* RBA: Responsible Business Alliance  
 \*\* RMAP: Responsible Minerals Assurance Process

## SUPPLY CHAIN MANAGEMENT SYSTEM

LG Group has established a Supplier Code of Conduct that all suppliers are expected to follow. This code is designed to ensure compliance with laws and ethics while minimizing negative impacts on the environment and society. To familiarize suppliers with this code, the Group offers regular training programs. Specifically, we have implemented a supply chain ESG (Environmental, Social, and Governance) risk evaluation system and conduct annual evaluations to proactively identify risks that may arise within the supply chain. When high-risk issues are discovered, we take practical improvement measures, such as on-site inspections and supplier training.

### Code of Conduct and Governance

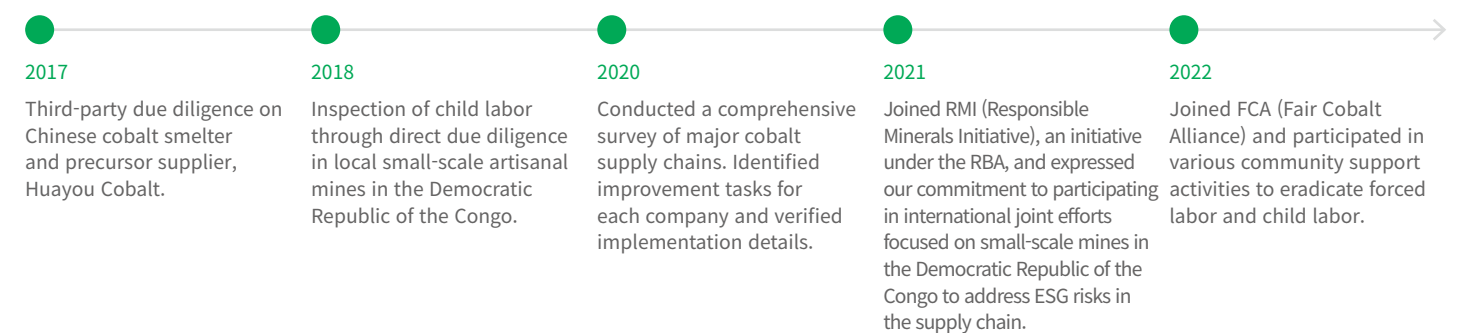
LG Household & Health Care is developing a supply chain management governance system to minimize ESG risks throughout the value chain. The company has established specialized teams, namely the Shared Growth Team and Development Procurement Team 2, to handle supply chain management. These teams are responsible for ESG risk management and fostering shared growth activities with suppliers. They report overall supply chain management to the ESG Committee under the Board of Directors and can request that the Committee review important issues when necessary. Additionally, in 2023, LG Household & Health Care revised its Supplier Code of Conduct and made it publicly available on the company website.

### Integrated Procurement System

LG Chem has established an integrated procurement system to manage supply chains, evaluate and register suppliers, manage risks, and oversee the code of conduct. This integrated system enables the company to collaborate with specialized organizations to gather information about disasters and catastrophic events, as well as assess their impact within the supply chain. Additionally, the company's reputation management system collects, analyzes, and responds to external media information related to LG Chem's supply chain. This system is used for detecting, responding to, and managing both financial risks and non-financial risks related to supply chain issues.

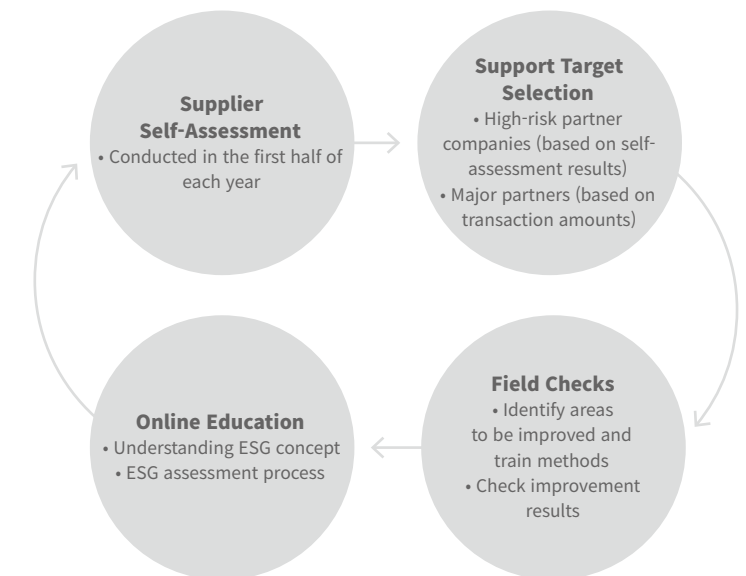
### Battery Supply Chain Management

Aiming to build a sustainable battery ecosystem, LG Energy Solution is enhancing its upstream supply chain management. The company is extending due diligence efforts to key raw material supply chains, in addition to top-tier suppliers with whom it has direct business relationships, while also collaborating to ensure supply chain traceability.



### Self-Assessment and On-Site Inspection

LG Innotek conducts an annual ESG self-assessment for all raw material suppliers, using the results to identify and filter out high-risk suppliers from the list of major suppliers. The company offers these selected suppliers online training and consulting through on-site inspections to help them enhance their ESG management capabilities.



## Conflict Minerals

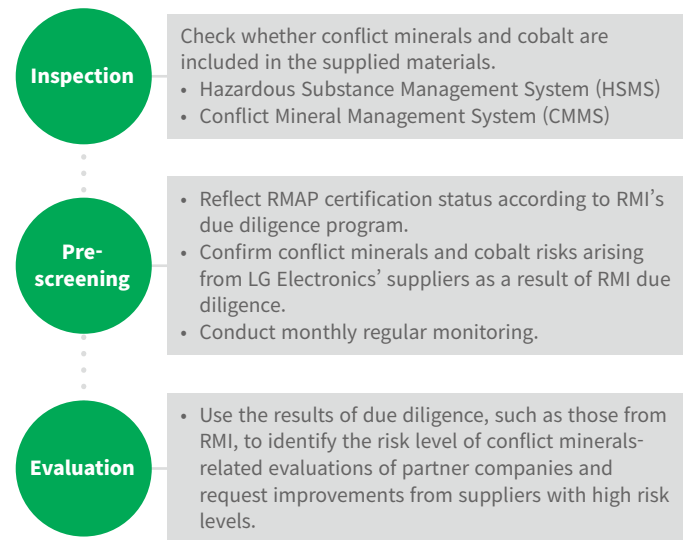
### Establishment of Conflict Minerals Management System

LG Electronics strictly manages raw and subsidiary materials supplied by suppliers by establishing conflict minerals management standards.

#### Conflict Minerals Management Standards

Topics	Details
Objectives	<ul style="list-style-type: none"> <li>Define conflict minerals management system requirements and operate the process.</li> </ul>
Applied Areas	<ul style="list-style-type: none"> <li>Apply to all products developed, produced, sold, and supplied by LG Electronics.</li> <li>Products and materials developed, produced, and made to order by partner companies.</li> <li>Products and materials developed by LG Electronics or produced by its suppliers.</li> </ul>
Implementation Activities	<ul style="list-style-type: none"> <li>Conduct periodic review and revision of management standards.</li> <li>Provide training on standard requirements for LG Electronics employees and suppliers.</li> </ul>

#### Conflict Mineral Risk Assessment



### Monitoring and Eradication of Conflict Minerals

LG Energy Solution is strengthening its due diligence on the raw material supply chain for cobalt, lithium, nickel, manganese, and natural graphite. For suppliers that provide cobalt, lithium, nickel, and manganese, the company conducts on-site inspections in collaboration with external organizations, based on the OECD due diligence guidelines\* for responsible supply chains of minerals in conflict-affected areas.

Additionally, LG Energy Solution operate an internal IT system that monitors the composition information of supplied materials, along with the ESG evaluation of the supply chain. The results of this monitoring are used to analyze information on suppliers and materials that utilize the four major conflict minerals: tin, tantalum, tungsten, and gold. Subsequently, mandatory measures are taken to provide information on smelters within the product supply chain that includes conflict minerals.

\* OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, 3rd Edition

### Conflict Mineral Risk Improvement

For managing conflict minerals and associated risks, LG Display obtains 100% CMRT\* from primary suppliers. This excludes suppliers whose transactions have been suspended among those providing raw materials used in all our products. The company conducts risk management by identifying high-risk smelters through reviews of the consistency and reliability of CMRTs, as well as through risk analysis, and requires a letter of commitment once risk improvement measures have been successfully implemented.

\* Conflict Minerals Reporting Template

### Sustainable Palm Oil

LG Household & Health Care adheres to strict standards when purchasing raw materials that have environmental and social implications, while actively supporting RSPO\* activities established by global NGOs and companies. In 2014, LG H&H became the first company in Korea to acquire RSPO separation certification for all processes—ranging from raw material storage and production to product storage and shipment—at our Ulsan and Onsan sites. LG Household & Health Care also successfully attained re-certification in 2019. Specifically, LG H&H immediately suspend business dealings with suppliers accused of human rights violations related to palm oil production. LG Household & Health Care achieved the purchase rate of RSPO-certified products of 61.5% in 2022, and the company aims to increase the rate of RSPO-certified products to 64.9% by 2025.

