

**RESPONSIBLE
BUSINESS
SUSTAINABLE
FUTURE**

About This Report

Overview

LG has published the group's first ESG report containing the direction, strategy, and major achievements of ESG management for the purpose of practical ESG management. LG Corp. will continue to transparently disclose its ESG strategy and performance to stakeholders through various channels including the ESG report.

Reporting Standards

This report was prepared in accordance with the Core Option of the GRI (Global Reporting Initiative) Standards to respond to the interests and needs of stakeholders.

Reporting Period & Scope

The reporting period is from January 1 to December 31, 2021. The report presents the latest three-year quantitative outcomes to allow for analysis of annual trends and includes some qualitative outcomes for the first half of 2022. The scope of the report covers the ESG-related activities and outcomes of LG Corp., 8 listed affiliates with sales of more than KRW 2 trillion. In the future, we expect to further expand our reporting scope.

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

Report Assurance

The financial information contained in this report has been audited by an independent accounting firm. In order to ensure the objectivity, fairness and reliability of the information reported herein, a third-party assurance engagement was completed by KMR (Korea Management Registrar), a professional assurance agency with no interests in LG.

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Cover Story

Responsible Business, Sustainable Future is the ESG management direction established by LG, which means that we will responsibly practice customer values in all business processes, and ESG Report 'ing' is LG's commitment to continuous and practical ESG management and performance management.

Commitment

- CEO Message
- LG Way
- Legacy

CEO Message

Dear customers, shareholders, and all stakeholders,
I would like to extend my gratitude for your unwavering support and belief in LG.

We are currently living an era of unprecedented uncertainty. It has been three years since our lives were transformed by the COVID-19 pandemic. The global community is also facing the increasingly severe consequences of climate change, including droughts, floods, and extreme temperatures. In addition, it is difficult to ignore the unstable state of the global economy, which has resulted in high inflation rates, supply chain disruptions, and increasingly high geopolitical tensions.

During such uncertain times, LG is working to pursue growth as a company while embracing sustainability to ensure the success of future generations. After extensive research and numerous contributions to society, we have established our own environmental, social, and governance (ESG) criteria.

In the past year, we created the ESG Committee and Internal Transaction Committee under the board of directors of our ten listed companies, which includes LG Corporation. Further, we enhanced the authority and independence of the Audit Committee and formed an advisory group consisting of experts and representatives from the MZ generation to integrate diverse opinions into our ESG management and implement improvements where necessary.

Under the philosophies of “Customer-Value Creation” and “People-Oriented Management,” we listened to suggestions from our stakeholders and implemented various changes, both internally and externally, in order to work towards achieving our two main goals for ESG management: Responsible Business and a Sustainable Future.

Responsible Business is about creating sustainable, long-term value for customers in the process of delivering products and services, while considering the limited energy and resources of the planet. Realizing the sustainable growth of both our company and society through this effort is the Sustainable Future we seek to achieve.

We are fully aware of our responsibility as a business to address the effects of climate change, and we will continue to pursue the achievement of net zero emissions, the renewable energy transition, and the establishment of a circular system for product waste, as well as investing in clean technology to reduce carbon emissions.

This report is not the end of LG’s ESG management, but only the beginning. From this starting point, we will continue to communicate and work with our stakeholders, and strive to grow as a sustainable company.

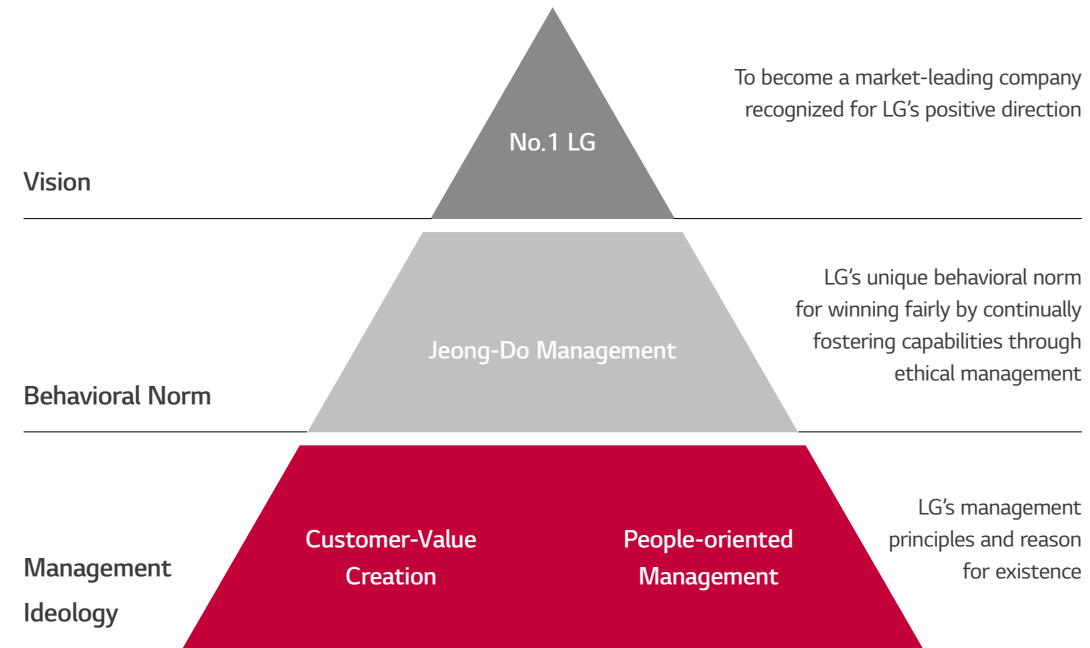
We ask for your interest and encouragement on this journey.

September 2022

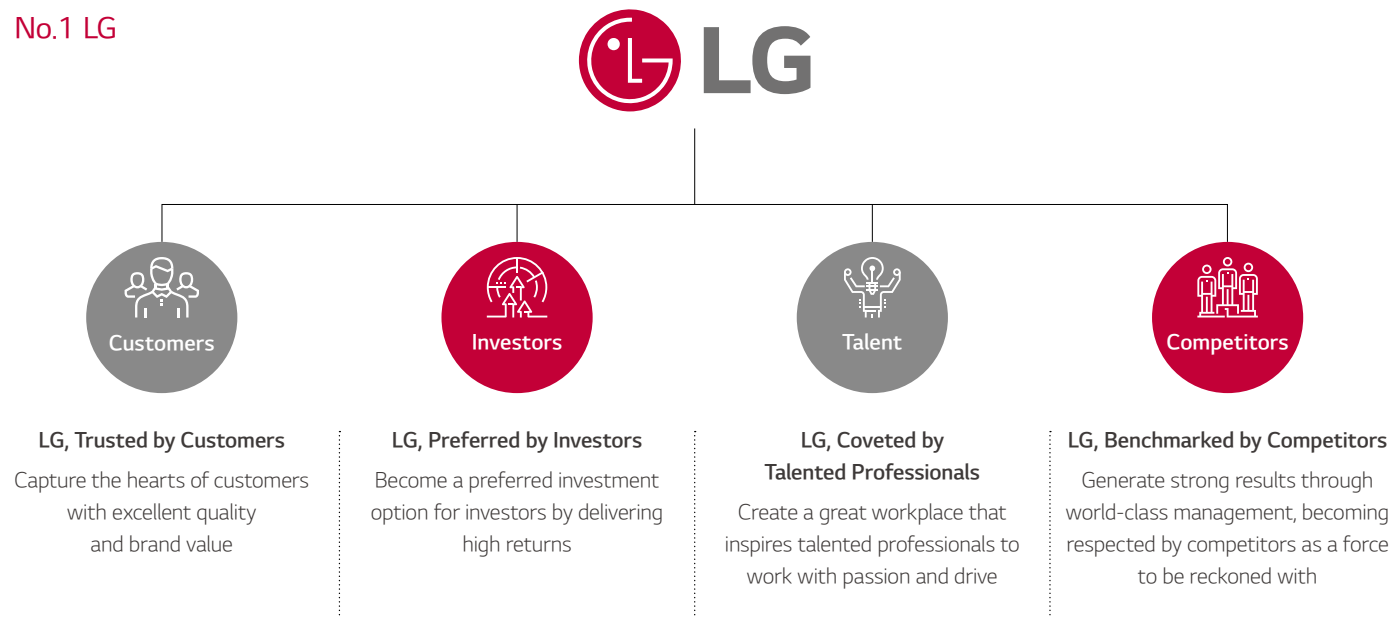
LG Corp. Chairman & CEO, Koo Kwang-Mo

LG Way

LG Way is LG’s unique management philosophy - a foundation for thoughts and actions that all employees must follow. By practicing “Jeong-Do Management,” a method of conduct, through the management ideologies of “Creating Values for Customers” and “People-oriented Management”, the mission of “No. 1 LG” can ultimately be realized.

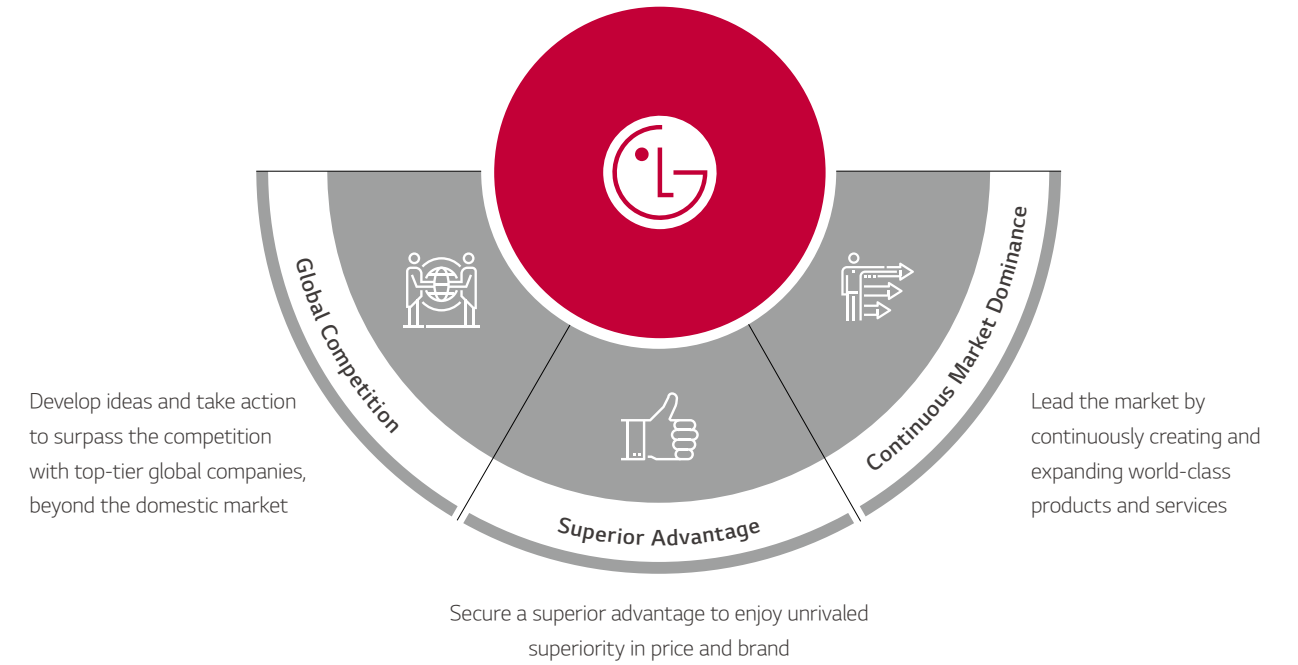


No.1 LG



Aspects

No.1 LG embodies global competitiveness, a superior advantage, and continuous market dominance. These three elements are essential to achieving No. 1 LG, and will help the LG Group firmly establish itself as a market leader.



Principles of Conduct

In order to realize No. 1 LG, all LG Group employees must follow the principles of conduct, including pioneering the global market, demonstrating a strong aspiration and determination to win, and bold investment and innovation. Through these principles, the LG Group is providing its customers with products and services of unparalleled quality.



Legacy

Creating Values for Customers

“Everything is in the customer.”

With the belief that ‘everything is in the customer.’ LG Group creates customer value by cultivating customer satisfaction.

LG has long pursued customer value centered on the customer experience. As the realization of customer value starts with an intricate understanding of the customer, it is possible to achieve a deeper understanding and consensus by seeing the world hand-in-hand from a customer’s perspective. Moving forward, LG Group will continue to do its utmost to provide innovative products and services by prioritizing customers and identifying real customer demands.

LG’s History of Customer Value

<p>1931</p> <p>“You should care more about the tastes of your customers than making a profit”</p> <ul style="list-style-type: none"> • Opened ‘Koo In-hoe Shop’ 	<p>1947</p> <p>“We will supply better products at lower prices”</p> <ul style="list-style-type: none"> • Established ‘Lucky Chemical Industry Co.’ 	<p>1966</p> <p>“It should be easier and more convenient to do laundry”</p> <ul style="list-style-type: none"> • Developed the first synthetic detergent ‘High Tide’ 	<p>1990</p> <p>“Creating value for customers”</p> <ul style="list-style-type: none"> • Declared a new management philosophy 	<p>2005</p> <p>“What value can we give to our customers?”</p> <ul style="list-style-type: none"> • Declared ‘LG Way’, LG’s own way of action
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Appointment of Koo Ja-kyung as Honorary Chairman in 1970

Appointment of Koo Bon-moo as Former Chairman in 1995



“Choose what others don’t do. Start with the things that are indispensable for people’s lives. When you start, push forward boldly. Even if you succeed, do not just stay there but try something new, bigger, higher and more difficult than that.”

Founding Chairman, Koo In-hoe

The beginning of a new journey to practice ‘LG’s unique customer value’

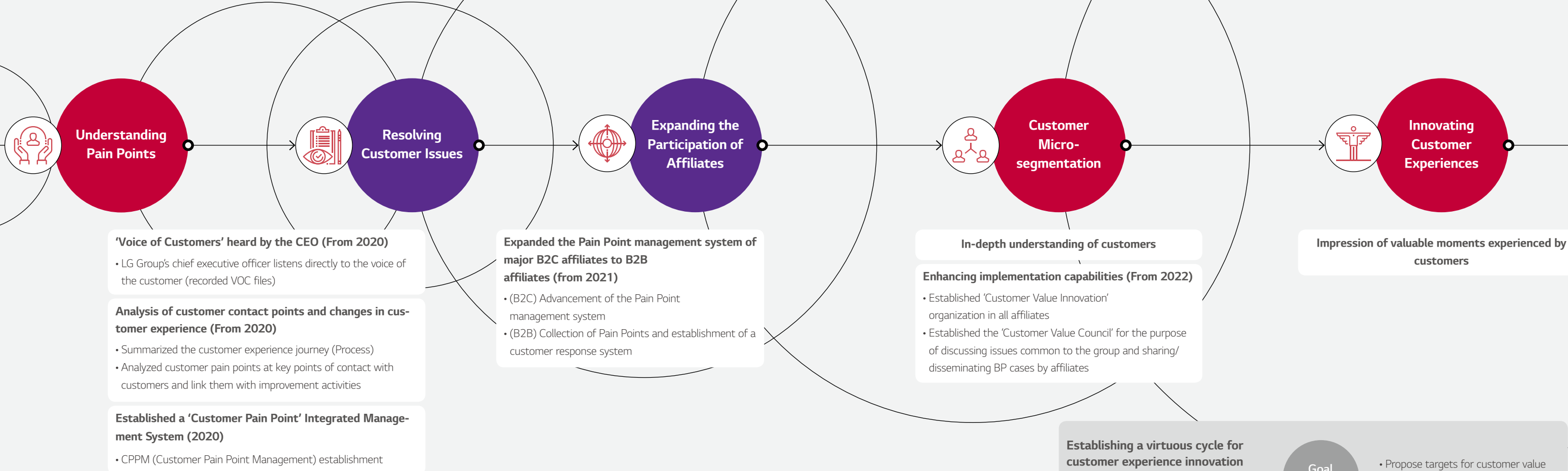
<p>2019</p> <p>“The future direction of LG is in our customers.”</p> <ul style="list-style-type: none"> • The beginning of the journey to realize ‘LG’s unique customer value’ <p><small>* Following the appointment of Koo Kwang-Mo as CEO in 2018 During the 2019 New Year’s Address</small></p>	<p>2020</p> <p>“Focus on customer pain points.”</p> <ul style="list-style-type: none"> • Establishing the basis for ‘realizing customer value’ 	<p>2021</p> <p>“We need to understand our customers more closely and find the aspirations in our heart.”</p> <ul style="list-style-type: none"> • Start of ‘micro-segmentation’ for customers 	<p>2022</p> <p>“There are ways to further develop a valuable customer experience.”</p> <ul style="list-style-type: none"> • Transforming the way we work from a customer experience perspective
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Aspects and Principles of Conduct

<p>Customer-oriented</p>	<ul style="list-style-type: none"> • We consider the customer, the starting point of our management, as our top priority. • We always judge and evaluate from the perspective of the end consumer.
<p>Provide Realistic Value</p>	<ul style="list-style-type: none"> • We go one step further in identifying the potential needs of customers. • We provide the best products and services that exceed customer expectations.
<p>Creation through Innovation</p>	<ul style="list-style-type: none"> • We create unique ideas that break the existing paradigm. • We constantly find and implement better ways of doing things.

Legacy

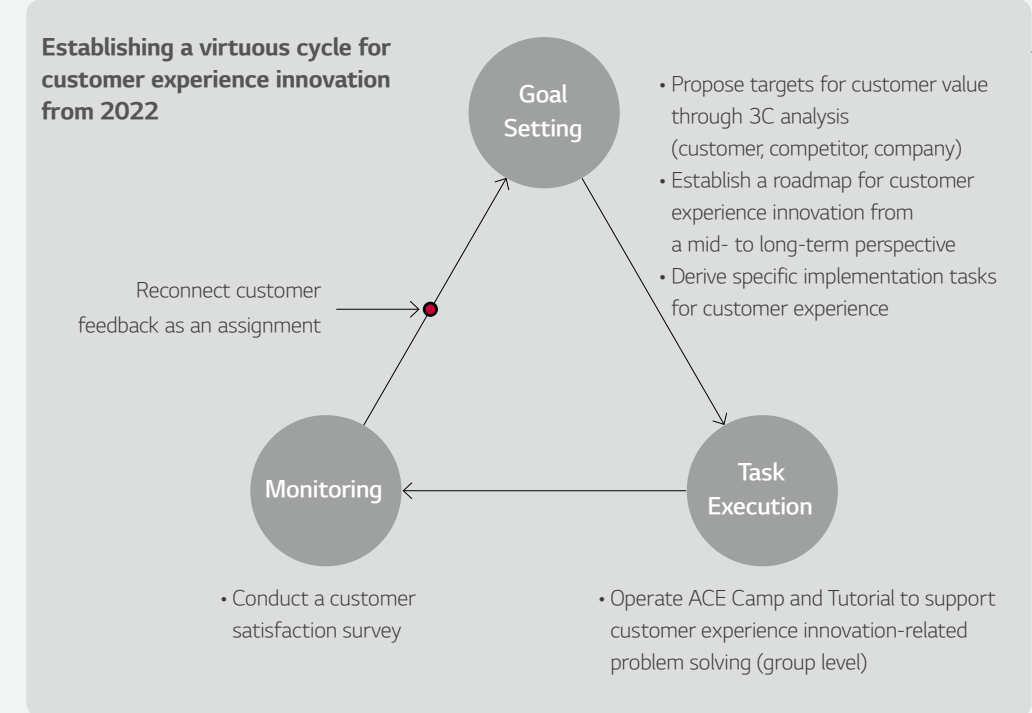
The beginning of a new journey to practice 'LG's unique customer value'



Identifying & Promoting LG Employees' Customer Experience Innovation Efforts (LG Awards)

Since 2019, LG Group has held the LG Awards to encourage and disseminate achievements made throughout the year in terms of customer value creation through product, technology, and service innovation. LG Awards are awarded to LG people who have identified customer pain points from the customer's point of view and actively resolved these issues.

