

Future[▲] in Business Solution.

2019-2020

LG International Sustainability Report

 **LG International**

ABOUT THIS REPORT

OVERVIEW

LG International (hereafter “LGI,” “We,” or “the Company”) has shared its sustainability management goals and performances in the aspects of economy, society, and environment by publishing annual sustainability report since 2014. This report helps us provide stakeholders with key sustainability issues, performances, and related information in a transparent manner, contributing to increasing corporate value and creating future value. Particularly, we intended to compile this report to help understand our core performances from the stakeholders’ perspective based on our management status and significant issues in the industry through materiality analysis. Diverse stakeholders’ opinions were also reflected in this report. Going forward, LGI is committed to creating both economic and social value for sustainable growth.

REPORTING SCOPE

The reporting scope extends to LGI’s head office and major investment corporations around the world.

REPORTING PERIOD

This report covers LGI’s sustainability performances and data from January 1 through December 31, 2019, spanning to the first quarter of 2020 for some material performances. And, data for the last three fiscal years from 2017 to 2019 was applied for time-series analysis.

REPORTING PRINCIPLE

This report was prepared in accordance with the Core Option of GRI (Global Reporting Initiative) Standards. Financial information was drawn up on the basis of K-IFRS (Korean International Financial Reporting Standards). It encompassed 84 subsidiaries.

ASSURANCE

The report was assured by BSI (British Standards Institution), an independent assurance provider, to ensure reporting principle and reliability of information. For more details, please refer to the assurance statements on page 62 to 63.

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The 2019-2020 LG International Sustainability Report was published in an interactive PDF format. This allows readers to find information more easily. With just a click on the title of navigation bar, related page comes up immediately.

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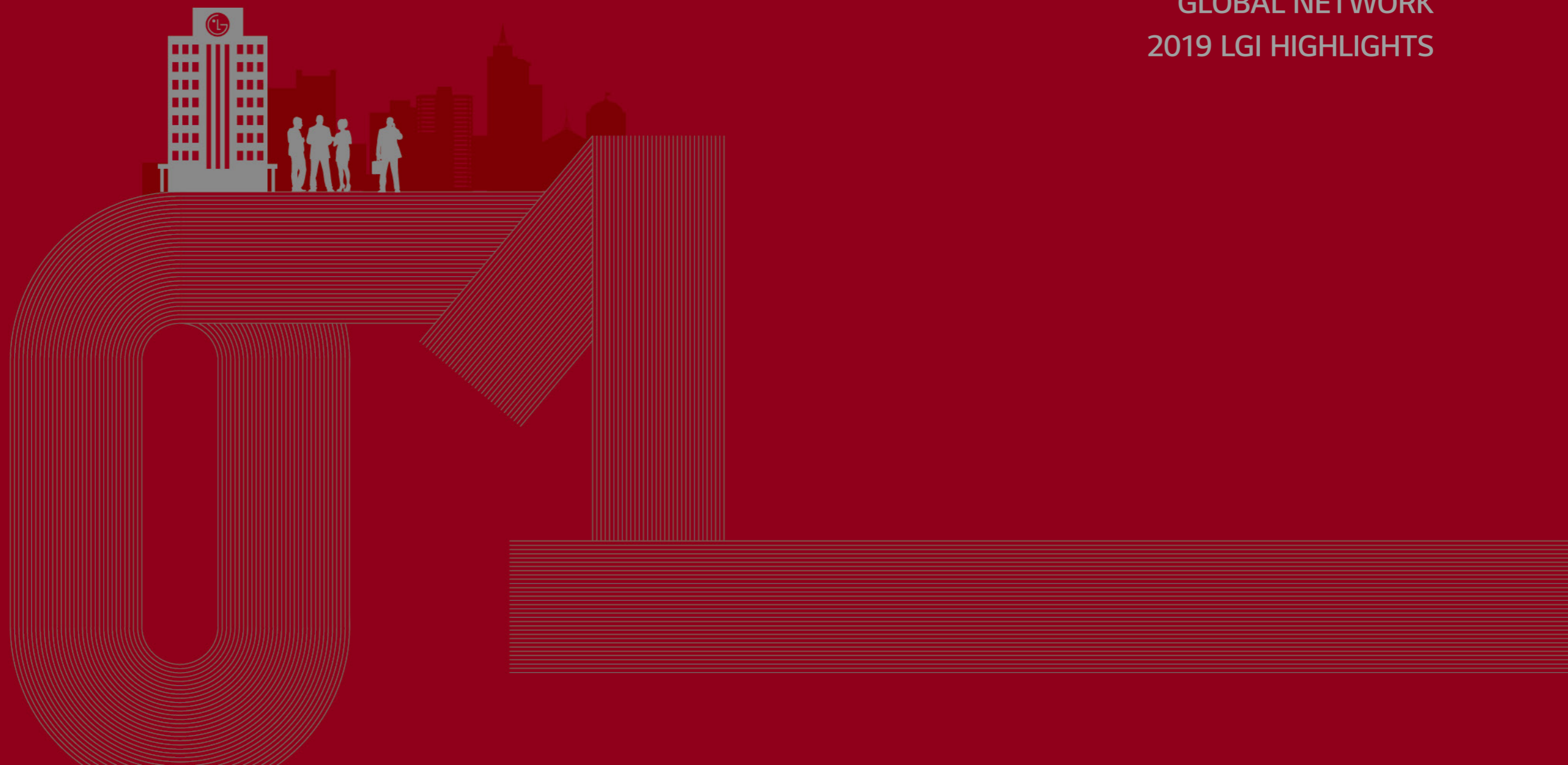
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OVERVIEW

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CEO MESSAGE



Dear customers, shareholders, and investors!

Despite tough business environments at home and abroad, LGI has been focusing on solidifying the foundation for future business and accelerating the driving force for changes. In preparation for the era of "Digital Transformation," we will brace up for competition and be committed to creating customer value and improving business value. To this end, we will place emphasis on the following strategies.

Establishing a stable business portfolio

In addition to strengthening the competitiveness of existing profit-creating businesses such as palm operation and resource trading, the Company will continue to expand business territory to new categories such as health, environment, and digital business based on accumulated capabilities, thereby establishing a stable business portfolio.

Providing customers with authentic value

We will promote changes and innovation in our businesses and the ways we work from the perspective of customer value in order to make a new leap forward. By leading changes in a prompt, frequent, and sustainable manner, we will address customers' pain points in advance. Particularly, LGI will make a concerted effort to develop business platforms and solutions where shared growth with domestic hidden champions can be promoted.

Operating innovative new businesses meeting digital transformation

Based on accumulated global competence as a general trading company, we are proactive in supporting the scale-up of promising domestic startups and creating innovative ICT-driven business models to foster our corporate

competitiveness. LGI will become a company that provides a variety of tangible and intangible business solutions from the customers' perspective.

Creating the value of safety, health, and society

With the awareness that safety, health, and social responsibility at overseas worksites are as important as financial performances, LGI has been thoroughly preventing, inspecting, and managing safety and environmental risk factors. Moreover, our employees have been participating in diverse social contribution activities to fulfill our responsibility for local communities.

In this way, LGI is committed to promoting sustainability management for the purpose of growing together with stakeholders and improving corporate competitiveness. I ask you for much attention and support to our progress toward becoming a great company loved by customers and communities.

Thank you.

CEO of LG International, **Yoon Chun-sung**

LGI AT A GLANCE



Profile

Company Name	LG International Corp.
CEO	Yoon Chun-sung
Date of Establishment	November 26, 1953
No. of Employees ¹⁾	474 persons
Operating Profit ²⁾	KRW 134.8 billion
Sales ²⁾	KRW 10.53 trillion

1) As of Dec. 31, 2019 2) K-IFRS consolidated basis in 2019

Vision System

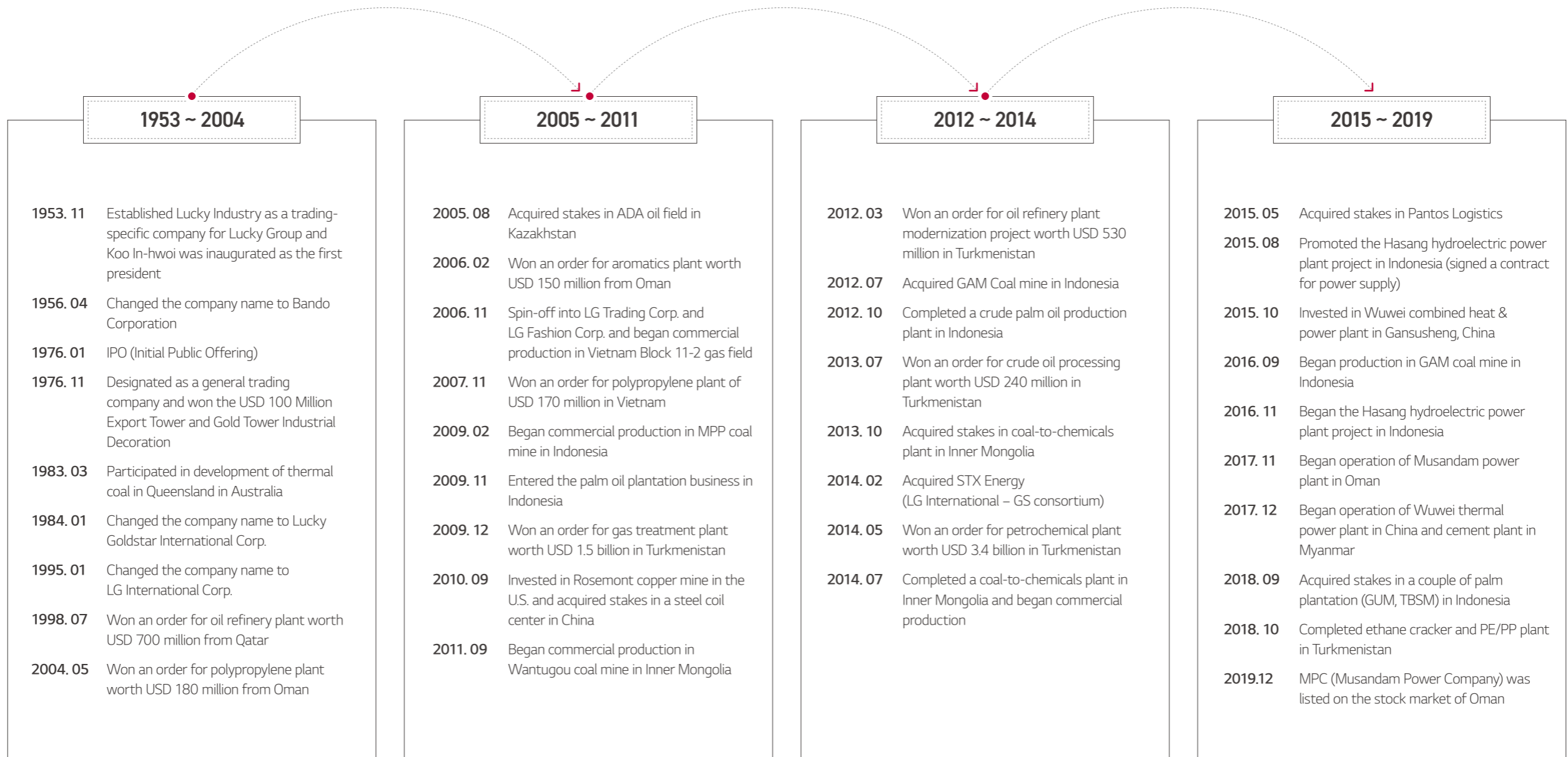
In October 2019, LGI launched a new vision system "Future in Business Solution" with the aim of establishing a corporate culture where employees can be absorbed in creating customer value. The new vision system helps employees preemptively resolve customers' pain points and provide them business solutions by developing differentiated customer values, thereby contributing to creating a corporate culture where customers and business fields are placed at the heart of thinking and acting.

Vision Design

The LGI logo design implies and symbolizes its vision. The triangular shape facing the upper right symbolizes the provision of new future values, the square shape, the our robust business platforms, customers' trust and organizations, and the circular shape, clear solutions that resolve the customers' pain points. "Future" represents the continued growth and evolution that enable us to overcome all business-related limitations in a forward-looking manner based on our expertise and knowledge. It communicates our firm determination to go beyond conventions and create a general trading company model unique to LG International.

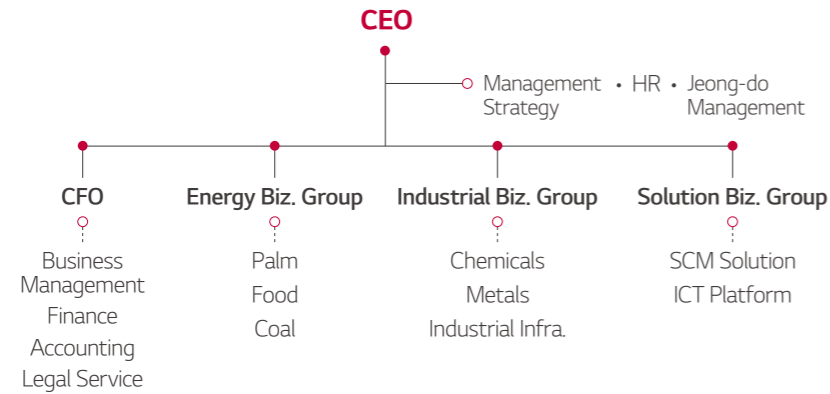


Corporate History



GLOBAL NETWORK

Organization



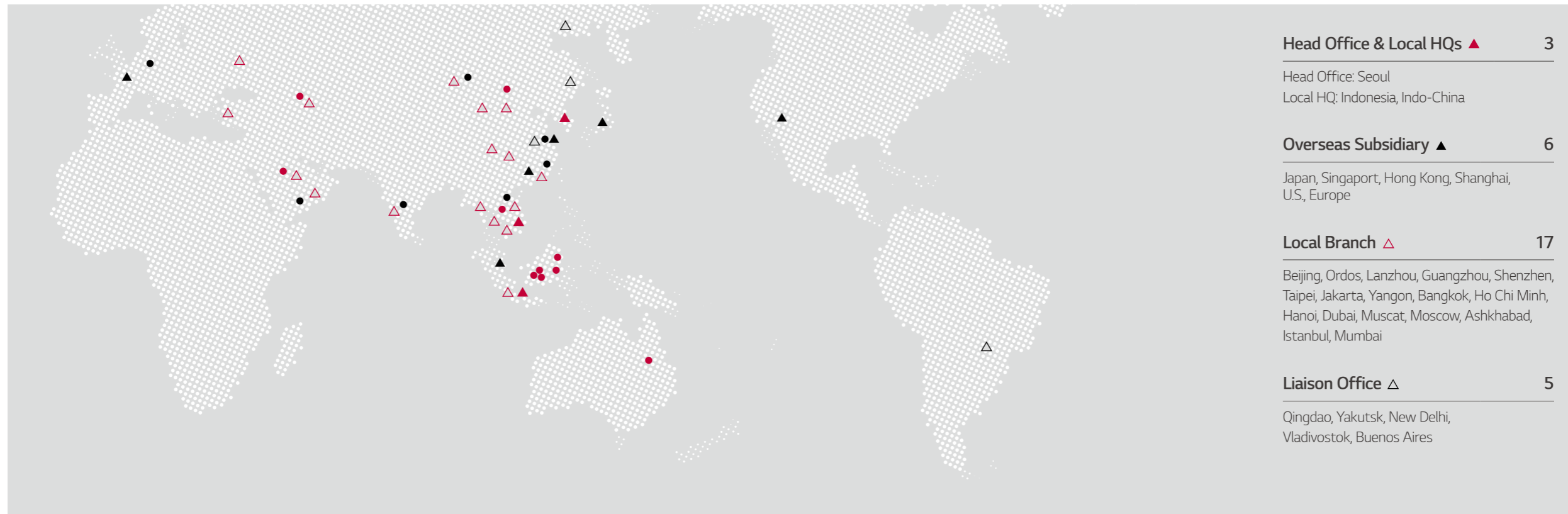
Major Investment Projects

Energy Biz. ●

Indonesia PAM	Indonesia GAM	Vietnam 11-2
Indonesia TBSM	Australia Ensham	Qatar LNG
Indonesia GUM	China Wantugou	Kazakhstan ADA

Industrial Biz. ●

Indonesia Hasang Hydroelectric Power Plant	China Inner Mongolia Coal-to-Chemical Plant	India Steel Processing Plant (POSCO-IPPC)
Oman Musandam Thermal Power Plant	China Tianjin Steel Processing Plant	Poland Steel Processing Plant (POSCO-PWPC)
China Wuwei Cogeneration Power Plant	Vietnam Haiphong Steel Processing Plant	

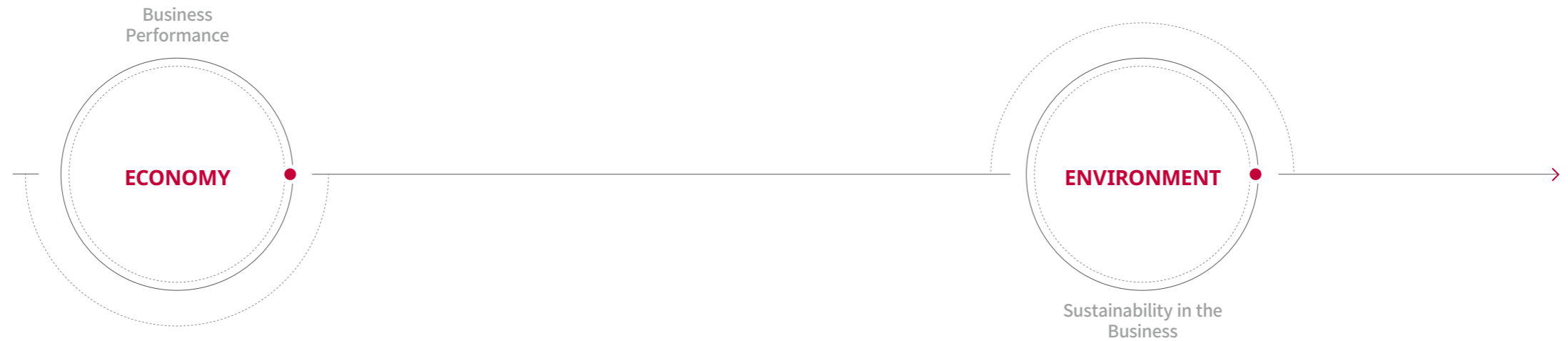


2019 LGI HIGHLIGHTS

Customer Value-centered Business Highlights in 2019

Future in Business Solution

We lead the way of creating business solutions that preemptively resolve customers' pain points and build differentiated customer value.



01

Attained remarkable results from major joint investment projects with overseas partners

Successful IPO of the MPC in Oman

The MPC (Musandam Power Company), a joint venture with OCC, an Omani state-run investment company, was listed on the Muscat Stock Exchange. By selling 12% stake out of 30% ownership of the MPC, LGI generated profits of USD 6.9 million, which resulted in retrieving the entire investment amount (around USD 11 million) in just two years since the commercial operation of the power plant.

02

Provided tangible and intangible business solutions for digital transformation

Participated in operating Ground X, a blockchain-specific subsidiary of Kakao

LGI pursues becoming a company that provides various business solutions necessary for customers beyond the role as a conventional trading company. To this end, we will promote the trading of intellectual properties and business solutions as well as the global scale-up of domestic startups. As part of this strategy, LGI participated in operating the "Klaytn," a blockchain service platform of Kakao, to enhance competitiveness in the ICT business which will be a new growth engine.

03

Internalize safety and environment inspection and management

Conducted the third party EHSS evaluation for overseas investment corporations

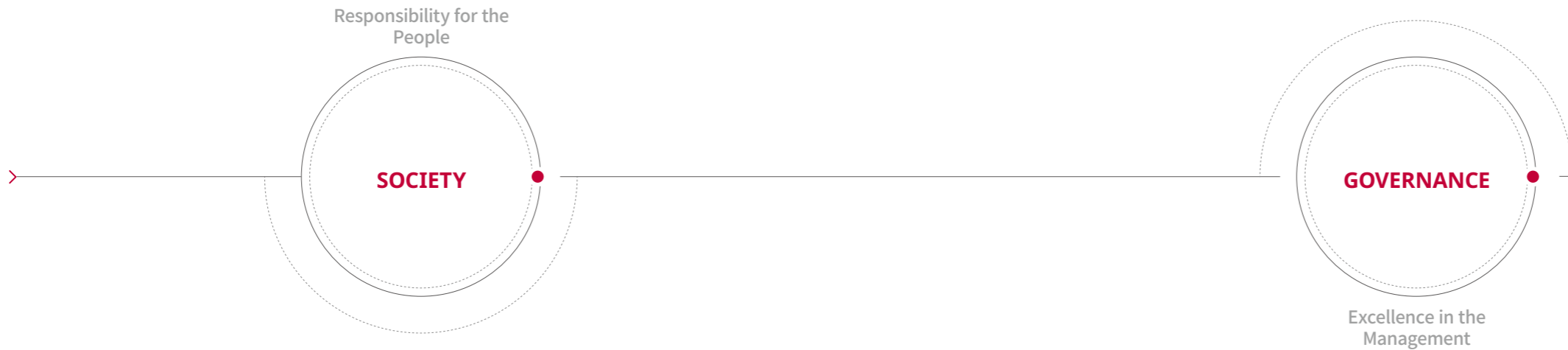
We have executed regular inspection and evaluation on safety and environment to prevent any safety and environment related risks at overseas worksites. In 2019, three subsidiaries in Indonesia and one subsidiary in China received the third party inspection and evaluation. Identified issues have been improved and controlled. LGI will continue to make overseas worksites internalize safety and environment control system, securing business competitiveness and realizing sustainable growth.