\* RSPO: Roundtable on Sustainable Palm Oil

### Increasing Number of Responsible Minerals Certified Smelters

LG Electronics carries out regular supply chain audits with the aim of achieving 100% RMAP Conformant certified smelters for responsible mineral use. The company also transparently discloses the management status of these RMAP certified smelters.

Topics	Details
Objectives	<ul style="list-style-type: none"> <li>Refrain from using minerals mined in conflict areas or minerals that cause labor and/or human rights violations and environmental damage during the mining process.</li> </ul>
External Response Activities	<ul style="list-style-type: none"> <li>As a member of the PPA (Public-Private Alliance for Responsible Minerals Trade), contribute information to establish a conflict minerals tracking system.</li> <li>Engage in global activities to trace the origins of problematic minerals (e.g., cobalt, mica) associated with forced labor or child labor.</li> </ul>
Activities for Partner Companies	<ul style="list-style-type: none"> <li>Monitor the origins of the four conflict minerals in suppliers' products and parts.</li> <li>Require RMAP certification for smelters in the supply chain.</li> <li>Offer awareness-raising training on responsible mineral use.</li> <li>LG Chem and LG Display jointly encourage suppliers to use RMAP-certified smelters.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>Manage the supply chain to achieve 100% use of certified smelters (Tantalum/Tungsten: achieved by 2019; Tin: achieved by 2020; Gold: achieved by 2021).</li> <li>Achieve 100% use of certified smelters based on RMI's smelter database as of January 2021 (updated in March 2022).</li> </ul>

### Support for Stronger ESG Capabilities of Suppliers

#### A Carbon Reduction Collaboration Model

LG Chem operates the Scope 3 Upstream LCA Task Force (TF), which is under the direct supervision of the CEO, to establish a decarbonized supply chain. Utilizing its expertise in performing Life Cycle Assessments (LCA) for all domestic and international products, LG Chem aims to build a carbon reduction collaboration model that includes suppliers, LG Chem itself, and customers. The company assists suppliers in measuring and managing their carbon emissions. To this end, LG Chem creates and distributes Scope 3 Guidance that reflects LCA performance methodology and guidelines based on global standards. The company also takes into account customer needs and regulatory status to gather data on battery-related raw materials like cathodes and separators, which are subject to the EU's Battery Passport system, as well as high-carbon raw materials such as naphtha. Additionally, LG Chem plans to provide regular training to help suppliers lay the foundation for their own LCA implementation. The company also intends to introduce purchasing incentives, such as taking into account suppliers' LCA implementation and results in supplier evaluations and purchasing volume control.

#### ESG Consulting for Suppliers

In 2022, LG Innotek selected 20 sub-suppliers based on the results of ESG self-assessments and conducted third-party on-site due diligence in collaboration with an ESG consulting agency. The company also developed ESG evaluation indicators, and performed the first on-site inspections to assess the suppliers' ESG capabilities and their compliance with each evaluation criterion. If issues were found to be lacking, the company implemented improvement measures such as offering training in management methods. A second on-site inspection was conducted to confirm the progress of the improvement measures put in place by the suppliers, as well as to finalize their ESG competency evaluations. The goal of these efforts was to improve compliance rates across all areas of environmental, social, and governance. All 20 companies showed improvements in each of these areas.

#### Supplier ESG Training

LG Display provides ESG training to its suppliers to support them increase their understanding of ESG and increase their sense of voluntary responsibility. And the company held 6 times webinar per each country for major tier 1 suppliers (total of 359 companies and 467 participants) to provide training on various topics including ESG overviews and trends, assessment process, the ESG Supplier Code of Conduct, major violation cases, guidelines for improvement, and shared video training materials with suppliers which could not attend the training.

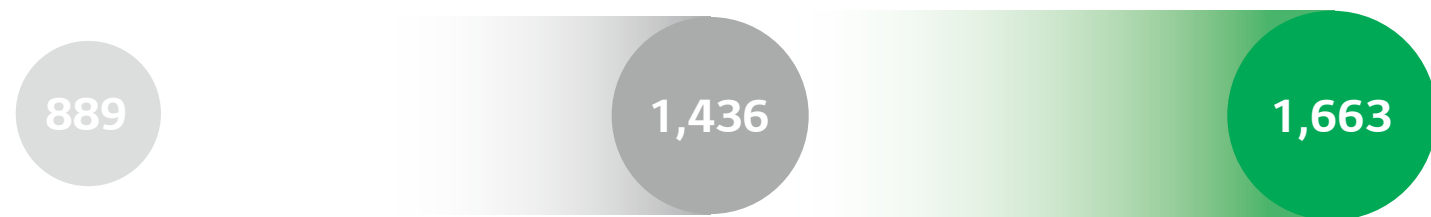
# SOCIAL CONTRIBUTION

The LG Group is engaged in a variety of social contribution activities, leveraging the unique technologies and capabilities of each affiliate. By addressing social gaps that our society has yet to fully confront, LG is fulfilling its social responsibilities and practicing the principle of 'Human Oriented Management' that the LG Group espouses.

## 2022 Impact Highlights

Social Contribution amount (KRW100 million)

● 2020 ● 2021 ● 2022



## Children and Adolescents Education

### LG-KOICA Hope Vocational Training School LG-KOICA

The LG Group has partnered with local governments in Ethiopia and Cambodia, the Korea International Cooperation Agency (KOICA), and NGOs to open schools and offer technical education courses in areas such as electricity, electronics, and information communication. Our efforts are aimed at laying the groundwork for self-reliance among underprivileged youth in these communities. The LG Group remains steadfast in its commitment to providing these young individuals with greater opportunities for high-quality employment and economic activities, as well as fostering their entrepreneurial spirit.

### IT Challenge for Disabled Youth Worldwide

The LG Group hosts "The Global IT Challenge for Youth with Disabilities", which stands as the world's only IT festival dedicated to young people with disabilities. The event aims to pave the way for their social advancement and raise awareness about the challenges they face by bridging the digital divide. Through this festival, the LG Group continuously supports the dreams and aspirations of selected participants, who come from approximately 20 countries around the globe. Our aim is to enable them to engage with the international community by introducing them to various IT technologies, such as autonomous driving and robotics.

### LG Stands Behind the Multicultural Schools of Love

The LG Group is committed to providing language and science education opportunities for students from multicultural families, aiming to nurture them into global talents. We have selected students from eight different language-speaking countries, including Korea, China, Vietnam, Japan, Mongolia, Russia, India, and Thailand, and offered them access to both online and offline classes through Hankuk University of Foreign Studies and Seoul National University. In collaboration with government agencies like the Ministry of Education, the Group also participates in various activities such as the 'Bilingual Speech Contest' and the 'Bilingual Talent Database Establishment Project'.

### LG Art Class

The LG Group is committed to bridging the educational gap by offering various cultural and artistic experiences and educational opportunities to youth from culturally underprivileged regions. The Group is expanding access to the arts and culture for students in elementary, middle, and high schools. This is achieved through a range of innovative programs, including dance classes that utilize AR technology and kinetic sensors, art classes that employ VR technology, as well as architecture-focused education designed to heighten students' awareness of their social and spatial environments while teaching them the principles of spatial composition.

### Online Environmental, Science, and Social Education Activities: Like Green

LG Chem is actively involved in various educational initiatives aimed at fostering future generations with ESG competencies through environmental, science, and social education for young people. These initiatives include 'Green Class', which offers ESG educational materials to schools and caregivers; 'Green Concert', a program where college-age mentors engage in online mentoring sessions with younger mentees and work on social problem-solving campaign projects; and 'Green Festival', an event where ESG experts collaborate with Green Concert mentors and mentees to create educational videos on ESG topics. These videos encapsulate the values advocated under the 'Like Green' banner and are shared on various platforms, including YouTube channels.

### Dream-Sharing-Stage: Opportunities for Self-Reliance

LG Energy Solution provides one-on-one customized art education and psychological treatment for children and adolescents who have artistic talents but also developmental disabilities, limiting their educational opportunities. Upon completion of the education and treatment led by specialized art and music teachers, these gifted young individuals have the opportunity to showcase their works or perform on a stage set up in Entral Park, located within LG Energy Solution's Korean properties. Additionally, they can register as artists on the art exhibition platform operated by the social enterprise 'Disabled', which focuses on discovering artists with developmental disabilities and planning exhibitions. This allows them to continue their artistic pursuits and share their talents with a broader audience.

### Borrowed Earth School

LG Household & Health Care operates Korea's first integrated education program aimed at teaching young adults essential lifestyle habits—those that "everyone knows but nobody has ever learned." The program also provides a platform for participants to share their dreams and consider future career paths. To expand the reach of this initiative, the company signed an MOU with the Ministry of Education and various metropolitan and provincial education offices to promote a free semester system. In 2022, LG Household & Health Care launched the metaverse platform, named "Borrowed Earth World: A Grand Operation to Escape Climate Crisis." This platform allows participating students to take classes and engage in games designed to instill environmentally responsible habits. These habits cover everyday activities such as handwashing, recycling, facial cleansing, teeth brushing, hair washing, dishwashing, and laundry.