- Evaluating and awarding affiliate candidate tasks in terms of (1) Customer value, (2) Best Practice, and (3) Performance across three areas: customer contact point, market leadership, and base process.
- Newly held the 'Customer Impression Practice Special Award' for best practices in customer satisfaction



Legacy

People-Oriented Management

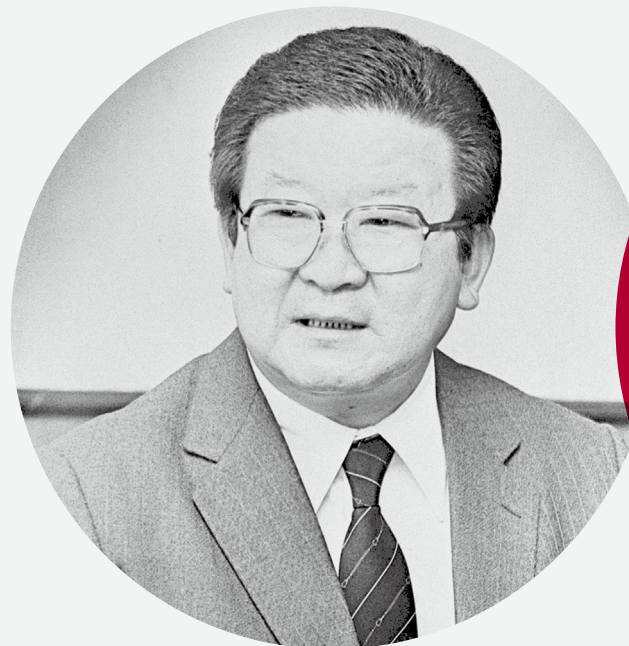
“The core of management is people.”

‘Human-oriented management’ means management that trusts, loves and respects its members.

Respected individuals at LG are those who share their personal vision with the organization to clarify their mission, make autonomous decisions as the owner of the organization, exercise creativity, and develop and demonstrate their abilities to create results.

On November 29, 1988, LG Group opened ‘Inhwawon’, a comprehensive training center.

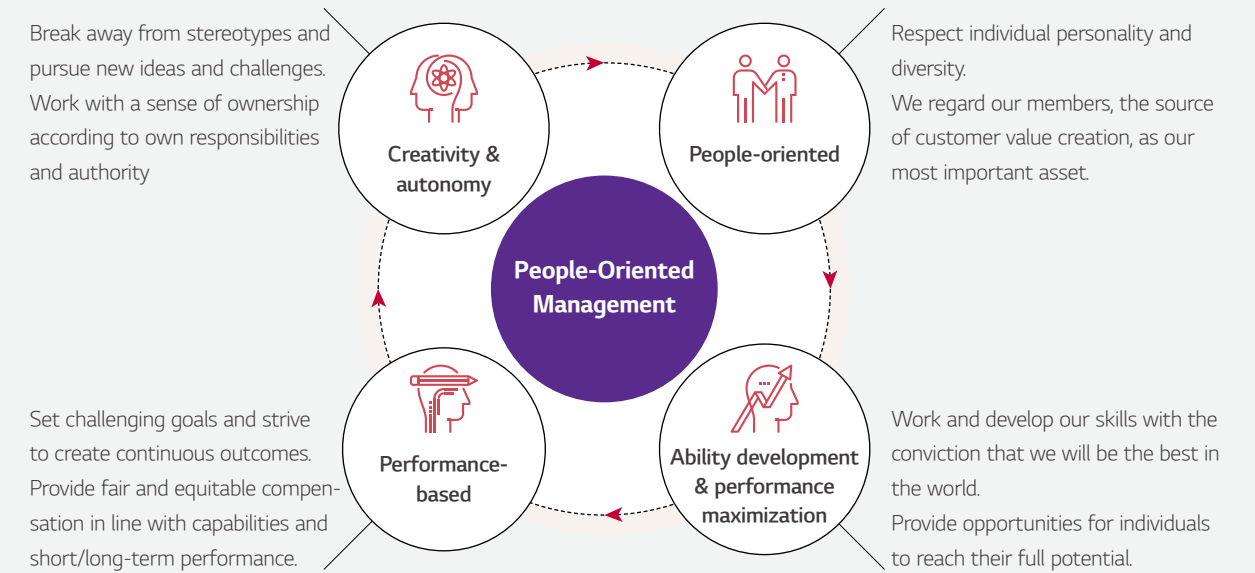
LG Inhwawon provides customized training and contents so that LG employees can practice creating customer value at the highest level, anytime, anywhere. Through this, we are nurturing talented people who believe in the LG Way and have an excellent capacity to implement.



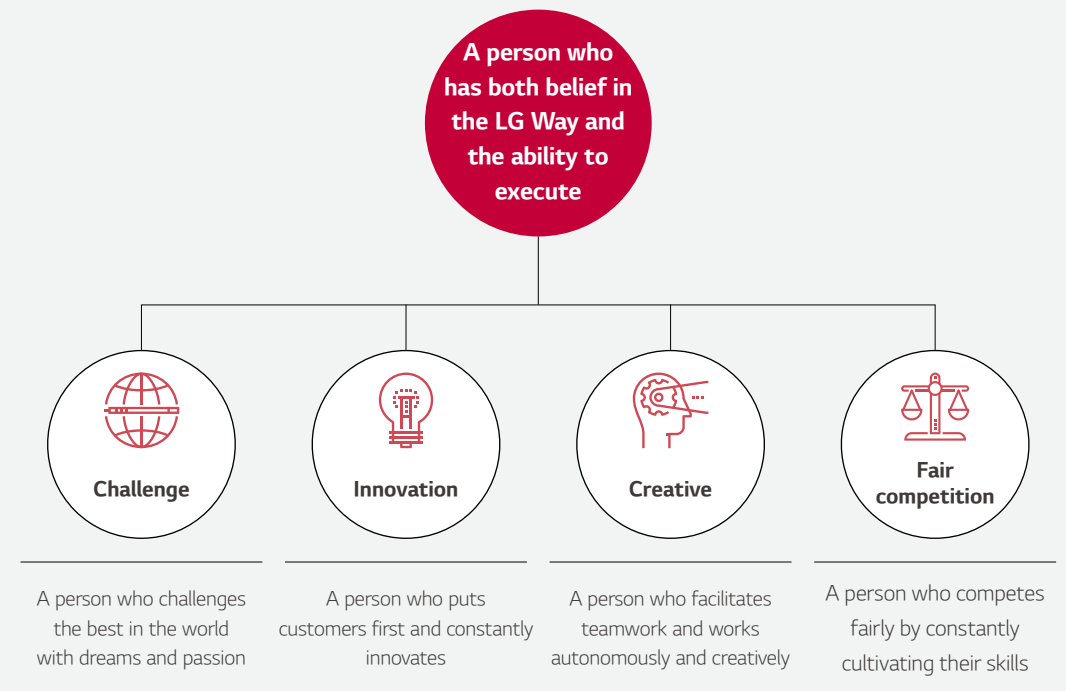
“Talent development is the basic mission, strategy, and social responsibility of a company.”

Honorary Chairman,
Koo Ja-kyung

Behavioral Principles and Aspects



Talent




Legacy


Talent Development Direction and System

“We support LG employees in securing unique capabilities for the future.”

LG Group provides training to all members, including senior management, employees and preliminary leaders, team leaders, functional organization leaders, and business leaders. The job competency development course consists of 11 vocational colleges: Product Planning, Marketing, Strategic, Manufacturing, HR, Finance Campus, Quality, Safety Environment, Purchasing, SCM, and DX. We support introductory, basic, advanced, expert, and leader courses to help our employees grow into skilled professionals.



Training Program
About **100** programs
- LG Inhwawon



Training Participants
Online and Offline Training
27,000 persons

Approach

#1 **Connecting People**

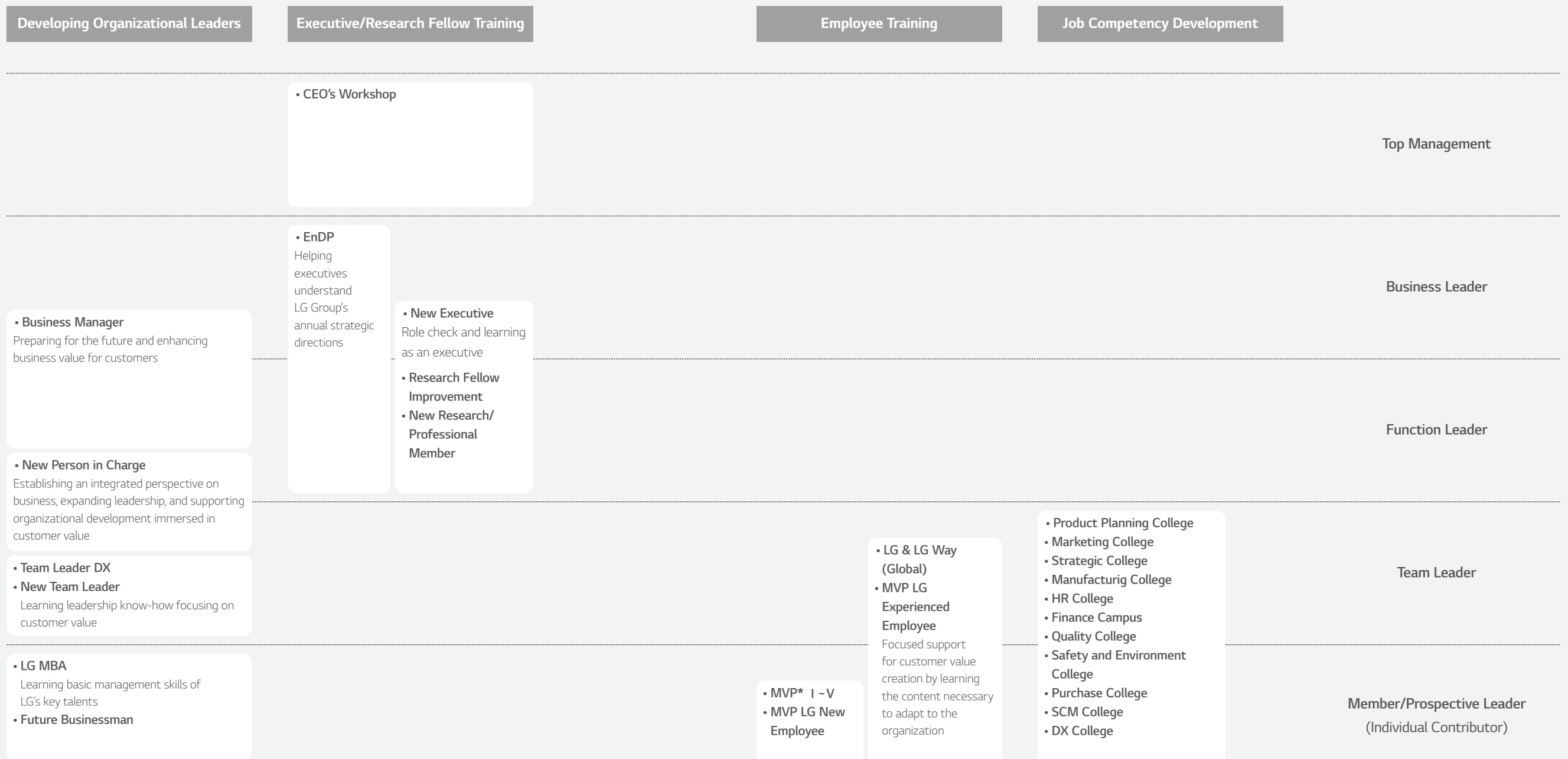
Connecting each individual's experience and knowledge on customer value creation

#2 **Finding Work Place Know-how**

Enabling members to immediately find and apply the necessary information on-site

#3 **Growing Myself**

Proactively drawing and preparing for the future of 'me'



Top Management

Business Leader

Function Leader

Team Leader

Member/Prospective Leader (Individual Contributor)

* My Vision Planning

Legacy

Jeong-Do Management

"A transparent company is respected."

'Jeong-Do Management' refers to LG's unique way of behaving that involves ceaselessly fostering its capabilities and pursuing fair competition based on a foundation of ethical management

LG's management philosophy of 'creating value for customers' and 'people-oriented management' is realized through the practice of Jeong-Do management. We contribute to customer value creation by cultivating our skills through continuous innovation to provide honest and better value to our customers. In addition, we practice management that respects people by providing fair opportunities and treating them fairly according to their abilities and achievements.

LG's Jeong-Do Management is not simply a corporate social responsibility, but a strategy for corporate survival.

Many examples throughout history have clearly shown that the loss of customer trust is directly related to corporate survival. LG Group's corporate culture that respects principles and common sense by practicing Jeong-Do management is trusted by customers and stakeholders. LG will continue to practice Jeong-Do management based on honesty, fairness, and skill development to become a truly global company that fulfills its responsibilities to society.

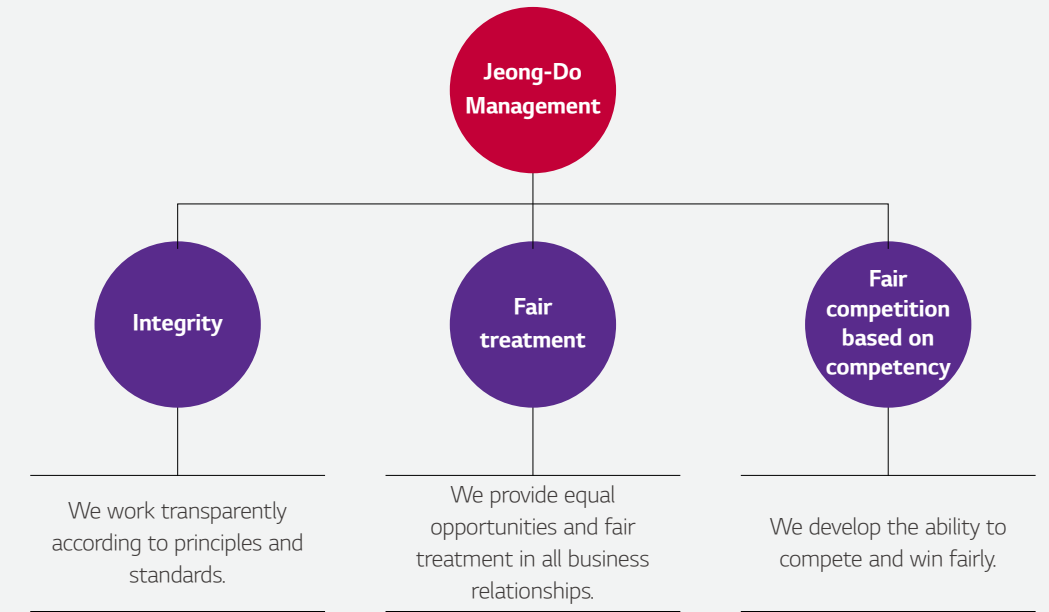


"We must always keep in mind that LG is a company that grows together with the society we belong to. We need to focus more on transparent management based on Jeong-Do Management and ethical management that considers society."

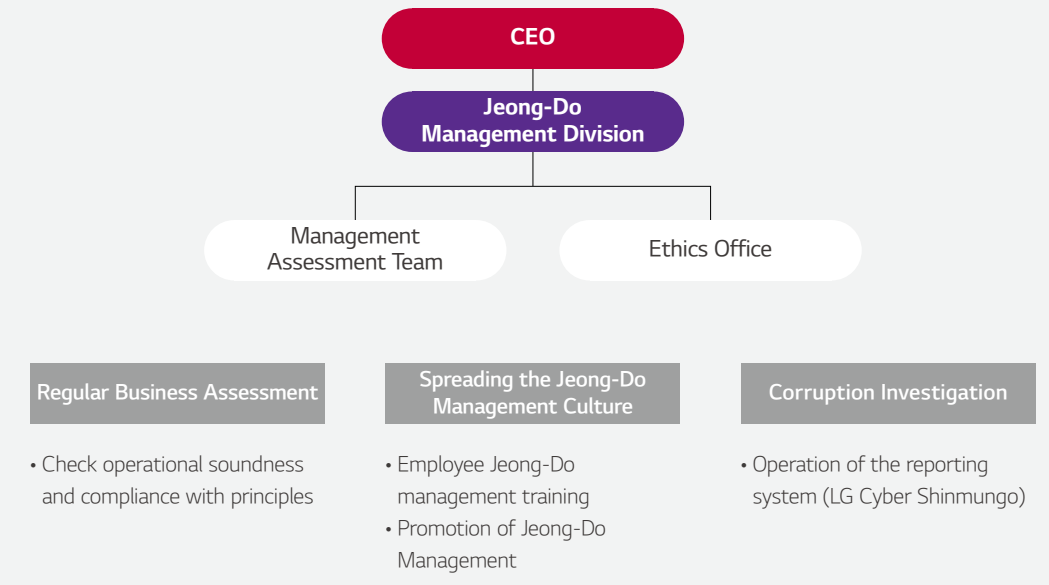
Former Chairman,
Koo Bon-moo

Behavioral Principles and Aspects

LG Group practices Jeong-Do management based on three behavioral principles: integrity, fair treatment, and fair competition through competency.



Organization and Key Activities



Regular Business Assessment

- Check operational soundness and compliance with principles

Spreading the Jeong-Do Management Culture

- Employee Jeong-Do management training
- Promotion of Jeong-Do Management

Corruption Investigation

- Operation of the reporting system (LG Cyber Shinmungo)

Legacy

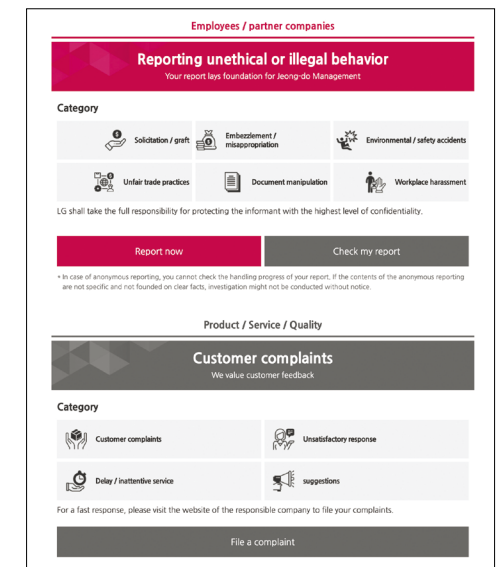
LG's Jeong-Do Management History

Highlights
 "LG will become a true global company that thoroughly satisfies customers through 'Jeong-Do Management' based on fairness, integrity, and sincerity. We will strictly fulfill our responsibilities not only to customers, but also to employees, business partners, shareholders and society" (from the inauguration speech of Chairman Koo Bon-moo on February 22, 1995).
 LG Group has set management that follows the the right path, that is, 'Jeong-do management,' as its management philosophy and behavioral norm for all its employees. In fact, Jeong-Do Management adheres to righteous management across all forms of corporate activities, develops competence based on ethical management, and creates practical results in a fair manner. This is LG's own behavioral norm that possesses a more positive and progressive meaning than the conventional concept of ethical management.