04

Endeavored to reduce environmental impacts from business activities

Carried out energy-saving activities in the office building

LGI has been participating in sustainable development through diverse energy-saving activities. As for LG Gwangwhamun Office Building where the headquarters is located, existing lamps have been replaced with eco-friendly and high energy-efficiency LED lights and the use of lighting in commonable spaces has been also optimized. Moreover, we are proactive in replacing old facilities, introducing high energy-efficiency equipment, and checking GHG and waste emissions to minimize environmental impacts from our business operation.



05

Expanded field trips and training programs to nurture global entrepreneurs

Conducted overseas field trips and talents cultivation programs

Our employees in their second year visited Indonesia, a strategic region of LGI, for on-the-spot trainings and experiences at coal, palm, and power plant sites. This program helped them raise awareness of field-centered management and better understand field jobs. Furthermore, in 2019, LGI expanded education programs aimed at cultivating global talents and future leaders in the long term, including domestic and overseas MBA courses and overseas conferences.

06

Engaged sustainability management for co-prosperity with local communities

Performed donation and epidemic prevention activities against COVID-19 pandemic

From the beginning of 2020, the whole world is suffering from COVID-19 pandemic. In response, LGI donated COVID-19 relief packages to local people in Indonesia where we operate businesses and actively participated in local government-led epidemic prevention activities to fulfill our social responsibility. Going forward, we will further promote sustainability management for co-prosperity with customers, investors, and local communities.

07

Endeavored to actively communicate with employees

Launched a whistle blowing channel through the SNS platform

The Business Ethics Bureau of LGI is operating an SNS channel named Kakao Talk Plus Friend. This channel ensures non-face-to-face and anonymous communication, helping employees easily make access to the bureau. Therefore, our employees can address their grievances such as whistle blowing and improper solicitation cases as well as matters related to Jeong-Do Management through this channel.

08

Encouraged employees to comply with Jeong-Do Management in advance

Established the business expense monitoring system

In order to more transparently and thoroughly manage expenses including business operating expenses, LGI established the business expense monitoring system. This system identifies abnormal expense data among whole data which are collected to the internal computerized system and automatically reports them to responsible departments.



BUSINESS PERFORMANCE

LGI VALUE CHAIN
BUSINESS AREAS
OPERATING PERFORMANCES



BUSINESS PERFORMANCE



LINK TO SDGS



MANAGEMENT APPROACH

We lead the way to a brighter future through business solutions that preemptively resolve our customers' pain points and build differentiated customer values. LGI engages in energy, industrial materials, and solution businesses and cooperates with global clients. Our commitment is to contribute to delivering customer value that surpasses their expectations and enhancing their competitiveness based on a great insight on the market and changes in customer needs.

RISK AND OPPORTUNITY

Market uncertainties are intensified due to escalating global trade disputes and COVID-19 pandemic. The 4th Industrial Revolution emphasizes the importance of digital convergence, environment, safety, and health. In response to these market changes, LGI is focusing on developing new markets by capitalizing on its accumulated business capabilities. On top of that, we are dedicated to providing a variety of tangible and intangible business solutions customers want beyond the territory of conventional trading company.

WHAT'S NEXT

LGI has actively been promoting the food business which is indispensable to humankind. We also intend to introduce high-quality domestic medical, healthcare, and untact products to the world. Another plan is to support the global scale-up of promising startups and develop new opportunities in the next-generation sectors such as smart city and mobility as an ICT platform operator.

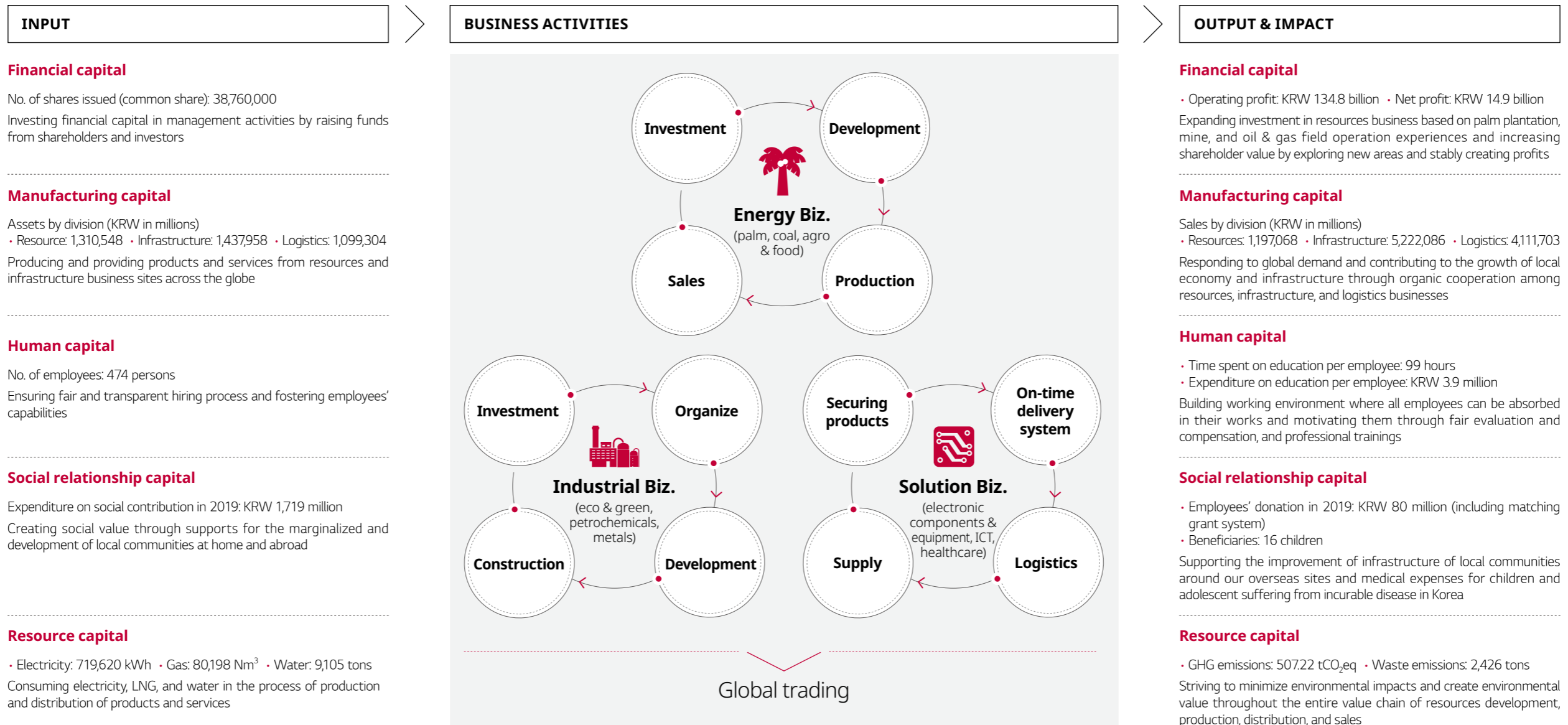
MATERIAL ISSUES

- 02 Establish sustainability vision and future strategies
- 12 Invest in and develop new businesses and technologies

LGI VALUE CHAIN

LGI leads the way to a brighter future through business solutions that preemptively resolve our customers' pain points and build differentiated customer values. We will become a company that can grasp changes in the market and customer needs and present higher values than their expectations, going beyond the territory of conventional trading company and contributing to the development of social value and sustainability.

EXTERNAL ENVIRONMENT



BUSINESS AREAS

LGI operates energy, industrial materials, and solution businesses across the globe. Each business sector is organically connected for stable response to rapidly changing market environment.

Energy Business

We directly and indirectly operate palm plantation and coal mining projects and create profits through the sale and trading of those products. We also actively consider the entrance into new businesses to secure sustainable food resources.

Palm



Business profile

Palm oil which is extracted from palm fruits is widely used not only for food businesses especially in Southeast Asian regions but also for bio diesel, an eco-friendly alternative fuel. LGI has been producing and selling palm oil by investing, developing, and operating palm plantation in Indonesia

CPO (Crude Palm Oil) production

(Unit: thousand ton)

Classification	2017	2018	2019
COP production	86	81	140

Operation status

LGI ensures stable palm oil supply as production capacity has been increased through continuous investment in palm plantation, expanding production facilities, and improving operational efficiency.

Palm plantation concession area

(Unit: thousand ha)

Classification	2017	2018	2019
Concession area	20	45	45

Coal



Business profile

LGI has stably secured coal production capacity through direct and indirect investments in coal mines located in Indonesia, China, and Australia. Produced coal is sold across the globe. Particularly, as for the Indonesia MPP mine, LGI became the first Korean general trading company to succeed in entire overseas mining project ranging from exploration and development to production. The Indonesia GAM mine, demonstrating an area of around 106 square kilometers which is about 36 times larger than Yeouido (2.9 square kilometers), has secured the production capacity of 10 million tons a year in 2020 since the first commercial production in 2017.

Operation status

We are focusing on securing cost competitiveness by improving productivity and operational efficiency of existing mines, while expanding the volume of trading through existing sales channels. By doing so, the Company will minimize resource price risks and create sustainable profit models.

Coal production

(Unit: 10 thousand ton)

Subsidiary	2017	2018	2019	Ownership
Indonesia GAM	400	600	760	60%
Indonesia MPP	200	200	110	75%
Australia Ensham	520	520	510	15%
China Wantugou	360	230	70	30%
Total	1480	1550	1,450	-

Agro & Food

Business profile

As a new growth engine, we promote the agro & food business aimed at securing sustainable food resources. Currently, we are reviewing and analyzing the global food market to develop profitable projects.

Operation status

The territory of agro & food business extends to investments in infrastructure as well as conventional resource trading. As for meat products, investments in alternative meat and cultured meat are preferentially considered. As for fishery products, we are reviewing investments in cutting-edge farming facilities as well as direct trading in order to secure safe and clean products. Grain trading is also under investigation.

Industrial Materials Business

Our industrial materials business covers trading of industrial materials and investment in projects. We not only conduct trading of diverse petrochemical products and metals but also strive to perform direct equity investments and hold product copyrights in order to strengthen the supply base and profit stability. Moreover, as a project developer, LGI engages in investment, development, and construction of plant and infrastructure facilities.

Eco & Green Tech



Business profile

We have been investing in, developing, and constructing power plants and petrochemical plants in China, Vietnam, India, and Poland. In addition, the Company is making efforts to find out new business models in the eco-friendly category (air, environment, health, quarantine, etc.)

Operation status

In 2019, MPC (Musandam Power Company) in Oman was listed on the local stock exchange. In 2020, Indonesia Hasang hydroelectric power plant started commercial operation. Now we are promoting LNG trading business as a new growth engine in energy business. On top of that, LGI supplies eco-friendly products of domestic hidden champions to the world and supports the global expansion of K-quarantine products in collaboration with Korean medical equipment cooperatives.

Industrial infrastructure projects

Assets	Production capacity	Fuel	Ownership	Stage
Oman Musandam IPP thermal power plant	120MW	Gas, diesel	30%	Operation
China Wuwei coal-fueled cogeneration power plant	700MW	Coal	30%	Operation
Indonesia Hasang hydroelectric power plant	41MW	Water	95%	Construction

Oil & Gas



Business profile

Based on strategic relationship with local business partners, LGI engages in developing and investing in oil and gas plant projects in the Middle east, Southeast Asia, and Kazakhstan.

Operation status

As the demand for natural gas and LNG for ships is expected to continuously grow, LGI is exploring business opportunities in the fields of gas field, gas treatment facilities, and LNG plant.

Production volume

(Unit: thousand BOE*/day)

Classification	2017	2018	2019
Production volume (oil and gas)	10	10	2

* BOE (Barrels of oil equivalent per day): A unit of measuring crude oil and natural gas in a unified manner. 1 BOE is equivalent to 1 barrel of crude oil or 6,000 cubic feet of natural gas.

Petrochemicals



Business profile

LGI supplies petrochemical products to global clients in a stable manner by directly investing in petrochemical plants and securing sales rights of products.

Operation status

We perform trading of synthetic resins which are raw materials of chemical fertilizer (Sulphur, etc.), PP and PE developed and produced through chemical engineering plants. We also supply petrochemical products such as ethanol, MTBE, coolants, and organic/non-organic chemicals, and promote the plastic recycling business in response to recent eco-friendly trend.

Overseas plant projects

Assets	Product	Production capacity (MT/year)	Sales volume (MT/year)	Stage
Oman PP plant	PE/PP	340K	80-90K	Production
Oman PE/PP plant	PE/PP	1,200K	150K	Construction
Turkmenistan PE/PP plant	PE/PP	470K	235K (plan)	Production

Metals



Business profile

LGI not only produces and supplies steel products for home appliances and vehicles but also explores nonferrous metal related new businesses such as lithium, a core material of the secondary battery.

Operation status

Our overseas steel processing centers provide one-stop service embracing processing (cutting), inventory control, and sale of steel. We also promote new businesses for handling nickel and lithium which are core materials of the secondary battery to meet the increasing demand for eco-friendly products including electronic vehicle.

Global steel processing centers

Subsidiary	Country	Annual production capacity (KMT*)
Tianjin Coil Center	China	110
Haiphong Coil Center	Vietnam	60
POSCO-IPPC	India	380
POSCO-PWPC	Poland	80

* KMT=Kilo Metric Tons

Metals trading volume

(Unit: ten thousand ton)

Classification	2017	2018	2019
Trading volume	75	74	74

Solution Business

Our solution business consists of SCM solutions and ICT-based projects. Based on global supply chain management know-how, LGI focuses its capabilities on solving customers' pain points and providing them with differentiated values. We are also developing new business models that lead the trend of digital transformation.

SCM Solution



Business profile

LGI provides VMI (Vendor Management Inventory) service embracing procurement, customs clearance, warehousing, and transportation based on our global business network and logistics infrastructure.

Operation status

In order to produce and deliver products, we operate the JIT (Just-in-Time) method driven by IT system. We are also promoting the advancement of entire systems to help clients check the transportation process of their products in real time. As for the electric car and secondary battery sectors which are rapidly growing, LGI is preparing for diverse projects to supply electric two-wheeled vehicles to Indonesia and neighboring countries. Moreover, the experience of donating medical supplies to our strategic regions against COVID-19 pandemic allowed us to find out a new marketable business model. By capitalizing on the experience, we plan to build a channel for distributing medical and healthcare supplies and non-face-to-face products as a new growth engine business.

ICT-based

Business profile

Our ICT-based solution business aims to support the overseas expansion and scaleup of domestic SMEs and startups with promising solutions based on the 4th Industrial Revolution technologies.

Operation status

LGI promotes the overseas expansion of potential business models as well as intellectual properties in terms of ICT technology and education contents. This project aimed at win-win partnership with SMEs and startups is underway in collaboration with the Ministry of SMEs and Startups, Korea International Trade Association, and Korea Venture Investment. Particularly, we intend to activate the ICT business in Indonesia and encourage domestic SMEs and venture capital firms to join this project. It will become an opportunity for a lot of domestic startups to prepare for a takeoff.

OPERATING PERFORMANCES

Investment Asset Operation Results

In response to rapidly changing global economic trend, LGI has been reorganizing its business portfolio and expanding investments in new businesses. In order to improve profitability, we have focused on efficient operation of existing businesses and review of investment in new sectors. Particularly, we have strictly considered social and environmental risks from the initial stage of investment to fulfill our corporate responsibility and ensure sustainability of projects. Major focuses in 2019 were on inspecting and managing our investment portfolio and controlling macro issues in major investment projects.

Review of 2019 Performances

Key tasks	Performances	Analysis and implications
Inspection and management of investment portfolio	<ul style="list-style-type: none"> Improved the efficiency of investment assets <ul style="list-style-type: none"> - Disposal of equity in Beijing Twin Tower - Disposal of equity in U.S. Rosemont copper mine, etc. Enhanced inspection and deliberation of new investment projects 	<ul style="list-style-type: none"> Improved financial structure and prepared investment sources by selling investment assets Strengthened inspections on the methods to retrieve investment amount
Control of macro issues in major investment projects	<ul style="list-style-type: none"> Preemptively managed issues from the mid-to-long term perspective Reviewed the methods to retrieve investments in non-core assets 	<ul style="list-style-type: none"> Selected mid-to-long term core issues by business and established response plans Continued inspections on sluggish projects

Financial Performance

In 2019, LGI has strived for business expansion centered on global strategic regions and achieved KRW 10.53 trillion in sales, an increase of KRW 542.6 billion from the previous year. We have solidified our financial soundness and the foundation for new investments by eliminating potential loss factors through reevaluation on investment assets as well as selling non-operating property assets. Our sales in 2019 increased 5% year-on-year on the strength of increased trading volume of coal and LCD panel and stable sales growth of Pantos, a subsidiary engaging in logistics, while operating profit decreased 19% due to weak coal prices and the completion of some projects.

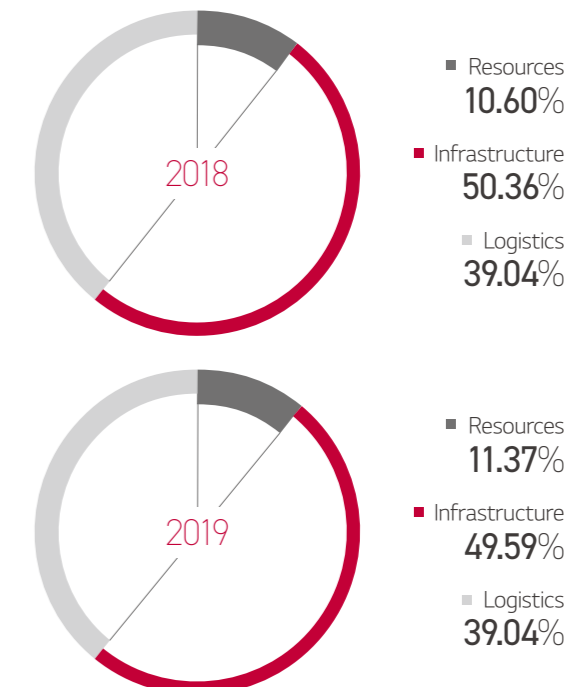
(Unit: KRW in billions, %)

Classification	2017	2018	2019
Sales	12,827.2	9,988.2	10,530.9
Operating profit	212.3	165.7	134.8
Operating margin	1.7	1.7	1.3



(Unit: KRW in millions)

Business	2018		2019	
	Sales	Operating profit	Sales	Operating profit
Resources	1,059,085	28,252	1,197,068	-8,771
Infrastructure	5,029,815	41,460	5,222,086	31,616
Logistics	3,899,325	95,947	4,111,703	111,939
Total	9,988,225	165,659	10,530,857	134,784

Sales breakdown by business



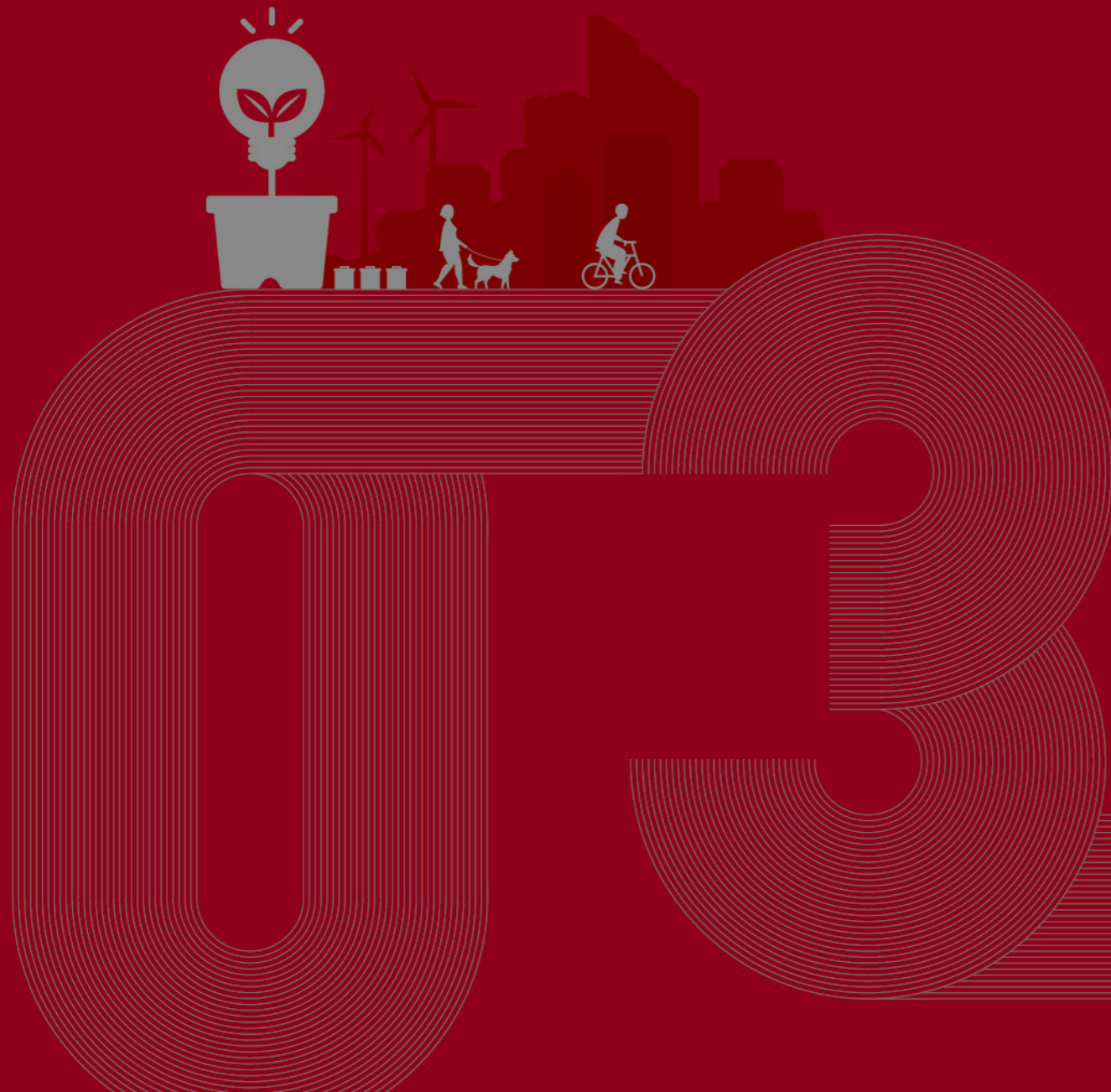
Performances and Strategies by Business Division