### AI Geniuses Fostering IT Dreamers

LG CNS operates the AI Genius Program to help young people explore future careers in AI. LG CNS has entered into agreements with the Seoul Metropolitan Office of Education and the Gyeonggi Province Office of Education to offer regular AI-focused courses, covering topics like AI chatbots and self-driving car development. Through these classes, students not only learn the concepts and principles behind AI and software but also enhance their critical thinking and problem-solving skills.

## Devotion to Creating a Beautiful Society

### LG Heroes Award

The LG Welfare Foundation has initiated the LG Heroes Award project to identify, recognize, and commend not only public servants like soldiers, police officers, and firefighters who have devoted themselves to their country, but also ordinary citizens who have acted as role models and contributed to social justice through their righteous actions and extraordinary good deeds. Going forward, the LG Welfare Foundation is committed to sustaining the LG Heroes project. LG Welfare Foundation's aim is to ensure that the altruistic efforts of those practicing social justice are acknowledged and remembered, while also promoting and nurturing a culture of helping within society.

### U+ Kind Store Campaign

Aiming to support small business owners who engage in good deeds and contribute to the spread of a sharing culture, LG U+ selects business owners on a monthly basis who have demonstrated exceptional volunteer services and good deeds, rewarding them with practical benefits to optimize their store operations. These benefits encompass tax and labor issue consulting, cash prizes, three years of free communication expenses for the store, home appliances, and marketing support through the global influencer marketing platform 'REVU'. These efforts are part of the company's commitment to recognizing and appreciating the positive contributions of small business owners while fostering a culture of sharing.

### Service for the Socially Underprivileged

LG Electronics has established guidelines for 'Care for the Socially Underprivileged' and offers complimentary, indefinite service covering all repair and parts costs for welfare facilities that require repairs on LG Electronics products. Additionally, the company provides biannual home appliance inspection services for social welfare facilities. During these inspections, technicians assess the condition of heating and cooling products. For washing machines, they insulate faucets and pipes to prevent common issues of freezing and bursting during winter. The company also offers barrel sterilization services, which involve steaming the washing tub, as well as air purifier HEPA filter and booster fan cleaning. Software upgrades are provided as part of these services as well.

**Conserving Biodiversity**

**Conservation of Biodiversity in Bamseom(island)**

LG Chem is implementing a range of programs aimed at preserving the biodiversity of Bamseom, an islet designated as a Ramsar wetland for its ecological importance. Initiatives include educational programs on biodiversity for children and young people, as well as the launch of the Bamseom Ecology Experience Center. Other standout programs feature the Bamseom Eco Experience Center and the “We Are the Green Heroes” campaign. This campaign aims to nurture children and adolescents into active conservationists who understand and advocate for the importance of preserving both Bamseom and biodiversity at large. Participants in the program can engage in exploratory activities in ecological conservation zones and contribute to the planning of Bamseom Islet festivals.

**Expansion of Conservation and Restoration of Native Plant Resources**

LG Household & Health Care is actively participating in the development of native plant resources. The company has set up and is managing native plant gardens in Ulleungdo and Cheongju, North Chungcheong Province. Local farmers collaborate with the company to cultivate nine species of native plants, including Ulleungnari. In addition, the company is co-developing native plant resources with specialized national institutions such as the National Institute of Biological Resources, Korea National Arboretum, Korea Arboreta and Gardens Institute, and Ulleung-gun. The company is intensifying its efforts to restore and expand plant resources. Its mid- to long-term goals include collecting and propagating around 500 species of native plants, increasing the number of business agreements with public agencies from 4 to 6, and establishing genetic information on 200 species.

**Installation of Frog Ladders to Protect Amphibians**

LG U+ organized an event in which employees voluntarily participated to install “frog ladders” aimed at protecting endangered amphibians. These ladders were set up in locations including Siheung and Paju in Gyeonggi Province, Asan in South Chungcheong Province, and Yangsan in South Gyeongsang Province. These areas are habitats for endangered species such as tree frogs, gold frogs, yellow-bellied tree frogs, boreal digging frog, and ringed salamanders. The frog ladders are specifically designed to assist amphibians that often perish from falling, as they are unable to climb the slippery walls of cement waterways. The company plans to continue expanding its efforts to protect these rare amphibians.

**Conservation and Restoration of Ecosystems**

**The Blue Forest Project**

LG Chem is spearheading a unique social contribution project focused on restoring seagrass meadows in the ocean to both preserve marine ecosystems and reduce carbon dioxide levels. This initiative also encourages global citizens to participate by engaging with a virtual metaverse. By restoring and expanding the seagrass meadows, which are considered one of the three major blue carbon systems, along the Yeosu coastline, the company aims to contribute to biodiversity conservation, improved water quality, and the sustainable coexistence of fishing communities, while also mitigating carbon emissions. Furthermore, LG Chem has developed a virtual world map on the metaverse platform ‘ZEPETO’ offering various mission activities and information related to marine ecosystem conservation. This aims to raise awareness and foster voluntary participation among users. Through the Blue Forest program, LG Chem is committed to achieving sustainable growth for current and future generations.

\* Blue Carbon: Carbon absorbed by organisms inhabiting coastal areas and marine ecosystems.

**Smart Green Project**

LG Electronics is implementing a tree-planting campaign known as the Smart Green Project in Spain with the aim of protecting the ecosystem and reducing carbon dioxide emissions, a leading cause of global warming. The project’s long-term goal is to plant 47 million trees annually, one for each resident of Spain. After successfully planting 2.5 million trees in 2020 and 4 million trees in 2021, LG Electronics plan to incrementally increase the number of trees planted each year until the company reach this ambitious target. Starting in 2022, the company has also begun planting 32,000 trees across three Indonesian cities, in collaboration with the Conservation of Natural Resources Jakarta (BKSDA Jakarta), Indonesia.

**U+ Hope Tree Planting and Dirt Ball Throwing Activities**

LG U+ has initiated the U+ Hope Tree campaign, wherein 500 acorn trees have been transplanted from employees’ homes and workplaces to Noeul Park in Sangam-dong, Seoul. This effort aims to contribute to carbon neutrality and ecosystem restoration. These acorn trees are maintained by the Noeul Park Citizens’ Group and will be relocated to a forest after two years of care. Additionally, the company organized a dirt ball throwing event, in which approximately 1,000 employees participated. These dirt balls are crafted from red clay and mixed with EM (Effective Microorganisms) fermented liquid, containing a variety of beneficial microorganisms such as yeast, lactic acid bacteria, and photosynthetic bacteria. After fermenting for a specific period, these dirt balls are then thrown into nearby rivers or streams. As they slowly dissolve, they contribute to the improvement of water quality and the elimination of odors, thus aiding in the restoration of the river ecosystem.

# EVOLUTIONAL ACTION

ONE MORE STEP AWAY TO THE NEXT GENERATION

Listening to the next generation  
We will prepare for the future one step faster.

VALUE IN ACTION

# EVOLUTIONAL ACTION

ONE MORE STEP AWAY  
TO THE NEXT GENERATION

70 FUTURE ABC

80 NEXT GROWTH DRIVER

## Future ABC

### LG's ABC Will Change Our Future

LG Group is enhancing its competitive edge by actively investing in the "ABC (AI/Bio/Cleantech)" sector as a driver of future growth. ABC represents a suite of innovative technologies that promise to shape our future in significant ways.

**AI** is set to fundamentally transform how we work, making our time more valuable. **Bio**-technology will help us spend time healthy time longer, and **Clean Tech** will restore the healthy time for the Earth.

**AI**

We redefine  
the value of time

**BIO**

for a Longer,  
Healthier Life

**CLEAN  
TECH**

Technology to Reverse  
Earth's Time



## AI, We redefine the value of time

LG Group plans to invest KRW3.6 trillion by 2027 to attain world-class AI technology and to spearhead large scale R&D initiatives. Our primary focus will be on the development of the supergiant AI system called EXAONE. This work will be centered around the LG AI Research Institute, which has been established as the hub for AI research within the LG Group. Through these efforts, we aim to secure a global leadership position in AI technology.

### LG AI Research Institute

Established in December 2020, the LG AI Research Institute serves as the AI think tank for the LG Group. Its primary mission is to conduct research in fundamental AI technologies, including next-generation voice and image recognition, deep learning-based language processing, and data intelligence. Additionally, the Institute plays a key role in tackling complex challenges for LG affiliates, such as predicting battery longevity and capacity, as well as identifying new drug candidates.

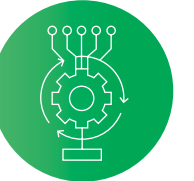
Where LG starts, true AI begins.

# Advancing AI for a better Life

As a leading group of AI experts, the LG AI Research Institute is committed to working with cutting-edge technologies in an optimal development environment, guiding us all into the next era where the future envisioned by AI becomes a reality.

### Advanced Machine Learning

We innovate the State-of-the-Art (SOTA) in existing problems by designing new models and efficient algorithms. We also discover various types of data to identify important issues for both academia and industry, while designing efficient systems that serve as blueprints for problem-solving.



### EXAONE

The EXAONE Lab focuses on researching super-large language model technology. Our aim is to make language models more capable by leveraging extensive information. Ultimately, our goal is to develop technologies that make AI more helpful in everyday human life by unlocking the high potential of super-large language models.