Highlights
 With the goal of promoting Jeong-Do Management, the 'LG Jeong-Do Management Taskforce' has been conducting various activities, such as providing Jeong-Do Management training for all executives and newly hired employees and sending out Jeong-Do Management newsletters. In particular, we are improving processes from a long-term, fundamental perspective through focused assessment of major tasks and disseminating successful cases of affiliates' management assessments. Moreover, the taskforce not only detects and prevents violations of Jeong-Do Management, but is also charged with receiving and investigating reports of corruption and misconduct by employees.

<p>1993</p> <p>Operation of the Employee Misconduct Reporting Center</p> <ul style="list-style-type: none"> Promotion of transparent relationships with business partners through the prevention and detection of unfair cases 	<p>1994</p> <p>Declaration of LG Code of Ethics</p> <ul style="list-style-type: none"> Clearly stated corporate social responsibility towards customers, competitors, society and the nation through the LG Code of Ethics declaration 	<p>1995</p> <p>Declaration of Jeong-Do Management</p> <ul style="list-style-type: none"> Declaration of a transparent LG with Jeong-Do management based on fairness, integrity and sincerity 	<p>2003</p> <p>Jeong-Do Management Taskforce Kick-off</p> <ul style="list-style-type: none"> Increased importance of responsible management Promoting the internalization of Jeong-Do Management <p>Operation of Cyber Shinmungo</p> <ul style="list-style-type: none"> Report corruption
	<p>2014</p> <p>Implementation of a reward system for reporting corruption</p> <ul style="list-style-type: none"> Rewards aligned with issue importance Whistleblower confidentiality principle 	<p>2015</p> <p>Cyber Shinmungo Renewal</p> <ul style="list-style-type: none"> Enhancing convenience for informants Improvement of system management efficiency related to receiving and handling reports 	<p>2017</p> <p>Revision of the Code of Ethics</p> <ul style="list-style-type: none"> Reflecting social changes such as laws and regulations

Highlights
 Since June 2003, LG has been operating the 'Jeong-Do Management Cyber Shinmungo,' where employees can report unfair practices online. We categorize unfair practices into six types and specify the details of the actions to be reported. LG strictly protects the identity of informants and the contents of any report so that the whistleblowing system can function effectively.



- LG members, external partners, customers, etc. can access and report.
- In principle, all registered reports are investigated

Strategy & Goals

- Approach
- Climate Action & Environmental Goals
- Clean Technology

Approach

Our Legacy

“ESG is embedded in LG’s management philosophy.”

The core values of ESG management, including trust, integrity, humanity, and practical values, are already reflected in the LG Way, which facilitates the pursuit of No.1 LG through the management philosophy of ‘Creating Value for Customers’, ‘People-oriented Management’, and Jeong-Do Management. This means that the fundamentals of ESG management are inherent to both LG’s management philosophy and employees’ thoughts and behavior.

LG’s ESG Management

“ESG is a prerequisite for expanding corporate value.”

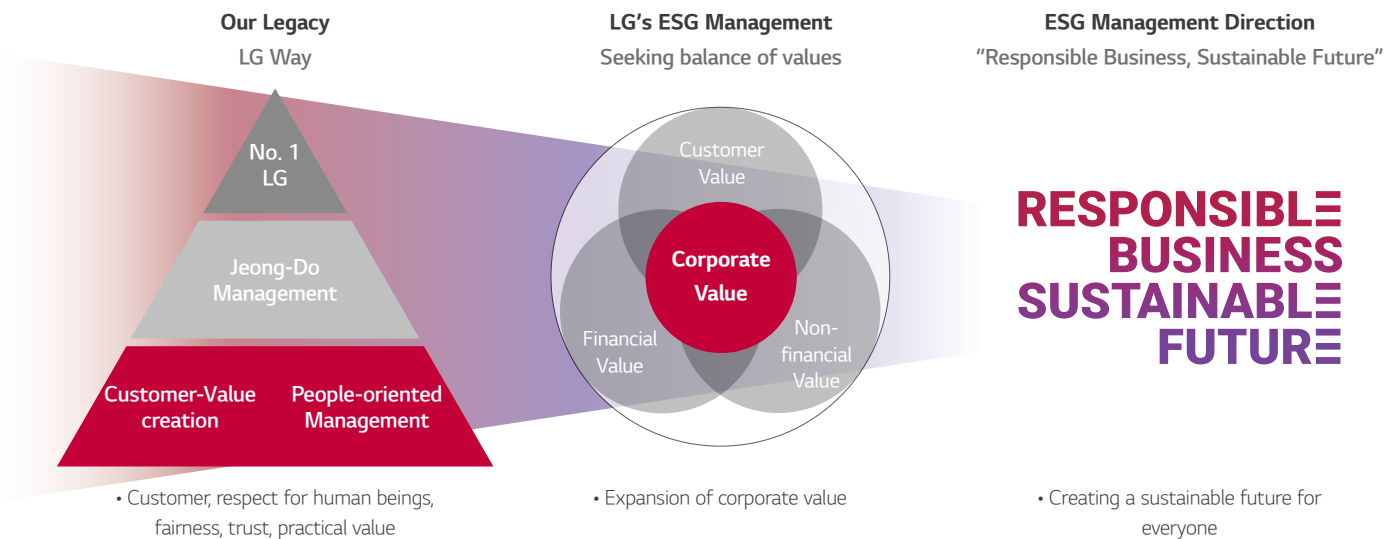
LG strives to continuously expand its corporate value with the goal of becoming a leading company that is recognized by customers. Pursuing a balance between customer value, financial value, and non-financial value is essential for expanding corporate value and sustainable growth. This is LG’s perspective on ESG management.

ESG Management Direction

“We promise a sustainable future through responsible business.”

LG’s ESG management direction is to responsibly practice customer value in all business processes and create a sustainable future for everyone through responsible management. LG defined the direction of ESG management as “Responsible Business, Sustainable Future” in consideration of the nature of the company, changes in the environment, and the management philosophy that has been passed down since its foundation.

LG Corp’s ESG Strategy



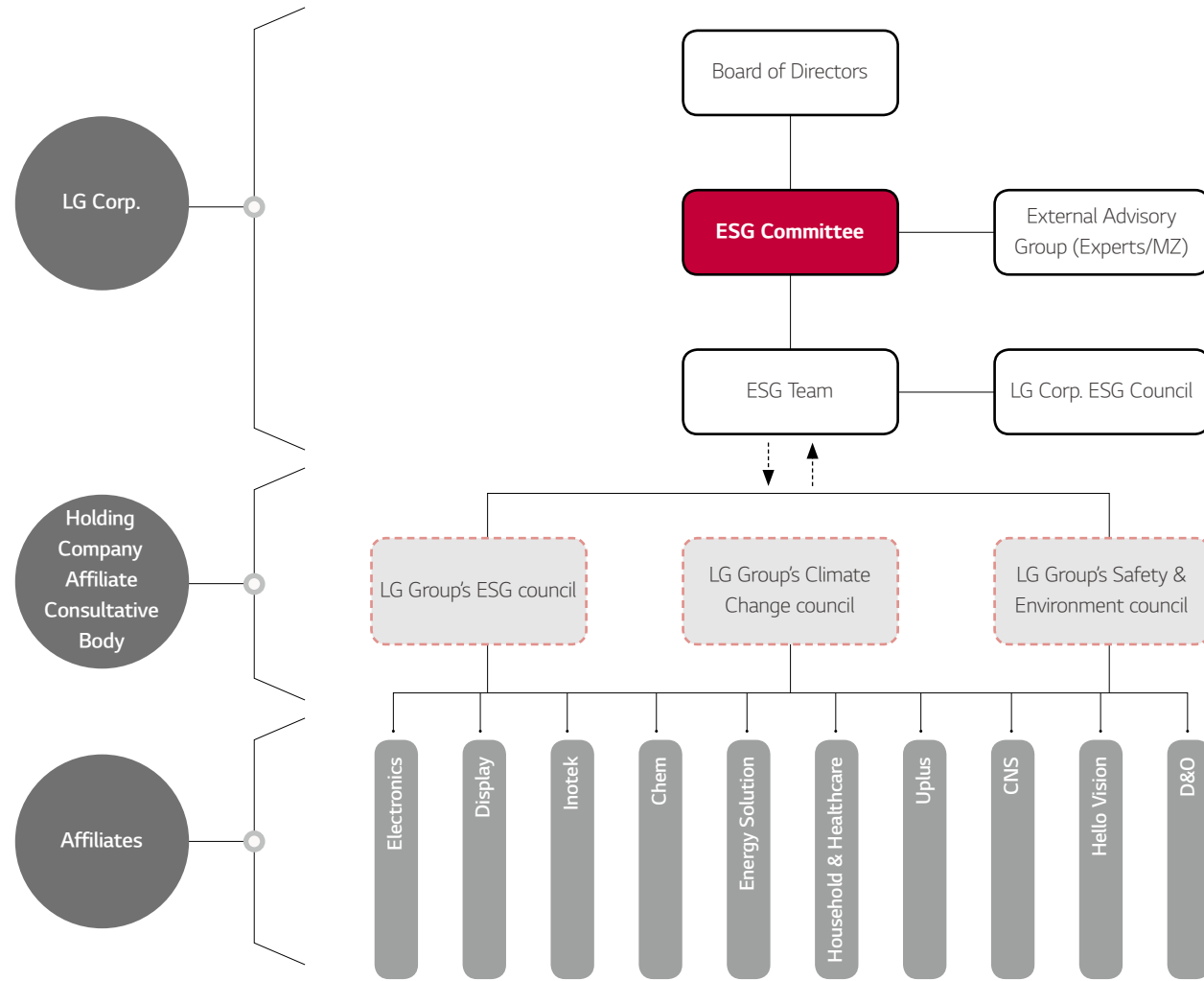
“LG is creating a better life for everyone by securing life competitiveness by responsibly practicing customer value in all business processes.”

① Fundamental Enhancing for Balanced Performance Strengthening the ESG foundation to create a balanced performance	Creating metrics <ul style="list-style-type: none"> Establish non-financial data management standards Establish and manage LG ESG indicators 	Establishment of a foundation for data management <ul style="list-style-type: none"> Establish a non-financial data management process through DX 	Policy establishment & risk management <ul style="list-style-type: none"> Establish a group ESG policy Identify and manage group ESG risks 	
	② Ecosystem Building for Collective Impact Building an ESG ecosystem that leads to greater change	Establishing and operating an internal cooperation system <ul style="list-style-type: none"> Jointly promote overseas carbon offset projects Establish a resource circulation system within the group and identify related items 	Internalization of external competencies by building external networks <ul style="list-style-type: none"> Operate and expand the ESG advisory group Participate in global initiatives Continue to expand ESG disclosure/communication activities 	
	③ Business Reshaping for Future Value Changing the way we do business to stay competitive in the future	Establishment of a carbon reduction strategy and management system <ul style="list-style-type: none"> Establish a roadmap for the group’s carbon reduction strategy Establish and operate a target performance management system 	Support for intellectual resources to respond to carbon and energy markets <ul style="list-style-type: none"> Establish an emission permit and energy price prediction model Establish and operate a cooperative system with specialized research institutes 	Preparation of a plan to review future business investment risks in advance <ul style="list-style-type: none"> Prepare an ESG risk review plan when investing

Approach

ESG Implementation System

LG Group is strengthening cooperation by establishing a consultative body between the holding company and affiliates to enhance ESG management. In addition, LG Corp. will establish an ESG management system to systematically manage and disclose the group's ESG outcomes.

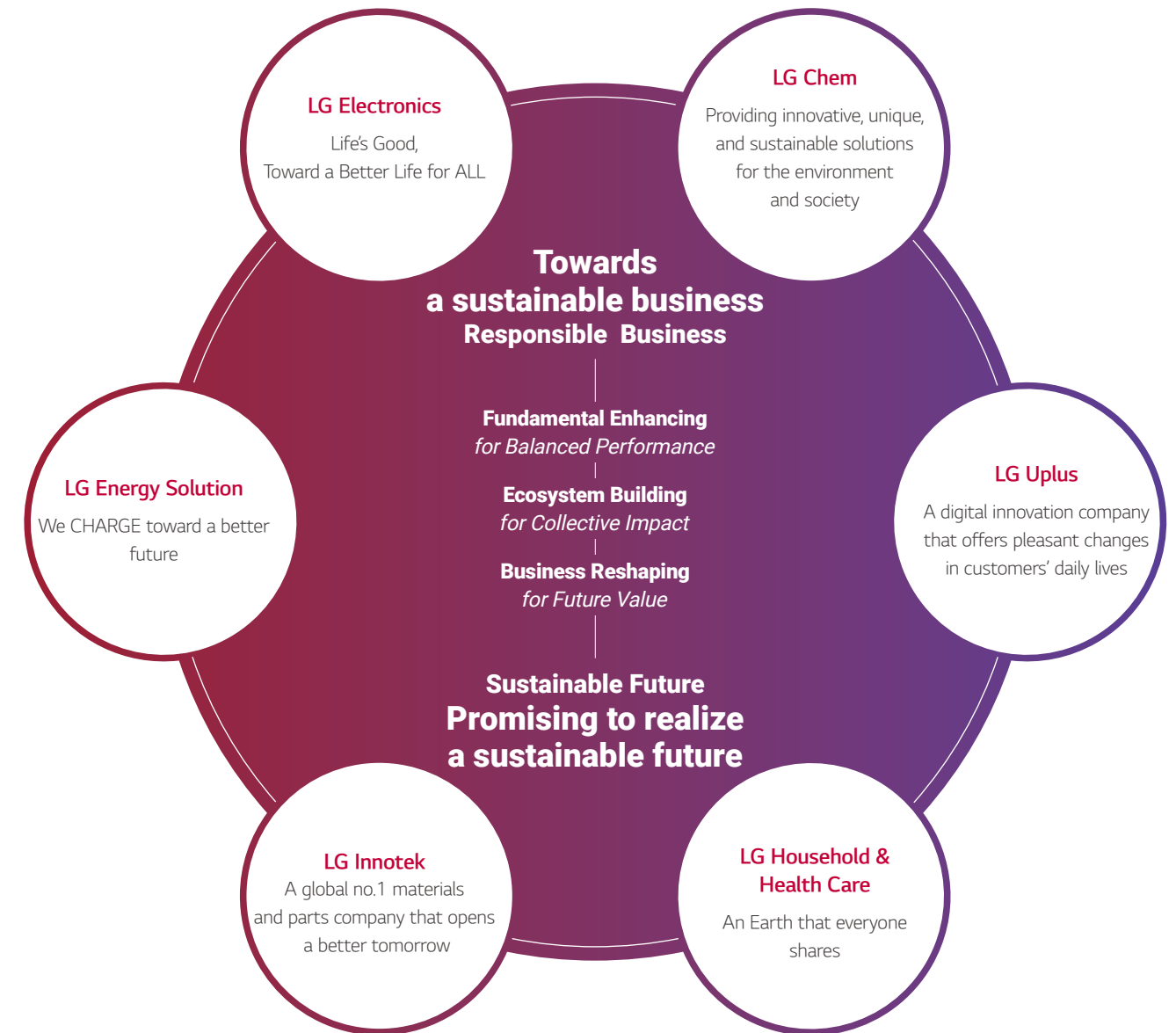


Direction



Strategic ESG Directions for Key Affiliates

Each affiliate is promoting ESG management by establishing ESG strategic directions that align with their business characteristics. Based on this, LG Corp. has established an ESG management direction for the entire group.



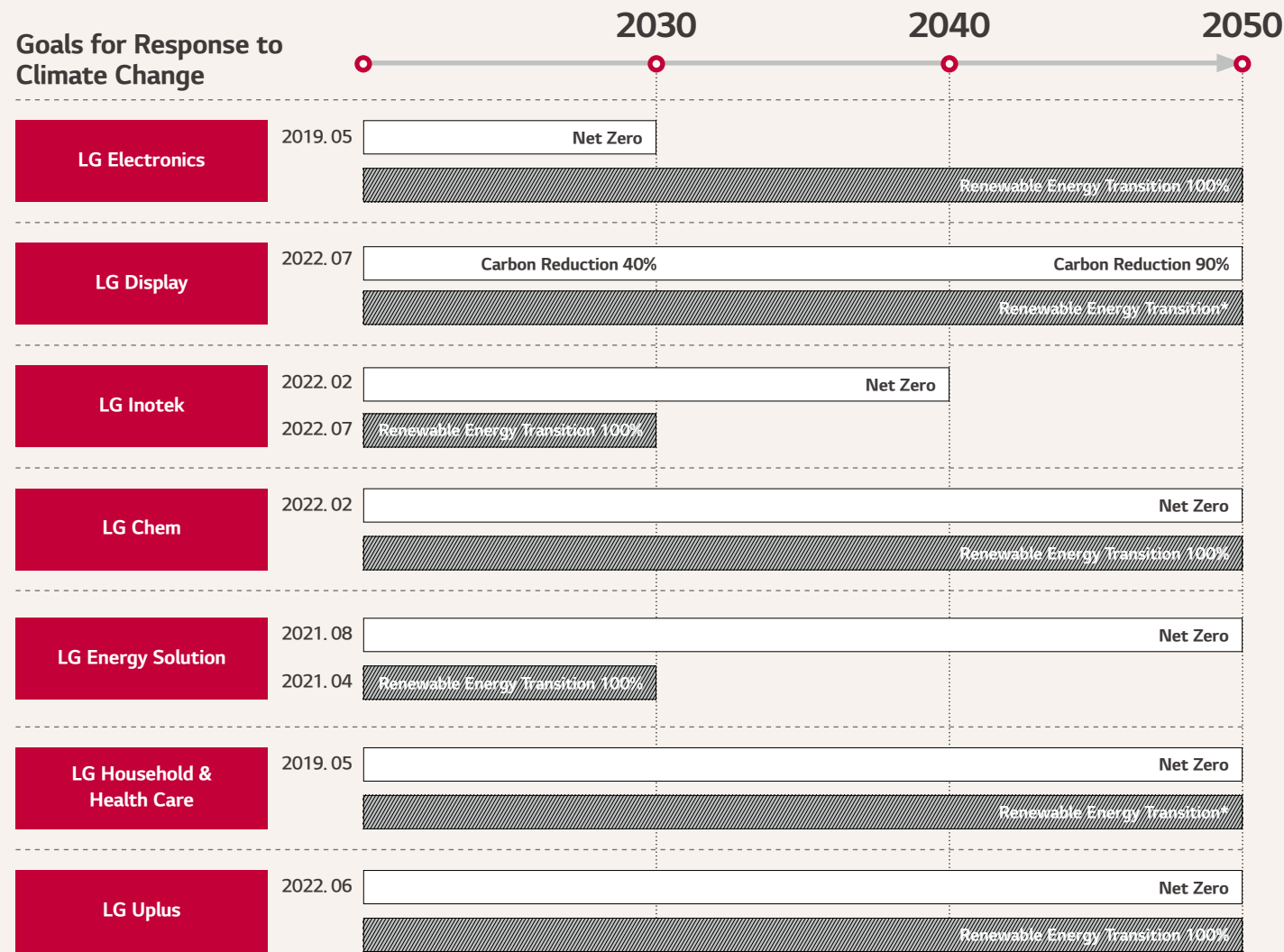
Climate Action

Our Approach

LG is making great efforts to reduce greenhouse gas emissions by setting goals and strategies, and proactively secure competitiveness in the global climate crisis and the transition to a decarbonization economy. Beginning with LG Electronics' declaration to achieve carbon neutrality (Net-Zero) by 2030 for the first time in Korea in May 2019, the majority of major LG affiliates* have presented carbon neutrality (Net-Zero) and Renewable Energy Transition 100% targets - as of August 2022.