Area	Business	2019 Plans	2019 Performances	2020 Plans	Major Strategies
Energy 	Palm Plantation and Distribution	<ul style="list-style-type: none"> Producing 162 thousand tons of CPO 	<ul style="list-style-type: none"> Completed the production of 140 thousand tons of CPO 	<ul style="list-style-type: none"> Improving palm oil productivity by each farm and adding and expanding palm oil distribution business to value chain 	<ul style="list-style-type: none"> Continuously increasing palm oil production capacity and fostering palm oil distribution business with the aim of joining Indonesia's top 10 (global top 150) player by 2024 and top 5 (global top 7) by 2028
	Coal	<ul style="list-style-type: none"> Increasing profitability of existing mines and securing offtake agreements on mid-to-low calorie coal through small investment Strengthening trading-based sales portfolio 	<ul style="list-style-type: none"> Expanded assets and trading volume and completed small-scale investments for securing offtake agreements 	<ul style="list-style-type: none"> Expanding coal trading business 	<ul style="list-style-type: none"> Ranking 5th in asset-trading linked business (current 10th position)
	Agro & Food			<ul style="list-style-type: none"> Promoting import of meat and fishery products and global trading of grain resources 	<ul style="list-style-type: none"> Investing in future food businesses and diversifying trading items and profit sources through strict market analysis
	New Businesses				<ul style="list-style-type: none"> Expanding trading volume Developing new promising renewable energy projects
Industrial materials 	Eco & Green Tech	<ul style="list-style-type: none"> Improving the operational efficiency of existing power plants and upgrading profitability through selling of non-core assets 	<ul style="list-style-type: none"> Promoted IPO of MPC (Musandam Power Company) in Oman Confirmed target assets to be disposed including Myanmar cement business 	<ul style="list-style-type: none"> Successful operation of Hasang hydroelectric power plant Promoting LNG trading Expanding the trading of COVID-19 quarantine supplies Securing overseas sales channel for domestic hidden champions in medical equipment 	<ul style="list-style-type: none"> Identifying competitive products in the eco-friendly category including air, living environment, healthcare, and quarantine, and promoting their commercialization
	Petrochemicals	<ul style="list-style-type: none"> Securing business continuity and new business opportunities by expanding trading volume 	<ul style="list-style-type: none"> Obtained sales rights of a new PE/PP plant in Oman Built networks and roadmap to enter the PET recycling business 	<ul style="list-style-type: none"> Securing sales rights of the gas and petrochemical plant in Turkmenistan Diversifying trading products including PP for medical use Promoting the PET recycling business 	<ul style="list-style-type: none"> Responding to diverse issues that affect our business and promoting product portfolio and trading volume by preemptively identifying customer needs
	Metals	<ul style="list-style-type: none"> Securing stable sales by improving the operational efficiency of steel coil centers Analyzing markets and developing customers' pain points to enter the secondary battery business 	<ul style="list-style-type: none"> Found out the possibility of eco-friendly recycling of byproducts generated from the secondary battery processing 	<ul style="list-style-type: none"> Reviewing trading of the secondary battery resources 	<ul style="list-style-type: none"> Exploring eco-friendly metal markets and customers' pain points for sustainability
	Oil & Gas	<ul style="list-style-type: none"> Improving the feasibility of investment projects and promoting disposal 	<ul style="list-style-type: none"> Feasibility improvement of Vietnam 11-2 field is underway, while disposal of Kazakhstan ADA project is delayed. 	<ul style="list-style-type: none"> Pursuing stable profits by business reorganization after disposing marginal projects 	<ul style="list-style-type: none"> Seeking gas-related business opportunities after Improving business constitution
Solution 	SCM Solution	<ul style="list-style-type: none"> Stably operating the on-time supply system based on global networks Diversifying products through the understanding of customers' pain points 	<ul style="list-style-type: none"> Achieved the annual target operating profit in major trading businesses including ODD Explored the secondary battery market and secured items such as electric two-wheeled vehicle 	<ul style="list-style-type: none"> Expanding OLED trading volume, developing and promoting trading of medical, healthcare, and non-face-to-face products of domestic hidden champions Increasing customer value by advancing JIT system 	<ul style="list-style-type: none"> Diversifying business domain to meet customer needs with stable maintenance of on-time supply system and global hub
	ICT-based	<ul style="list-style-type: none"> Developing new trading markets and items in the ICT sector 	<ul style="list-style-type: none"> Participated in operating Ground X, a blockchain-specific subsidiary of Kakao Organized a network with promising startups who want overseas expansion in collaboration with the Ministry of SMEs and Startups and Gyeonggi Center for Creative Innovation 	<ul style="list-style-type: none"> Attracting domestic startups and venture capital firms 	<ul style="list-style-type: none"> Accelerating the global scaleup of domestic promising SMEs and startups by promoting trading of intellectual properties such as ICT solution and education contents and introducing business models to the global market

SUSTAINABILITY IN THE BUSINESS

SAFETY & ENVIRONMENT
MANAGEMENT AT INVESTMENT
CORPORATIONS

ENVIRONMENTAL IMPACT
MANAGEMENT AT WORKSITES



SUSTAINABILITY IN THE BUSINESS



LINK TO SDGS



MANAGEMENT APPROACH

With the aim of preemptively preventing safety, environmental, and social risks that may occur at global value chain and worksites, LGI operates the safety and environment management system. Because unexpected risks may have critical effects on corporate trust and image as well as financial loss.

RISK AND OPPORTUNITY

LGI conducts regular safety and environment inspections for overseas investment corporations. We identify improvement matters through third party assessment and address them stage by stage, enhancing safety and environment level of overseas investment corporations. Moreover, the head office building promotes diverse energy-saving principles to respond to climate change and practice environmental management.

WHAT'S NEXT

We plan to adopt improvement matters identified through the inspection in 2019 to overseas investment corporations based on priorities. Interests of global stakeholders and recent global CSR trend will also be reflected in our safety and environment inspection process. By doing so, LGI will operate stable environmental, safety, and social issue management system.

MATERIAL ISSUES

- | | |
|--|--|
| 03 Prevent environmental accidents and enhance response capability | 04 Manage waste and harmful substances |
| 09 Manage and prevent environmental pollution at mines | 10 Manage safety and health at worksites |

SAFETY & ENVIRONMENT MANAGEMENT AT INVESTMENT CORPORATIONS

Safety and Health Management System

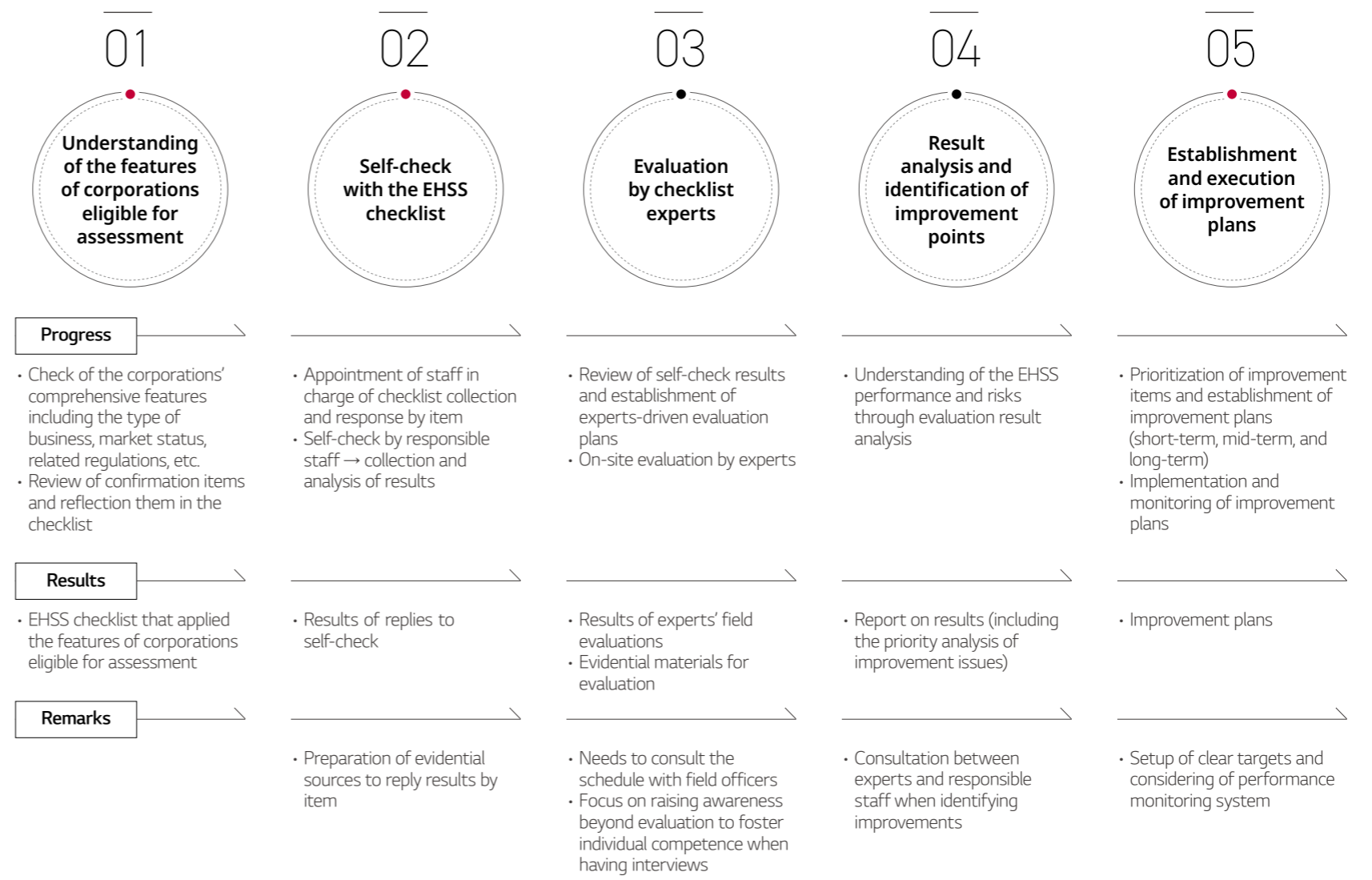
Safety and Health Inspection System

LGI operates the safety and health inspection system in order to respond to environmental, safety, health, and social issues that may occur at overseas worksites and prevent any potential risks in advance. We have also continuously enhanced emergency response system.

If any critical issues related to safety and environment occur, the company faces not only financial loss but also deterioration of social image and corporate trust. LGI considers safety and environmental management as business competitiveness and a fundamental principle indispensable to sustainable growth.

We conduct regular in-house inspections driven by Safety & Environment Team of the head office and annual audit by an external professional institution to help each worksite evaluate and internalize their objective control competence. The Safety & Environment Team (an exclusive organization) engages in solving core safety and environmental issues at worksites and supporting their regular self-inspection. This system allows each worksite to establish autonomous safety and environmental system and ensure voluntary improvements through organic and active communication.

Safety and Environment Inspection Process at Overseas Investment Corporations



● Self-check by the headquarters and investment corporations ● Execution by external experts (option: when necessary)

Safety & Environment Inspection Process at Overseas Investment Corporations

Inspection area

- Main category: 7 areas of health & safety, environment, construction, safety work guideline, society, and legal requirement
- Mid-category: 24 common detailed areas + 2 coal mine related detailed areas



Composition

- Differentiate the importance level and application stage by each checklist item
- Importance level consists of core, general, and additional items, while application stage is divided into operation plan, operation, and post-completion.

Safe working instruction	<ul style="list-style-type: none"> • Risk evaluation • Recovery of heavy products • Welding/fusing • Construction safety • Emergency measure and relief • Environmental/safety accident control criteria • Warning sign on chemical materials
Legal Requirements	<ul style="list-style-type: none"> • Environment • Health and safety • Society • Mine
Management System	<ul style="list-style-type: none"> • Principles • Risk impact and identification • Management program • Organization competence • Response to emergency • Monitoring • Stakeholders
Environment	<ul style="list-style-type: none"> • Energy and resource efficiency • Prevention of pollution • Protection of ecosystem
Health & Safety	<ul style="list-style-type: none"> • Safe working environment • Safety training • Response to emergency • Health & safety in local communities
Construction	<ul style="list-style-type: none"> • Impacts during construction • Mine closure and post-closure
Social Aspects	<ul style="list-style-type: none"> • Labor-related laws • Prohibition of child labor and discrimination • Local people • Cultural heritage

Safety and Environmental Evaluation at Overseas Investment Corporations

LGI has been implementing regular safety and environmental evaluation for overseas investment corporations in order to prevent any possible risks related safety, environment, health, and society that can be occurred in the global supply chain and our production sites. Inspections on 12 environmental items, 23 safety & health items, and 20 social (human rights and labor) items are conducted and ratings are granted by each category.

Grade	Rating	Criteria
A (>= 90)	Excellent	Operating comprehensive and excellent systems
B (>= 70)	Good	Generally good despite some items to be improved
C (>= 60)	Conditional Acceptable	Need to generally be improved due to improper items
D (< 60)	Poor	Need to comprehensively be improved
X	Evaluation unavailable	Unavailable to evaluate

Safety & Environmental Management Status at Overseas Investment Corporations

LGI carried out external experts-led safety and environmental evaluation for three investment corporations in Indonesia and one investment corporation in China in 2019.

Going forward, we will reinforce safety and environmental risk management within value chain and develop sustainable business models by closely understanding interests of global stakeholders.

Palm Plantation and CPO Mill in Indonesia

PAM Subsidiary

LGI's Indonesia PAM subsidiary develops, invests, and operates palm plantation and has maintained the ISPO certification, which had been obtained from the local government in 2016, through annual examination. Having continuously improved matters which had been identified by external experts and audit team of the head office for several years, we recently received a favorable evaluation. Our compliance with local laws and regulations was also highly recognized. Additional best practices included excellent oil storage tanks and temporary waste storage facilities, excellent order and arrangement at working spaces, and distribution of the safety induction leaflet to CPO Mill visitors.

* ISPO (Indonesian Sustainable Palm Oil): Indonesia's national certification on products made of palm oil produced in a sustainable way

Area	Grade	Content
Environment	B	<ul style="list-style-type: none"> LGI's waste storage facilities and harmful substance leakage prevention facilities are more excellent than other palm plantations in Indonesia. Improving settling ponds to treat waste generated from CPO Mill is underway and rapid elimination of cumulative sludge within the ponds is necessary.
Safety & Health	B	<ul style="list-style-type: none"> It is required to enhance safety and health training for local managers, to evaluate the effectiveness of trainings, and to promote more practical and efficient safety and health management. It is necessary to prevent machinery-induced accidents out of managers' sights by improving the heavy equipment management system.
Society	A	<ul style="list-style-type: none"> It is necessary to build a system for the compliance with Indonesia's legal labor hours. It is necessary to improve employment contract for temporary workers in accordance with laws.



TBSM Subsidiary

Our Indonesia TBSM subsidiary, which was acquired in 2018, has been establishing an environmental, safety, and health management system. The subsidiary has made lots of improvements in order and arrangement at worksites compared with 2018. To ensure higher EHSS management, we will complete licensing procedures and build a legal compliance monitoring and reporting system.

Area	Grade	Content
Environment	D	<ul style="list-style-type: none"> Due to incompleteness of amendment and approval of AMDAL, licensing procedure for environment has been prolonged for long hours. It is necessary to complete the amendment and then to compile and submit the RKL-RPL. Additional procedures include obtaining the license on waste storage facility, approval of land application for effluent treatment, and ISPO certification.
Safety & Health	D	<ul style="list-style-type: none"> It is required to establish and comply with the SOP on safety and health. Strict safety control of residing construction partners is indispensable. Strong measures such as penalty should be taken if they fall short of LGI's safety and health management guidelines regardless of turnkey based contract. The corporation should install facilities, equipment, and machinery against emergency such as fire, oil spill, and accident and establish a contingency plan. Management of construction partners is essential.
Society	B	<ul style="list-style-type: none"> It is necessary to build a system for the compliance with Indonesia's legal labor hours. It is necessary to improve employment contract for temporary workers in accordance with laws.



Coal Mines in Indonesia

GAM Mine

GAM mine, started commercial production in 2017, contributes to LGI stably operating the coal trading business. It obtained A grade in compliance with environmental laws at the on-site evaluation. Considering the features of coal extraction, most works are operated by using heavy machinery. Therefore, LGI plans to further systemize safety protection programs in terms of heavy machinery management and operation.

Area	Grade	Content
Environment	A	<ul style="list-style-type: none"> Prior determination of risk assessment and control methods is essential when installing or expanding pollution-generating facilities in order to follow new requirements of the Mine Administration
Safety & Health	B	<ul style="list-style-type: none"> It is needed to establish safety control methods for suppliers and operate them stage by stage. And programs aimed at preventing safety accidents from heavy machinery operation should be implemented.
Society	C	<ul style="list-style-type: none"> It is necessary to build a system for the compliance with Indonesia's legal labor hours. Labor-Management Council should be established and operated.



Steel Processing Centers in China

The steel processing centers cut steel coils and process those into steel products. We focus on securing safety at worksites by upgrading facilities with regard to safety and noise. The recent evaluation proved that the centers ensure relatively good safety management in overall sectors. Meanwhile, it required us to operate an internal system to regularly monitor the compliance with firefighting laws to ensure safe worksite operation.

Area	Grade	Content
Environment	B	<ul style="list-style-type: none"> The centers have relatively low environmental risks such as air, water and soil pollution. However, it is necessary to calculate and control GHG emissions at worksites as stakeholders' interest in climate change risk is on a rise.
Safety & Health	B	<ul style="list-style-type: none"> The centers properly manage risk factors with regard to heavy machinery handling. Meanwhile, some improper fire prevention factors unsuitable to Chinese laws were detected. It is necessary to clearly understand local firefighting laws and establish a compliance system.
Society	B	<ul style="list-style-type: none"> The centers should comply with allowable extra work hours and holidays required by Chinese laws. It is necessary to build and implement labor hour management policies.



ENVIRONMENTAL IMPACT MANAGEMENT AT WORKSITE

Energy-saving Activities

LGI participates in sustainable development through energy-saving activities. At the head office building, most lights have been replaced with eco-friendly LED lamps and daily lighting time for communal spaces has also been optimized to save energy. As the number of residing companies in the head office building increased from three to four in 2019, the use of server and communication equipment has soared, resulting in growing consumption of electricity, gas, and water. In response, we will continue to introduce high energy-efficiency equipment and promoted energy-saving campaigns to pursue environmental management.

Improvement of old facilities

We saved energy by replacing the outdated motors of septic tank with new ones.

Classification	Saved energy	Reduction amount
Replacement of septic tank motors for ventilation	2,585 (kwh/year)	284,382 (KRW/year)
Replacement of digital signage	8,869 (kwh/year)	975,590 (KRW/year)

GHG emissions

(Unit: tCO₂eq)

Classification	2017	2018	2019
Diesel	8	17	-
Gas	2,751	2,615	80,198
Electricity	9,596	9,615	329.95
LGI's quota*	849	849	507.22

* Calculated LGI's quota based on the percentage of our occupation area (6.87%) of the entire emissions in the LG Twin Tower Building in 2017 and 2018 and the percentage of occupation area (21.23%) of the entire emissions in the LG Office Building in Gwangwhamun In 2019 due to the impossibility of identifying our independent emissions

Energy consumption

Energy consumption at the head office has grown as the number of servers and communication equipment increased due to added residing companies. However, we strived to reduce energy use by introducing high energy-efficiency equipment and efficient lighting operation.