### Language

The Language Lab studies deep learning-based AI technology that enables computers to understand and speak human language. We aim to develop document understanding and conversational AI solutions based on natural language understanding models.



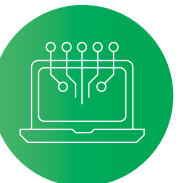
### Vision

The Vision Lab is committed to making human life more convenient and safer. We work towards the realization of visual intelligence that is crucial for cognition, judgment, and performance.



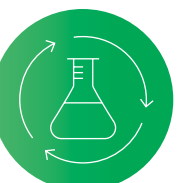
### Data Intelligence

The Data Intelligence Lab carries out a range of AI research aimed at abstracting, interpreting, predicting, and optimizing complex data.



### Materials Intelligence

The Materials Intelligence Lab rises to the challenge of developing new materials, which is one of the most traditional areas of science, using the latest AI technology. We propose new materials with optimal performance by utilizing a variety of open databases, academic papers, patents, and experimental data.



**Supergiant AI System, EXAONE**

EXAONE is a supergiant AI system developed by the LG AI Research Institute. It earns the designation “supergiant” because it is capable of thinking, learning, and making judgments similar to a human being. This is made possible through its underlying computing infrastructure, which is designed for large-capacity computations. As of 2023, EXAONE has trained on approximately 45 million specialized documents and 350 million text-image data sets, evolving into a multimodal\* platform capable of two-way communication between text and images. While existing AIs are generally limited to matching text with pre-existing images, EXAONE can generate images independently using artificial neural networks. It can also learn from formulas, tables, and specialized literature such as academic papers. Unlike chatbot-type AIs like ChatGPT, EXAONE excels in acquiring expertise across various fields, including information technology (IT), finance, healthcare, manufacturing, and communications. These capabilities make it directly applicable to industrial settings. LG AI Research Institute is currently applying this AI technology in real-world industrial environments through collaborations with LG affiliates and both domestic and international partners.

\* Multimodal: Technology that learns and expresses relationships by considering various data modalities such as text, images, video, and voice.

**EXAONE Multimodal**

The LG AI Research Institute has also launched an image-generating AI service called EXAONE Atelier. This service capitalizes on EXAONE’s unique multimodal capabilities, which enable interactive creation between text and images. EXAONE Atelier has positioned itself as a platform where humans and AI collaborate to create innovative designs never before seen in the world. One of LG AI Research Institute’s most groundbreaking AI systems is an AI artist named Tilda. Built on the EXAONE brains, Tilda collaborated with designer Park Yoon-hee to participate in the New York Fashion Walk in 2022. There, it showcased clothing designs created using the Atelier technology. Subsequently, at the New York Festival—one of the top three advertising festivals globally—Tilda earned both gold and silver awards. Students at Parsons, one of the world’s top three design schools, are also incorporating EXAONE Atelier into their actual design curriculum. In 2023, the LG AI Research Institute signed an agreement with Shutterstock, a global creative platform, to integrate image captioning technology into the Shutterstock platform.

**LG’s AI is Transforming the Industrial Ecosystem**

The LG AI Research Institute is pioneering AI technologies designed to address industrial challenges, such as: Developing personalized anti-cancer vaccine neoantigens; Creating a next-generation lithium-sulfur battery electrolyte; and Building an AI model to discover high-efficiency light-emitting materials for next-generation OLEDs. In the past, researchers had to conduct near-infinite numbers of experiments or use simulation calculations to identify optimal vaccine candidates or groundbreaking compounds. This process was not only time-consuming and expensive, but it also had a low likelihood of success. To tackle this issue, the LG AI Research Institute has developed an AI model that uses patient genetic information and cancer cell mutation data to predict neoantigens capable of inducing cancer cell death. This AI model has the potential to significantly expedite the development of personalized anti-cancer vaccines.

**Official Opening of the LG Graduate School of AI**

In March 2022, the LG Graduate School of AI was officially inaugurated. This institution aims to lead the global AI industry and to identify and nurture talent that will enhance the AI capabilities of the LG Group. As a specialized training program under the LG AI Research Institute, the LG Graduate School of AI prioritizes practical applications. Instead of a theory-oriented curriculum, the program focuses on real-world examples and case studies. These often include field tasks presented by LG Group affiliates, which serve as research topics. By directly incorporating real-time challenges from the field into the educational program, students can gain practical skills that go beyond a basic understanding of technology. Students are required to attend at least 15 seminars under the guidance of a researcher from the LG AI Research Institute and an advisory professor affiliated with the Institute. Graduation is contingent upon the submission of a dissertation and the publication of an academic paper in an academic journal of SCI/SSCI caliber.

**AI Ethical Principles**

AI is increasingly being applied across various industries, generating economic value through problem-solving, enhancing productivity and efficiency, and cutting costs. However, its widespread adoption also comes with substantial risks and potential negative impacts. To address these concerns, LG Group has established ethical principles that all members are required to follow. These guidelines aim to prevent ethical issues from arising not only in the outcomes produced by AI but also in the development process. To ensure the practical application of these ethical standards, LG Group has formed the AI Ethics Inspection Task Force. This body is tasked with conducting internal training and proactively identifying potential ethical issues during the research and development stages.

**Humanity**

**LG provides values beneficial to humans and society.**

**LG does not violate human rights.**  
LG prioritizes customers and employs a management approach that respects its team members. As we develop and utilize AI, our primary focus is on its impact on people. We are committed to using AI responsibly, ensuring that it neither violates human rights nor compromises ethical standards, all while providing benefits to individuals and society at large.

**Safety**

**LG AI works safely and robustly. LG AI predicts and responds to potential risks.**

LG builds trust with customers through the delivery of excellent-quality products and services. We are committed to rigorously verifying the safety of our AI systems to further earn customer trust. Additionally, we proactively prepare for unintended risks by continuously assessing and managing potential hazards.

**Accountability**

**LG has clearly defined roles and responsibilities for the organizations and members involved in the development and utilization of LG’s AI technology. LG fulfills our responsibilities to ensure that LG AI operates as intended.**

LG operates with a sense of ownership and is committed to fulfilling its responsibilities to both customers and society. We are dedicated to clearly defining the roles and responsibilities of all organizations and members throughout the entire process of developing and utilizing AI.

**Fairness**

**LG AI respects human diversity and operates fairly.**

**LG AI does not discriminate unfairly based on individual characteristics.**

LG adheres to Jeong-Do Management principles that honor individual personality and diversity, offer equal opportunities, and ensure fair treatment. We are committed to preventing unfair discrimination based on individual attributes such as gender, age, and disability. To this end, we establish and rigorously review AI fairness standards that align with societal norms.

**Transparency**

**LG communicates in ways the customers can understand and trust the results produced by LG AI. LG manages LG AI’s algorithms and data transparently according to principles and standards.**

LG adheres to Jeong-Do Management by operating with honesty and transparency, in alignment with established principles and standards. We are committed to developing trustworthy and understandable AI for our customers. Additionally, we manage AI algorithms and data with transparency, adhering to principles and standards to ensure that customers can have confidence in our offerings.