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

LG Corp. is in the process of establishment of the group's carbon-neutral roadmap and implementation management system by confirming each affiliate's reduction plan and setting standards for securing objectivity in order to support the affiliates' execution of carbon-neutral activities and their willingness to achieve Renewable Energy Transition 100% prevent green washing, and provide practical supports for the greenhouse gas reduction. We plan to present reduction targets for 2030 and 2050 compared to 2018 (base year) based on the National Carbon Neutrality Framework Act for the evaluation of goal achievement. We also intend to lay the groundwork for the realization of the group's carbon neutrality without any setbacks, by establishing a milestone of the action task for each reduction means and upgrading it every year. LG will continue to transparently disclose the group's carbon-neutral roadmap and implementation system to stakeholders and continuously communicate with them.



* Deadline not determined

Environmental Goals

Our Approach

Major affiliates are striving to increase the recycling rate of waste generated at production sites and the reuse rate of water. In addition, they are actively considering the expansion of the use of recycled materials such as recycled plastics and recycling of resources at the disposal stage after use of products such as used appliances and waste batteries.

As one of the most competitive battery producers in the world, LG Energy Solution, for example, has built a closed-loop system that allows batteries containing rare earth resources such as cobalt and nickel to be reused and recycled without discarding them after a single use.

Rather than simply producing and selling batteries, we will broaden our view to the entire value chain where batteries are produced-used-recovered-recycled, and fulfill our responsibilities from disassembling discarded batteries and extracting recycled resources through stable recovery of batteries and recycling to ESS.

Key Environmental Goals

In accordance with disclosures by each affiliate

- Increase the recycling rate of waste at production sites to 95% (by 2030)
- Expand the accumulated collection of waste appliances to 8 million tons (by 2030)
- Cumulative use of recycled plastic by 600,000 tons (by 2030)
- Acquire circular resource certification and Zero Waste to Landfill certification for all domestic production sites (by 2022)
- 100% recycling rate for Zero Waste to Landfill certification (by 2030)
- Improve the basic unit of major water pollutants and emissions by 20% compared to 2021 (by 2025)
- Ratio of reused water to water intake 207% (by 2030)
- * 6 major water pollutants: BOD, TOC (COD), SS, T-N, T-P, fluorine
- Zero waste to landfill certification for all domestic production sites (by 2022)
- 100% waste recycling
- Zero hazardous chemicals
- Energy efficiency 100%
- Establish an in-house process for LCA (Life Cycle Assessment) (by 2025)
- Conversion of all owned and leased vehicles to electric vehicles (by 2030)
- R&D to improve waste sorting facilities (by 2023)
- Complete LCA of all domestic and overseas products (by 2023)
- Expand the proportion of clean fuel used in NCC processes by up to 70% (by 2025)
- Establish a system for re-using and recycling batteries post-use
- Establish a 'Perfect Closed Loop' at all production sites (by 2025)
- Acquire certification Zero Waste to Landfill certification for all sites (by 2023)
- Research and development of differentiated battery materials and next-generation battery technology
- Secure 100% eco-friendliness of products and products (by 2022)
- Convert all company vehicles to electric vehicles (by 2030)
- Use 200 tons of recycled plastic (by 2025)
- Reduce the use of restricted substances* by 50% (by 2025)
- * Restricted substances Cyclopentasiloxane (D5) and Cyclohexasiloxane (D6) in accordance with EU REACH Annex XVII
- Greenhouse gas emission basic unit 0.069 tCO₂eq (by 2025)
- Invest 200 billion won in renewable energy conversion (by 2030)
- Water use basic unit 1.46 tons (by 2025)
- Increase the recycling rate of waste at production sites to 100% (by 2030)
- Conversion of all owned and leased vehicles to electric vehicles (by 2030)
- Reduce GHG emissions by 38% (by 2030)
- Development of energy-efficient products
- Expand investment in new green businesses such as Energy Living Eco and healthcare
- Support the green management system of partner companies

Clean Technology

Next Growth Engine

LG Group aims to protect the environment and achieve decarbonization by using renewable energy sources to proactively increase competitiveness in the rapidly growing future eco-friendly market in accordance with the global trend of strengthening eco-friendly regulations. We plan to expand our eco-friendly business portfolio by investing more than KRW 2 trillion at home and abroad over the next five years in eco-friendly clean tech fields such as bio-materials, waste batteries and plastic recycling, and carbon reduction technologies.



“Promoting the construction of a biodegradable plastic plant with an annual capacity of 75,000 tons”

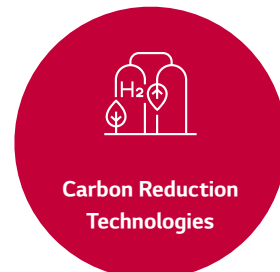
LG Chem signed a key condition agreement with ADM (Archer Daniels Midland), one of the world’s four major grain processing companies, through a joint venture (JV) to expand the production of biodegradable materials. The company plans to build a plant that can produce 75,000 tons of PLA* annually in the United States by 2025 for the first time as a Korean company. We will secure positive sustainability by emphasizing the unique characteristics of biodegradable plastics, solving environmental problems of waste plastics and reducing carbon. In addition, LG Chem is rapidly building its capacity to develop recycled plastics. Following the world’s first development and commercialization of ‘white’ plastic, which is difficult to implement with recycled plastic, the company will start developing transparent recycled plastic products to proactively respond to the rapidly increasing demand for eco-friendly materials from customers.

* Poly Lactic Acid: Biodegradable plastic made from lactic acid obtained by fermenting corn or sugar cane



“Concluded a contract to secure key materials from battery recycling company, ‘Li-Cycle’”

LG Energy Solution and LG Chem will invest KRW 60 billion to secure a 2.6% stake in Li-Cycle, the largest battery recycling company in North America, and receive nickel sulfate, a key battery material, for 10 years under a contract. In addition, LG Chem established a joint venture for precursor production with Chemco, a domestic company that produces nickel sulfate, and decided to use the metal generated from waste batteries to produce precursors. By doing so, we will strive to build a battery cycle ecosystem from battery production to recycling of waste batteries.

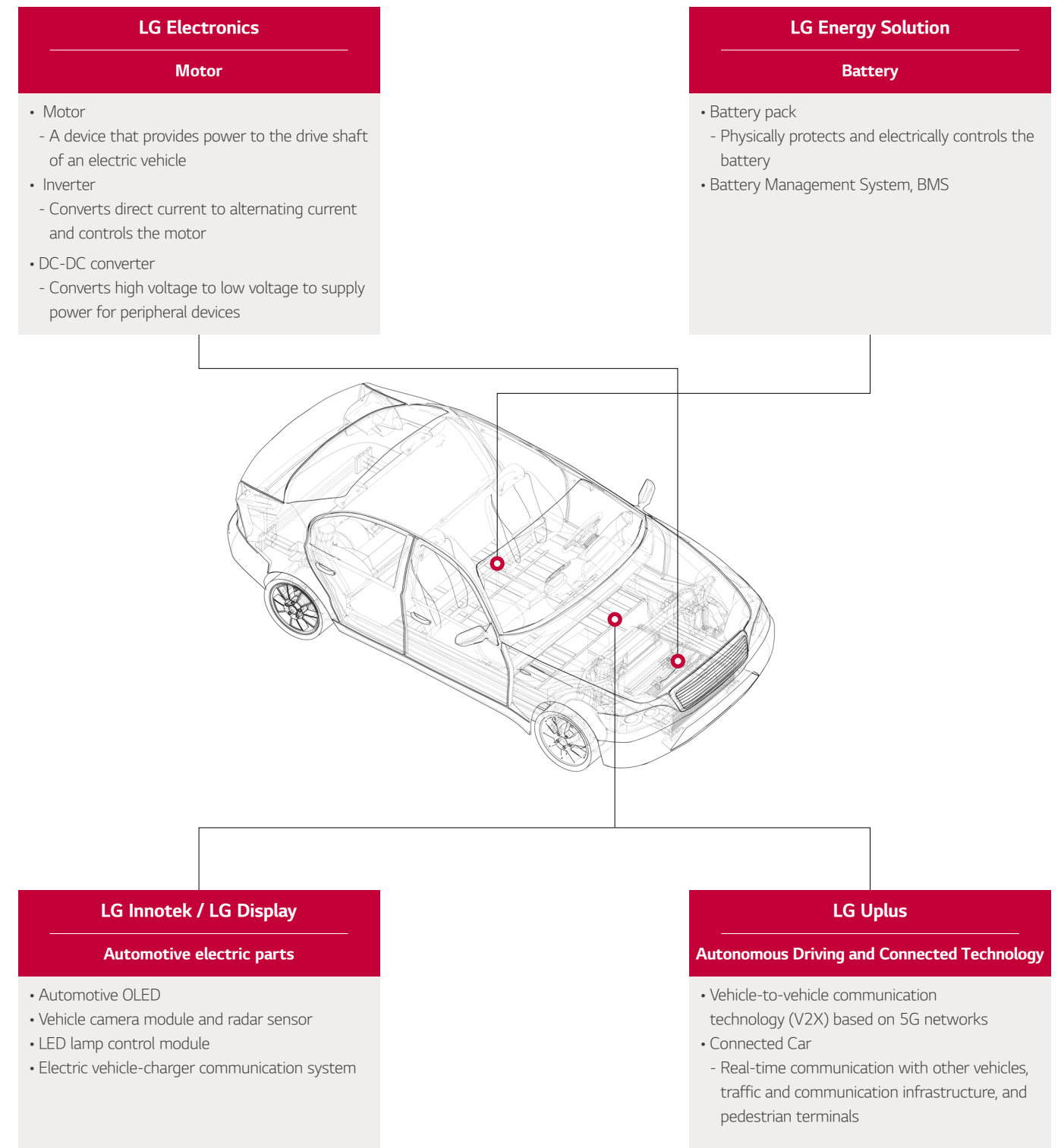


“Building a plant that recycles methane into hydrogen fuel”

LG Chem plans to build a plant that produces 50,000 tons of hydrogen fuel per year using a technology that converts methane gas generated from the Naphtha Cracking Center (NCC) process in Daesan, South Chungcheong province, into hydrogen by reacting it with high-temperature steam. When high-purity hydrogen is combusted, there is no separate emission of carbon dioxide, so if we use it as a petrochemical fuel, we can achieve a significant reduction in carbon emission compared to the conventional hydrogen. By replacing methane used in the NCC process with hydrogen, we plan to reduce carbon emissions by about 140,000 tons per year and increase the proportion of clean fuel use to 70% by 2025.

Electric vehicle parts business

The LG Group possesses a high level of technological competitiveness based on the businesses that affiliates have been promoting in key areas of the electric vehicle parts industry, such as motors, batteries, telematics, and autonomous driving – core technologies for electric vehicles.



Performance

- ESG Data Management
- ESG Footprint
- ESG Data
- Practice

ESG Data Management

Our Purpose

As the demands of major stakeholders for corporate ESG information disclosure are increasing, regulations on corporate ESG information disclosure are expected to be introduced in major countries. LG will use non-financial data as a reliable indicator for corporate decision-making by setting and managing goals based on standardized collection and analysis of non-financial data.

Our Approach

LG has started to standardize the measurement of group non-financial data from 2022. Through this, we aim to secure the accuracy, timeliness, and comparability of non-financial performance by setting the definition of non-financial data items, management scope, and measurement standards. After the first completion in 2022, we plan to expand the scope of data management and improve the completeness of management by reflecting it on the ESG IT Platform currently being built.

Goal	To provide insight into ESG management through accurate management of non-financial data and early detection of internal and external risk
Approach	We will focus on data-based non-financial performance management to standardize and optimize ESG data management in the short term, and expand and advance functions and services to establish a quantitative data-based risk management system in the long term.
Expansion of Functions	From the business site where data is generated to the management, the functions required for DX (Digital Transformation) of ESG management are modularized and implemented and expanded step by step Ex) Target management / Response to stakeholders / Carbon footprint management / Supply chain ESG management, etc.

ESG Data Management

Establishing an accurate management system for non-financial data

Standardization and optimization of ESG data management	
<ul style="list-style-type: none"> Integrated data management for ESG management indicators, indexes and key items, which can measure the sustainability performance of group/affiliates 	<ul style="list-style-type: none"> Establishing an end-to-end management system for ESG data optimized based on the system by approaching it from a data lifecycle perspective: work efficiency/optimization/automation through digital transformation

ESG Intelligence

Preemptive detection of non-financial risks and establishment of a foundation to support decision-making

ESG IT platform expansion and advancement (function · service level / scope of application)	
<ul style="list-style-type: none"> Establishing integrated · extended data management processes for domestic and overseas business sites by applying group management standards/policies and spreading DX in the ESG business area 	<ul style="list-style-type: none"> Strengthening trend analysis for efficient identification of external trends and response to stakeholders, and adding AI analysis function focusing on specific areas

Phase. 1 2022~2023

- Collect/manage quantitative data
- Display data analysis result
- Collect external information

Phase. 2 2024~2025

- Expand the scope of data collection
- Advance data analysis
- Develop additional functional modules

Phase. 3 2025~

- Integrate information disclosures
- Reflect qualitative data
- Stabilize/advance system

ESG Footprint

As of the end of December 2021

Economy	KRW 176 trillion LG Group* has recorded a total revenue of about KRW 176 trillion. <small>* Performance of key listed companies (LG Corp., LG Electronics, LG Display, LG Chem, LG Household and Healthcare, LG Uplus, GILR) on a consolidated basis</small>	260,000 persons LG Group employs a total of 259,915 workers across its domestic and overseas business sites.	KRW 8.7 trillion LG Group is spending approximately KRW 8,665.2 billion in R&D expenses.
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Environmental	21.7 million tons 7 key LG affiliates* emit about 21.7 million tons of greenhouse gases (Scope 1+2). <small>* LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household and Healthcare, LG Uplus</small>	5 Affiliates 5 key LG affiliates have declared their commitment to transition to 100% renewable energy. <small>* LG Electronics, LG Innotek, LG Chem, LG Energy Solution, LG Uplus</small>	12 Business sites LG Group has acquired zero waste-to-landfill certification at 12 business sites to enhance resource circulation <small>- As of the end of August 2022</small>
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Social	KRW 980.1 billion Through matching with domestic banks, 8 key LG affiliates are operating a mutual growth fund of KRW 980.1 billion as a loan program for suppliers	88 hours LG Group provides various opportunities for self-development and organizational capability improvement through an average of 88 hours of training per employee every year.	KRW 150.9 billion LG Group is fulfilling its responsibilities to the local community through social contribution donations and investments of about KRW 150.9 billion.
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Governance	10 Affiliates LG Group has newly established an ESG Committee and Internal Transaction Committee in 10 affiliates as part of efforts to establish transparent governance.	30.6% 11 out of 36 independent directors in LG Group are female, ensuring diversity in the Board of Directors <small>- As of the end of June 2022</small>	2 Affiliates 2 major LG affiliates* have improved the independence and transparency of the Board of Directors by separating the roles of the CEO and BOD chairman <small>* LG Electronics, LG Innotek</small>
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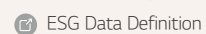
- Refer to 82-83p ESG Data Definition for detailed standards, definitions, scopes, etc.

ESG Data Definition

ESG Data

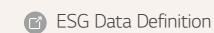
Category	Data	Criteria	Unit	LG Group Total		
				2019	2020	2021
Climate Change	GHG emissions	GHG emissions (Scope 1+2)	thousand tCO ₂ -eq	21,327	20,482	21,693
		Scope 1	thousand tCO ₂ -eq	9,146	8,254	8,580
		Scope 2	thousand tCO ₂ -eq	12,181	12,228	13,113
		GHG emissions (Scope 3)	thousand tCO ₂ -eq	3,158	6,640	4,761
		Purchased goods and services	thousand tCO ₂ -eq	2,315	5,847	3,971
		Upstream transportation and distribution	thousand tCO ₂ -eq	772	769	769
		Business travel	thousand tCO ₂ -eq	71	24	21
	Energy use	Total energy use	TJ	292,468	289,472	316,892
		Direct (Fuel)	TJ	107,194	107,499	119,247
		Indirect (Electricity, steam)	TJ	185,274	181,973	197,645
Resource & Waste	Water management	Water intake	thousand tons	154,742	138,081	149,572
		Water use	thousand tons	54,475	46,458	49,586
		Water discharged	thousand tons	100,268	91,623	99,986
		Total recycled/re-used water	thousand tons	148,186	134,382	136,766
	Waste management	Total waste generated	ton	439,430	431,039	478,006
		General waste	ton	219,947	212,418	237,239
		Recycled	ton	167,101	173,868	190,941
		Incinerated	ton	32,276	29,629	33,977
		Landfill	ton	20,461	8,685	11,793
		Other	ton	109	236	530
		Designated waste	ton	219,483	218,621	240,765
		Recycled	ton	167,296	164,838	189,286
		Incinerated	ton	45,657	47,643	45,940
		Landfill	ton	2,457	714	705
	Other	ton	4,073	5,426	4,835	
	Emission of volatile organic compounds (VOC)	Directly emitted VOCs	ton	231	833	998
Safety & Health	Industrial accident	Lost time injury frequency rate (LTIFR)	case/million hours	0.43	0.45	0.41

- Refer to 82-83p ESG Data Definition for detailed standards, definitions, scopes, etc.