Classification	2017	2018	2019
Water (ton)	8,236	7,855	9,105
Gas (Nm ³)	75,677	78,372	80,198
Electricity (kwh)	1,374,121	1,408,681	719,620

* 2017 and 2018 data refer to LG Twin Tower in Yeouido, while 2019 data refer to LG Office Building in Gwangwhamun.

Waste emissions

(Unit: kg)

Classification	2017	2018	2019
Daily waste	Total	10,939	12,829
	LGI's quota*	752	881
Recyclable waste	Total	278,480	175,330
	LGI's quota*	19,132	12,045

* Calculated LGI's quota based on the percentage of our occupation area (6.87%) of the entire emissions in the LG Twin Tower Building in 2017 and 2018 and the percentage of occupation area (21.23%) of the entire emissions in the LG Office Building in Gwangwhamun In 2019 due to the impossibility of identifying our independent emissions

STAKEHOLDER INTERVIEW



Korea Sustainability
Investing Forum
Secretary General.
Lee Jong-oh

Q. Could you tell us about recent trends in the global investment banking industry?

Climate-related regulations are increasingly tightening across the globe. The investment banking business is also no exception. As of March 2020, a total of 1,192 financial companies have joined the Fossil Free Campaign aimed at refusing investment in fossil and coal-fueled power generation projects.

The global financial crisis in 2008 is behind the consensus of global financial companies. They know that financial companies' overvaluation on assets caused bubble expansion and eventually gave rise to bankruptcy of giant banks. Likewise, they consider that there will be great potential risks with regard to investment in fossil fuel businesses which have effects on climate change. Because natural disasters such as heat wave, flood, and heavy snow cause damages on real economy and the damages are also extended to financial sectors. Moreover, international opinions on climate change will make the government in every country tighten environmental regulations and companies who are short of response to climate change will face weakening competitiveness and business sustainability in the long term.

Q. How is the global investment industry trying to respond to climate change risks?

A lot of financial companies have been endorsing the TCFD (Task Force on Climate-related Financial Disclosures), a complementary organization to the CDP (Carbon Disclosure Project). The Ministers of Finance and Meeting of Governors from G20 countries are leading the TCFD. The BlackRock, the world's largest asset management company, is the founding member of TCFD. TCFD and CDP evaluate and disclose environmental capabilities of companies across the globe by sharing their data and evaluation criteria. In response to climate-related risks, the Bank of Korea also joined the NGFS (Network for Greening the Financial System) in 2019.

Q. What is the future of resource and energy companies?

The price of coal has halved in the last decade. It is wrong to think that coal will also be sold well in the future as it is cheap. In Europe and the U.S., the price of renewable energy is on a decline. In the long term, coal energy will be squeezed out of the market due to weak cost competitiveness and tightening environmental regulations. Considering the trend of global investment business, coal-related assets is expected to face challenges in fundraising.

Therefore, resource and energy companies are required to turn their eyes to renewable energy sources and expand eco-friendly business.

Q. Please make advices on LGI's future business directions.

It is necessary to reduce the proportion of coal business and change your business portfolio into renewable energy and environmental sectors. I think assets with potential depreciation should be disposed.

To enhance corporate competitiveness, it is critical to connect your current businesses and IT competence. By doing so, LGI will successfully respond to enormous challenges from climate change.



RESPONSIBILITY FOR THE PEOPLE

CORPORATE CULTURE
TALENTS CULTIVATION
SAFETY & HEALTH
SOCIAL CONTRIBUTION



RESPONSIBILITY FOR THE PEOPLE



LINK TO SDGS



MANAGEMENT APPROACH

LGI recognizes that stakeholders' happiness and growth is linked directly with corporate sustainability. Therefore, in order to ensure work-life balance and self-development of employees, we are operating related programs at the enterprise level. Diverse social contribution activities for global stakeholders are also promoted.

RISK AND OPPORTUNITY

The advent of the Fourth Industrial Revolution and untact economy is stimulating telecommuting and remote work system. LGI provides employees with diverse supports to help them doing their jobs wherever they are. Moreover, we are committed to activating local economies and contributing to local communities for co-prosperity with overseas strategic regions.

WHAT'S NEXT

The Company plans to assist employees to effectively perform their works by utilizing teamwork tools and cloud systems for telecommuting works and at the same time, operate a variety of programs aimed at supporting their growth and active communication within the organization. Social contribution activities for people around overseas investment corporations will also be continued.

MATERIAL ISSUES

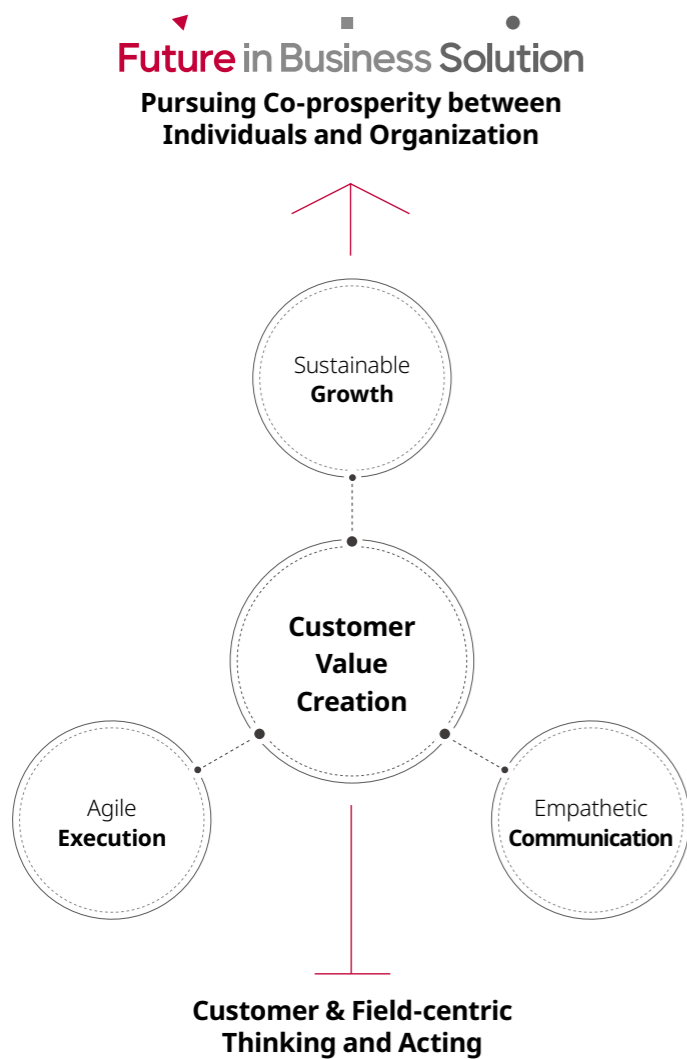
- 05 Fair performance evaluation and compensation
- 21 Communicate with local communities

CORPORATE CULTURE

LGI's Corporate Culture

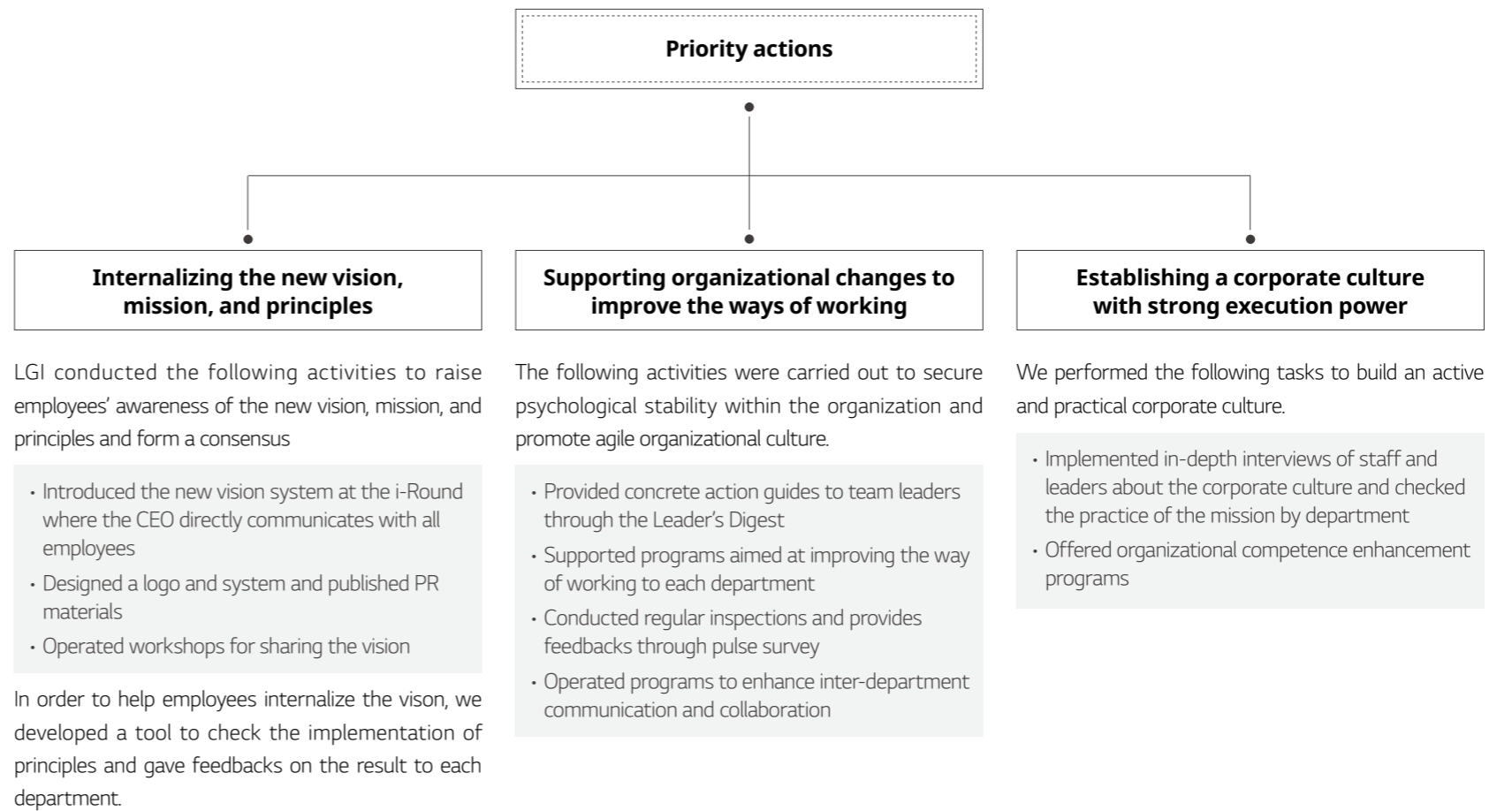
With the aim of establishing a corporate culture where employees can be absorbed in creating customer value, LGI built a new vision system of "Future in Business Solution" in October 2019. We will create a new corporate culture that helps employees think and act with focus on customers and business fields, thereby solving customers' pain points in advance and providing customers with business solutions by identifying differentiated customer value.

Direction of the Corporate Culture



Action Plans for Building Corporate Culture

LG Group is working on building a dynamic corporate culture where all employees can dedicate to creating customer value. In this regard, LGI focuses on forming the sense of unity toward change throughout the organization and improving its corporate culture to encourage employees' participation, execution, and sustainable growth of both individuals and organization.



LGI's Corporate Culture Activities

Leader's Digest

The corporate culture letter is delivered to team leaders twice a month. Major items in 2019 were theme-based action guides that encourages leaders to practice the corporate culture and the CEO's emphases. In 2020, the letter includes concrete practice guides to provide psychological stability within the organization.

Operation of Organization Development Programs

Corporate culture activities in 2019 were focused on leading changes of employees and encouraging change activities by organization. To this end, organization development programs were offered to leaders and each team. Those were as follows: "On-Boarding Program for New Leaders" that supports those who start for their new post to effectively do their jobs; "Inter-Team Collaboration Program" that aims to promote cooperation among related teams; "Working Way Innovation Program" to establish a corporate culture focused on customer value creation. These programs contributed to leading practical changes of our employees.

Leaps & Bounds Toon

We launched the Leaps & Bounds Toon to effectively provide employees with the CEO's message and new vision, mission, and principles.



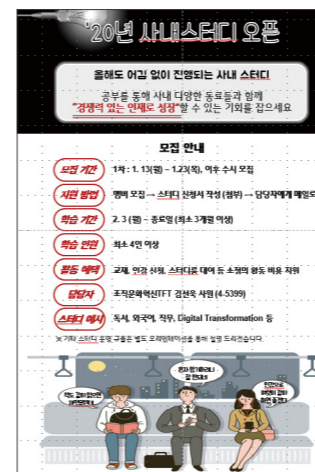
Supporting Books

We regularly provide lounge on every floor with books every month to help employees enjoy them for free.



In-company Study Group

The Company operates in-company study groups in order to build a culture of self-initiated learning and self-development. Application to the study groups are available semiannually and costs for learning materials, internet lectures, and lunch are supported. Our employees are proactive in self-development through the study groups.



Special Lecture on Life Care

Special lectures on financial techniques, health care, and personal relations are offered to employees to help solve their issues.



Work-life Balance and Family-friendly Activities

Family Month Event

In celebration of the Family Month in 2019, LGI provided all employees with tickets for visiting Gonjam Hwadam Forest. In 2020, chicken and pizza gifticons were delivered to help employees spend leisure time with family members.

Parents' Day Event

We held an event where employees made the "Flower Box" in collaboration with the Future Board in order to convey their appreciation to parents at the Parents' Day.



Family-friendly Programs

Gifts and the CEO's greeting card were sent to children who entered schools and took academic aptitude test.

Communication Channels for Better Corporate Culture

Operation of the i-Round program

The i-Round program is LGI's organizational culture where the CEO directly informs all employees of management policy and they can raise their insight. Special lectures on diverse themes covering humanities, culture, society, and science are provided to employees every quarter. And we share business status and best practices with employees to promote communication and motivate them.

Support for Workshop

We support the workshop of each organization to help employees share and solve diverse issues in business fields and promote teamwork.

Corporate Culture Bulletin Board

LGI operates the "corporate culture bulletin board" to disseminate corporate culture related contents and collect diverse opinions. Through the bulletin board, employees can share the direction of corporate culture that the CEO pursues, propose their ideas, and receive counselling on grievances via a hotline. It also has the functions of notification and reply with regard to corporate culture, which ensures active proposals and opinion sharing. In May 2019, the anonymous bulletin board was launched. And in 2020, a new corner was added to break down the psychological distance and activate communication between the head office and local subsidiaries and branches.

Meeting with the CEO

The CEO has held meetings with employees to narrow the difference in thinking through interactive communication. He focused on position-specific meetings in 2019 and is operating the meeting based on diverse themes with applicants regardless of position in 2020.

Sharing of the CEO's Message and Best Practices

We share the CEO's message containing management philosophy, vision, mission, and requests on principles as well as best practices with employees through e-mail and the bulletin board.

TALENTS CULTIVATION

Cultivation of Entrepreneurs and Professionals

LGI supports employees to grow into entrepreneurs and professionals through various education programs. PM/S.PM positions are trained to secure capabilities as pre-entrepreneurs who can lead businesses and manage employees. Staff and managers are encouraged to complete at least one training program out of about 10 job competence development courses in order to help them nurture ability necessary for better understanding customers and solving their pain points. Especially, we operate entry-level education and compulsory education programs for all employees.

Moreover, a variety of external training programs are offered, including LG MBA and domestic and overseas MBA programs aimed at cultivating leaders and job skill elevation courses in the fields of marketing, finance, and HR.

Education System for Entrepreneur Cultivation and Common Competence Development

		Entrepreneur Cultivation		Common Competence Development		
Leaders	Division Head				LG Biz. Head Course	
	Senior Manager	● 1:1 Coaching for New Senior Managers	Monthly Seminar for Executives		LG Senior Executive Course LG Senior Manager Course	
	Team Leaders	Group Coaching for New Team Leaders	Team Leader Workshop		New Team Leader Course	
Non-leaders	S.PM	Pre-Entrepreneur II		● MBA at home and abroad		MVP V
	PM	Pre-Entrepreneur I			● LG MBA	
	S.PM					MVP II
	Staff					MVP I
						Compulsory Course for Job Competence Development (once a year)
						Training at Overseas Worksites LG Group New Employee Course LGI New Employee Course

Job Competence Development for Customer Value Enhancement

Job Skill Enhancement	Expert Cultivation
Basic Trading Job Course	● B2B Marketing Expert Course
Project Development & Feasibility Analysis	● Management Strategy Expert Course
Business Modeling	● Management Planning Expert Course
B2B Business and Solution	● Finance / Accounting Expert Course
Customer Value-based Sales	● Digital Tech. Expert Course
Consultation on B2B Sales	● HR Strategist Course
M&A Business	Understanding of Customers / Insight Expansion
Finance & Managerial Accounting	[Procurement] Customer Value Innovation and Procurement Expert
HR University	[SCM] SCM Data (Analysis) Entry Course
Accounting University	[Product Planning] Product Planning Entry Course Business Proposal Centered on Customers' Pain Points
Digital Tech. University	
Business Insight Forum	
● Intensive Language Course (Indonesian, Vietnamese, etc.)	

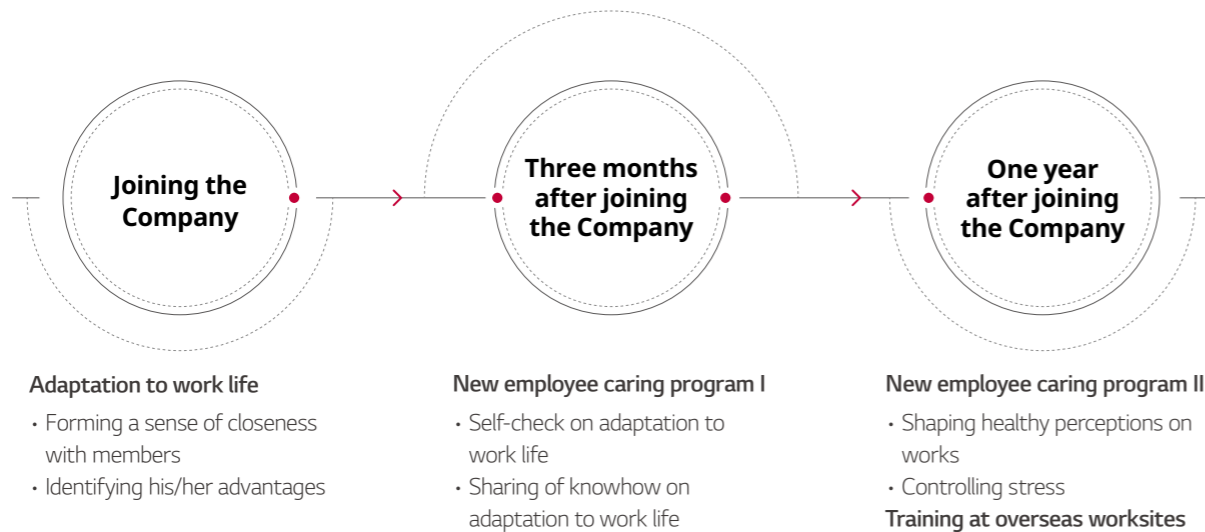
□ In-house education □ LG Group's Training Center ● Selection process

Global Competence Enhancement Programs

LGI selects “global marketers” who can analyze global market trends and develop worldwide networks in order to identify pain points of potential customers and new business opportunities. We also provide them with expatriate trainings and diverse language courses to smoothly promote overseas business. For the purpose of facilitating localization, we not only support networking between new and former expatriates but also offer online and offline Chinese, Indonesian, Spanish, Vietnamese, and Myanmar language courses which are close to our businesses. Especially, as for major countries, we directly dispatch applicants to the local area to help better understand local language and culture.

New Employee Caring Programs and Trainings at Overseas Sites

LGI provides new employees who are in the first year at the Company with education programs aimed at helping them adapt to their jobs and corporate culture. Employees who have served more than one year can receive trainings at overseas investment corporations to better understand field works. Other programs include knowhow on adapting to work life, stress control, and sharing of the corporate vision.