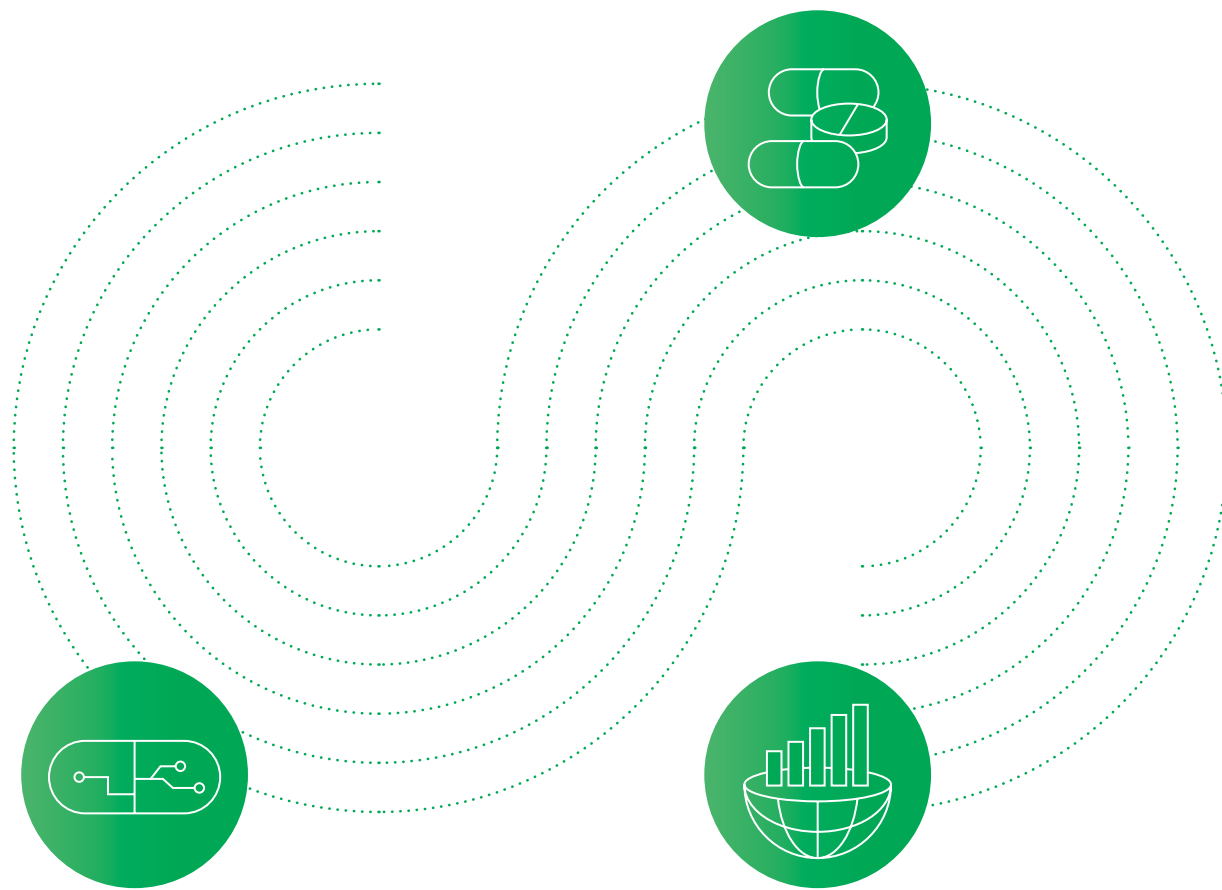
# BIO, for a Longer, Healthier Life

LG Group plans to invest KRW1.5 trillion by 2027 in pioneering new drug research. We are dedicated to proactively expanding our new drug pipeline and securing cutting-edge biotechnology. Our approach includes various strategies such as mergers and acquisitions, all aimed at establishing LG as a global pharmaceutical leader.

## LG Chem Life Science Center VISION

### Two or more innovative new drugs by 2030

- First-rate pipelines in Korea
- Invest over 3000 billion KRW a year in R&D
- Open Innovation



### Diabetes, metabolic diseases, cancer, autoimmune diseases

- Expand new drug pipelines in clinical development stage from 12 in 2022 to 23 by 2030

### Accelerate clinical development and business growth worldwide

- Reinforcing talent pool of clinical & regulatory specialists
- Increase overseas sales by 50%

## LG Chem Life Science Pipeline

■ Aesthetic ■ Cell Therapy ■ Diabetes & Metabolism ■ Oncology & Immunology ■ Vaccine  
(As of June 2023)

Preclinical (8)		Phase I (11)		Phase II (4)		Phase III (6)		NDA (0)	
LR19131 NASH	LR20009 Oncology	LR19129 CUE-102 Oncology	LR19021 LB54640 Genetic Obesity	LR19114 6 in 1 Vaccine	LR19074 Tigulixostat Gout				
LR19025 Osteoarthritis	LR19128 Oncology	LR19127 CUE-101 Oncology	LR20056 LG303174 NASH	LR19019 Zectivimod Atopic Dermatitis	LR20023 Botulinum Toxin				
LR19023 Oncology	LR19155 Oncology	LR19125 PDC*Lung Oncology	LR19123 LC542019 Diabetes	LR19024 LG34053 Osteoarthritis	LR19094 Y-solution, China HA filler				
LR22011 Oncology	LR20008 HA filler	LR20011 GEN-001 Oncology	LR19018 LG203003 NASH	AV-299 Ficlatuzumab Oncology	LR20024 Y-solution, MDR HA filler				
	LR20062 aP 6 in 1 Vaccine	LR21004 BLR21004 Osteoarthritis			FOTIVDA <sup>®</sup> /-OPDIVO <sup>®</sup> Tivozanib Oncology				
		AV-380 AV-380 Oncology			FOTIVDA <sup>®</sup> /-IMFINZI <sup>®</sup> Tivozanib Oncology				
		AV-203 Oncology							

## 2022 Impact Highlights

### Export of New Gout Drug Technology

LG Chem has entered into an agreement with Innovent Biologics in China to transfer the exclusive rights for the development and commercialization of its new gout drug, Tigulixostat. The total value of the contract is approximately W120 billion. In addition to this, LG Chem will receive annual royalties based on the drug's sales. By partnering with Innovent Biologics, LG Chem has enhanced the likelihood of successfully commercializing Tigulixostat in the Chinese market. The company will now focus more on conducting clinical trials in the US and Europe.

### An Atopic Dermatitis Drug in Phase 2 Clinical Trial

TransThera Biosciences, LG Chem's Chinese partner, has received approval from the State Drug Administration of China to proceed with a Phase 2 clinical trial for the new drug substance LC510255, aimed at treating patients with atopic dermatitis. LG Chem holds the global development and commercialization rights for LC510255, excluding China. The company plans to enhance its global business competitiveness by initiating Phase 2 clinical trials for atopic dermatitis in regions around the world, including Korea, starting next year. This will be a precursor to global Phase 3 clinical trials the company is pushing for in the United States and other countries, targeting strategic disease groups.

### Acquisition of AVEO, an Innovative Anti-cancer Drug Company

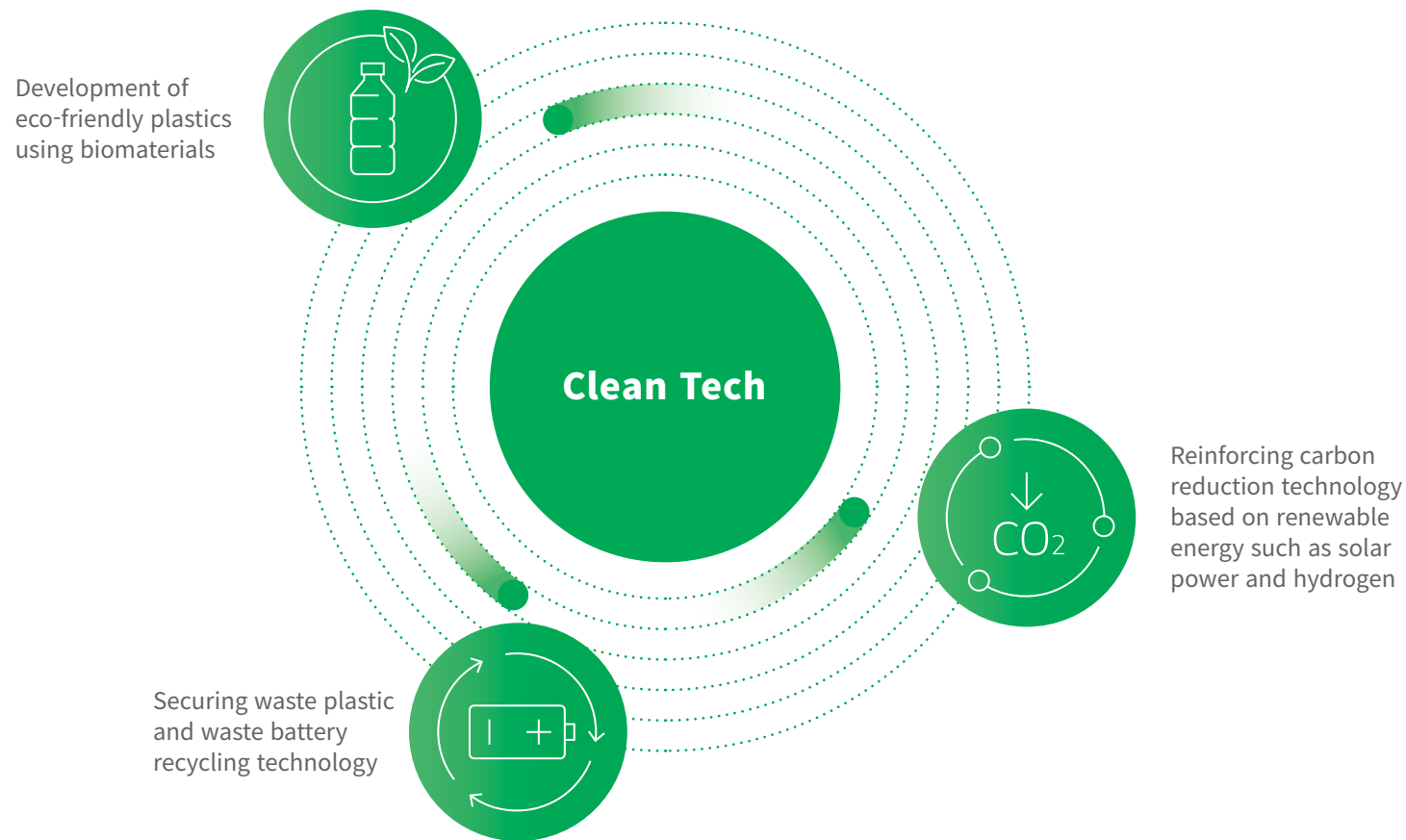
LG Chem has acquired AVEO Pharmaceuticals (hereinafter referred to as AVEO), a Boston-based company specializing in the anti-cancer market. AVEO focuses on clinical development, licensing, sales, and marketing of cancer therapies. In 2021, the company received FDA approval for its kidney cancer drug, Potiveda. With this acquisition, LG Chem becomes the first Korean company to acquire a firm that has developed an FDA-approved new drug.