Category	Data	Criteria	Unit	LG Group Total		
				2019	2020	2021
Employees	Diversity	Total no. of executives	person	118,010	118,512	121,858
		Male executives	person	940	953	965
		Female executives	person	57	74	87
		No. of disabled workers	person	2,244	2,290	2,518
	Recruitment and turnover	Total no. of new hires	person	11,063	5,800	11,832
		Male	person	9,073	4,775	9,520
		Female	person	1,657	1,025	2,312
		Total employee turnover	person	7,691	4,188	4,739
	Skills development	Voluntary turnover	person	5,500	2,484	3,314
		Company-wide average training time per person	hour	43	33	88
		Company-wide average training cost per person	KRW	1,210,913	790,852	979,218
	Parental leave	Rate of return from parental leave	%	91	93	90
		Users of parental leave	person	2,447	2,510	2,635
		No. of returnees	person	2,222	2,323	2,383
Labor union membership	No. of members	person	40,438	43,920	46,477	
	Membership rate	%	34	37	38	
Community	Investment in social contribution	Total donations and investments	KRW million	81,600	93,345	150,879
Compliance	Violations of anti-competition/anti-trust laws/regulations	case	case	9	1	2
		fine	KRW million	4,654	-	690
	Violations of socio-economic laws/regulations	case	case	6	13	12
		fine	KRW million	6,113	16,743	3,036
	Violation of environmental laws/regulations	case	case	18	19	12
		fine	KRW million	222	757	255

- Refer to 82-83p ESG Data Definition for detailed standards, definitions, scopes, etc.



Practice

Environmental Management

Direction

LG Group strives to minimize the environmental impact caused by its business activities. By expanding green products, strengthening new green businesses, and other such efforts, it is responding to climate change issues and contributing to eco-friendly, green growth. In this respect, it is promoting sustainable growth and the creation of new customer values. Moving forward, we will establish a climate risk management system to identify, classify, and assess climate change risks in accordance with the business characteristics of each LG affiliate. The risk management system might facilitate the identification and analysis of climate risks and opportunities, materiality and impact analysis, risk and opportunity management, monitoring, and assessment. Through this risk management system, LG will establish mid- to long-term strategies to respond to, and manage, physical and transition risks relating to climate change.

Key Activities

Establishing an environmental, safety, and health management policy

LG Electronics operates an integrated, company-wide SHEE* standard system for energy, the environment, safety, and health, based on SHEE management regulations. To practice environmental management, it has established environmental management guidelines through which it strives to protect the environment and realize a sustainable society. LG Chemical and LG Energy Solution have updated their environmental, safety, and health management guidelines, publicly announcing their management commitment in this respect and working to establish policies with consistent direction.

SHEE standard system at LG Electronics

Mid- to long-term SHEE goals	<ul style="list-style-type: none"> • ZERO production stage GHG emissions by 2030 (50% reduction in business sites compared to 2017) • Recycle 95% of business waste by 2030 • Expanding the establishment of the global SHEE integrated management system • Leveling up the SHEE competency of overseas business sites
SHEE standards system management process	<ul style="list-style-type: none"> • Collecting stakeholder opinions • Derivation of issues for company-wide response • Establishment and revision of related principles • Application of SHEE standards

* Safety, Health, Environment, Energy

Establishment of EESH management system

LG Innotek is actively carrying out change management activities in each field under the vision of becoming the 'Global No.1 EESH* Leader in Materials and Components.' We have established 79 regulations and guidelines for each sector, and an EESH management system for all domestic business sites based on international standards such as ISO 14001 (Environmental Management System) and ISO 45001 (Safety and Health Management System) to set up strategies, manage goals, and carry out improvement activities. As a result of these efforts, there have been no serious violations of environmental laws or fines in the past three years.

* Environment, Energy, Safety, Health

Compliance with environmental laws and environmental training for employees

LG Electronics preemptively reduces risks, such as violations of environmental regulations, by monitoring improvements and carrying out diagnoses of the environment at production sites. Further, it strives to comply with environmental regulations, having installed facilities to prevent environmental pollution and continuously operating and improving its environmental management processes.

LG Display regularly reviews the legal compliance and risk status of its domestic and overseas corporate entities through its in-house diagnosis organization. By managing its environmental compliance risks, no such violations have occurred in the last 4 years. Moreover, environmental training - covering waste treatment processes, reporting of imported chemical substances, etc. - is carried out every year by the designated environmental safety officer in each team. This training strives to raise employees' awareness and capabilities in terms of the environment.

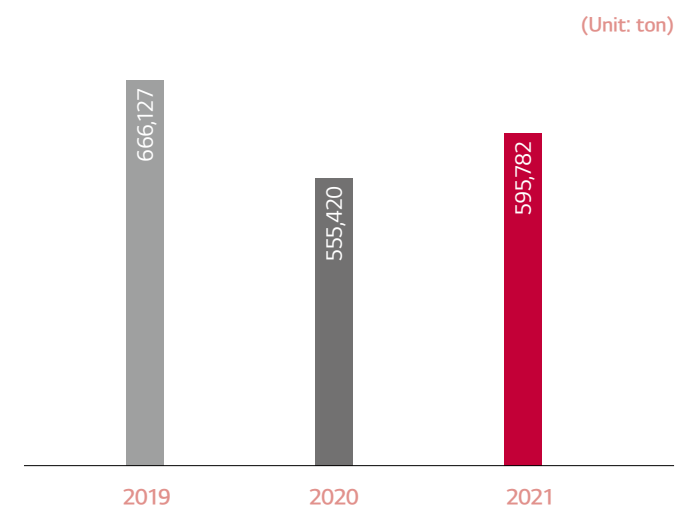
LG Chemical operates a professional skills development course for working-level environmental safety personnel to enhance the standard of environmental safety management among employees. Further, by providing roadmaps to become environmental safety experts, customized to the job functions and capabilities of working-level personnel, the company is striving to enhance the expertise of its environmental, health, and safety organization.

Activities to Reduce Environmental Impact

Water resource management

LG Household & Health Care is implementing various activities to reduce water consumption, such as managing the amount of water used by each business site, discovering and expanding the use of recycled water, and continuously finding ways to improve the areas that use a large amount of water. In addition, Coca-Cola Beverage and Haitai htb, in line with the nature of the business, in which water accounts for more than 80% of raw materials, have a five-year cycle of managing the sustainability of water resources by regularly evaluating related matters, such as raw water supply chains, issues of raw water, water quality, national water supply and protection policies, future prospects, etc. In addition, by conducting Aqueduct, a water risk assessment by the World Resources Institute (WRI), all business sites are continuously engaged in activities to identify and manage current and future water stress.

Water Consumption by LG H&H



Chemical management

LG Chem strictly checks the substances subject to management in accordance with product environmental management guidelines for all products, and establishes an inventory of chemical substances for each product and a global chemical substance regulation database to review compliance with each regulation online. In addition, by integrating the ingredient information in the product into the BOS (Bill of Substance) management system, the presence and amount of hazardous substances is constantly monitored. Further, receipt of MSDS (Material Safety Data Sheets) is checked for all chemical substances purchased.

Management of atmospheric pollutants

LG Display and LG Innotek are installing and managing mitigation facilities optimized to reduce air pollutant emissions and improve the atmospheric environment. LG Display has set strict standards that are defined at 70% of the legally required standards. Further, backup facilities are installed in all prevention facilities in case of failure, a real-time measurement system for pollutant emissions is being established, and portable measurement equipment are being introduced. LG Innotek has also introduced mitigation facilities and regularly measures pollutants emitted by each business site. It analyzes the concentration of all air pollutants on an annual basis and checks for the emission of new pollutants. From 2021, it has continued to strengthen investments in this respect, including the installation of backup facilities for atmospheric pollution mitigation at each business site. The company is also reducing NOx emissions by installing low and ultra-low NOx burners in boilers, which are a major source of emissions.

LG Chem includes dust, nitrogen oxides (NOx), sulfur oxides (SOx), hazardous air pollutants (HAPs), and volatile organic compounds (VOCs) within its scope of management. It evaluates the causes and impacts of emissions and periodically inspects emission facilities to minimize pollutants emitted into the atmosphere. To this end, LG Chem has reduced the use of fossil fuels in the cracking furnace (a facility that produce petrochemical raw materials by decomposing naphtha at high temperatures) at the Naphtha Cracking Center (NCC), which accounts for the largest share of carbon emissions, and has switched to eco-friendly fuels such as biomass and hydrogen.

Environmental Management

Biodiversity

Water Ecosystem Conservation

LG Display is focusing on securing stable water resources and managing water resource risks. This is due to the nature of the industry, where water consumption is high and a large amount of ultrapure water is used in the manufacturing process. As a result of efforts to manage water resources, such as self-purifying and reusing low-concentration wastewater generated during the production process, as well as carrying out the 'Sewage Treatment Water Reuse Project', the company has maintained its standing as an excellent company in the 'water management' sector of the CDP (Carbon Disclosure Project) assessment for 4 consecutive years. Accordingly, the Paju plant discharges treated wastewater to the upstream and reservoir of Manucheon, and various species of fish, including Zacco platypus, crucian carp and freshwater eel, which live mainly in grade 2 water, are able to form a healthy ecosystem.

Installation of an Otter Playground

In June 2022, LG H&G installed an 'Otter Playground' in Yeoui Saetgang Ecological Park to help restore the deteriorating habitat of otters, a grade 1 endangered wild animal in the Han River. It is also supporting public awareness activities, education, and construction of various infrastructures to preserve endangered animals.

Establishment of a Bee Park

In June 2022, LG H&H established a 4,700-pyeong bee park where various insects such as bees, butterflies, and beetles can live. Moreover, in the vicinity of the Ulsan and Onsan industrial complexes, the company has planted more than 500 native wheat plants that bloom and produce honey, thereby creating an urban ecosystem and promoting biodiversity.

Protection of plant species diversity using ICT

As part of its biodiversity conservation activities, LG Uplus installed the 'Uplus Smart Radar' at the Baekdudaegan Global Seed Vault*, a permanent preservation facility for wild plant seeds in the National Baekdudaegan Arboretum. The 'Uplus Smart Radar' service is the first service in Korea to detect security incidents and facility intrusions using radar in the 77GHz frequency band. It is installed at the entrance of the Seed Vault and the archives storage, so that the AI can automatically detect the movement and location of the intruder and immediately notify the administrator to ensure storage safety. LG Uplus will develop its services to disseminate 'Uplus Smart Radar' to various public institutions, starting with the Seed Vault.

* Seed Vault: A national security facility and one of only two permanent, plant seed storage facilities in the world, along with the Svalbard Global Seed vault.

Conservation of moss species

The LG Evergreen Foundation conducted a systematic research project on moss propagation, in a reminder of the preciousness of nature and the importance of protecting the ecosystem. Through this project, the foundation developed a technology that allows moss to grow well anywhere, as well as creating the 'Moss Garden' – the only garden made of moss in Korea. The largest moss garden in Korea, with an area of about 2,000 pyeong, is located in Hwadam Forest, an ecological arboretum established by the LG Evergreen Foundation. About 30 types of moss, including pine moss, feather moss, and rock moss, are can be found here.

Firefly Conservation

The LG Evergreen Foundation has created a firefly garden in Hwadam Forest to help protect fireflies, a rare insect. The garden provides fireflies with an optimal habitat spanning about 800 pyeong. As a result, about 1,000 artificially propagated fireflies have been restored and settled in their natural environment. In June 2022, the 'Fireflies! Light up the Night Road' event was held, allowing 5,000 spectators to directly experience fireflies lighting up the night sky.

Eco-friendly R&D

Development of carbon neutral technology

| Development of CO₂ catalytic converter technology | To accelerate the development of carbon-neutral source technology, LG Chem has signed an agreement with UNIST* and plans to promote joint R&D on the catalytic converter technology required for the transition from carbon dioxide to hydrocarbons. Further, efforts are being made to strengthen external partnerships for R&D, such as cooperation on securing talented workers through the Carbon Neutral Institute - due to open in 2022.

| Development of electrochemical conversion technology | LG Chem has also signed an agreement with KIST** for joint R&D on carbon neutral technology, and has launched a joint lab to explore electrochemical production techniques for ethylene using CO₂. Through the development of electrochemical conversion reactors that increase the efficiency of converting carbon dioxide to carbon monoxide, LG Chem has established a foundation for the commercialization of carbon dioxide conversion technology.

* Ulsan National Institute of Science and Technology

** Korea Institute of Science and Technology

Investment in carbon reduction facilities

LG Chem is striving to introduce innovative processes, such as eco-friendly fuel conversion and carbon capture and utilization technology (CCU), as well as recycling and switching to low-carbon raw materials, such as bio, to reduce direct emissions (Scope 1) from business sites.

LG Display has made about KRW 40 billion in environmental investments to reduce the gases used in manufacturing processes at its production plants. To this end, it has installed a reduction facility that can decrease greenhouse gases by more than 90%, and replaced the process gas used in display etching with a substitute that has a low global warming index.

Accelerating clean beauty research

For the first time in Korea, LG Household & Health Care established the Clean Beauty Research Center in 2020 to intensively research clean beauty, which has become a global beauty trend. The research center is practicing the 4Rs (Recycle, Reduce, Reuse, Replace) through the application of eco-friendly containers, the use of renewable natural materials, the development of prescriptions and manufacturing methods that reduce the burden on the environment, safe prescriptions without deterioration in quality, high-efficiency products with honest ingredients without green washing, and ethical products that actively use vegan and fair-traded materials. In 2021, the 'Clean Beauty Inside Lab' was established within the research center to upgrade the contents of Clean Beauty Inside, and the 'Clean Beauty Index' was introduced to measure, analyze, and manage products. The Clean Beauty Research Center will continue to pursue sound research and continuous innovation. It will strive to provide Clean Beauty with diverse values for customers, contribute to the preservation of the global environment, and facilitate the creation of a fair society.

R&D Status of LG Household & Health Care

R&D investment in 2021

KRW 156.6 billion

Patent rights holdings

Domestic 1,821 cases

Overseas 638 cases

- As of the end of December 2021

Response to Climate Change

Governance

Laying the foundation for ESG management, LG Group has newly established the ESG Committee - through the engagement of all independent directors within the Board of Directors and the CEOs of each affiliate - to deliberate on key company-wide policies relating to ESG. The ESG management system is supervised by the ESG Team within LG Group, and this team takes the lead on major decision-making by selecting ESG agenda, including climate change, for the ESG Committee (composed of 4 independent directors and 1 executive director).

Strategies

Centered on the major listed LG companies, LG Group has established a climate change response strategy and committed to achieving Net Zero - as well as a 100% transition to renewable power. LG Electronics was the first company in Korea to commit to an SBTi-aligned target for carbon neutrality by 2030, whilst LG Chemical was the first in the domestic chemical industry to commit to carbon neutral growth by 2050. In February 2022, it committed to bringing forward its carbon neutral growth target by 20 years, with a view to achieving net zero by 2050. Further, as an eco-friendly battery company, LG Energy Solution is demonstrating its leadership in responding to climate change through its membership of both RE100 and EV100 in 2021 - a first in the battery industry. Moving forward, LG Group plans to continue supporting the leading responses to climate change by its affiliates by promoting target management, establishment of an implementation system, and monitoring of affiliates' GHG emissions/reductions on a group-level. It will also accelerate carbon reductions and the exploration of joint projects, including joint procurement of new renewable energy and promotion of carbon offsetting projects.

Risk Management

The ESG Team at LG Corp. identifies risks associated with climate change and strives to determine and mitigate potential financial impacts on key LG affiliates. Moving forward, we will establish a climate risk management system to identify, classify, and assess climate risks in line with the business characteristics of each affiliate. The risk management system might include identifying and analyzing climate risks and opportunities, analyzing materiality and impacts, managing risks and opportunities, monitoring, and assessment. Through the risk management system, LG will establish mid- to long-term strategies to manage physical and transition risks relating to climate change.

Type	Climate Change Risks	Affiliates	Potential Financial Impact
Transition Risks	Regulation	Electronics	<ul style="list-style-type: none"> Increase in emission permit purchase cost and greenhouse gas emission regulations Risk of business operation due to non-response to new policies Degradation of brand image due to non-compliance with laws
		Chemical	<ul style="list-style-type: none"> Increase in emission permit purchase cost and greenhouse gas emission debt Profitability deteriorated due to the application of the European carbon border adjustment tax
		Telecom	<ul style="list-style-type: none"> Increased financial burden due to the emission trading system
Technology	<ul style="list-style-type: none"> Substitution with low-carbon products/services Cost of transition to low-carbon technology 	Electronics	<ul style="list-style-type: none"> Increased spending due to delays in technology transfer and new technology development
		Chemical	<ul style="list-style-type: none"> High cost for low-carbon technology and renewable energy conversion as an energy-intensive industry
		Telecom	<ul style="list-style-type: none"> Reduction of operating costs/direct costs through the use of low-carbon energy
Market	<ul style="list-style-type: none"> Consumer behavior changes Uncertainty of market signals 	Electronics	<ul style="list-style-type: none"> Negative impact on transactions due to unmet customer needs
		Chemical	<ul style="list-style-type: none"> Decrease in demand for existing products/services due to changes in customer preferences Production cost increase and profit decrease due to supply chain problems
		Telecom	<ul style="list-style-type: none"> Risk of insufficient response to new market creation
Reputation	<ul style="list-style-type: none"> Changing customer preferences Growing negative perceptions of the industry 	Electronics	<ul style="list-style-type: none"> Risks in investment attraction and transaction due to increased negative views of stakeholders
		Chemical	<ul style="list-style-type: none"> Reduced demand for products and services, including shrinking plastics market
		Telecom	<ul style="list-style-type: none"> Increased stakeholder concerns or negative views and consequent loss of assets
Physical Risks	Acute	Electronics	<ul style="list-style-type: none"> Expenses caused by domestic and overseas asset damage, productivity deterioration, and asset value decline
		Chemical	
		Telecom	<ul style="list-style-type: none"> Network failure due to temperature rise
Chronic	<ul style="list-style-type: none"> Changes in precipitation and weather patterns Rise in average temperature 	Electronics	<ul style="list-style-type: none"> Resulting increase in expenses between business operations
		Chemical	<ul style="list-style-type: none"> Rise in energy costs due to heat waves

Management Indicators and Goals

LG Corp. is building an ESG IT portal for indicator management that encompasses ESG. To this end, we plan to select and regularly manage ESG indicators for integrated management from the LG Group perspective and focus on greenhouse gas-related management such as the greenhouse gas reduction rate, the fulfillment rate against the greenhouse gas reduction target, and the renewable energy conversion rate. Furthermore, LG Group plans to establish a monitoring system for each affiliate to prevent greenwashing at the group level by setting carbon neutrality goals and preparing an implementation system. As the importance of carbon emission management in the supply chain grows, we plan to establish a Scope 3 calculation and management plan for each affiliate to lay the foundation for carbon management in the supply chain over the long term.

Key Activities

Eco-friendly data center

To reduce the greenhouse gas emissions that can occur from data center operations, LG CNS runs an eco-friendly data center using various technologies, including a built-up outdoor air conditioning system, a concentrated air conditioning system, an airflow optimization structure, and solar power generation facilities. In addition, the company has developed an eco-friendly IT system that integrates management of data center infrastructure (electricity, temperature, humidity, lighting, security facilities, etc.), and has built real-time monitoring systems such as DCIM*, PSM** and greenhouse gas management systems. Through these efforts, it is contributing to the reduction of greenhouse gas emissions by efficiently managing computer room energy. From the design stage, LG Uplus created an eco-friendly data center applying high-efficiency energy solutions and a building structure optimized for outdoor air cooling. By optimizing indoor air flow and the building structure for outdoor air cooling, energy efficiency was increased and the use of natural energy was maximized - including the use of solar power, rain water, and geothermal heat. Further, by increasing the temperature of cold water produced by refrigerators and optimizing the operation of cold water pumps, GHG emissions were reduced by 16,000 tons as a result of the energy saved.