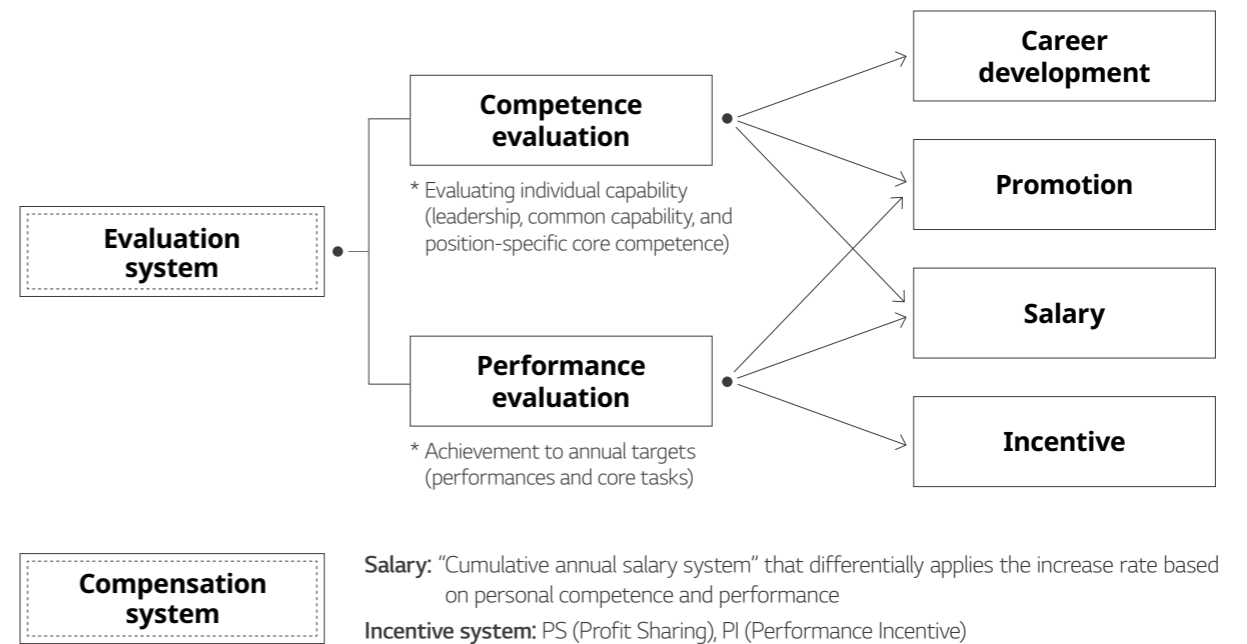


One-on-One Interview for Career Development

At LGI, employees have one-on-one interview with their team or department leaders to discuss the direction of their long-term career and competence development. Based on the results, tailored cultivation programs are operated such as job opportunity, job rotation, and learning.

Compensation System

Based on in-house evaluation system, our employees are assessed on their performances in an objective and fair manner. This system contributes to evaluating employees’ leadership, common capability, and position-specific core competence as well as their performances compared with annual targets, providing growth and cultivation opportunities. We also operate an incentive system to encourage them to actively achieve their targets.



SAFETY & HEALTH

Safety Control of Expatriates and Business Travelers

At LGI, there's plenty of business trips to dispatch employees to global strategic regions and develop new trading and other business opportunities. Therefore, we run a support system to respond to employees' emergency status in the world.

Supporting Overseas Emergency Status

We operate a rapid emergency response system in cooperation with global medical and safety control institutions to help expatriates and business travelers when they face emergencies in local areas. Safe and prompt services are provided when they have health problems, want safe transportation, or feel a threat to their safety.

Major Emergency Measures

The following services cover family members of expatriates in far remote countries. All services excluding emergency transport are free. Emergency transport expenses are settled later.

- 24-hour support for medical/security cases
- Consultation with doctors
- Introduction to local authorized medical centers
- Support for medical transportation
- Emergency transport
- Offering of medical/security information by country
- Sending e-mails about medical/security warnings
- Prepayment of medical expenses
- Emergency support for business travelers
- Support for psychological consultation (5 times for free)

Emergency Task Force against Covid-19

To ensure employees' health and safety and business continuity against the global Covid-19 pandemic, LGI launched an emergency task force and established an enterprise-wide response policy. All our employees have been proactive in participating in the strong social distancing and around 90% have promoted telecommuting works. The Company also supported their remote works by utilizing IT-based cloud system, mobile office, and web conference.

Major Activities against Covid-19

- Prohibition of business travel and visit to dangerous regions
- Promotion of remote works and shorter working hours at workplaces located in dangerous regions
- Minimization of movement within workplaces
- Adherence to the guidelines to prevent Covid-19 according to the manual of Korea Centers for Disease Control and Prevention

SOCIAL CONTRIBUTION

Global Outreach

Indonesia BNE Subsidiary



01

Improving Living Environment

Installation of streetlamps: We have installed a total of 50 streetlamps around the Nassau Town Office and in two neighboring villages (Lumban Rau Utara Village and Siantarasa Village) to ensure safety at night and strengthen public order.

Road pavement: We expanded and paved the unpaved road with a distance of 11.5 kilometers between Lumban Rau Utara Village and Siantarasa Village, contributing to smooth and safe transportation of around 2,500 local people.



02

Supporting Education and After-school English Language Class

Since 2017, Indonesia BNE subsidiary has provided elementary school students around its worksite with after-school English class for two hours a week. In addition, we deliver refreshments including milk and vitamin to local children once a month to help improve their health conditions.



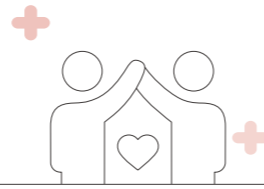
03

Preventing Covid-19 Disease

We donated hand-washing facilities, uncontact thermometers, and masks to Toba Samosir County Office with the aim of helping Covid-19 quarantine activities. We also supported daily supplies including rice and instant noodle necessary for operating their quarantine stations.



1. Expansion of unpaved road and laying of broken stone
2. Delivery of masks and refreshments to Harilogoan Elementary School students
3. Delivery of supplies for Covid-19 quarantine activities to Siantarasa Village



Indonesia GAM Subsidiary

01

Improving Living Environment

In February 2020, employees of GAM subsidiary participated in repair and maintenance of the road of Mata Air Village. Gravel and stone were provided by the village office and GAM subsidiary supported equipment necessary for repair and maintenance.

02

Supporting the Underprivileged

Indonesia GAM subsidiary offered rice, sugar, instant noodles, and cooking oil to low-income families, senior citizens living alone, and orphans living in three counties around its worksite in May 2020.

03

Preventing Covid-19 Disease

In April 2020, we supported four mobile washstands, masks, hand sanitizers, and anti-contamination suits to public health centers in three neighboring towns and the Board of Health of neighboring county to help their fighting against Covid-19. In May 2020, additional supplies (masks, hand sanitizers, and anti-contamination suits) were delivered to respond to continuously increased local infected persons.



Delivery of mobile washstands

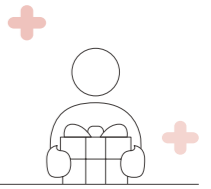


Donation of foods to the underprivileged



Supply of anti-Covid-19 products

Indonesia GUM Subsidiary



01

Improving Living Environment

Social contribution activities of Indonesia GUM subsidiary include road repairs not only for better infrastructure of palm plantation but also for safe commuting to school of local children. The subsidiary also plans to introduce new school buses for local children.

02

Respecting Local Culture

Approximately 70% of local people living around the palm plantation are Catholics or Christians. The subsidiary supports repair and maintenance of churches to respect their religion.

03

Preventing Covid-19 Disease

Local people around the palm plantation are in health risks and economic hardship due to Covid-19 pandemic. In response, the subsidiary delivered a total of 1,500 masks to local police offices, military camps, town offices, and public health centers and informed local people of the importance of wearing mask and correct method of wearing. The subsidiary has also taken overall quarantine activities for 22 neighboring villages as well as its plantation in accordance with the guideline of regional health bureau (dilution of two spoons of BayClin with one liter of water). Fire trucks of the subsidiary are mobilized for the quarantine of wide areas.



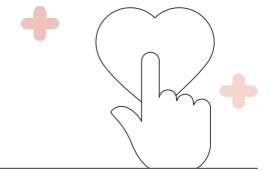
School bus for local children



Delivery of 1,500 masks to local areas



Anti-Covid-19 activities in local areas



Indonesia PAM Subsidiary

01

Improving Living Environment

Development of wells for residential water: We installed a total of 31 wells in three villages (Empajak, Kumpangbis, Tapng Pulau) surrounding the palm plantation since 2019, thereby contributing to supplying residential water to local people and improving their living environment.

Support for public road repair and construction of a soccer field: The subsidiary repaired public roads of Simpulas Village located in the Central 2 Plantation to ensure safe transport of local people and supported the construction of a soccer field in Engkuning Village by capitalizing on their own heavy machinery.

Maintenance of local infrastructure: We provided aggregate and trucks to the road repair project for Tapang Pulau region. Other supports for local people included participations in constructing and repairing bridges, water supply pipes, water tanks, church buildings, and soccer fields for four villages (Semandu, Sungai Ayak, Emapajk, Kumpang Bis).

02

Educational Supports

Supports for local events: Provided school supplies and gifts to an elementary school's athletic meeting in Tapang Pulau Village and an elementary school's talent event in Beltang Hilir Village

Sponsorship: Sponsored an elementary school's competition in Beltang Hilir Village

03

Preventing Covid-19 Disease

The subsidiary provided anti-contamination suits against Covid-19 to the local government of Western Kalimantan State and donated daily necessities (rice, cooking oil, and sugar) to local low-income families.

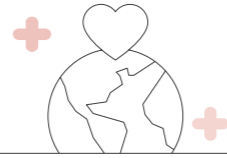
04

Respecting Local Culture

The subsidiary donated cement necessary for the construction of a temple in Merbang Village and prayer mats. We also participated in a new priest inauguration ceremony and mass in Kumpang Bis Village and supported heavy machinery for the construction of a new local market in Tapangpulau Village.



1. Installation of wells
2. Support for an elementary school's athletic meeting in Tapang Pulau Village
3. Sponsorship of an elementary school's competition in Beltang Hilir Village
4. Repair of a public road in Sugai Asam Village



Indonesia MPP Subsidiary

01

Improving Living Environment

Indonesia MPP subsidiary conducted outdated road repair projects for better living infrastructure for local people and farm waterway improvement projects. We are committed to supporting local people to live in a safe and better environment.

02

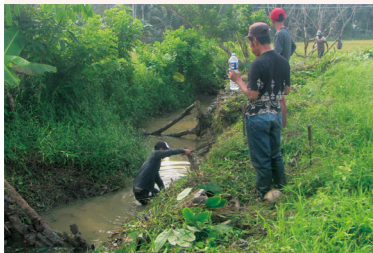
Supporting the Underprivileged

The subsidiary pays health insurance premiums for the underprivileged and provides them with health checkup. We also delivered basic daily necessities to the victims of the fire.

03

Preventing Covid-19 Disease

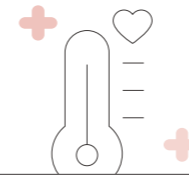
The subsidiary donated anti-Covid-19 products and conducted quarantine activities for local people to improve their health and hygiene environment.



Improvement of farm waterway



Delivery of basic daily necessities to the victims



Indonesia TBSM Subsidiary

01

Improving Living Environment

Indonesia TBSM subsidiary supported heavy machinery to the construction of entry road to a remote village and sewage works and minimized dust damages by operating two sprinkler trucks on unpaved roads.

02

Supporting the Underprivileged

The subsidiary plans to provide the underprivileged with daily necessities and improve their living environment by repairing houses. Regular visits to and supports for them will continue.

03

Respecting Local Culture

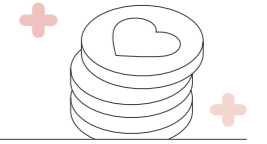
We supported the repair and painting works for local people's center and earthworks for a new kindergarten.



Support for entry road construction to a remote village



Support for earthworks for a new kindergarten



Myanmar Cement Plant

01

Respecting Local Culture and Improving Living Environment

We at Myanmar Cement Plant have made donations to events held at neighboring villages and temples every year. We also offered a total of 32 tons of cement to the construction and maintenance works of public institutions, schools, and temples, contributing to the improvement of local people's living environment.



Donation to Buddhist events



Offering of cement to local construction works

Domestic Social Contribution

Culture of Participatory Donation

As part of social contribution activities, LGI operates the matching grant program where our employees voluntarily donate a certain amount of their salaries and the Company also donates the same amount. Donations have been used for supporting the underprivileged children who are suffering from rare intractable disease.



Employees' Volunteer Works

LGI supports employees' volunteer works to help them reciprocate social trust and feel strong ties mutually. In 2019, our employees conducted the Wish Challenger program designed to provide children suffering from incurable disease with opportunities to fulfill their wishes and encourage them to have dreams, hope, and self-confidence. In order to encourage their participation, we implemented the Weekday Volunteer Hour Guarantee System that ensures eight-hour volunteer works on weekdays.

STAKEHOLDER INTERVIEW



Future Board
PM Cho Yong-beom

Q. Please introduce the role and goal of the LGI's Future Board to the stakeholders.

The Future Board is a labor-management council that contributes to smooth communication between the management and employees.

Communication is very important in corporate management because it is indispensable to right decision making. Communication is not just listening. Listening and understanding the opinions of opponents and then creating changes are real communication. The Future Board will further focus on communication. Because communication within the organization should be smooth to ensure flexibility and competitiveness under the rapidly changing business environment.

Q. What's the most noticeable agenda proposed to the Future Board? And what was achieved?

The top priority agenda is building a proper communication system. Our goal is to promote co-prosperity between the Company and employees and improve job efficiency. To this end, it is necessary to establish a system where the management and employees can form a consensus and mutually understand. Therefore, we intend to build a process that deliberates requirements of business fields and shares the results with the management.

The recent case was to make remote working mandatory at the next day of business travel. The feature of our

businesses requires frequent overseas business travel. Working without a break after business travel makes employees feel tired and reduces job efficiency. After hearing the grievance from employees, we proposed remote working at the next day of business travel to help take a rest in the morning for higher job efficiency.

On top of that, too much tightening IT security level makes it hard to operate the organization sensitively and flexibly. Therefore, we plan to request on a certain degree of autonomy in IT security. Our focus is eventually on raising job efficiency including the improvement of welfare system. Because lower welfare level than other subsidiaries may be a hindrance to job efficiency enhancement.

Q. What's the representative agenda deliberated between the management and the Future Board in 2019?

Since 2019, the paperless culture has been disseminated across the Company in order to establish a smart working culture instead of unnecessary paperwork and conventional reporting process. As part of that, our executives and leaders are using iPad after returning their laptops. Employees are also using online teamwork tools such as MS Teams. The management is expecting the Future Board to play a pivotal role in disseminating the culture of smart working and changes for business innovation. We will meet the expectation by devoting ourselves to raising employees' job efficiency.

Q. The Covid-19 triggers changes in ways of working as well as economic and social impacts. Please introduce the plan of the Future Board in the post-Covid era.

In response to the post-Covid era, LG Group is promoting the DX (Digital Transformation) at the group level. It pursues efficiency, automation, and systemization of works through smart working, paperless working environment, video conference, and remote working.

Going forward, the Future Board will make communication more active between the management and employees and improve job efficiency.

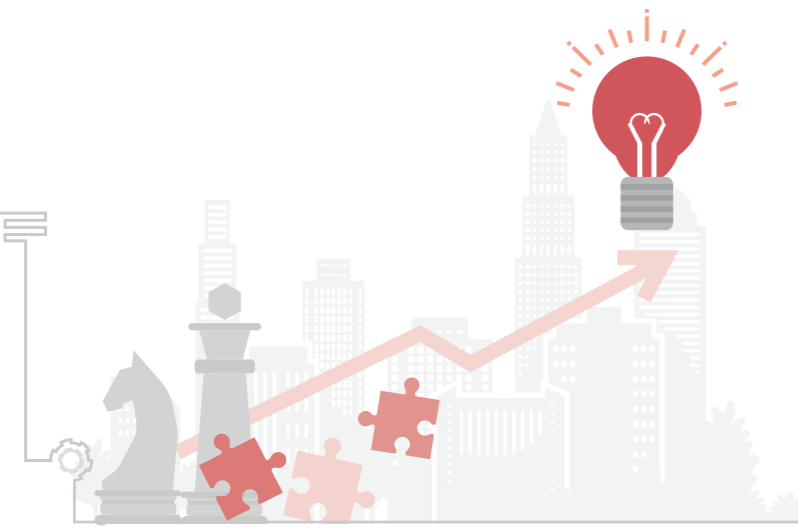


EXCELLENCE IN THE MANAGEMENT

CORPORATE GOVERNANCE
LG'S JEONG-DO MANAGEMENT
INFORMATION PROTECTION
RISK MANAGEMENT



EXCELLENCE IN THE MANAGEMENT



LINK TO SDGS



MANAGEMENT APPROACH

With the establishment of transparent corporate governance, LGI complies with economic, environmental, and social regulations. Because transparency and responsibility in management are essential to sustainable growth. To this end, we not only abide by the corporate governance principles fulfilling the rights of shareholders and stakeholders but also operate compliance and internal control systems to minimize management risk.

RISK AND OPPORTUNITY

Based on healthy and transparent corporate governance, LGI makes decisions that reflect requirements of stakeholders. We have built and operated the compliance system and proactively respond to domestic and foreign privacy protection laws and regulations through regular trainings. Ethical management is promoted by disseminating and internalizing Jeong-Do Management and launching new online channels for whistleblowing.

WHAT'S NEXT

LGI will make efforts to establish corporate governance satisfying the expectations of the global society and stakeholders and practice compliance management. We will also run various programs aimed at disseminating and internalizing Jeong-Do Management throughout the company.

MATERIAL ISSUES

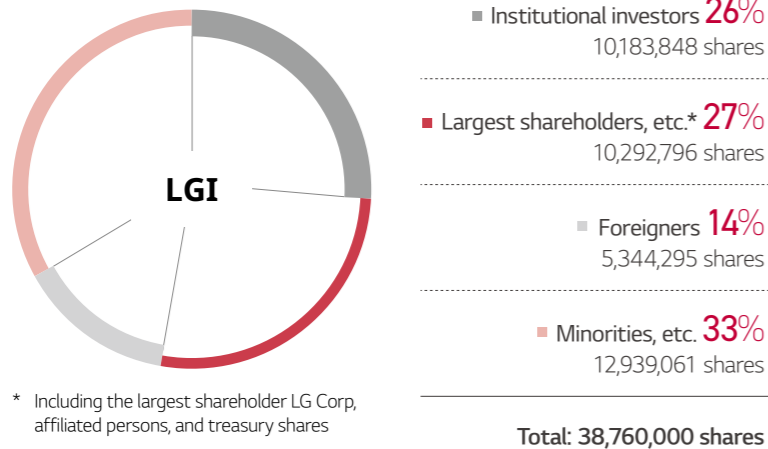
- 07 Comply with international laws and ensure compliance management
- 08 Risk management system
- 19 Ensure fair selection of and transactions with suppliers

CORPORATE GOVERNANCE

Shareholder Composition

LGI places shareholder rights top priority, provides shareholders with corporate information, and strives to prepare systems that consider shareholders. General shareholders' meeting is held every year in order to make critical decisions on management issues and reflect opinions of shareholders. We are also proactive in disclosing major management information to provide shareholders with correct information on business results and strategic directions. As of the end of December 2019, the total number of shares issued was 38,760,000. LG Corporation owned 24.7% (9,571,336 shares) as the largest shareholder.

Share Ownership



* Including the largest shareholder LG Corp, affiliated persons, and treasury shares

** As of the end of December 2019

Board of Directors

The Board of Directors (herein "BOD" or "Board") is in charge of execution and supervision of major management strategy and consists of seven directors (four non-executive directors, one other non-standing managing director, and two executive directors including the CEO). The Audit Committee and Non-executive Director Candidate Recommendation Committee are under the BOD. Non-executive directors hold a majority of the BOD to ensure the independence of Board.

* As of Dec. 31, 2019

Name	Classification	Position	Career
Yoon Chun-sung	Executive Director	CEO, Chairman of the BOD	CEO, LG International
Min Byeong-il	Executive Director	CFO	CFO, LG International
Jung Woon-oh	Non-executive Director	Chairman of the Audit Committee	Chairman of Korean Academic Society of Taxation
Lee Won-woo	Non-executive Director	Audit Committee member	Professor, School of Law, Seoul National University
Yang Ihl-soo	Non-executive Director	Audit Committee member	CEO, E-Jung & Co. Accounting Firm
Heo Eun-nyeong	Non-executive Director	Non-executive Director Candidate Recommendation Committee member	Professor of Energy System Engineering, Seoul National University
Lee Jae-won	Other Non-standing Managing Director	Non-executive Director Candidate Recommendation Committee member	Executive, LG Corp.

Subcommittees

Audit Committee

The Audit Committee, consisting of three non-executive directors, is responsible for supervision of the management and internal control for enhancing the transparency of accounting information. The committee was convened five times in 2019 to deliberate 13 agendas (five resolutions and eight reports) including evaluation of internal supervision system operation status and internal accounting management system operation status.

Non-executive Director Candidate Recommendation Committee

LGI operates the Non-executive Director Candidate Recommendation Committee in accordance with related law (Clause 4 of Article 542-8 of the Commercial Act) and the articles of association. This committee consists of two non-executive directors and one other non-standing managing director to ensure fairness and independence in appointment of non-executive directors and committee operation.

BOD Activities

The BOD is in charge of decision-making and supervision of corporate management. The BOD meeting was held eight times to deliberate 38 agendas (30 resolutions and 8 reports) in 2019.