### New Drug for Obesity Treatment Receives Orphan Drug Designation from the FDA

In June 2022, LG Chem was granted orphan drug designation by the FDA for its newly developed treatment for hereditary obesity, named LB54640. This once-a-day medication targets the action pathway of the melanocortin-4 receptor (MC4R), a gene associated with appetite control. Starting in 2023, the company plans to initiate global Phase 2 and Phase 3 clinical trials for patients with hereditary obesity caused by leptin receptor (LEPR) or proopiomelanocortin (POMC) deficiency.

# CLEAN TECH, Technology to Reverse Earth's Time

LG Group aims to invest over KRW2 trillion by 2027 in cleantech as a future growth engine. Specifically, the company has identified key priorities that include ① the development of eco-friendly, biomaterial-based plastics, ② waste plastic and battery recycling technology, and ③ renewable energy solutions for carbon reduction. By proactively investing in sustainable and environmentally friendly technologies, LG Group intends to offer innovative solutions to its customers.



## 2022 Impact Highlights

### Bio-based & Biodegradable Plastic

LG Chem is adhering to disposable product regulations and meeting the growing demand for biodegradable materials by developing bio-based and biodegradable products. These products have a range of applications, including plastic bags and disposable cups. The company has entered into a key terms agreement with ADM (Archer Daniels Midland), one of the world's top four grain processing companies, to boost the production of bio-based and biodegradable plastics. As part of this agreement, LG Chem aims to construct a PLA (Poly Lactic Acid) plant in the United States by 2025 with an annual production capacity of 75,000 tons—making it the first Korean company to do so. Furthermore, LG Chem has signed a joint R&D agreement with Gevo, a North American eco-friendly fuel company, to commercialize bio-propylene by 2026. Although the technology for producing ethylene from bioethanol—fermented from corn and sugarcane—is already commercialized, LG Chem will be the first to commercialize the technology for bio-propylene production.

### Virtuous Cycle of Plastic Waste

LG Chem is pioneering a new business model that shifts its focus from a petrochemical-based portfolio to PCR (Post Consumer Recycled)-based plastics. PCR technology transforms used and discarded plastic waste into raw materials for new plastic products through processes such as sorting, crushing, and washing. The quality of the PCR PE (polyethylene) and PCR PP (polypropylene) plastics developed by LG Chem matches that of existing new materials. These recycled plastics are versatile, capable of achieving a wide range of colors. In a collaboration with LG U+, LG Chem is also developing a remote control made of PCR ABS material. PCR ABS is sourced from recycled plastics collected from discarded home appliances like monitors, printers, and set-top boxes. This material is being applied to a variety of electronic products, including multifunction devices and air purifiers.

### Renewable Energy and Carbon Reduction

#### ① Production of Clean Fuel Hydrogen

LG Chem plans to construct a hydrogen plant at its Daesan facility in South Chungcheong Province, with an annual production capacity of 50,000 tons. The plant will produce hydrogen by applying technology that converts methane gas generated during the Naphtha Cracking Center (NCC) process. This conversion uses high-temperature steam to produce hydrogen, which can then be repurposed as fuel in the NCC pyrolysis process. LG Chem aims to increase its hydrogen utilization rate to 70% by 2025.

#### ② DRM Technology

In November 2022, LG Chem pioneered DRM\* technology by constructing a manufacturing facility and developing a proprietary catalyst essential for carbon dioxide conversion. This makes LG Chem the first company in Korea to both build and commercialize a DRM facility using its own technology. Previous attempts to commercialize DRM were hampered by the rapid deterioration of catalyst performance during operation. However, LG Chem has overcome this challenge by developing technology that significantly enhances the durability of the catalyst. The company plans to construct a pilot plant with a 1,000-ton capacity at its Daesan facility in South Chungcheong Province and aims to continue expanding DRM facilities through 2026.

\* DRM: Dry Reforming Methane, a process that uses captured carbon dioxide from factories and byproduct gas methane to create plastics.

#### ③ Establishing Electric Vehicle Charging Infrastructure

In June 2022, LG Electronics, in partnership with GS Energy and GS Neotek, acquired Apple Mango, a company specializing in original technology for a variety of electric vehicle chargers including household, commercial, slow, and rapid chargers. Through this acquisition, LG Electronics gained a 60% stake in Apple Mango. Leveraging this acquisition, LG Electronics is building an electric vehicle charger production line at LG Digital Park in Pyeongtaek, Gyeonggi Province. The company plans to expand the supply of chargers to homes, shopping malls, hotels, and public institutions. In a related development, LG Uplus has established a new EV Charging Business Group. This group will be responsible for constructing electric vehicle charging infrastructure and designing billing systems. Plans for this new business group include the development of an app for reserving electric charging stations, as well as providing maps and information about these stations.

## NEXT GROWTH DRIVER

LG Group is committed to securing talented human resources and cutting-edge technologies to drive future growth. We aim to create new value for the future through various forms of active support and cooperation. These include nurturing global talents into future leaders, promoting open innovation, hosting tech conferences, and providing in-house venture support. Our focus is on securing capabilities for future growth, irrespective of region or field.

### Securing Digital and Global Talent DIGITAL & GLOBAL

#### LG Tech Conference: “Find Yourself, Find Your Future”

LG Group is committed to attracting talent in R&D fields that will shape future industries, such as AI, bioscience, clean tech, and future mobility. We invited approximately 400 R&D professionals to the LG Tech Conference held at LG Science Park in Magok. The conference features sessions on 26 technology topics, including AI, big data, the metaverse, and blockchain. Given that most attendees are from the Gen Z age group, the conference is designed to allow participants to freely choose sessions that interest them.

#### Securing Excellent Talent Specializing in DX Business

For LG U+, key growth industries for the future include 5G, artificial intelligence, big data, and cloud computing. Accordingly, LG U+ is recruiting master’s and doctoral-level researchers who are leaders in these fields. LG U+ also identifies promising R&D talent through industry-university scholarship programs.

Recruitment efforts extend to college graduates from both domestic and international schools. For the graduates of colleges in Korea, LG U+ engage with those holding master’s and doctoral degrees via lab visits and online promotions. For the graduates of colleges in overseas, LG U+ secure master’s and doctoral candidates in major technology fields through internship programs.

#### Securing Excellent IT-Specialized Talent

LG CNS’ IT Leadership Academy aims to recruit individuals with the potential to become elite experts in Digital Transformation (DX). The company is actively recruiting talents across a range of fields such as AI, big data, cloud computing, smart logistics, and consulting. Candidates undergo tests in online coding, machine learning, and deep learning to assess their IT skills. Those who pass the final tests receive career-focused training in IT as well as specialized training related to their job roles. LG CNS offers a diverse range of internship programs to attract skilled individuals across various academic backgrounds. Programs include internships for master’s and doctoral degree holders, who undergo technology capability assessments before potential full-time employment. Other specialized programs include the IT Core Talent Academy and the Digital New Tech Academy. The company also conducts campus recruitment events both in Korea and abroad to hire top-notch candidates with bachelor’s, master’s, and doctoral degrees. Fields of particular interest include AI, big data, cloud computing, and consulting, with the goal of nurturing talent to lead in Digital Transformation (DX).

#### Activities to Foster Talents in Science and Technology

LG Energy Solution is committed to enhancing the science and technology capabilities of its employees, recognizing these skills as foundational for both national and industrial development. In Korea, LG Energy Solution is supporting the development of specialized technical personnel by contributing to the KAIST Customized Education Polymer Program (CEPP). In overseas, LG Energy Solution is holding an automotive battery innovation contest for college students through its Chinese subsidiary; making donations to the Wroclaw University of Technology & Science’s Electrification Research Institute through its Polish subsidiary; and collaborating with the Girl Scouts to offer vocational training courses in areas such as battery production through its US subsidiary.

### Open Innovation

#### Dream Play

LG Display operates a startup fostering program called Dream Play. The program aims to identify startups with innovative technologies in the display sector and to secure partners that can help lead the future of the display industry, in collaboration with LG Display. LG Display offers a range of benefits for participants in the program. They include technology mentoring; support for Proof of Concept (PoC) verification costs; business cooperation opportunities; and equity investment options. The company plans to provide ongoing support by tailoring development programs for startups and by considering both direct and indirect investment. This is done in collaboration with the Gyeonggi Center for Creative Economy and Innovation.

#### Startup Monster

Since 2018, LG CNS has operated the Startup Monster program to nurture external startups with exceptional technology. Over the past four years, the company has discovered 15 promising startups through this initiative. Startup Monster serves as a platform for open innovation that leverages external ideas. LG CNS aims to grow alongside these startups by offering business and technical collaboration. To support this aim, the company provides the selected startups with six months of cost and workspace support, R&D mentoring, and opportunities for Proof of Concept (PoC) and pilot projects with LG Group affiliates.

#### Donguibogam R&D Project Group Collaboration

LG Household & Health Care has collaborated with the Donguibogam R&D Project Group to conduct research utilizing a virtual human body system. This system is grounded in an extensive knowledge base comprising 20 million papers on herbal prescriptions, herbal medicines, and ingredients. This groundbreaking collaboration has enabled the company to analyze interactions between oriental medicine ingredients—interactions that couldn’t be examined using traditional research methods. Consequently, the company has successfully developed the Jaha Bichup Complex™, which contains ingredients for skin regeneration that are ten times more effective than those previously known.