* Data Center Infra Management System

** Power Status Monitoring

Application of digital technology

LG U+ is responding to climate change using digital technology. To reduce energy expenses in unmanned telecommunication stations, the company is planning the introduction of an energy monitoring system that can monitor the energy sources used in these stations and manage their power usage effectiveness (PUE*). Telecommunication stations contain telecommunications equipment and environmental facilities, which mostly consist of air conditioners and thermostats to cool the heat emitted by the telecommunications equipment. The efficient use of these facilities and equipment can reduce energy costs. In winter, outdoor air - which is cooler than indoor air - is used to further save the energy consumed by environmental facilities.

* Power Usage Effectiveness: Total energy use ÷ Energy consumed by IT facilities; a lower figure represents greater efficiency

LG Smart Park

Cutting edge technologies can be found in the LG Smart Park, which LG Electronics operates to reduce the carbon emissions from product manufacturing. The LG Smart Park, which includes BECON - a building energy management solution - and energy storage systems (ESS), not only improves energy efficiency by about 30%, but also uses AI and big data to reduce the logistics area by 30% and materials loss by 80%. Further, waste steam from the waste incineration plant is recycled to the production zone of the LG Smart Park, resulting in highly effective reduction of GHG emissions. In recognition of such innovation, the LG Smart Park was selected as a Lighthouse Factory* by the World Economic Forum (WEF), in a first for the electronic appliances industry. Moving forward, the LG Smart Park will continue to increase its proportion of solar energy generation.

* Refers to a factory that is leading the global manufacturing industry into the future through the introduction of innovative technologies, in the same way as a lighthouse guides the way by shining a light in the night sky. The WEF selects and gives recognition to such factories from around the world twice a year.

Circular Economy

Direction

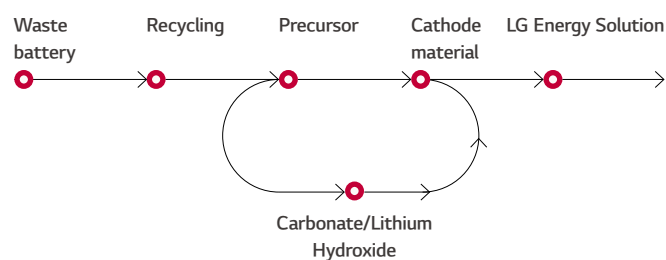
LG Group strives to minimize the loss of resources and energy, separates and collects waste in an effective manner, reuses waste as a resource, and recycles any remaining waste as an energy source.

Main Activities

Battery Recycling

Batteries discharged and collected after being used in electric vehicles still have 70% to 80% or more of their lifespan remaining. Moreover, even if an electric vehicle battery has reached the end of its life, it can be used as a resource for a variety of purposes following a series of processes to enable re-use. LG Energy Solutions has established a process that can use spent batteries as valuable energy resources. Based on the battery life cycle, this process extracts metals such as lithium, cobalt, and nickel from batteries or process scraps after use, and recycles them in the cathode material production stage. In this way, it has formed a closed loop system and is increasing the proportion of recycled raw materials used.

Battery recycling process

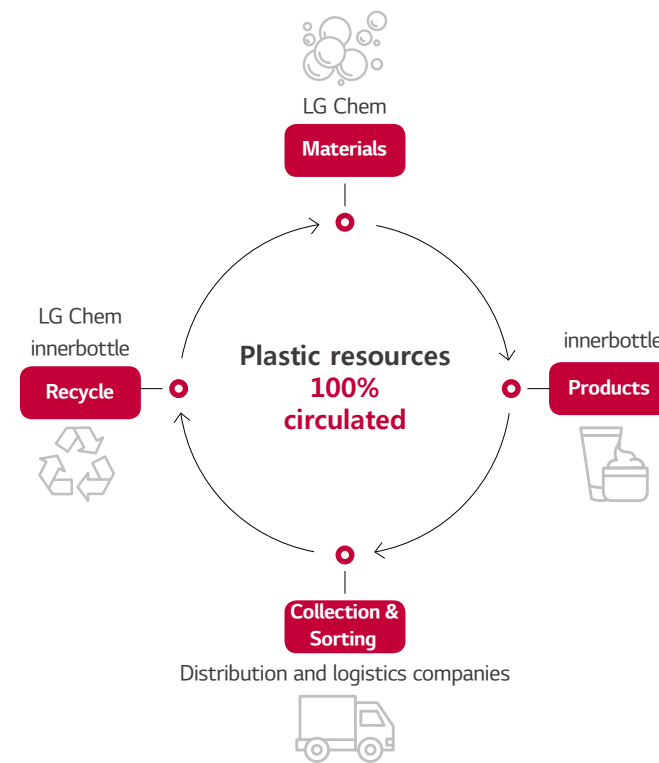


Bio/biodegradable plastics

LG Chem intends to take the lead in responding to plastic waste. To this end, the company is actively participating in the realization of a circular economy by joining global initiatives such as the Ellen MacArthur Foundation (EMF), and furthermore, is creating its own circular economy model.

By signing an MOU with domestic partners to establish a resource circulation platform by 2022, LG Chem plans to reuse 100% of plastic resources. A cosmetic supplier will make cosmetic containers from plastic materials provided by LG Chem, and logistics suppliers will collect used cosmetic containers and recycle them to LG Chem to be used as raw materials.

LG Chem-Cosmetic Supplier Circular Economy Model



Expansion of eco-friendly packaging

LG Electronics has developed the 'Eco-friendly Packaging Design Guidelines', which are guidelines for reducing the weight and volume of packaging materials, as well as promoting reuse and recycling, and is applying them to all products. As part of this effort, eco-friendly materials, such as recycled resin, jersey, and paper, were applied to soundbars in 2021, and expandable polystyrene (EPS) was removed from the packaging material. Further, eco-friendly packaging materials were developed using pulp mold and corrugated board materials. The company has also actively engaged in waste reduction activities, such as drastically reducing the amount of paper used as a cushioning material for outdoor system air conditioning units – from 2,950g to 300g – through the 'Packaging Material Reusability Evaluation' pilot project in July 2020. LG H&H has made diverse efforts to expand green packaging, such as decreasing container use by improving packaging methods, increasing recyclability by improving the materials used, and reducing plastic usage. Specific pouch packaging has been improved with band labels or shrink film, the material of existing plastic trays has been changed to paper, PCR plastic has been applied to containers, and all plastic pump development has been improved further. In addition, packaging made from recycled and natural material-derived plastic was developed to expand the use of packaging materials that reduce plastic consumption. Through these efforts, it has been possible to reduce waste emissions and production costs.

Green product certifications

Classification	Unit	Performance
Eco-Label		184
Environmental Product Declaration (EPD)	No.	4
Total		188

- As of 2021

Launching new eco-friendly products

In 2021, LG H&H launched a variety of green new products that not only use eco-friendly raw materials and packaging materials, but also improve recyclability and reduce the use of plastics.

Type	Description
Label-free drink	Labels on PET containers have low recyclability due to dissimilar raw materials and adhesives. LG H&H has improved recyclability and reduced plastic usage by removing labels from PET containers used in beverages. Label-free was applied to 16 products including Coca-Cola and Seagram, and the amount of petroleum-based materials used in labels was reduced by 71 tons. Further, recycling contributions and product costs were reduced by KRW 630 million.
AURA Vilux Refill Pouch	LG H&H has reduced carbon emissions and the use of petroleum-based plastics by reusing discarded plastics in 13 products, including the AURA Vilux Refill Pouch. By using recycled plastic raw materials in pouch products and refilling contents into containers, the company was able to increase the utilization of waste plastics and reduce the use of petroleum-based plastics by 11.2 tons per year.
Royal Botanic Pumping Toothpaste using regenerated ingredients	In order to reduce the use of petroleum-based plastics, the company is expanding the use of eco-friendly raw materials using natural-derived raw materials when manufacturing containers. In 2021, Bio-Balanced PE material, which is 30% composed of raw materials extracted from waste cooking oil, and regenerated PP from recycled waste plastics, were applied to Labotanic Pumping Toothpaste, replacing up to 54% of petroleum-based plastics used in containers.
Replacement of films for toothpaste bundles	The shrink film used to bundle several products was discarded after distribution, so packaging was required to be simplified. By replacing the film used in the toothpaste bundle in the form of a label, the amount of petroleum-based plastic used has been reduced by 25 tons, and recycling contributions and product costs have also been reduced by approximately KRW 90 million.

Establishing a Recycling-level Evaluation System (RES)

In line with the Act on the Promotion of Saving and Recycling of Resources, packaging subject to Extended Producer Responsibility (EPR) must be graded on their ease of recyclability. As a result, LG H&H has established its own Recycling-level Evaluation System (RES), which enables employees to check recycling grades and product managers to identify which aspects of a product must be improved to increase recyclability. This further serves as a voluntary recyclability improvement activity. In addition to recycling grades, the system will be continuously updated to include other information, such as separation and disposal labels. Through these improvements, recycling and disposal will become even simpler from a consumer's perspective.

Improving the recycling grade

LG H&H has established its own grading system in line with the newly revised recyclability grading system by the Ministry of Environment, and systematically manages all grading of packaging material accordingly. In 2021, through activities such as changing colored PET to colorless, 12% of products that were difficult to recycle were upgraded to a recycling grade of 'normal' or higher by 2020. In the case of Pyeongchang Water and Seagram, they were upgraded to label-free, colorless PET bottles and received the highest grade in the recycling evaluation, 'Best in Recycling'

Recycling waste

LG Electronics aims to achieve a 95% recycling rate of waste generated at its production sites around the world by 2030. To this end, it is expanding the recycling of business site waste by establishing a waste recovery and transportation system and promoting resource recycling programs. In addition, the company is striving to establish a collection, transport and recycling system and recycle solar power facilities by recycling waste from solar power plants at some Korean business sites into raw materials such as glass, aluminum, and silicon.

LG Innotek and LG Energy Solution are achieving zero waste by acquiring waste-related certifications. In 2021, LG Innotek acquired the 'Zero Waste to Landfill' Platinum grade - a global resource circulation certification - at its Gumi 2 and 3 plants, in a first for the materials and parts industry. In addition, LG Energy Solution has been recognized for 100% resource circulation at its LGESNJ worksite in China, receiving the highest platinum rating from UL (Underwriters Laboratories), a global certification organization. Moreover, the LGESMI corporate entity in the United States has been recognized by the National Sanitation Foundation (NSF) for only sending under 1% of its total waste to landfill - enabling it to maintain Landfill Zero certification for five consecutive years, beginning in 2018.

Talent Management

Direction of Talent Recruitment

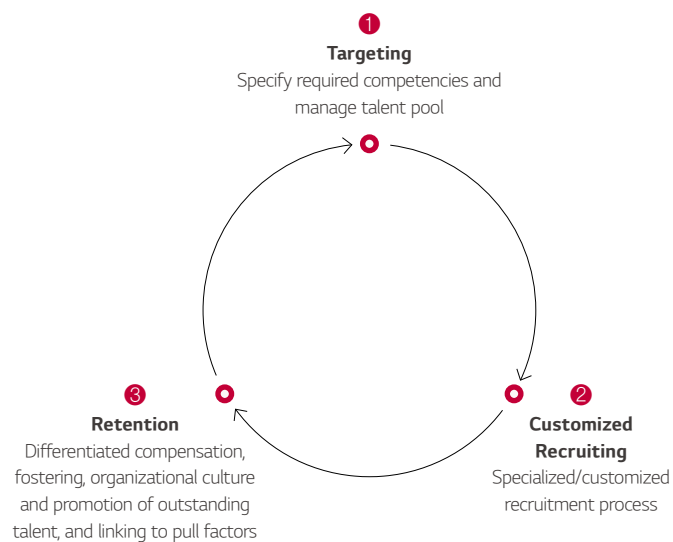
Changes in LG Group's recruitment method

LG Group has discontinued the group-wide open recruitment process, and instead implements recruitment for each affiliate. In addition, in order to enhance the objectivity of talent selection, we have supplemented the selection methods that can predict personality and job competency, alleviated excessive dependence on specifications, and introduced personality and aptitude tests at the group level to strengthen applicant-level verification by expanding comparison groups.

Year-round recruitment

LG Group conducts rolling recruitment to hire talent throughout the year. All affiliates have introduced internship programs to establish a virtuous cycle system that leads to talent, verification, employment, and nurturing by clearly calculating and managing targets for each required competency, and by operating a specialized recruitment process for each business division and a unique compensation and cultivation system. In addition, we are striving to enhance our recruitment brand image by introducing an online personality test to ensure a swift recruitment process, installing a real-time recruitment consulting chatbot on the recruitment site, operating a technology-oriented recruitment process (such as AI document screening and interviews), and providing convenience for applicants.

Expected Impact of Conversion to Year-round Recruitment



Key Activities

IT Leadership Academy

LG CNS operates a recruitment program optimized for the digital transformation (DX) business. LG CNS's unique IT Leadership Academy, a new employee recruitment program, recruits new employees by conducting online coding or task analysis tests. The company is also utilizing various internship programs categorized by degree and major, such as the 'Master's and Doctorate Customized Internship', 'IT Core Talent Academy', and 'Digital New Technology Academy' as a channel to discover talented people.

LG's R&D Talent Attraction Program

LG Group holds the 'LG Tech Conference' for domestic R&D talent in master's and doctoral programs in science and engineering. The purpose of the event is to attract outstanding R&D personnel at the group level, with top management, executives, and employees setting out the status and vision of LG's technological innovation. The CEO, Kwang-mo Koo, personally visited the event in 2019 and held a direct meeting with talented postgraduate students in the technology fields that will lead us into the future. Moving forward, through efforts such as the launching of LG Aimers (an AI education program for university students) in July 2022, LG Group will continue to nurture top R&D talent and foster an innovative research environment.

The BC (Business & Campus) tour, where LG Chem's key management directly communicates with talented local people and conducts on-site interviews, introduces the company's vision and R&D status, and includes time for conversations with management, where the CEO, CTO (Chief Technology Officer), and CHO (Chief Human Resources Officer) participate as a panel. In the first half of 2022, the tour was held in Frankfurt, Germany to invite master's and doctoral talents with new ESG business technology from major European universities such as Oxford University and Zurich University of Technology. In the second half of the year, the event will be held for graduates and Ph.D. talents from major U.S. universities, and continuous efforts will be made to secure global talent.

Direction of Human Resources Development

LG Group nurtures talents based on a systematic curriculum covering new hires, job-specific training, and leadership training, and operates evaluation and compensation systems to accelerate the creation of business outcomes and promote employee competency development. In addition, by pursuing a dynamic work culture based on autonomy and responsibility, we are creating a horizontal culture where we can respect each other, share opinions freely, and express our creativity.

Key Activities

Fostering in-house DX experts

LG CNS operates an in-house IT expert training program. Through this, it is nurturing experts in new technology fields including AI, big data, and cloud and AM (Application Modernization). In addition, the company is strengthening the global competency of its employees by implementing 'TCT (Technology Certification Test)', its own technology competency certification test, and conducting global language programs such as 'G-CAMP (Global-CAMP)' and 'GBC (Global Business Communication)'.

Operation of an E-Library

LG Electronics is operating an E-Library where members can find what they need online anytime, anywhere. High quality content, which can be studied in about 15 minutes, will be constantly provided.

E-Library Contents

3,383 items

Domestic

Divided into job competency, leadership, and other competencies, and supporting micro-learning for each job-specific competency.

Overseas

Classified by corporate leadership and job competency and used as a guide for each job function

- As of the end of May 2022

Employee Welfare Program

LG Display operates a flexible working system and provides various welfare benefits such as medical expense support and group insurance support. In addition, it is striving to improve work efficiency by enhancing the life satisfaction of employees through health programs that support their mental and physical stability and life cycle customized support programs that support the daily lives of employees and their families.

To become a company where employees look forward to coming to work every morning, LG Energy Solution strives to provide them with 'diverse happy experiences within the workplace.' To this end, activities for a healthy mind and body, family-friendly activities to support a healthy family life, activities to boost morale and comradeship, and activities to promote happiness by fostering a culture of sharing in the community are carried out so that employees can feel that they are valued members of the company.

Inhwawon Training Programs

| MVP (My Vision Planning) | The MVP course aims to find ways for employees to lead in their work and grow based on an understanding of LG management policies and changes in the world. It consists of three courses: customer value innovation in the digital age, customer experience and DX, and self-growth and proactive implementation. The course has been of great practical help to employees due to its high relevance to their work.

| Practicing ESG Management | The practice of ESG management can be seen as a process for the diffusion of ESG management across the value chain, based on a correct understanding of such management. This is a program prepared to help working-level ESG employees identify needs from the perspectives of various stakeholders – as well as learn from each company's ESG management perspective. By understanding corporate ESG management trends, policies, and strategies, including cases from outstanding peer companies, we can improve our ability to practically implement ESG management strategies. Overall satisfaction with the program was high, as participants are able to listen to the opinions and insights of subject-matter experts, study diverse corporate cases of ESG management, and gain insights into new fields.

Human Rights Management

Direction

LG Group prioritizes humans in line with its policy of people-oriented management. To this end, it recognizes human rights management - ensuring that human rights, the fundamental rights possessed by all humans, are respected and not violated - as an important part of ESG management. Further, in accordance with the norms of human rights management demanded by global society, we will improve our internal standards of management to foster a positive work environment where employees' voices are respected.

Key Activities

Policies that respect human rights and diversity

Based on the management ideology of respect for humanity, key affiliates such as LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG H&H have established global labor policies, global human rights and labor policies, and human rights policies to ensure the protection of all stakeholders' human rights - including employees, customers, and suppliers. These policies stipulate compliance with labor relations laws and regulations in the countries and regions where LG operates, as well as ensuring minimum wages and job stability for employees from a social and economic perspective. Moreover, LG respects and supports the purpose and intent of global standards on labor and human rights, including international human rights commitments, the UNGC Principles, labor principles, and the UN Guiding Principles on Business and Human Rights.

<LG Electronics Diversity and Inclusion Policy>

Diversity and engagement for all

We firmly believe that a culture of respecting individual diversity is key to promoting flexible thinking as well as developing insight and capabilities of our members.

We respect uniqueness and diversity of our employees whether that be age, ethnicity, gender, gender identity, native language, race, nationality, country of origin, family, disability, color of skin, or any other distinguishing characteristic or trait. We also support and do not discriminate based on individual choices or preferences of our employees such as marital status, pregnancy, religion, belief, sexual orientation, social or economic class, education, political orientation, union activity, and military service.

