

# ■ Net Zero Policy

Enactment: Jul. 2022

## Policy Purpose

**“We will fulfill our responsibility as true heirs to pass on a beautiful and healthy earth to our descendants.”**

LG H&H has an ESG vision of being ‘the best sustainable FMCG (FAST MOVING CONSUMER GOODS) company.’

LG H&H intends to contribute to achieving the UN SDGs, a common global task, through various activities to provide a better life value to various stakeholders such as customers, environment, business partners, local communities, and employees, based on the mid-to-long-term ESG strategy in terms of governance, products, society, and environment.

In particular, LG H&H has established a strategy to minimize the damage to the planet under the belief that its operations can have a significant impact on climate change due to the nature of the industry that deals with FMCG, which is used and thrown away every day, such as household goods, cosmetics, and beverages. At the same time,

LG H&H has established an eco-friendly strategy to secure mid- to long-term business opportunities and declared ‘2050 NET ZERO’, which promises to achieve a 45% carbon emission reduction goal by 2030 and carbon neutrality by 2050 from a mid-to-long-term perspective.

Since the 2015 Paris Agreement set a target to limit temperature rise by 1.5 degrees, response to climate change has become a global goal for both governments and businesses.

In a special report on Global Warming 1.5°C published in October 2018, the IPCC emphasized that climate change can cause various risks, and the temperature rise should be limited to 1.5°C over modern pre-industrial levels to curb such risks.

To this end, we are improving process efficiencies, such as heat recovery and exchange, and process improvement for direct combustion devices in our production facilities. We are also reviewing new and renewable energy technologies, such as establishing strategies for EV100 implementation, solar power generation, and hydrogen fuel cells.

We will be able to achieve 2050 Net Zero through short-term, mid-to-long-term response strategies that can contribute to the use of water and energy, the expansion of the eco-friendly product portfolio, and the transition to a low-carbon economy in addition to managing greenhouse gas emissions within LG H&H’s worksites located across the country. LG H&H will continue to work hard to ensure both companies and stakeholders can cooperate and contribute to the transition to a low-carbon economy under the vision of ‘the best living culture company that realizes the beauty and dreams of customers’, which has been kept since its foundation in 1947.

## LG H&H Carbon Neutral Goal

LG H&H plans to achieve carbon neutrality by 2050 by deriving 84 actionable tasks to preemptively reduce greenhouse gas emissions and investing approximately KRW 200 billion by 2030.

LG H&H has set a top-down reduction target of 45% by 2030 based on the IPCC scenario, which limits the increase in global average temperature to 1.5 degrees or less.

We will flexibly decide the means to close the gap with the bottom-up reduction target calculated by reviewing possible tasks such as process efficiency improvement, fuel conversion, expansion of new and renewable energy applications, and EV100 by comparing the economic feasibility of various reduction measures in the future.

In particular, to reduce greenhouse gas emissions in the manufacturing process of cosmetics, household goods, and beverages, our main products, we will improve process efficiency by replacing outdated equipment in our production facilities with high-efficiency facilities at each business site by 2025. We also plan to continuously review new and renewable energy technologies and apply them to additionally expanded and newly established business sites, such as reviewing the introduction of solar power generation facilities, continuously reviewing the introduction of new and renewable energy such as hydrogen fuel cells to regional production facilities where by-product hydrogen supply is secured, etc.

To achieve the goals set, we plan to continue to minimize greenhouse gas emissions from product production by having our own technical department composed of energy experts manage energy consumption at domestic and overseas business sites by introducing high-efficiency facilities and energy reduction technology and improving process efficiency.

LG H&H will do its best to promote eco-friendly activities in the consumer necessity industry with a lot of responsibility for climate change due to the nature of the industry that directly affects consumers.

### **1** Reduction of process GHGs to respond to climate change

LG H&H manages greenhouse gas emissions through annual external verification and complies with the GHG Target Management System, the national energy/greenhouse gas regulation. At the same time, LG H&H has established its mid-to-long-term greenhouse gas reduction goals, applying the IPCC recommended goal of limiting the global average temperature rise to 1.5°C or less to achieve its goals. In addition, LG H&H has an in-house technical department with energy experts who manage energy consumption at domestic and overseas business sites and continue efforts to minimize greenhouse gas emissions from product production by introducing high-efficiency facilities and energy reduction technology, improving process efficiency.