### In-House Venture Program

#### LGE Adventure

LG Electronics is fostering a creative organizational culture that encourages employees to take on new challenges and innovate. This initiative is called LGE Adventure. Employees are invited to submit their ideas for future businesses, products, and services via the LG IdeaPot platform. Out of a total of 81 submitted ideas, two teams were ultimately selected. The chosen teams are provided with various forms of support, including an office space outside the company building; a flexible work schedule; subsidies; and accelerator support from the company. This support is designed to help the teams bring their ideas to fruition over a one-year period. Once the teams have developed their business models, the company evaluates their feasibility. Based on this assessment, the teams are given the opportunity to either commercialize their ideas within the company or spin off as an independent startup.

#### Dream Challenge

LG Display is not just focused on developing new growth engines; it’s also committed to nurturing creative technology entrepreneurs within the company. The aim is to establish an organizational culture that welcomes and embraces challenges. In the first phase of the initiative in 2018, four teams, comprising a total of 12 individuals, acted as in-house ventures. Ultimately, two of these teams successfully spun off to form their own venture companies. With the strategic investment support from LG Display, these spun-off ventures have been able to stabilize and grow their businesses. The company encourages employees to freely propose creative ideas and provides an environment where those ideas can come to fruition.

#### Idea Monster

LG CNS proudly runs its in-house startup fostering program, known as the Idea Monster Initiative. This program aims to nurture creative entrepreneurs and identify innovative ideas for new DX (Digital Transformation) businesses. All employees with a business idea focused on digital transformation are welcome to participate. Teams that pass a rigorous screening process, assessing both technological and business feasibility, receive an incentive of 20% of their annual salary. The final winning team is generously supported by the company, which provides workspace, professional consulting, and a project budget of up to KRW1 billion.

● ESG Data Definition

● ESG Data Factbook

# ESG CURATION

GRI Standards Index ●

● Independent Assurance Statement

# ESG DATA DEFINITION

The quantitative performance data included in the 2022-2023 LG ESG Report encompasses the performance of domestic and overseas business sites for the eight major subsidiaries\* on a separate basis. This ESG data has undergone standardization, assurance, and aggregation processes. Detailed definitions—including data collection scope, exclusion criteria, and units—take into account industry-specific and regional characteristics and are provided as follows.

\* LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household & Health Care, LG Uplus, LG CNS

Category	Indicator	Unit	Collection Scope	Definition	Exclusion Scope	Remarks	
Environment	Climate Change	Greenhouse Gases	Scope 1, 2 Emissions	The sum of Scope 1 and Scope 2 greenhouse gas (GHG) emissions, calculated in accordance with the Guidelines for the Reporting and Certification of the GHG Emissions Trading Scheme, as well as the 2006 IPCC Guidelines for Compiling a National GHG Inventory.	LG CNS	<ul style="list-style-type: none"> <li>Seven participating affiliates* in the Net-Zero roadmap</li> <li>Matching disclosure with CDP based on Scope 2 market-based emissions</li> <li>* LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household &amp; Health Care, LG Uplus</li> </ul>	
			Scope 1	Direct emissions. Greenhouse gases emitted from sources owned and controlled by the organization within the operational boundary			
		Scope 2	Indirect emissions. Greenhouse gases resulting from the consumption of purchased electricity, steam, etc., that entered the organization from outside its operational boundary				
	Energy	Intensity	tCO <sub>2</sub> eq/Billion KRW	The sum of Scope 1 and Scope 2 greenhouse gas emissions divided by revenue			
		Scope 3 Emissions	Thousand tCO <sub>2</sub> eq	Other indirect emissions due to product use, suppliers, and employee travel as defined by the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)			
		Usage	TJ	Internal and external energy usage in the organization			
	Resources & Waste	Water Resources	Renewable Electricity Conversion Rate	Percentage of renewable energy used out of total energy usage			
			Water Intake Volume	Thousand tons			Total volume of water intake at business sites, including tap water, groundwater, seawater, and other sources
		Water Resources	Water Reuse Volume	%			(Internal water reuse volume + external reused water usage) / (Water intake volume + internal water reuse volume)
			Internal Water Reuse Volume				Volume of water reused within the facility after wastewater treatment
			External Reuse Water Usage	Thousand tons			Volume of treated sewage water reused or purchased externally
		Waste	Wastewater Discharge Volume				Volume of wastewater discharged outside the operational boundary through internal/external treatment facilities, commissioned treatment, and public sewage systems
Discharge Volume			Tons	Total weight of treated waste (general, designated) and method of treatment (recycling, incineration, landfill) * Amount incinerated and heat-recovered is separately categorized			
	Waste Recycling Rate	%	The proportion of general and designated waste recycled out of the total waste generated				

- LG Corp is excluded from environmental data as it is a pure holding company and does not have production sites or facilities.

Category	Indicator	Unit	Collection Scope	Definition	Exclusion Scope	Remarks	
Employees	Human Resources	New Hires	Number of persons	Number of new permanent employees hired.	LG Display (overseas), LG Household & Health Care (Vietnam, Dominica)		
		Voluntary Resignation Rate	%	Percentage of full-time employees who retired voluntarily, excluding involuntary turnover such as retirement and dismissal	LG Chem (Overseas)		
		Childcare Leave Return Rate	%	Percentage of full-time employees who returned to work among those scheduled to end parental leave	LG Household & Health Care (Vietnam, Dominica)		
		Average Education/ Training Hours	Hour	Average training hours per year performed by full-time employees (all training inside and outside the organization)	LG Chem (overseas), LG Household & Health Care (Overseas)	Some data from certain overseas offices are excluded.	
		Average Education/ Training Cost	10,000 KRW	Average annual training cost invested in regular employees	LG Household & Health Care (overseas)		
	Diversity / Inclusivity	Employee Gender Composition	Number of persons	Male and female gender composition among full-time employees	LG Chem (overseas), LG Household & Health Care (Vietnam, Dominica)		
		Full-time Employee Ratio	%	Percentage of full-time workers with no fixed term among employees * Non-regular workers are wage workers, excluding full-time workers, and are limited to those directly contracted with the company.	LG Chem (overseas), LG Household & Health Care (Vietnam, Dominica)		
		Employment Rate of Disabled Persons		Percentage of disabled workers directly hired by workplaces and disabled workers hired through subsidiary-type standard workplaces for disabled people	-	-	
		Society	LITFR	Case/ Million Hours	Percentage of workplace lost time injuries per million hours worked (number of lost injuries* / total hours worked per year × 1,000,000) * The number of accidents that prevented work, and the number of accidents that caused business suspension for more than one day	-	-
			Self-Assessment Completion Rate		Ratio of suppliers that completed self-diagnosis among all suppliers		
Supply Chain	Partner Companies	On-Site Assessment Completion Rate (High-Risk Key Partners)	%	Percentage of on-site inspections conducted on high-risk core partner companies that have a risk of negatively affecting subsidiaries (lowering social reputation, etc.) due to financial or non-financial factors as a result of self-diagnosis	-	-	
		Non-Compliance Improvement Rate		Percentage of completed improvements out of nonconformities found as a result of on-site diagnosis			
	Community	Social Contribution	Total Social Contribution Amount	Billion KRW	Amount of social contribution by type	-	-
Donations				Donations made for temporary support activities made at the request of charities, local communities, or emergency relief situations, etc.	-	-	
Community Investment			Million KRW	Costs invested in activities that continuously contribute to the community through participation in specific programs planned by the company, NGOs, and local governments	-	-	
	Commercial Initiatives		Advertising expenses invested in a series of activities conducted in cooperation with charities or local community organizations to promote the corporate brand	-	-		

# ESG DATA FACTBOOK

Category	Indicator	Unit	2020	2021	2022	
Environment	<b>Scope 1+2 Emissions</b>		20,608	21,754	19,365	
	Scope 1	Thousand tCO <sub>2</sub> eq	8,263	8,186	7,442	
	Scope 2		12,345	13,567	11,923	
	Climate Change	<b>Greenhouse Gases Intensity</b>	tCO <sub>2</sub> eq/Billion KRW	16.0	13.2	10.5
		<b>Scope 3 Emissions</b>		6,639	4,762	4,918
		Products and Services	Thousand tCO <sub>2</sub> eq	5,847	3,971	4,196
		Upstream Logistics		769	769	678
		Business Trip		22	21	43
		<b>Total Usage</b>		239,812	325,414	301,958
		(Direct) Fuel	TJ	103,146	118,778	117,856
	Energy	(Indirect) Steam		13,537	18,534	20,204
		(Indirect) Electricity		123,130	188,103	163,899
		<b>Renewable Electricity Conversion Rate</b>	%	0.13	5.13	15.37
		<b>Water Intake Volume</b>	Thousand tons	184,902	216,174	212,562
	Water Resources	<b>Water Reuse Rate</b>	%	51.40	47.69	48.30
		Internal Water Reuse Volume		124,282	130,328	130,417
		External Reused Water Usage Volume	Thousand tons	34,650	34,924	35,252
		<b>Wastewater Discharge Volume</b>		118,925	138,430	133,566
		<b>Total Generated Volume</b>		675,192	919,283	977,362
	Resources and Waste	<b>General Waste</b>		412,903	574,477	604,737
		Recycling		342,763	484,640	530,764
		Incineration (General)		33,454	32,330	16,412
		Incineration (Heat Recovery)		15,295	37,263	36,469
Landfill			20,531	18,386	16,989	
Others		Tons	860	1,858	4,103	
<b>Hazardous Waste</b>			254,885	327,907	356,699	
Recycling			170,238	195,430	222,465	
Incineration (General)			29,703	28,469	26,925	
Incineration (Heat Recovery)			47,343	54,492	55,589	
Waste	Landfill		983	18,361	18,087	
	Others		6,619	4,600	6,325	
	<b>Waste Recycling Rate</b>	%	76.0	74.0	77.1	