Everyone at LG Electronics must recognize and respect each other's differences, where everyone can work freely as themselves. In this culture of diversity and engagement, we will be able to propose innovative solutions from diverse perspectives to create outstanding performance.

Innovation based on diversity and engagement is very much in line with our management philosophy of "Respecting Human Dignity" and "Creating Value for Customers."

The culture of embracing differences and going further to learn from such differences will promote sustainable growth of our company and help us achieve the goal of creating a better life for all.

Reporting and handling process

LG Innotek operates an intranet online sexual/workplace harassment reporting center to protect the human rights of its employees. Employees can access the online Sexual Harassment and Workplace Harassment Report Center via the 'Report Center' on the intranet, and when making a report, the handling procedure, person in charge, and confidentiality notice are announced. Anonymous reporting is guaranteed, and 11 counseling and investigation personnel (7 males and 4 females) are assigned to each business site to support smooth handling. We are also accepting reports through the semi-annual online sexual harassment and work harassment survey. Recently, in order to enhance fairness and rationality, we are receiving advice through external agencies on the outcomes of measures taken by the company. In addition, since 2013, the Junior Board (JB) and the labor union jointly conduct an employee grievance management survey every year. This is to raise awareness of discrimination and harassment in the workplace and use it as a grievance reporting channel. In 2021, 8 cases were received through the Reporting Center and 16 cases were received via the fact-finding survey, and disciplinary action and guidance measures were completed for all 24 cases.

LG Innotek Reporting and Handling Process



Human rights due diligence

LG Innotek identifies and analyzes potential risks through regular and ad-hoc due diligence such as signal management, HR audits, labor-management surveys, and a labor-management system. The risk assessment is based on an inspection checklist of 23 topics and 120 detailed items, and is conducted for domestic business sites and overseas production subsidiaries. In addition, based on the PDCA Cycle, the company operates a mitigation/prevention process to compensate for weaknesses such as discrimination and harassment within business sites and corporations, and to ensure compliance with working hours restrictions according to the audit results. As a result of the evaluation, the company is also reviewing potential risks through special management of employees who are vulnerable to labor and human rights violations. LG Innotek is fully committed to protecting workers' human rights by conducting labor-management surveys, operating regular reporting channels, and interviewing employees with respect to grievances during individual performance evaluation interviews.

LG Innotek human rights due diligence process

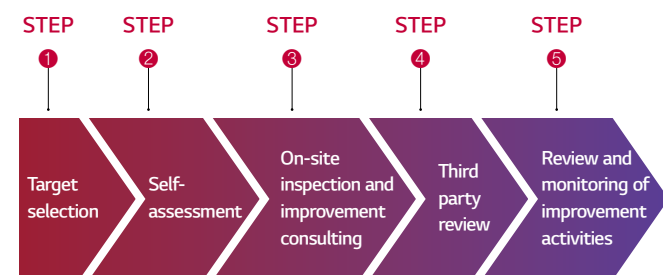
Type	Frequency	Method and details
Signal Management	Monthly	Management/supervisor's labor management activity Checklist self-inspection and due diligence Definition of labor-management entity (corporate head, HR team leader, labor-management manager, organization manager)→ Establishment of mission and R&R by subject→ Dissemination and role assignment→ Self-inspection (Q1)→ Monitoring & Feedback→ Due diligence at the headquarters level (Q4)
HR audit	Yearly	Labor/Human Rights Compliance Checklist Due Diligence Plan → Develop questionnaire items and evaluation method → Data collection → Analysis → Action plan development → Action plan execution and monitoring
Labor-Management Survey	Yearly	Organizational culture/work environment satisfaction survey for employees Planning→ Question Development→ Data Collection→ Analysis/Investigation→ Improvement Activities→ Check-Up

- Domestic worksites

Human rights risk management

LG Electronics continuously manages risks at all production sites. After joining the Electronic Industry Citizenship Alliance (now the Responsible Business Alliance) in 2010, the company has established and operates a five-step CSR risk management process using the RBAs self-diagnosis tool. The CSR risk management process of all production sites is integrated and managed under the supervision of the CSR team at the headquarters, and a CSR risk manager is designated and operated for each business site. In 2021, instead of on-site inspections due to COVID-19, an online in-depth self-inspection was conducted for all 33 production sites. As a result, the common risks identified are reflected in the system improvements and operation of each corporation to continuously manage business site CSR risks.

LG Electronics Manufacturing Plant CSR Risk Management Process



Human rights training

LG Uplus is making every effort to practice people-oriented management. In order to guarantee the basic human rights, labor rights and safety rights of employees, 'human rights management education', 'sexual harassment prevention education', and 'workplace harassment prevention education' were conducted for all employees. The company has established and is operating a grievance handling process that conceals the identity of the informant so that the difficulties of employees who are experiencing sexual harassment and harassment in the workplace can be mitigated. In addition, cases of harm and improvement are regularly disseminated to company-wide leaders through the grievance care center to prevent the re-occurrence of similar cases.

LG Uplus Human Rights Training Status

Type	Unit	No. of employees
Sexual Harassment Prevention Training		9,707
Workplace Harassment Prevention Training	Persons	5,571
Human Rights Education		9,035

- As of 2021

Protection of emotional labors

The LG Uplus Customer Center has prepared an alternative manual to protect representatives. Further, it has established ARS warning messages and call termination standards for each type of blacklist consumer, including sexual harassment, abusive language, intimidation, insults, and business interruption. In order to manage the stress of counselors engaged in emotional labor, the company guarantees sufficient rest time after responding to blacklist consumers and conducts annual mental health checkups to provide representatives with psychological counseling. In addition to the customer center, LG Uplus has a separate customer protection team to handle internal and external complaints, and it has prepared and utilized alternative manuals to protect representatives who may be exposed to verbal abuse and sexual harassment. The company has additionally set up a dedicated rest area in the office building to provide sufficient rest time, offers paid leave, psychological treatment programs, and separate incentives.

Quality Management

Direction

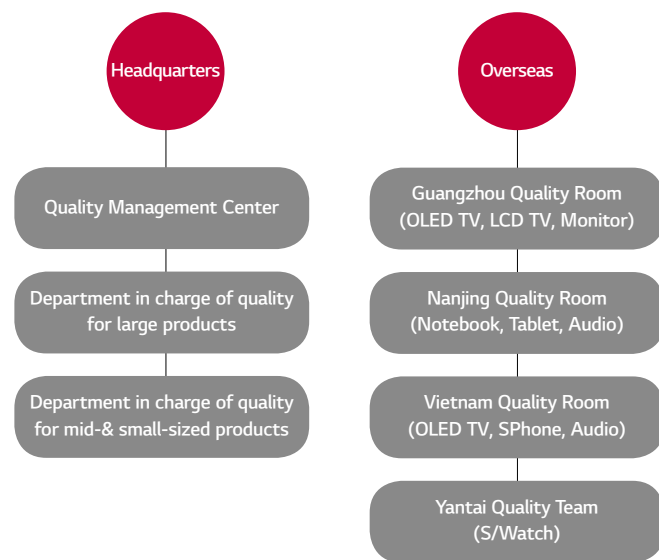
LG Group emphasizes the spirit of quality management and is upgrading its quality management system based on quality standards and systems to innovate customer value. To maximize customer satisfaction, we discover customer complaints (pain points) and use them to improve product and service quality. Furthermore, we will continue to make diverse efforts towards customer-centered management, such as prompt and professional communication with customers and improvement of service accessibility, to improve customer satisfaction.

Key Activities

Dedicated organization for quality control

For the optimization of inspection and test standards, LG Display operates a dedicated organization in charge of quality management for each product, production stage, and region to proactively secure technology and ensure quality that customers can be satisfied with. It operates a quality-related organization to proactively secure new developments, strengthen the quality management system at domestic and overseas business sites, and optimize quality costs and delivery times through process efficiency.

Dedicated Organization for Quality Management at LG Display



Quality management system and certification

LG Display is upgrading its quality system by establishing a quality assurance system to conduct regular implementation checks and quality audits in advance. In addition, in order to respond to customer needs and market changes in a timely manner, it has been certified to international quality standards and worked hard to apply and maintain the latest changes. Further, it has established a global standard quality management process to ensure the stable quality of overseas products through certification to international quality system standards. The Paju plant holds an electronics manufacturing quality certification (ISO 9001), and the Gumi plant holds an electronics manufacturing quality certification and an auto parts quality certification (IATF 16949). Both the Paju and Gumi plants undergo annual follow-up audits and renew their certifications every three years.

Measuring customer experience

Beyond simply identifying the overall level of customer satisfaction via NPS Net promoter Score, LG Uplus has gone further in striving to expand to j-NPS. Through this, the company is ceaselessly exploring areas for improvement by gaining a granular understanding of all experiences along the customer journey, including customer expectations and LG Uplus' current standard of provision. Further, by analyzing all customer experiences from a company-wide perspective, starting from before registration and extending to use and maintenance, it has established and operates an optimal CX assessment process.

Improvement of the customer service system

LG Household & Health Care introduced a new 'Visible ARS' service in 2021 that automates simple consultations and enables 24-hour access to focus on quality-related customer complaints (pain points), which are becoming increasingly diverse and demanding. With the introduction of Visible ARS for simple consultations such as CRM, purchase, and how-to-use, the company shortened the waiting times and response times for consultants, improved the level of customer information provision, and enabled intensive care for quality consultation customers. In addition, it was able to collect customer complaints at all times, improve accessibility for customers who have difficulties using voice ARS (such as the hearing impaired), and provide information such as store locations and product usage video guides to customers 24 hours a day. In order to enhance the performance of the visible ARS service, Coca-Cola and Haitai htb also plan to automate simple consultation services in 2022.

LG Household & Health Care Customer Satisfaction Survey

Category	Unit	LG Household & Health Care	Coca-Cola	Haitai htb	Total
Number of improvement items	No.	8	4	1	13
Customer feedback	Persons	72	9	3	84
Feedback rate (%)	%	87	100	100	88
Satisfaction score*	Points	4.13	3.5	3.0	4.02

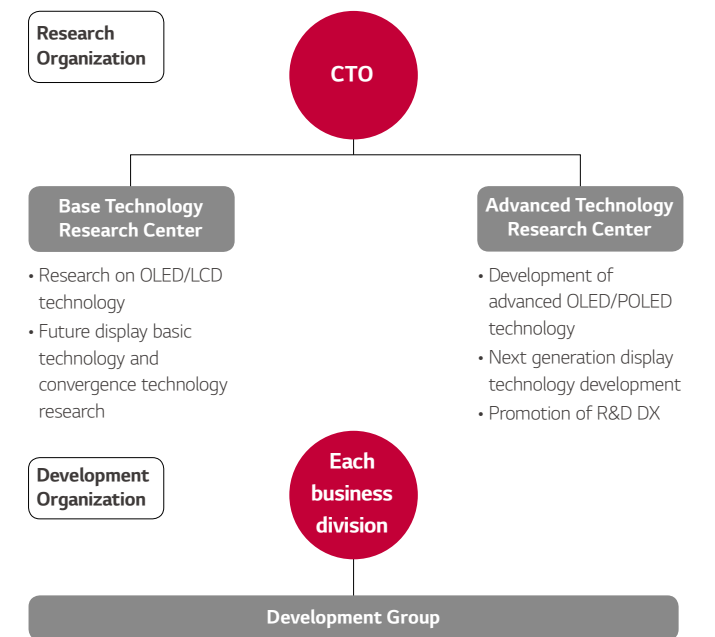
- As of 2021

* Based on a 5-point scale

Product and technology R&D

LG Display is largely divided into a research organization – that conducts technological research for future/basic technology development and product development – and a development organization that creates products specific to the characteristics of different product groups such as TV, IT, and Mobile.

LG Display R&D Organization Chart



Group & Responsible Organization

- Including circuit, instrument, optics, and panel design departments by product
- Operated separately, e.g. Paju, Gumi, etc.

In addition, LG Display has made large-scale facility investments to expand its production capacity for unique and competitive products such as OLED. Considering that its R&D ratio to sales is about 7%, it is continuously creating customer value through systematic R&D activities for new products and technologies. Based on its competitiveness in R&D, LG Display plans to provide unique value in diverse product areas that use OLED and TFT-LCD technology, including TV, IT, and mobile.

R&D Expenses

Category	Unit	2019	2020	2021
R&D Expenses	KRW Million	1,776,879	1,740,083	2,127,705
R&D ratio to sales	%	7.6	7.2	7.1

Safety & Health

Direction

Based on 'people-oriented management', LG Group prioritizes the pursuit of stakeholder (including employees) safety and health across all management activities and processes. A safety and health management system has been established in accordance with the relevant laws and regulations governing serious accidents, safety, and health, and related policies have been enacted to enhance the management of safety and health for all employees.

Key Activities

Occupational health and safety management system and certification

LG Display was certified to ISO 45001 for its Paju and Gumi business sites in 2021, and each of its overseas business sites has also acquired ISO 45001 certification. Re-certification is carried out once every three years. In addition, by establishing an integrated safety management system (ISM), the company prevents legal non-compliance in terms of the Industrial Safety and Health Act, the High-Pressure Gas Safety Management Act, and the Nuclear Safety Act, and efficiently operates overall safety and health activities. LG Display systematically manages safety, including the chemical substance management system and accident history management, conducts self-inspections to understand obligatory safety and health laws, and registers and manages results within the system. Furthermore, as it is currently planning to develop systems for legal work and enhancing health management, LG Display expects to build a leading smart health and safety system through the long-term convergence of health and safety and innovative digital and IT technologies.

Main functions of LG Display's integrated safety management system

Item	Main functions
Safety and Health Information	Provide materials such as safety standard guide
Safety Work Management	Work permit status, dangerous work information, risk assessment DB, safety officer certification
Safety Culture	Safety Talk material provision, employee praise
Smart Safety Suggestions	Request for improvement of safety irrationality, suggestion of safety related ideas
History of accidents, Statistics	Accident reporting and analysis, accident generalization, accident trends and statistics
Training Management	Establish safety/emergency training plan and check progress status
Chemical Substances	Provide data such as MSDS for inquiry on the status of chemical substances
Protective Gear Management	Purchase protective gear purchase, payment history management
Legal Activity Management	PSM (Process Safety Management), hazardous machinery and hazardous materials safety management

Operation of an integrated IT system for global environmental safety

LG Chem has established an integrated IT system based on global standard processes for environmental safety work. In 2021, the system was expanded to small domestic business sites and overseas business sites, including China, the United States, Poland, and Vietnam, and the standard of management was enhanced through the consistent application of work from the head office to business sites. In 2022, the company plans to further advance the environmental safety management system by promoting improvements in terms of enhancing implementation capabilities – including strengthening the linkage between business stages and improving system performance.

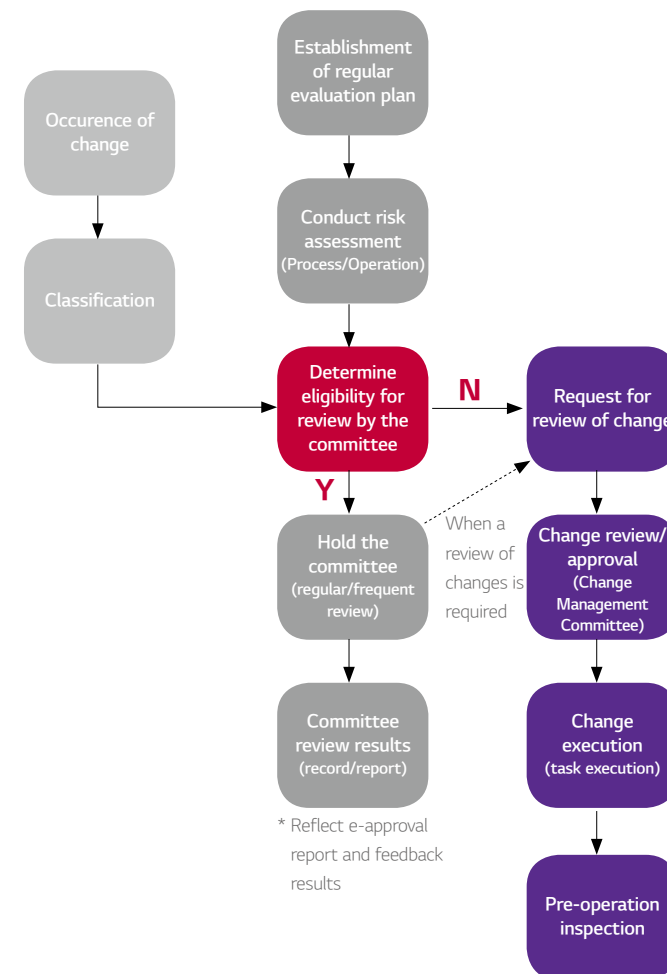
Improving the safety capabilities of suppliers

LG Chem is improving the safety-related capabilities of its suppliers by operating a safety observer system with professional personnel. As a first step, it evaluates basic safety management capabilities when selecting suppliers for new establishments, extensions, and construction. In the second step, it evaluates specific accident prevention systems through the operation of a Safety Bid Evaluation (SBE) system. Safety capabilities are further enhanced by raising awareness of safety. This is achieved by posting photos of major disasters, as well as job-specific codes of conduct, in the workplace and rest rooms, and by publishing a pocketbook of environmental safety rules that must be complied with. The pocketbook is distributed to all employees of partner companies.

Proactive identification and response to risks

LG Chem is improving its ability to mitigate the risk of serious accidents and implement process and work safety. This is achieved by reviewing the adequacy of its risk assessment every month under the supervision of the plant manager and reassessing undiscovered potential risk factors. Further, in order to confirm double/triple safety measures before high-risk work is carried out, the plant manager preemptively prevent risks by checking the work risk in accordance with established protocols.

LG Chem's Proactive Risk Detection and Response Process



Safety and health training

LG Electronics is conducting safety training for its employees to raise safety awareness and minimize safety risks. To this end, it has built a participatory safety training infrastructure that enables its employees to directly recognize and prevent risks, as well as installing a safety experience center to operate an experiential safety training course. The company is enhancing its ability to respond to actual situations by providing training directly related to workplace safety risks through VR experience training and facility safety experience.

Internalization of a safety culture

LG Chem has enacted the 'CEO Environmental Safety Statement' and 'Absolute Compliance Environmental Safety Rules' to raise leaders' awareness of the importance of environmental safety and actively promote activities to establish safety as a top priority. In addition, it operates the 'Environmental Safety Mindset' course for all employees. Twice a year, the company conducts a survey to check the level of environmental safety awareness and prepares and promotes improvement plans based on the voice of employees (VOE). LG Electronics is actively encouraging employees to internalize safety awareness by producing various promotional materials, such as animations, cartoons, brochures, and banners, and conducting a safety culture campaign to promote the 7 safety rules that all employees must practice.

Supply Chain Management

Direction of Supply Chain Management

In order to select partners based on transparent and fair evaluation criteria, LG Group evaluates competitiveness in accordance with basic information regarding the technology, quality, and overall environmental management of suppliers, as well as their compliance, environmental management, and satisfaction of sustainability criteria and social responsibility requirements.