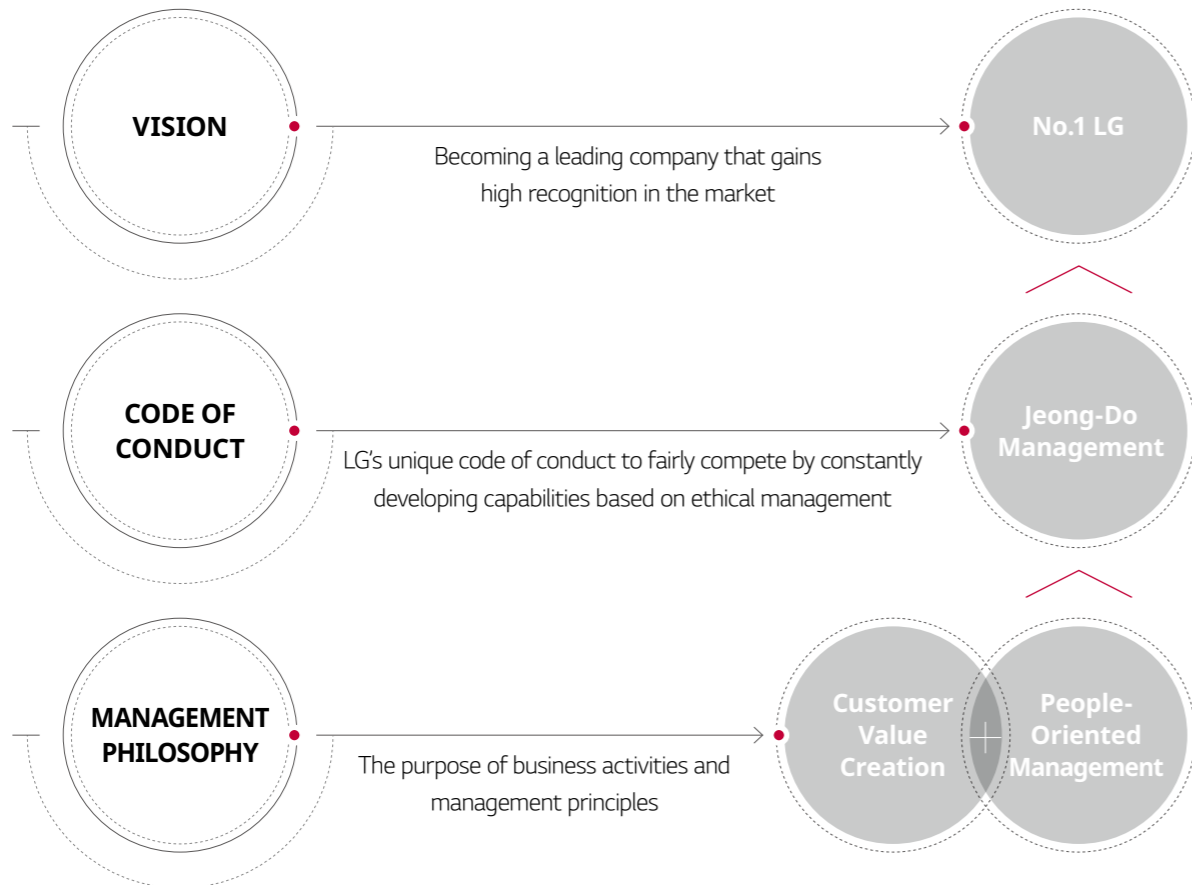
Diversity of the BOD Composition, Evaluation, and Compensation

In accordance with related laws, LGI strives to recruit non-executive directors with professionalism and capability and ensure fairness and independence. Non-executive directors are appointed by approval at the shareholders' meeting among candidates recommended through strict screening by the Non-executive Director Candidate Recommendation Committee. Our four non-executive directors are professionals in accounting, finance, law, and resource development. Compensation is given in consideration of comprehensive evaluation on duty execution, basic salary, and performances within the limit determined at the shareholders' meeting.

LG'S JEONG-DO MANAGEMENT

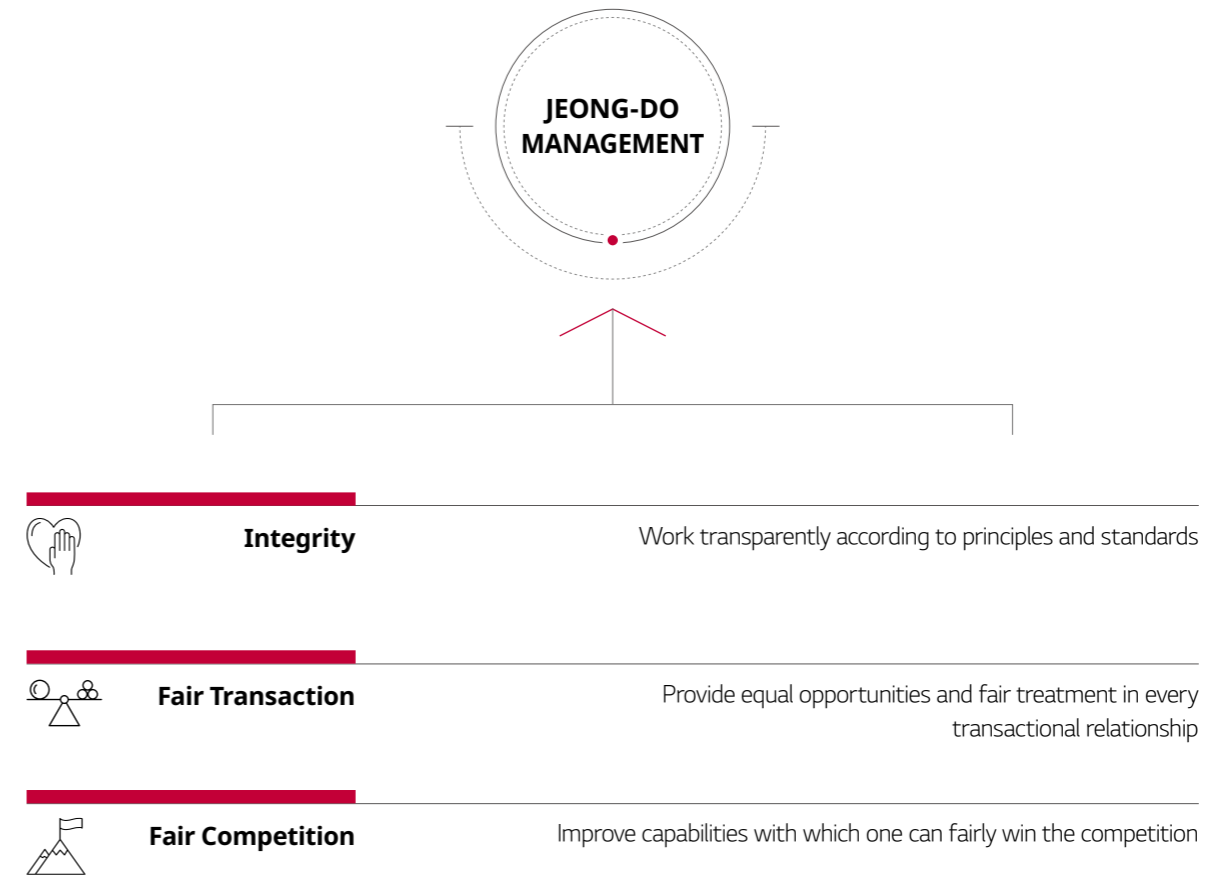
LG WAY

The LG Way, as the guiding principle for all LG employees in their thoughts and actions, represents our commitment to realizing the vision "No. 1 LG" by fulfilling our corporate philosophy "Customer Value Creation" and "People-Oriented Management" on the principle of "Jeong-Do Management."



Jeong-Do Management

The Jeong-Do Management is LG's unique code of conduct with the concept of fairly competing by constantly developing capabilities based on ethical management. It goes beyond ethical management to create practical performances with unrivaled competitiveness.



Code of Ethics

LG's Code of Ethics is a guide of upright behaviors and value judgment with which all LG employees should comply. It consists of responsibilities and obligations to customers, fair competition, fair transaction, basic ethics for employees, responsibilities to employees, and responsibilities to society and the nation.

Chapter 01

Responsibilities and obligations to customers



1. Respecting customers
2. Creating value
3. Providing value

Chapter 02

Fair competition



1. Pursuing free competition
2. Complying with laws

Chapter 03

Fair transaction



1. Equal opportunities
2. Fair transaction process
3. Pursuing mutual growth

Chapter 04

Basic ethics for employees



1. Basic ethics
2. Achieving the mission
3. Self-development
4. Fair job execution
5. Avoiding conflicts of corporate interest

Chapter 05

Responsibilities to employees



1. Respecting human
2. Fair treatment
3. Promoting creativity

Chapter 06

Responsibilities to society and the nation



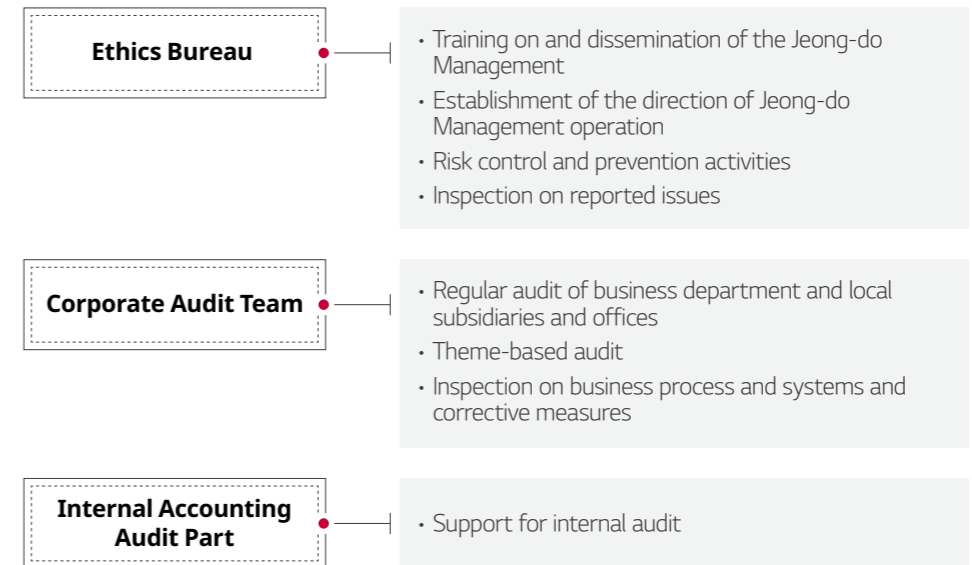
1. Reasonably Implementing businesses
2. Protecting shareholder interest
3. Contributing to social development
4. Protecting environment

Settlement of the LG Jeong-do Management

Dedicated Organizations

LGI operates dedicated organizations under the CEO to actively promote the Jeong-Do Management at business fields. We also provide clear criteria and guidelines to avoid any ethical conflicts in accordance with changes in social issues and strive to take the Jeong-do Management rooted in the Company, thereby preventing and controlling possible risks in advance.

Organization Chart for the Jeong-Do Management



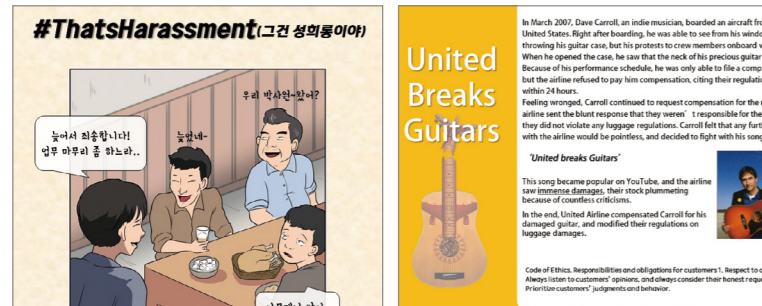
Education on the Jeong-Do Management

We conduct position-specific detailed education on the Jeong-Do Management for all employees to improve the engagement and educational efficiency. Moreover, image education programs made in local languages are distributed to help global staff internalize the Jeong-Do Management.

Dissemination of the Jeong-Do Management

1 Jeong-Do Management Notification

The Jeong-Do Management letter is published twice a month in Korea and once a month in the world (translated in English, Chinese, and Indonesian languages). The letter consists of basic guides for employees and the code of ethics based on monthly themes, contributing to raising the awareness of Jeong-Do Management.



In Korea

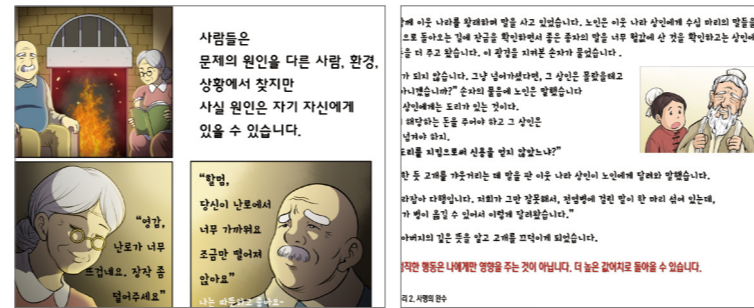
Overseas (English version)

2 Kakao Talk Plus Friend

We launched the Kakao Talk Plus Friend channel in order to help employees at home and abroad easily inquire for Jeong-Do Management. For example, if an employee receives gifts from stakeholder, he or she can easily report the case through the channel. We also promote diverse events and deliver the Jeong-Do Management letter through the channel.

3 T-sense Message

LGI posts the Jeong-Do Management message inside toilet doors once a month to embed Jeong-Do Management in employees' mind.



T-sense message

4 Whistleblowing and Whistleblower Protection

We receive reports on irregularities such as excessive demands from employees and unfair behaviors through the cyber Shinmungo, e-mail, and fax. Whistleblowers are confidentially managed. Any information with regard to whistleblowers' identity is not disclosed and reported matters are handled by only some dedicated persons.

5 Reporting System

LGI prohibits employees from receiving any gifts and money from stakeholders regardless of what the reason and value may be. To this end, we send a letter to promote the "No Exchange Gifts" campaign twice a year to suppliers and stakeholders. We make it a rule to send back money and gifts if employees receive them from stakeholders. If it is not possible, those are put up at the "In-company Jeong-do Sharing Auction." Revenues from the auction are donated to the UNICEF (United Nations children's Fund).

6 Sexual Harassment Consultation Center

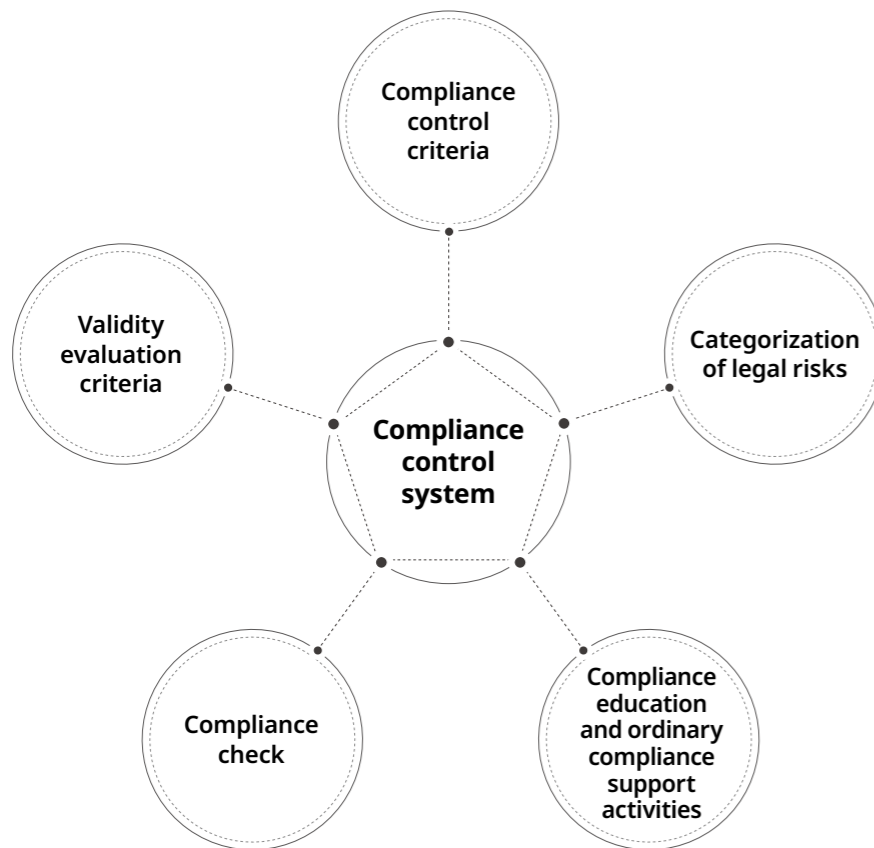
The sexual harassment consultation center is available through in-company intranet and provides information on the criteria of sexual harassment and treatment process.

7 Regular Monitoring

To reduce violations of Jeong-Do Management, the Company has been operating the expense monitoring system since January 2020.

Compliance

In line with increasing requirements on corporate social responsibility, LGI fulfills compliance management and strives to gain trust from the market. We are committed to practice the Jeong-do Management in all business sectors and to minimize management risks by establishing compliance management criteria and the code of conduct. Listed as a company with more than KRW 500 billion worth of assets, LGI is required to prepare compliance control criteria and procedure and appoint the Compliance Officer in accordance with the Commercial Act (Article 542-13). In response, the Company built the compliance control system by establishing compliance control criteria and appointing the Compliance Officer at the BOD meeting on May 2012.



Operation of Compliance Control System

Considering the scale and occurrence frequency of legal risks, LGI classifies them in detail and then, conducts compliance check, compliance training, and ordinary compliance support activities. The Compliance Officer engages in promoting compliance management and internal control and reports the effectiveness of compliance control system and compliance support activities to the BOD every year.

Composition of Compliance Control System

The components of compliance control system are annually upgraded in consideration of legal risk trend. Our compliance control system consists of compliance control criteria, effectiveness evaluation criteria on compliance control, formalization of legal risks, compliance check, compliance training, and compliance support activities. Each component consists of summary and real practice cases.

INFORMATION PROTECTION

Private Information Protection

Risks of security incidents are increasing due to the rapid growth of new technologies and drastic shift to digital society. In response to information security risks, LGI is operating the compliance response system at home and abroad. We also enhance internal control and engage in the following activities to comply with internal and external regulations related to private information protection.

01

Appointment of the CISO

According to the Article 45-3 of Act on Promotion of Information and Communications Network Utilization and Information Protection, etc. (enforced in June 2019), information and communication service providers should appoint the CISO (Chief Information Security Officer) and report the result to the Minister of Science and ICT. LGI appointed the CFO as the CSIO and reported the result on September 2019.

02

Compliance with the GDPR (General Data Protection Regulation) of the EU

The GDPR is an integrated regulation aimed at protecting private information of people of EU countries. It came into effect in 28 member countries of the EU on May 2018. LGI's Europe subsidiary in Germany is also the object of the GDPR. It took the following measures to comply with the GDPR.

Agreement on collecting and handling private information

- Notifying private information collection to employees working at the Europe subsidiary and receiving written consent
- * Receiving consent when new employees join the subsidiary and changes in collecting private information are occurred
- Signing an agreement on private information transfer (from Germany to Korea) and commission of the project

Private information protection measures

- Installing security S/W in business computers to prevent private information leakage
- Conducting protective measures including the encryption of private information and eliminating security vulnerabilities

As laws and regulations with regard to private information protection are being tightened in China and Vietnam where we operate business, we are preparing proper protective measures in response to the enforcement.

03

Employee Training

Regular information security training is offered to all employees in order to protect critical corporate and private information from attacks such as hacking and raise their awareness of security. LGI conducts separate trainings on private information protection for staff in charge of handling employees' private information in accordance with the Personal Information Protection Act.