Category	Indicator	Unit	2020	2021	2022	
Society	<b>New Hires*</b>	Number of persons	15,183	40,866	45,306	
	<b>Voluntary Resignation Rate**</b>	%	9.0	12.2	15.4	
	<b>Return Rate from Parental Leave</b>	%	90.7	90.0	88.3	
	Human Resources	Number of Returning Employees	Number of persons	2,254	3,098	3,393
		Number of Employees Planned to Return		2,484	3,443	3,842
		<b>Number of Employees Planned to Return</b>	Hour	37	39	41
		<b>Average Training Costs</b>	10,000 KRW	56	61	83
		<b>Employee Gender Composition</b>				
	Employees	Male	Number of persons	137,921	162,364	168,751
		Female		44,530	54,585	57,462
		<b>Permanent Employee Ratio</b>	%	95	94	95
	Diversity/Inclusivity	Number of Permanent Employees	Number of persons	182,451	216,949	226,213
		Number of Temporary Employees		9,112	14,165	11,477
		<b>Employment Rate for People with Disabilities</b>	%	1.3	1.2	1.2
	Occupational Safety and Health	Direct Employment	Number of persons	1,259	1,516	1,435
		Indirect Employment		1,201	1,192	1,318
		<b>LTIFR</b>	Case / Million Hours	0.648	0.623	0.741
	Supply Chain	<b>Self-Assessment Completion Rate</b>		31.7	37.2	51.6
		<b>Field Diagnosis Completion Rate (Based on High-Risk Key Partner Companies)</b>	%	45.5	39.2	57.6
		<b>Field Diagnosis Non-compliance Improvement Rate</b>		-	-	42.6
	Local Community Social Contribution	<b>Total Amount of social contribution</b>	Billion KRW	889	1,436	1,663
		Donations		40,543	58,367	66,125
		Community Investment	Million KRW	39,167	71,932	52,728
Commercial Initiatives			9,229	13,351	47,397	

\* The number of employees increased due to the physical division of LG Energy Solution on December 1, 2020, and the recruitment of new hires starting from 2021.

\*\* Due to the expansion of the data management scope (overseas operations), there have been overall numerical changes from 2020 to 2022. The increase in the turnover rate in 2022 reflects changes in local labor laws for electronics-related subsidiaries located in Central and South America.



# GRI STANDARDS INDEX

## General demands

GRI disclosure	Disclosure	Description	Location of relevant information
<b>Organization profile</b>	2-1	Name of the organization	6-7p
	2-2	Entities included in the company's sustainability reporting	About This Report
	2-3	Reporting period and frequency	About This Report
	2-4	Restatements of information	86-87p
	2-5	External assurance	90-91p
<b>Activities and workers</b>	2-6	Activities, value chain and other business relationships	6-9p, Business Report
	2-7	Employees	58-61p
	2-8	Workers who are not employees	87p
<b>Governance</b>	2-9	Governance structure and composition	44-45p
	2-10	Nomination and selection of the highest governance body	45p
	2-11	Chair of the highest governance body	46p
	2-12	Role of the highest governance body in overseeing the management of impacts	45p
	2-13	Delegation of responsibility for managing impacts	44-45p
	2-14	Role of the highest governance body in sustainability reporting	44-45p
	2-15	Conflicts of interest	47p
	2-16	Communication of critical concerns	44-45p
	2-17	Collective knowledge of the highest governance body	47p
	2-18	Evaluation of the performance of the highest governance body	47p
	2-19	Remuneration policies	48p
	2-20	Process to determine remuneration	48p
	2-21	Annual total compensation ratio	48p
<b>Strategy, policies and practices</b>	2-22	Statement on sustainable development strategy	10-13p
	2-23	Policy commitments for responsible business conduct	10-11p
	2-24	Embedding policy commitments	12-15p
	2-25	Processes to remediate negative impacts	61-64p
	2-26	Mechanisms for seeking advice and raising concerns	52p, 61p
	2-27	Compliance with laws and regulations	51-52p
	2-28	Membership associations	60p
	2-29	Approach to stakeholder engagement	16p
<b>Stakeholder engagement</b>	2-30	Collective bargaining agreements	ESG Reports of Affiliates

## Material topics and others

GRI disclosure	Disclosure	Description	Location of relevant information
<b>Material topics</b>	3-1	Process to determine material topics	16p
	3-2	List of material topics	16p
	3-3	Management of material topics	16p
<b>Energy</b>	302-1	Energy consumption within the organization	86p
	302-2	Energy consumption outside the organization	86p
	302-3	Energy intensity	86p
	302-4	Reduction of energy consumption	28-29p
	302-5	Reductions in energy requirements of products and services	29p

GRI disclosure	Disclosure	Description	Location of relevant information
<b>Water</b>	303-1	Interactions with water as a shared resource	37p
	303-2	Management of water discharge-related impacts	37p
	303-3	Water withdrawal	37p, 86p
	303-4	Water discharge	37p, 86p
	303-5	Water consumption	37p
<b>Biodiversity</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	68p
	304-2	Significant impacts of activities, products, and services on biodiversity	68p
	304-3	Habitats protected or restored	68p
	304-4	Biodiversity 2016 aims to reflect global best practice on biodiversity management to support companies in addressing their impacts.	68p
<b>Emissions</b>	305-1	Direct (Scope 1) GHG emissions	26p, 86p
	305-2	Energy indirect (Scope 2) GHG emissions	26p, 86p
	305-3	Other indirect (Scope 3) GHG emissions	86p
	305-4	GHG emissions intensity	86p
	305-5	GHG emissions reduction	26-29p
	305-6	Reduced emissions of ozone-depleting substances (ODS)	-
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	ESG Reports of Affiliates
<b>Waste</b>	306-1	Waste generation and significant waste-related impacts	32-36p
	306-2	Management of significant waste-related impacts	32-36p
	306-3	Waste generated	32-33p, 86p
	306-4	Waste diverted from disposal (reuse, recycle)	32-33p, 86p
	306-5	Waste directed to disposal (incineration, landfill)	86p
<b>Supplier Social/ Environmental Assessment</b>	308-1	New suppliers that were screened using social criteria	63-64p
	308-2	Negative social impacts in the supply chain and actions taken	63-64p
	414-1	New suppliers that were screened using social criteria	63-64p
	414-2	Negative social impacts in the supply chain and actions taken	63-64p
<b>Employment</b>	401-1	New employee hires and employee turnover	59p, 87p
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	59p
	401-3	Parental leave	58p, 60p, 87p
<b>Occupational Health and Safety</b>	403-1	Occupational health and safety management system	38-41p
	403-2	Hazard identification, risk assessment, and incident investigation	39-40p
	403-3	Occupational health services	38p, 41p
	403-4	Worker participation, consultation, and communication on occupational health and safety	41p
	403-5	Worker training on occupational health and safety	38-41p
	403-6	Promotion of worker health	38-41p
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	38-41p
	403-8	Workers covered by an occupational health and safety management system	38-41p
	403-9	Work-related injuries	87p
	403-10	Work-related ill health.	87p
<b>Education and training</b>	404-1	Average hours of training per year per employee	87p
<b>Diversity and Equal Opportunity</b>	405-1	Diversity of governance bodies and employees	58p, 60p, 87p
	405-2	Ratio of basic salary and remuneration of women to men	Business Report
<b>Non-discrimination</b>	406-1	Incidents of discrimination and corrective actions taken	52p, 60-61p

# INDEPENDENT ASSURANCE STATEMENT

## To readers of LG ESG Reporting 2022-2023

### Introduction

Korea Management Registrar (KMR) was commissioned by LG to conduct an independent assurance of its ESG Reporting 2022-2023 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of LG. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with LG and issue an assurance statement.

### Scope and Standards

LG described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgement of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process

- GRI Sustainability Reporting Standards 2021
- Universal Standards
- Topic Specific Standards
  - GRI 302: Energy
  - GRI 303: Water and Effluents
  - GRI 305: Emissions
  - GRI 308: Supplier Environmental Assessment
  - GRI 405: Diversity and Equal Opportunity
  - GRI 414: Supplier Social Assessment

As for the reporting boundary, the engagement excludes the data and information of LG’s partners, suppliers and any third parties.

### KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

**| Limitations and Recommendations |** KMR’s assurance engagement is based on the assumption that the data and information provided by LG to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

**| Conclusion and Opinion |** Based on the document reviews and interviews, we had several discussions with LG on the revision of the Report. We reviewed the Report’s final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

**| Inclusivity |** LG has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

**| Materiality |** LG has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

**| Responsiveness |** LG prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of LG’s actions.

**| Impact |** LG identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

### Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

### Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with LG and did not provide any services to LG that could compromise the independence of our work.

August 2023 Seoul, Korea



CEO of KMR *E. J. Hwang*