Major training contents



LGI's information security regulation and organization and precautions against information leakage

- Procedures for transfer of business or private information
- Precautions against trade fraud and virus infection through e-mail
- Office security when leaving work
- Precautions when handling private information for business

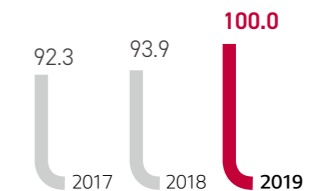
Rate of Training Completion



Information security (Unit: %)



Private information protection (Unit: %)



RISK MANAGEMENT

Risk Management System

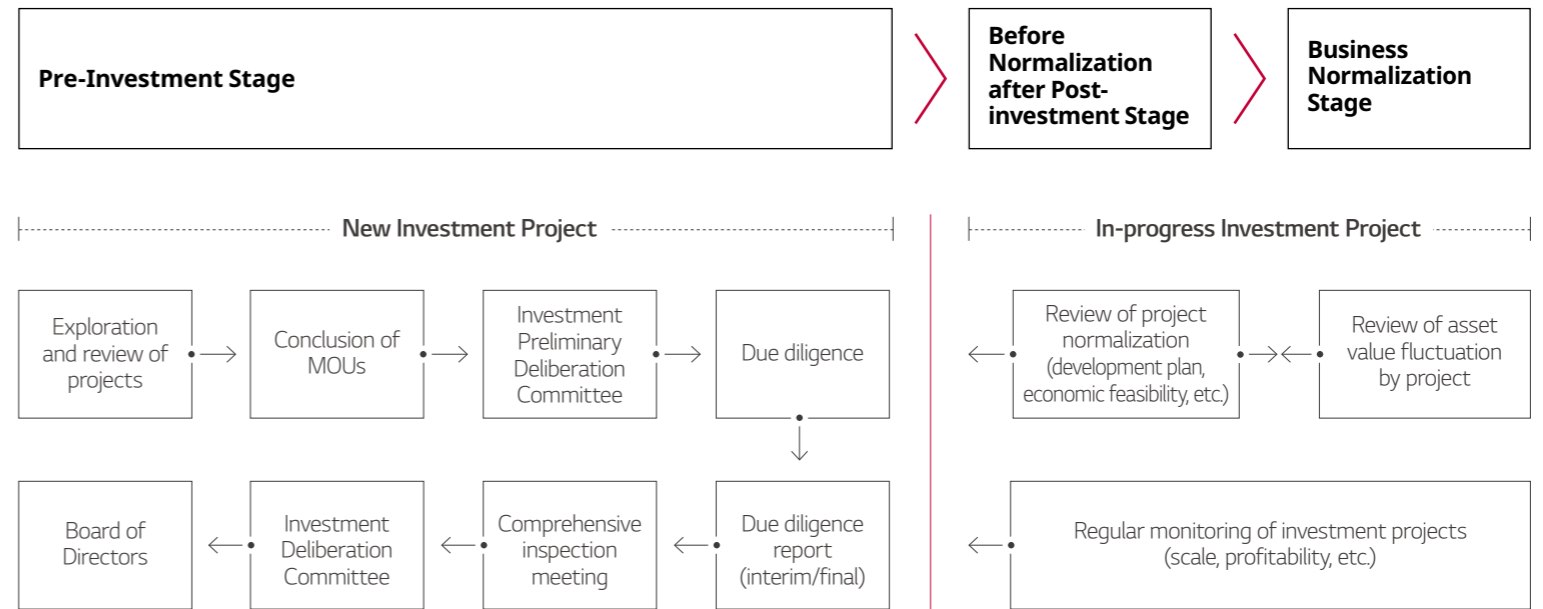
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Eight Major Risks

Risk type	Details
Non-performance risk	Possibility of profitability deterioration due to the incapacity of contracted parties, guarantors, and intermediaries in performing contracts
Price risk	Possibility of profitability deterioration due to the fluctuation in product prices
Financial risk	Possibility of profitability deterioration due to the fluctuation in exchange and interest rates
Logistic risk	Possibility of increase in unexpected costs in transport, storage, and cargo handling stages
Dead stock risk	Accumulation of "dead stocks" due to drastic decrease in demand, product versatility, constraints in retail location, or changes in customer trends
Rights inexecution risk	Possibility of profitability deterioration due to the loss of legal claims caused by unfair contract terms, verbal contracts, ambiguous contractual responsibilities and rights, and illegal contracts
Environmental risk	Possibility of profitability deterioration due to social and economic constraints
Payment risk	Possibility of profitability deterioration due to a delay or default in payment of sales and investment profits

Investment Risk Control

LGI complies with its investment business management process when starting new projects and controls investment risks through the on-track inspection during the post-investment stages. The investment deliberation guideline presents quantitative evaluation criteria such as minimum required rate of return and payback period and investment decision-making process requires tightening risk check. Moreover, related departments participate in due diligence from the initial stage and the steering committee by each stage enhances self-inspection on risks. Business departments and support departments operate the Investment Preliminary Deliberation Committee and Investment Deliberation Committee, respectively, to review and control risks in each stage. We also regularly monitor major issues and countermeasures and conduct self-inspection in existing investment projects.



Risk Management Activities by Division

Credit Management Policy

LGI has prepared procedures necessary for credit transaction with customers at home and abroad, including preliminary review, credit check, and regular monitoring of transaction process. We also set up credit limits by customer to respond to possible risks in advance and present credit evaluation criteria, thereby preventing credit risks such as non-performing receivables and improving credit management capability.

Other Financial Risks

The Company reduces financial risks and complies with financial transaction criteria by ensuring objectivity and transparency in controlling foreign exchange risk and funds.

Foreign Exchange Risk Management

To ensure stable ordinary income in trade business and overseas investment business, LGI is strict in controlling foreign exchange risk. Cashflow-focused hedge is conducted in trade business for the purpose of harmonizing the exchange rate of pay-in and pay-out, while currency translation-focused hedge is implemented in overseas investment business in order to eliminate gains (or losses) from foreign currency translation. All foreign currency transactions are treated as the exposure to be controlled. If a department faces foreign exchange risk, it requests in-company forward exchange to the department dedicated to managing foreign exchange risk for prompt and effective hedge.

Fair Trade and Supplier Risk Management

We have established fair trade principles in order to satisfy tightening regulations related to fair trade. Moreover, LGI operates a checklist to ensure objective and fair transaction when selecting suppliers and stipulates fair trade guidelines in written contracts with suppliers. Trainings on the importance of fair trade are provided to employees to raise their awareness.

Practice Guidelines of the Code of Ethics

1. All transactions are fairly made on equal terms and go through consultation on transaction conditions and procedures.
2. We do not allow any wrongful act by using a prominent position.
3. We provide information necessary for transactions at the right time through proper procedures and transaction results are evaluated on the basis of fair criteria for mutual supplementation.

Checklist for Selecting Suppliers

Education



- Special relationship under the ownership structure between shareholders and the parent company
- Exclusion of borrowed-name shareholders
- Personal history regarding bribery cases
- Consent on the compulsory specification of Jeong-Do Management compliance clauses in contract terms
- Supplier's own code of ethics

Compliance



- Legal permit for business operation
- Suppliers' violations of local laws
- Whether or not the supplier has subcontractors
- Child labor and forced labor cases

Environment and safety



- Incident and accident records for the recent five years
- Warnings from federal or local governments due to violations of environment and safety for the recent five years

Reasonable pricing



- Price comparison with subcontract prices in nearby mines and farms
- Adequacy of profit margin compared with the supplier's other sites
- Adequacy of profit margin compared with other suppliers' sites (tramrail, water carriage, etc.)

STAKEHOLDER INTERVIEW



Ethics Bureau
S.P.M, Lee Young-joo

Q. What's the role of Ethics Bureau within the organization dedicated to Jeong-Do Management?

The Jeong-Do Management organization consists of Ethics Bureau, Corporate Audit Team, and Internal Accounting Audit Part. Ethics Bureau focuses on preventing violations of Jeong-Do Management by offering related trainings and spreading the culture. We strive to raise the awareness of essential values of Jeong-Do Management and disseminate basic ethics code, helping employees be familiarized with Jeong-Do Management.

Q. What were the noticeable performances in the aspects of Jeong-Do Management training, dissemination of the culture, risk control, and inspection on whistleblowing cases in 2019?

There were two major performances.

First, Ethics Bureau opened the Kakao Talk Plus Friend channel. Through the channel, employees can receive Jeong-Do Management news, participate in diverse events, and ask questions on whether they used expenses properly, and how to handle gifts received

from stakeholders. As online communication is available regardless of time and place, even business travelers and expatriates make inquiries easily and conveniently. It is possible to report bribes or gifts through the Kakao Talk Plus Friend channel in real time. As the number of reports has been on a rise due to more streamlined format than intranet, other LG subsidiaries are benchmarking this channel.

Second, we introduced the expense monitoring system. This system analyzes employees' corporate credit card uses based on various scenarios and identifies improper cases. We check the results and ask for explanations on cases which need to be ascertained. This system greatly contributes to business automation of Ethics Bureau.


Q. Please tell us the survey result on Jeong-Do Management practice and the background of changes in 2019.

LGI has set a new record for five consecutive years until last year and become a top ranker within LG Group. In 2019, the composite score by item remained top ranking, while losing one point from the previous year due to supplier sector. To improve that, we will reinforce shared growth with suppliers in Jeong-Do Management contents

Q. Please introduce key tasks (or goals) of Ethics Bureau in 2020.

We will actively participate in DX (Digital Transformation) which is promoted at the group level. By doing so, we will further systemize internal control and promote the automation of existing paperwork in order to increase business efficiency. Saved human and physical resources will be used for the training of Jeong-Do Management and dissemination of related culture which are our fundamental roles.

It has been 20 years since I joined LGI. Having worked mainly in business units for a long period, I didn't know the importance of works promoted by Ethics Bureau. However, currently, I'm convinced that making Jeong-Do Management a part of our daily routine is indispensable to business activities. Going forward, we will be proactive in supporting employees working at business fields based on various and practical ideas.



SUSTAINABILITY FACT SHEET

MATERIALITY ANALYSIS
FINANCIAL PERFORMANCE
ESG PERFORMANCE

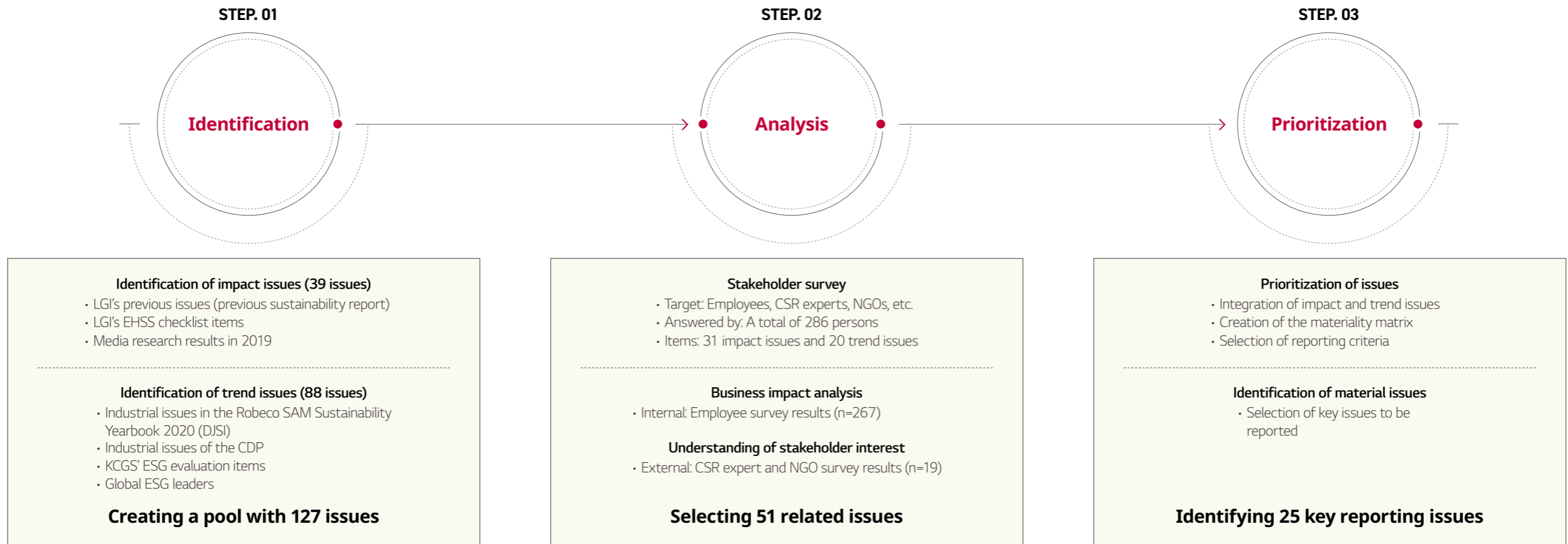
THIRD PARTY ASSURANCE STATEMENT
GRI STANDARDS INDEX
AWARDS, MEMBERSHIPS, AND CERTIFICATIONS

MATERIALITY ANALYSIS

Materiality Analysis Process

LGI determined reporting contents in accordance with the “materiality” principle presented by the GRI Standards 101 (basic) guideline. Sustainability issues were identified through 3-step process and each step is as follows.

Evaluation Process by Step



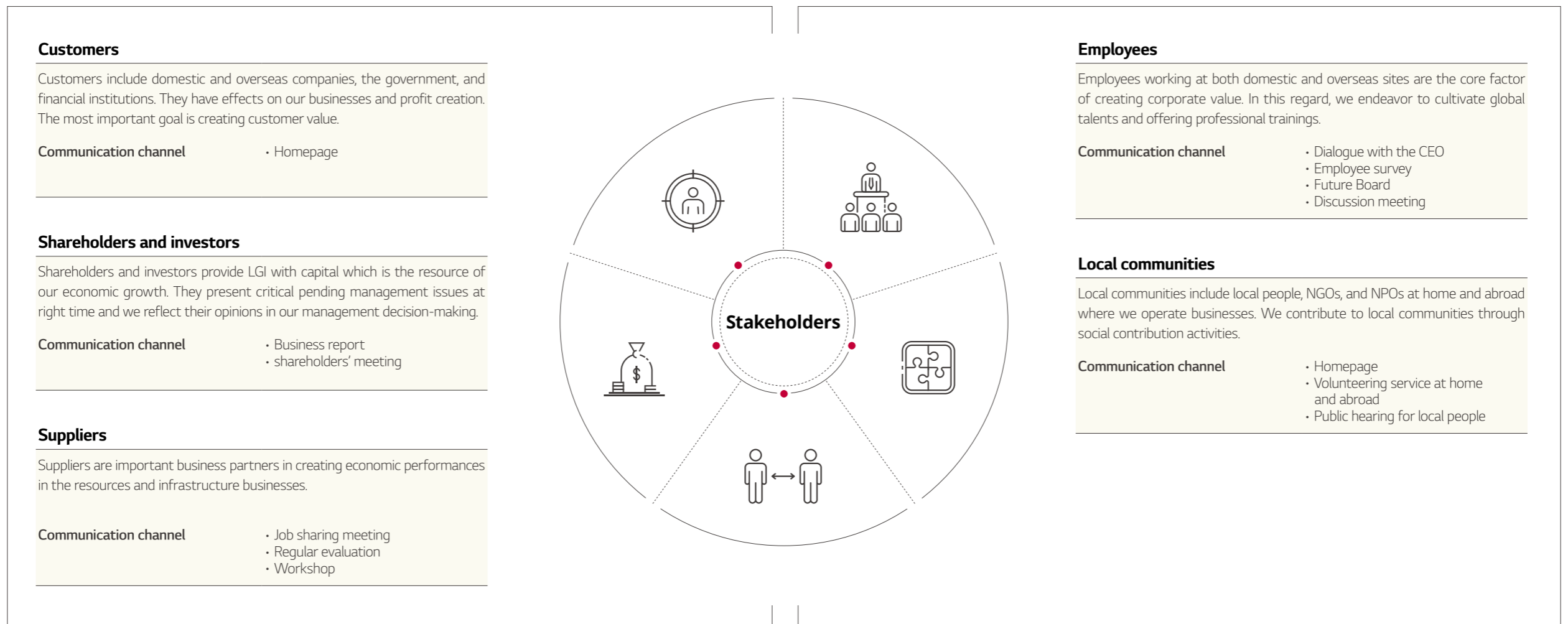
We created a pool with 127 issues by analyzing “impact issues” which directly affect our business operation and “trend issues” which have potential impacts on LGI as well as peers.

Based on the identification results, we conducted a survey of internal and external stakeholders for prioritization. This process allowed us to check “business impact” and “stakeholder interest” by collecting opinions on LGI’s sustainability in the aspects of economy, society, and environment from employees (internal) and CSR experts and NGOs (external).

By utilizing the analysis results, we integrated impact and trend issues and then, prioritized the them on the materiality matrix. As a result, a total of 25 key issues located in “very high” and “high” areas were determined as core contents of LGI’s 2019-20 Sustainability Report.

Stakeholder Engagement

LGI not only creates economic value through energy, industrial materials, and solution businesses but also pursues social value together with customers, shareholders, investors, suppliers, employees, and local communities. To this end, we define stakeholder groups and actively communicate with them.

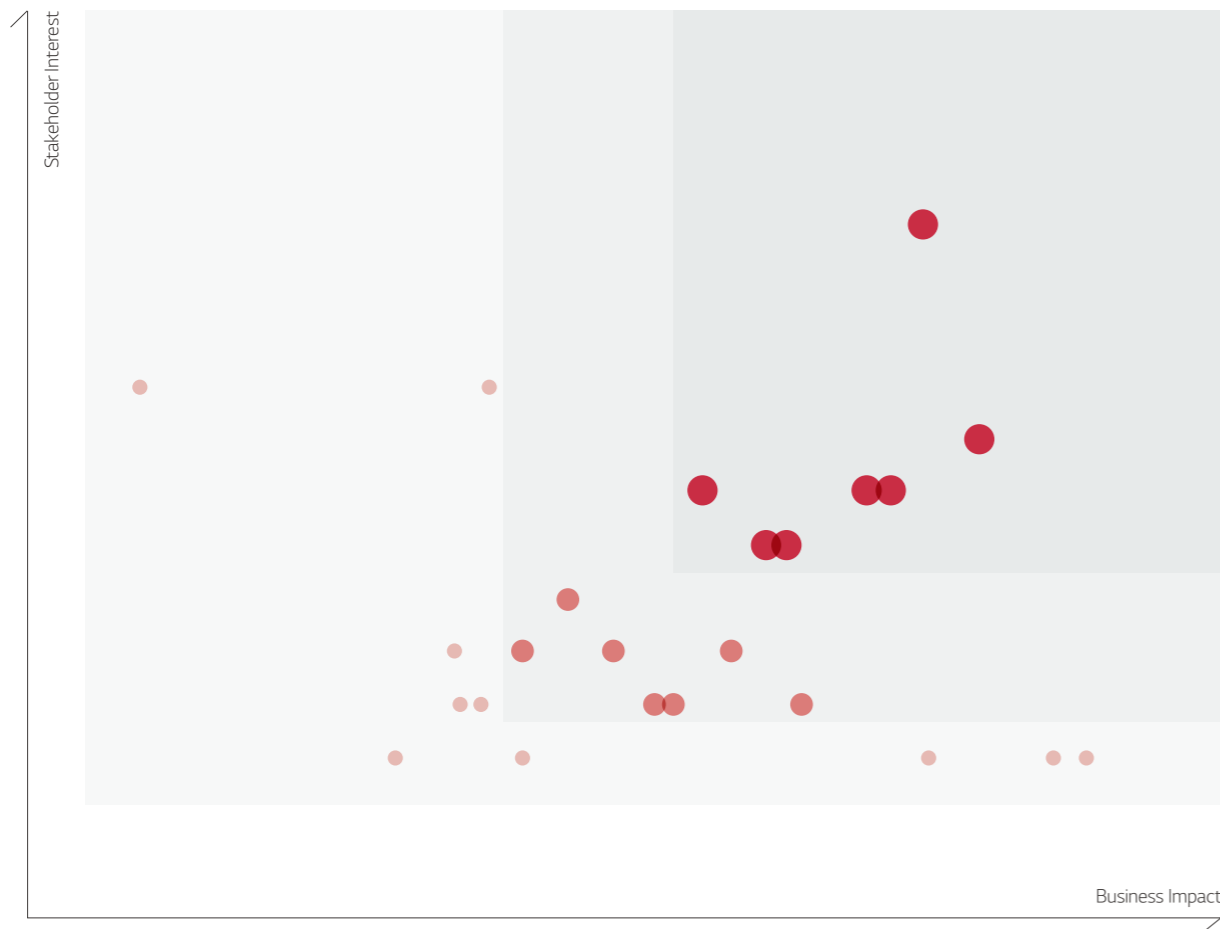


Materiality Analysis Results

Materiality Matrix

25 issues identified through materiality analysis were used for preparing and compiling the 2019-20 Sustainability Report.

Materiality Matrix



2019 -2020 Material Issues

● Environment ● Economy ● Society

Very High: Key reporting issues

- 1 ● Prevent pollution
- 2 ● Establish sustainability vision and future strategies
- 3 ● Prevent environmental accidents and enhance response capability
- 4 ● Manage waste and harmful substances
- 5 ● Fair performance evaluation and compensation
- 6 ● Secure business stability and expand scale
- 7 ● Comply with international laws and ensure compliance management

High: Major issues

- 8 ● Risk management system
- 9 ● Manage and prevent environmental pollution at mines
- 10 ● Manage safety and health at worksites
- 11 ● Engage in local economic development
- 12 ● Invest in and develop new businesses and technologies
- 13 ● Preserve ecosystem
- 14 ● Build eco-friendly production systems

Medium: General issues

- 15 ● Manage water consumption in the process
- 16 ● Recover mining areas after operation
- 17 ● Manage supply chain
- 18 ● Protect human rights at overseas worksites
- 19 ● Ensure fair selection of and transactions with suppliers
- 20 ● Build an eco-friendly supply chain management system
- 21 ● Communicate with local communities
- 22 ● Climate change response strategies
- 23 ● Sustainable construction
- 24 ● Engagement in local communities and social contribution
- 25 ● Manage cyanide (harmful waste)

FINANCIAL PERFORMANCES

Consolidated Financial Statements

As of December 31, 2019, 2018, and 2017

(Unit: Korean Won)

Item	2019	2018	2017
Assets			
I. Current assets	2,484,044,501,643	2,558,402,868,072	2,554,249,851,745
Cash and cash equivalents	423,581,791,797	342,013,992,404	395,210,646,602
Short-term financial instruments	10,552,836,690	14,162,013,217	20,649,035,434
Trade receivables	994,064,187,873	1,067,921,473,575	1,276,107,711,725
Account receivables	289,084,340,310	384,168,984,053	53,423,686,594
Accrued revenue	10,199,217,924	9,457,973,679	17,602,014,595
Advance payment	46,913,377,393	103,599,886,677	79,136,393,277
Prepaid expense	63,052,373,224	68,453,367,396	60,611,190,788
Fixed contract assets	-	-	-
Other current assets	76,215,196,494	53,407,666,364	52,318,169,515
Inventories	519,298,712,032	514,101,141,007	598,074,633,515
Assets held for sale	51,082,467,906	1,116,369,700	1,116,369,700
II. Non-current assets	2,391,937,802,442	2,479,669,592,792	2,413,351,704,670
Investment assets	217,458,042,429	218,213,725,783	219,833,447,315
Investments in affiliates	316,607,000,893	368,192,699,304	400,518,487,057
Tangible assets	764,608,220,991	669,022,391,781	552,520,113,266
Investments in real estate	5,981,907,360	30,157,578,479	31,823,895,884
Intangible assets	726,860,446,499	876,122,801,297	881,782,263,785
Deferred income tax assets	153,816,283,240	137,997,149,813	209,171,474,133
Other non-current assets	206,605,901,030	179,963,246,335	117,702,023,230
Total assets	4,875,982,304,085	5,038,072,460,864	4,967,601,556,415
Liabilities			
I. Current liabilities	2,126,279,483,022	2,167,354,736,562	2,130,330,307,465
Short-term borrowings	136,375,156,003	63,317,560,005	130,691,652,711
Trade payables	1,103,969,979,358	1,184,019,999,147	1,416,001,222,234
Account payables	295,439,182,816	389,071,758,434	161,151,458,919
Advance received	47,151,642,694	65,890,848,087	47,157,998,278

Item	2019	2018	2017
Advance deposit	29,986,902,722	34,252,534,209	34,949,245,779
Current tax liabilities	28,146,404,705	30,145,693,432	27,521,649,747
Accrued expenses	110,925,950,752	92,515,509,752	91,732,875,201
Current long-term liabilities	222,880,167,406	243,581,947,033	164,767,251,106
Advance revenue	56,229,514,668	56,004,014,606	48,391,143,639
Fixed contract liabilities	-	-	-
Guarantee received	5,090,375,765	8,554,871,857	7,965,809,851
Lease liabilities	59,148,489,387	-	-
Liabilities associated with assets held for sale	30,935,716,746	-	-
II. Non-current liabilities	1,201,086,771,228	1,321,180,091,742	1,251,810,813,437
Debenture	319,544,373,061	389,222,416,113	329,309,563,570
Long-term borrowings	635,988,729,575	734,528,629,860	781,813,888,681
Retirement benefit liabilities	22,445,534,426	26,416,807,433	15,596,064,594
Deferred tax liabilities	70,014,955,461	98,342,352,062	89,446,408,738
Provisions	88,055,567,597	-	-
Lease liabilities	50,465,580,278	64,825,474,337	21,032,783,047
Other non-current liabilities	14,572,030,830	7,844,411,937	14,612,104,807
Total liabilities	3,327,366,254,250	3,488,534,828,304	3,382,141,120,902
Equity			
I. Share capital	193,800,000,000	193,800,000,000	193,800,000,000
II. Share premium	101,192,803,384	101,163,277,682	100,930,648,791
III. Other capital	-1,578,948,670	-1,578,948,670	-1,578,948,670
IV. Accumulated other comprehensive loss (gain)	-19,173,139,045	-45,031,500,470	-59,748,846,882
V. Retained earnings	897,241,049,531	880,144,431,936	960,988,438,792
Total equity attributable to stockholders of the Company	1,171,481,765,200	1,128,497,260,478	1,194,391,292,031
Non-controlling interest	377,134,284,635	421,040,372,082	391,069,143,482
Total equity	1,548,616,049,835	1,549,537,632,560	1,585,460,435,513
Total liabilities and equity	4,875,982,304,085	5,038,072,460,864	4,967,601,556,415

Consolidated Income Statements

For the years ended December 31, 2019, 2018, and 2017

(Unit: Korean Won)

Item	2019	2018	2017
Sales	10,530,857,111,717	9,988,224,865,921	12,827,237,443,495
Cost of sales	9,817,350,113,252	9,277,167,228,160	12,076,656,118,081
Gross profit	713,506,998,465	711,057,637,761	750,581,325,414
Selling and administrative expenses	578,722,570,642	545,398,288,115	538,326,980,232
Operating profit (loss)	134,784,427,823	165,659,349,646	212,254,345,182
Non-operating income	-210,068,649,650	-9,063,970,612	-34,362,851,269
Financial income	222,796,313,943	198,620,956,796	230,304,110,920
Financial costs	-271,967,418,117	-247,320,908,443	-268,867,712,391
Gains (losses) from equity method	-6,055,222,086	109,092,905,080	15,063,156,791
Other on-operating income	-154,842,323,390	-69,456,924,045	-10,862,406,589
Profit before income tax (loss)	-75,284,221,827	156,595,379,034	177,891,493,913
Income tax expense	-60,423,260,523	192,586,783,124	89,706,532,882
Net profit (loss)	-14,860,961,304	-35,991,404,090	88,184,961,031
Profit (loss) attributable to:			
Stockholders of the Company	28,575,012,358	-70,364,878,626	60,209,850,285
Non-controlling interest	-43,435,973,662	34,373,474,536	27,975,110,746
Earnings (loss) per share			
Basic	739	-1,820	1,557
Diluted	739	-1,820	1,557

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019, 2018, and 2017

(Unit: Korean Won)

Item	2019	2018	2017
Net profit (loss)	-14,860,961,304	-35,991,404,090	88,184,961,031
Other comprehensive income	35,750,940,829	9,964,794,991	-131,588,501,959
Items that will be reclassified to profit or loss subsequently	46,681,724,380	8,532,021,626	-132,135,412,971
Gain on evaluation of available-for-sale financial instruments	-	-	-11,244,895,543
Net gain (loss) on valuation of derivatives for cash flow hedge	-6,982,981,662	1,730,785,964	-2,145,644,888
Change in equity method	-1,689,523,853	-1,389,899,537	-11,434,238,866
loss on valuation of equity method	-378,228,942	-2,717,195,779	5,724,458,562
Gain (loss) on overseas operations translation	55,732,458,837	10,908,330,978	-113,035,092,236
Items that will not be reclassified to profit or loss subsequently	-10,930,783,551	1,432,773,365	546,911,012
Remeasurements of net defined benefit liabilities	-3,051,385,206	-5,487,585,020	546,911,012
Gain (loss) on financial assets/liabilities at fair value through other comprehensive profit (loss)	-7,879,398,345	6,920,358,385	-
Total comprehensive income (loss)	20,889,979,525	-26,026,609,099	-43,403,540,928
Total comprehensive income for the year attributable to:			
Stockholders of the Company	52,619,791,270	-60,866,707,671	-44,926,958,661
Non-controlling interest	-31,729,811,745	34,840,098,572	1,523,417,733

ESG PERFORMANCES

Economic Performances

Sales by Business Division

(Unit: KRW in millions)

Classification	2017	2018	2019
Resources	1,049,556	1,059,085	1,197,068
Infrastructure	8,230,462	5,029,815	5,222,086
Others	3,547,219	3,899,325	4,111,703
Total	12,827,237	9,988,225	10,530,857

Operating Profit by Business Division

(Unit: KRW in millions)

Classification	2017	2018	2019
Resources	78,399	28,252	-8,771
Infrastructure	58,629	41,460	31,616
Others	75,226	95,947	111,939
Total	212,254	165,659	134,784

Distribution of Economic Value

(Unit: KRW in millions)

Classification		2017	2018	2019
Shareholders	Dividend	9,665	9,665	11,598
Employees	Salary	219,677	217,355	234,502
	Retirement benefit	15,459	15,612	16,942
	Welfare benefit	49,421	54,029	52,122
	Total	284,557	286,996	303,566
Local communities	Donation	14,786	2,824	1,719
Government	Corporate tax	89,707	192,587	-60,423

Environmental Performances

Input

Classification	Unit	2017	2018	2019
LNG consumption	Nm ³	75,677	78,372	80,198
Electricity consumption	Head office MWh	1,374	1,409	719
Water consumption	Head office Ton	8,236	7,855	9,105

Output¹⁾

Classification	Unit	2017	2018	2019
GHG emissions ²⁾	Head office tCO ₂ eq	848.77	841.35	107.68
Waste emissions ³⁾	Head office Ton	20	13	10
Recyclable waste emissions	Head office Ton	19	12	2.4

1) Calculated LGI's quota based on the percentage of our occupation area (6.87%) of the GHG and waste emissions in the LG Twin Tower Building in 2017 and 2018 and the percentage of occupation area (21.23%) of those emissions in the LG Office Building in Gwangwhamun In 2019

2) LGI is not subject to the report on GHG emissions.

3) Including daily waste and recyclable waste (based on LGI's quota)

Social Performances



Employment

Classification	Unit	2017	2018	2019	
Employment type	Total number	Persons	481	470	474
	Male	Persons	370	361	376
	Female	Persons	111	109	98
	Regular position	Persons	474	464	469
	Non-regular position	Persons	7	6	5
	Turnover rate	%	5.2	3.8	7
	New employees	Persons	40	26	62
	New college graduates	Persons	30	16	20
	Career position	Persons	10	10	42
	Diversity	Global Staff	Persons	346	340
Employees with disabilities		%	1.2	1.5	1.5
Employees of national merit		%	2.3	2.3	2.3
Female managers		%	8.7	8.3	9.8

* Female employees serving as the manager or higher levels in office job and senior staff in administrative job

Employee Training

Classification	Unit	2017	2018	2019
Training hours per employee	Hours	94	72	99
Training expenditure per employee	KRW in millions	2.3	2.2	3.9

Training on Sexual Harassment Prevention

Classification	Unit	2017	2018	2019
Employees who completed the training	Persons	440	452	469
Rate of completion	%	100.0	100.0	100.0

Parental Leave

Classification	Unit	2017	2018	2019
Rate of return to work after parental leave	%	100	100	100
Employees who worked more than one year after return to work from parental leave	Persons	4	4	8
Rate of over 1-year service after parental leave	%	66	80	89

Retirement Pension Support

Classification	Unit	2017	2018	2019	
Operation amount ¹⁾	Defined Benefit Plan (DB) ²⁾	KRW 100 million	53	48	52.4
	Defined Contribution Plan (DC) ³⁾	KRW 100 million	2.9	0.9	0.9
Subscribers	Defined Benefit Plan (DB)	Persons	491	429	400
	Defined Contribution Plan (DC)	Persons	13	14	14

1) Accumulated amount as of the end of year

2) DB: Lump sum payment upon retirement

3) DC: Retirement payment in installment annually

Salary, Retirement Benefit, and Welfare Benefit

Classification	Unit	2017	2018	2019
Salary	KRW in millions	219,677	217,355	234,502
Retirement benefit	KRW in millions	15,459	15,612	16,942
Welfare benefit	KRW in millions	49,421	54,029	52,122
Total	KRW in millions	284,557	286,996	303,566

Occupational Safety and Health

Classification	Unit	2017	2018	2019
Accident rate	%	0.23	2.26	0.00
Number of accidents at work	Cases	1	1	0.00

* Source: "Confirmation of Industrial Accident Rate" published by the KOSHA (Korea Occupational Safety and Health Agency)

THIRD PARTY ASSURANCE STATEMENT

To: The Stakeholders of LG International Corp.

Introduction and objectives of work

BSI Group Korea (hereinafter "the Assurer") was asked to verify the 2019-2020 LG International Corp. Sustainability Report (hereinafter "the Report"). This assurance statement applies only to the relevant information contained in the scope of the assurance.

LG International Corp. is solely responsible for all information and assertion contained in the report. The responsibility of the assurer is to provide independent assurance statement with expert opinions to LG International Corp. executives by applying the verification methodology and to provide this information to all stakeholders of LG International Corp.

Assurance Standard

This assurance was based on the AA1000AS (2008) assurance standard and the moderate level of Type 2 assurance in environmental and social performance that required reliability test of management assertion, and for other information applied the Type 1 assurance to check the source and accuracy of the information. In addition, the assurer verified compliance with the principle of inclusivity, materiality, and responsiveness in accordance with the AA1000APS (2008) assurance principle and verified that the contents of the report complied with the principle of Core option and in accordance with GRI standards.

Scope of assurance

The scope of assurance applied to this report is as follows;

- The data from 1st January to 31st December 2019, and by March 2020 according to reporting situation;
- Major assertion included in sustainability management policies and objectives, business, performance and contents included in economic and social performance, and materiality evaluation results included in material issues;
- The following items were not included in the verification;
 - Financial performance was verified only in accordance with the annual report and disclosure data.
 - At site verification of sustainability management activities conducted by overseas subsidiaries.
 - Additional information included in other websites, not reports.

Methodology

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;

- To determine verification priorities, review of materiality issue analysis process and verification of the results;
- System review for sustainability strategy process and implementation;
- Review the evidence to support the material issues through interviews with senior managers with responsibility for them;
- Verification of data generation, collection and reporting for each performance index

Our findings

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in 2019-2020 LG International Corp. Sustainability Report are accurate and reliable and the assurer cannot point out any substantial aspects of material with mistake or misstatement. The report provides sustainable management activities of LG International Corp. in a fair way;
- The information is expressed in a clear, easy-to-understand and easy-to-access manner, and it is expressed so that readers can have a balanced opinion on LG International's sustainability management performance and has a system to ensure stakeholder participation;
- The Report properly reflects the organization's alignment to and implementation of the AA1000 Assurance Standard(2008) principles of Inclusivity, Materiality and Responsiveness in its operations. Further detail is provided below.

Alignment with the principles of AA1000AS (2008)

Inclusivity: Stakeholder participation

LG International Corp. has processes in place for engaging with key stakeholders including customers, shareholders and investors, suppliers, employees and local communities, and has undertaken stakeholder engagement activities. Also, the report has communication channels for each stakeholder group and collecting various opinions.

Materiality: Identification and reporting of material issues

The report addresses economic, environmental and social issues identified by LG International Corp. as high material. LG International Corp. identified impact issues and trend issues through evaluations consistent with the GRI materiality evaluation process and identified business impacts and stakeholder interests through stakeholder surveys to identify material issues and selected reporting criteria for prioritization.

Responsiveness: Response to stakeholder in material issues

LG International Corp. has been responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

Key areas for ongoing development

To the extent that the results of the verification are not affected, the following comments were made.

- LG International Corp. operates a board of directors within the governance structure and a committee within the board of directors. However, the roles and responsibilities related to sustainability issues are not clearly expressed in the board members and committees. In order to strengthen the governance structure of sustainable management, it is necessary to more effectively and systematically disclose the expertise and key decision-making processes of the top decision-making body, the board or committee.
- LG International Corp. has been conducting regular assessment of safety and environment for overseas investment corporations to respond to safety, environmental, health and social risks that may occur in supply chains and production sites around the world and the results has been reporting without adjustment. However, the four corporations disclosed through this report are limited to a part of the total operating investment corporation. In the future, it is necessary to expand the target corporations for reporting for a wider understanding of report readers.
- In order to identify material issues, a wide range of sustainability themes were included in the pool and key issues were identified through evaluation, but it is not clear whether these issues are important issues of the country/region of the major corporation invested by LG International Corp. Identifying key issues in the

countries/regions being invested and linking sustainability activities can be a more effective way of communicating sustainability management to LG International Corp. which plays business activities on a global stage.

- Each field of the report describes a relatively positive aspect and expresses efforts to further develop it. At the same time, identifying issues with poor performance and disclosing specific plans to resolve them will help ensure the balance of the report.

Statement of independence and competence

The assurer is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with LG International Corp. We have conducted this verification independently, and there has been no conflict of interest.

The assurer has a long experience in the fields of environment, society, business ethics, health and safety management systems, and is made up of excellent team members who understand the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The assurer confirmed that this report was prepared in accordance with the GRI Standards Core Option and the disclosures related to the following Universal Standards and Topic-specific Standards Indicators based on the data provided by LG International Corp.

[Universal Standards]

102-1-13(Organizational profile), 102-14-15(Strategy), 102-16-17(Ethic and integrity), 102-18, 22-24, 26, 33-35(Governance), 102-40-44(Stakeholder engagement), 102-45-56(Reporting practice), 103(Management approach)

[Topic-specific Standards]

- Economic: 201-1-2(economic-performance), 203-1-2(indirect-economic-impacts), 205-1-3(anti-corruption)
- Environmental: 302-1, 4(energy), 303-1(water-and-effluents), 305-1-2(emission), 306-2(effluents-and-waste), 307-1(environmental-compliance), 308-2(supplier-environmental-assessment)

- Social: 401-1-3(employment), 403-1-3, 6-9(labor-management-relations), 404-1-2(training-and-education), 405-1(diversity-and-equal-opportunity), 409-1(forced-or-compulsory-labor), 412-1-2(human-rights-assessment), 413-1(local-communities), 414-2(supplier-social-assessment), 419-1(socioeconomic-compliance)

August, 7th, 2020

Managing Director BSI Group Korea **Peter Pu**




AA1000
Licensed Assurance Provider
000-24



GRI STANDARDS INDEX

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Forced Labor	409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labor	24-26
Human Rights Assessment	412-01	Operations that have been subject to human rights reviews or impact assessments	24
	412-02	Employee training on human rights policies or procedures	61
Local Communities	413-01	Operations with local community engagement, impact assessments, and development programs	23-26, 37-41
Supplier Social Assessment	414-02	Negative social impacts in the supply chain and actions taken	23-26
Socioeconomic Compliance	419-01	Non-compliance with laws and regulations in the social and economic area	No case

AWARDS, MEMBERSHIPS, AND CERTIFICATIONS

Awards

Award	Year	Hosted by
Minister Citation of Trade, Industry & Energy (LGI's Japan subsidiary)	2018	Korea International Trade Association
Citation of merit for the development of overseas resources	2017	Energy & Mineral Resources Development Association of Korea
1st place in the trading sector of KSI (Korea Sustainability Index)	2017	Korean Standards Association
Deal of the Year (award for excellent project financing)	2016	IJ Global (Project Finance & Infrastructure Journal)
Minister Award of Trade, Industry, and Energy at the "Indonesia CSR Award"	2015	The Embassy of Korea in Indonesia, KOTRA, Indonesia Investment Coordinating Board, and Small and Medium Business Administration of Indonesia
Citation of merit for the development of overseas resources	2014	Energy & Mineral Resources Development Association of Korea
Prime Minister's Citation at the Trade Day	2013	Korea International Trade Association
Minister Award of Trade, Industry, and Energy at the Trade Day	2013	Korea International Trade Association
1st place in the trading sector of KSI (Korea Sustainability Index)	2013	Korean Standards Association
Minister Award of Knowledge Economy at the Trade Day	2012	Korea International Trade Association

Certifications

Certification	Certified by	Date of Certification	Expiration Date	Details
ISMS-P	KISA	2019.09	2022.09	Information and privacy protection management system
ISO 13485	US CERT	2019.06	2022.06	Medical device quality management system
AEO (Warehouse Operator)	KCS	2019.01	2023.12	Compliance with laws and safe export and import management
OHSAS 18001	KR	2018.08	2021.08	Safety and health management system
ISO 9001	KR	2017.06	2020.07	Quality management system
ISO 14001	KR	2017.06	2020.07	Environmental management system
ISO 28000	KR	2016.10	2022.10	Supply chain security management system
CELC	MOLIT	2016.09	2021.12	Excellent logistics company
TAPA	Bureau Veritas	2016.02	2022.01	Logistics security
Green Logistics Company	MOLIT	2015.12	2021.12	Green logistics company
AEO (Freight Forwarder)	KCS	2013.05	2023.05	Compliance with laws and safe export and import management

Memberships

Association Name	Status	Major Roles
Korea-Oman Friendship Association	Council member	Exchange information and strengthen ties among organizations and companies of Korea and Oman
Korea Chemical Management Association	Member	Complete trainings for legal compliance and report related data
Korea Customs Logistics Association	Member	Obtain and renew the patent on the Gumi hub (public bonded warehouse) and support operation
Gumi Chamber of Commerce and Industry	Member	Hold membership in accordance with sales tax criteria based on the Chambers of Commerce and Industry Act
Korean Chamber of Commerce and Industry	Member	Hold membership in accordance with sales tax criteria based on the Chambers of Commerce and Industry Act
Korea International Trade Association	Member	Hold membership in accordance with the Foreign Trade Act

Association Name	Status	Major Roles
Korea Listed Companies Association	Member	Share information on disclosure and issues among listed companies
Korea Investor Relations Service	Member	Collect IR-related information and participate in seminars and trainings
Korean Bar Association (Seoul)	Member	Engage in legal activities such as litigation and give legal advices for local business operation
Law Society of New South Wales	Member	Maintain the legal qualification and authorities
Law Society of New South Wales	Member	Maintain the legal qualification and authorities
Emergency Planning Association	Member	Hold membership as a residing emergency planning agency (military drills, etc.)