Key Activities

Supply Chain Risk Management

Based on the RBA Code of Conduct, LG Electronics, LG Display, LG Innotek and LG Energy Solution have enacted a Code of Conduct for Suppliers. Through this code and CSR self-assessments for suppliers, it is possible to proactively understand and manage risks in the supply chain. LG Electronics conducts a review of suppliers once a year using a self-developed, in-depth assessment sheet that corresponds with the RBA Guide, completing a review of 1,289 suppliers in 2021. Further, to prevent supply chain risks, on-site consulting is carried out for high-risk and critical suppliers.

LG Electronics Supplier CSR Self-Assessment Results (2021)

Region	Unit	High risk	Vulnerable	Low risk	Sub total
Korea		2	143	304	449
China		1	83	284	368
South East Asia		2	121	196	319
Latin America / Americas	Companies	2	22	26	50
Europe/CIS		5	33	48	86
Central Asia		1	8	8	17
Total		13	410	866	1,289

- As of 2021

Responsible supply chain management

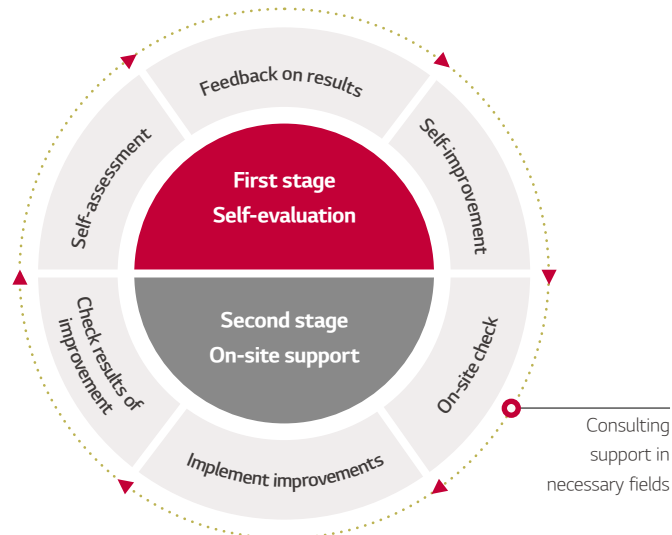
LG Electronics, LG Display, and LG Energy Solution purchase raw materials via a responsible supply chain to manage the various human rights and environmental risks that exist in the supply and demand process of battery raw materials such as cobalt, lithium, and nickel.

To this end, based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Areas, the company has established the 'Responsible Supply Chain Management Policy' and the 'Code of Conduct for Partners' and communicates with its partners regularly. In addition, it plans to play a leading role in the responsible supply and demand of raw materials by conducting risk verification and improvement management through a third-party organization in the cobalt supply chain through a dedicated department, and by expanding the number of raw materials to be managed.

ESG assessment of suppliers

LG Electronics, LG Display, LG Innotek and LG Energy Solution select suppliers with a view to checking and improving their standards of ESG management through self-evaluations, on-site inspections, and consulting. In terms of LG Innotek, companies for which trade exceeds an average of KRW 30 million per month are defined as major suppliers and subject to the 'Supplier ESG Evaluation' once a year. It is recommended that suppliers self-diagnose their standard of management in systemic areas such as labor, human rights, ethics, and the environment, and improve any issues identified. In addition, the company supports suppliers who need to improve their standards of ESG through on-site visits and consultations, with consideration for their assessment results and purchase impact.

Supplier ESG evaluation process & result management



Direction of Shared Growth

LG Group and its suppliers are building partnerships for shared growth and cooperation beyond short-term interests. We provide practical support such as financial and technical support and market development to comply with fair trade, and to enhance the competitiveness of partner companies. We will continue to communicate regularly with our suppliers to improve practical problems in the supply chain and build trustworthy relationships.

Key Activities

Financial support for suppliers to enhance ESG

LG Chem contributes to and manages a low-interest loan fund of KRW 100 billion in order to fulfill its social responsibility and facilitate shared growth with partners who have difficulties investing in ESG due to a lack of funds. In addition, it has signed a business agreement with the Ministry of SMEs and Startups to 'spread ESG management for small and medium-sized enterprises' and was accordingly selected as a 'Caring Enterprise 2.0'. LG Chem is striving to proactively respond to sustainability issues and build a sustainable supply chain through exceptional ESG co-existence.

Enhancing supplier capabilities

Since 2013, LG Household & Health Care has been conducting a Supplier Technology Proposal Exhibition to increase sales between companies by discovering and commercializing excellent technologies and ideas possessed by suppliers. The Technology Proposal Exhibition is a place where active proposals are made, and exhibitions held, in the areas of raw materials, subsidiary materials, and products. It is possible to directly communicate with people in charge of related departments at LG H&H, such as marketing, sales, and R&D, about new products or development concepts and the ideas of potential partner companies, and to discuss the direction of development. For selected items, joint development is supported with the purchase conditional development fund, thereby reducing the burden of development costs on partner companies and applying the product to LG H&H's new products, thus contributing to an increase in sales for partner companies. In 2021, following the previous year, an online technology proposal exhibition was held. 79 companies exhibited 245 items across 5 exhibitions, resulting in KRW 6 billion of new sales.

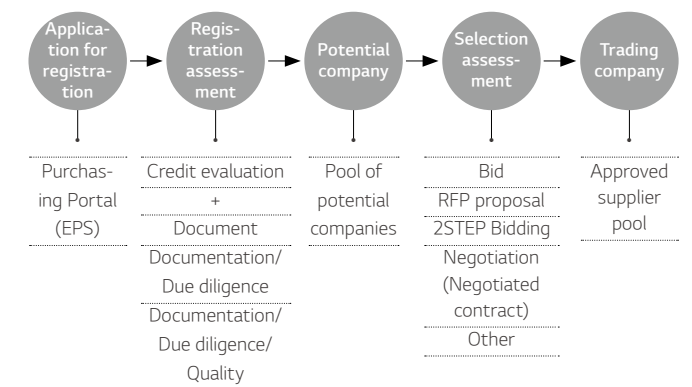
LG Household & Health Care Technology Proposal Exhibition

Category	Unit	2019	2020	2021
Exhibitions held	Times	6	6	5
Adopted partners	Companies	19	16	11
New sales generated	KRW 100 million	22.3	42.9	59.9

Fair trade compliance and EPS operation

LG Uplus has introduced and implemented the 'Four Actions for Compliance with Subcontracting Laws,' as enacted by the Fair Trade Commission, and a standard subcontracting agreement for fair trade with suppliers. The company has also developed a technical data request system to protect partner companies' technology, making it mandatory to use the system when requesting technical data from partner companies. In addition, it is operating the Electronic Procurement System (EPS) for transparent and fair transactions. The EPS system is applied to all purchasing stages from purchase request, bidding, contract, inspection, and settlement, and only discloses the bid status until the bid deadline to comply with fair contract procedures. By ensuring fairness through the confidentiality of bid details, the contract amount can be determined and the contracting company can be fairly selected.

LG Uplus EPS registration process



Social Contribution

Direction

Under the slogan of 'Love that nurtures young dreams, LG,' LG Group is conducting social contribution activities based on domestic and overseas 'youth education' and 'support for underprivileged teenagers' with the goal of 'supporting self-reliance' for those who are willing to be independent. We also strive to realize substantial changes for beneficiaries through continuous development and implementation of social contribution programs that reflect the characteristics of the business.

Key Activities

LG-KOICA Hope Vocational Training School

The LG Group opened the LG-KOICA Vocational Training School in 2014 in cooperation with the local government, Korea International Cooperation Agency (KOICA), and NGOs to support Ethiopia in providing a foundation for young people to become self-reliant through vocational training. As Ethiopia's first specialized vocational training school for electronic engineering, three-year courses are provided for three majors: electrical and electronic, home appliance repair, and information communication. However, due to COVID-19 in 2020, it was difficult to provide offline classes, so we built an online course platform. Thanks to this effort, since the opening of the school, it has obtained the highest grade in the national vocational training school evaluation and has shown a high pass rate (98%) for the nationally recognized qualification test, in addition to a high employment and start-up success rate (100%). Further, we are differentiating ourselves from other vocational training schools and enhancing the school's self-reliance by conducting in-house income generating activities (IGA) and providing technical education for nearby residents and students from other schools.

Multicultural School of Love with LG

Since 2010, the LG Group has been providing language/science education support to teenagers from multicultural families, providing them with opportunities to establish themselves as global talents. Korean, Chinese, Vietnamese, Japanese, Mongolian, Russian, Indian, and Thai youth are selected and provided with online and offline education and mentoring for two years at Hankuk University of Foreign Studies for language education and Seoul National University for science education. By co-hosting the 'Bilingual Speech Contest' with the Ministry of Education and providing a multicultural school talent pool to the Ministry of Gender Equality and Family's bilingual talent DB construction project, we are contributing to cooperation with government agencies and the reflection of policies related to multiculturalism. In addition, from 2020, the 'Multicultural School Scholarship' has been newly established and is in operation for graduates of multicultural schools. From 2022, we plan to strengthen the connection with science education using programs by LG Discovery Lab (Magok) and enhancing career/employment consulting support for graduates.

'Maeum Hana (One Heart)', a platform to support the psychological and emotional stability of protected children

In 2021, LG Electronics developed and opened 'Maeum Hana (One Heart)', an online and offline psychological counseling platform to support the emotional stability and independence of children for which protection has ended. "Maeum Hana" consists of 'Maeum (Heart) Talk', which supports psychological counseling and problem solving through experts, 'Life Information' that provides information and stories to help them become independent, 'Support Information' that advises on policies such as housing/education/employment to help young people become self-reliant, and 'Special Column', through which psychology experts demonstrate how to achieve a healthy mind in everyday life. The company has also signed an MOU with the Ministry of Health and Welfare to support the independence and emotional stability of youth who are trying to become self-reliant, as part of its continuous efforts to increase its expertise and impact.

IT Development Support Center

To resolve the educational gap of socially disadvantaged children, LG Display has installed the latest IT education environment, including cutting edge PCs and eco-friendly interiors, in child welfare centers. Further, to support teachers in improving childrens' ability to use IT devices, the company has established 58 IT Development Support Centers since 2008 (53 domestic and 5 overseas, as of 2021). In response to the COVID-19 pandemic, acrylic screens have been introduced and upgrades have been carried out to IT training environments at aging facilities.

Future Generation ESG Leader Training 'Like Green'

LG Chem developed the 'Like Green' course for young people in 2021 to nurture future generations who can scientifically understand global warming and practice environmental protection in their daily lives. 'Like Green' is carried out through 20 college student mentors and 100 youth mentees recruited from across the country. It consists of 'Online Mentoring', which provides online science and environmental education for 20 teams with 1 mentor and 5 mentees per team, 'Green Concert', where mentor group students appear in lectures on science/environment-related topics and present them to their families, friends, schools and communities through YouTube streaming, 'Green Festival', which provides lectures tailored to youth and the general public through ESG experts, and 'Green Class', which provides lecture videos and online teaching materials on science and environmental topics to elementary and secondary schools and care institutions across the country. LG Chem plans to continue contributing to creating a sustainable future by nurturing youth and young ESG leaders.

Cheongju Green Power Plant of Hope & ESS support for island regions

LG Energy Solutions uses the revenue from eco-friendly power generation, using solar power facilities, to promote the Green Power Plant of Hope project that sponsors socially disadvantaged youth. Through a partnership with NGOs and local governments in North Chungcheong Province, a 410kW solar power generation facility has been installed in the Cheongju North Regional Transfer Station. This contributes not only to the expansion of renewable energy and a reduction in greenhouse gases, but is also a commitment to donate funds generated through power generation earnings, every year until 2040, to youth educational welfare programs. Moreover, a 312kWh ESS facility will be installed in the school on Deokjeok Island, with the earnings from the expansion of renewable energy, improvement in the quality of electric power, and reduction in energy expenses contributing to the school development fund.

Think-Earth School

Since 2015, LG Household & Health Care has been carrying out 'Think-Earth School', a social contribution activity. This program with Ecomom Korea, an environmental NGO, is the first convergence-type education program in Korea that improves basic lifestyle habits that 'everyone knows how to do, but has never learned', and contemplates the dreams and careers of youth together. By signing a Free Semester System Activation MOU with the Ministry of Education and metropolitan/provincial offices of education, the company was able to spread the right lifestyle to more young people.

In 2021, the 'Think-Earth Live Class', which enables interactive communication with students, was live streamed on YouTube, and online classes were conducted for 6 subjects including hand washing, face-wash-

ing, brushing teeth, washing dishes/laundry, beauty/scent experts, and brand making. The company also produced a class manual for teachers specializing in online classes and provided schools with free tablet PCs and mobile internet for live Think-Earth classes. Through these efforts, LG H&H was selected as a 'Certified Educational Work Experience Institution' by the Ministry of Education.

Uplus Hope Library

LG Uplus is carrying out the 'Uplus Hope Library' project to ensure the right to read books for the visually impaired and to bridge the knowledge information and cultural gap with non-disabled people. Since 2017, Uplus Hope Library has supported ICT devices and assistive technology devices in Cheongju School for the Blind, Incheon Hyekwang School, Gangwon Myeongjin School, Busan School for the Blind, Jeonbuk School for the Blind, and Daejeon School for the Blind. By establishing a learning environment for blind youth and supporting the creation of e-books through the Uplus Hope Library program, the company plans to continue supporting the education of disabled youth.

Youth AI talent nurturing education 'AI Genius'

Since 2017, LG CNS has been operating AI Genius, a self-developed software and AI concept and principle learning education program aimed at cultivating young people's critical thinking and problem-solving abilities. The company signed an MOU with the Seoul Metropolitan Office of Education and the Gyeonggi Provincial Office of Education, and is providing education programs on AI chatbot making, AI self-driving cars, and Smart Data Lab to middle school students who are subject to the free semester system. In addition, by operating customized programs for students with disabilities who are excluded from SW education, LG CNS is working hard to bridge the SW education gap for the underprivileged. From 2021, the company has provided AI education and mentoring to high school students and is implementing AI robot creation projects to directly help them plan their future career paths.

LG Hero Award

The LG Foundation operates a LG Hero Award project which discovers, rewards, and publicizes not only public officials who are dedicated to the country, such as soldiers, police and firefighters, but also upstanding citizens who have served as a role model for society through righteous deeds and contributed to the realization of social justice. The LG Welfare Foundation will continue to implement the LG Hero Awards to remember the good deeds of those who spare no effort for social justice, and to spread and establish a culture of helping others in our society.

Corporate Governance

Corporate Governance Policy

While achieving the management philosophy of 'Customer Value Creation' and 'People-oriented Management', LG Corp. is striving to establish a transparent and sound corporate governance structure under the principle of 'board-centered management' to enhance shareholder value, increase corporate value, and achieve sustainable management. It is advancing the governance structure by establishing a pure holding company system, in a first among large domestic companies. Last year, the ESG Committee and the Insider Transactions Committee were established under the BOD to strengthen the ESG management system and to improve the fairness of insider transactions.

Category	LG Corp.	LG Electronics	LG Chem	LG Uplus
KCGS Governance Rating	A	A	B+	A

- As of 2021

Composition of the Board of Directors

The board of directors of LG Corp., LG Electronics, LG Innotek, LG Display, LG Chem, LG Energy Solution, LG Household & Health Care and LG Uplus (hereinafter referred to as 'LG major listed companies') consists of 3 to 11 members in accordance with the articles of incorporation and board regulations. Independent directors account for more than half of the board of directors, so the board can faithfully and independently perform its function as a check against the management.

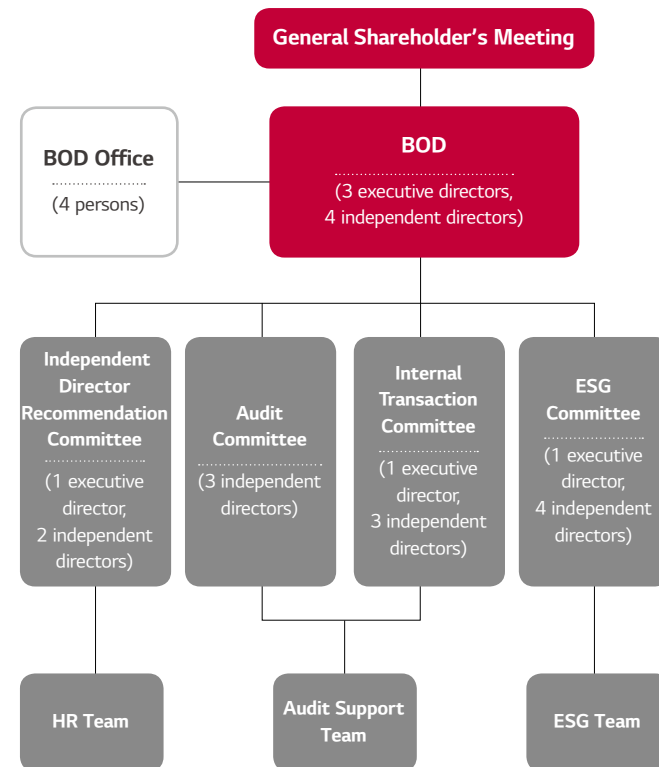
In LG Corp., independent directors must demonstrate deep experience and expertise in various fields, and they must be independent without any stake in the company. Based on this, they faithfully practice responsible management by conducting in-depth discussions on all agenda items.

Committees under the BOD

LG's major listed companies operate an Independent Director Recommendation Committee, Audit Committee, Internal Transaction Committee, and ESG Committee under the BOD, with some affiliates having a Management Committee or Finance Committee. The committees within the BOD conduct detailed deliberation on subdivided tasks in accordance with the internal regulations of each committee to enhance the efficiency and professionalism of the BOD's work.

For LG Corp., the Audit Committee consists entirely of independent directors (total of 3), including one finance/accounting expert, and the Independent Director Candidate Recommendation Committee consists of two independent directors (out of a total of 3 members). In addition, independent directors constitute 4 out of the 5 members of the ESG Committee, and 3 out of 4 the members of the Internal Transactions Committee.

Board of Directors Organizational Chart for LG Corp.



- As of the end of July 2022

Board composition at LG Corp.

Classification	Name	Gender	Committee	Career Experience	Expertise	Term
Executive Director	Koo Kwang-Mo	Male	-	<ul style="list-style-type: none"> Managing Director, LG Corp. Business Strategy Team (Current) Chairman and CEO, LG Corp. 	General business management	From June 29, 2018 to the end of the 2024 regular general shareholder's meeting
Executive Director	Kwon Bong-seok	Male	<ul style="list-style-type: none"> Independent Director Recommendation Committee ESG Committee 	<ul style="list-style-type: none"> CEO, LG Electronics (Current) Vice Chairman, LG Corp. 	General business management	From January 7, 2022 to the end of the 2025 regular general shareholder's meeting
Executive Director	Ha Beom-jong	Male	<ul style="list-style-type: none"> Internal Transaction Committee 	<ul style="list-style-type: none"> Executive Vice President (Finance & Economics), LG Chem (Current) Head of Management Support Department, LG Corp. 	Finance	From March 26, 2019 to the end of the 2025 regular general shareholder's meeting
Independent Director	Han Jong-soo	Male	<ul style="list-style-type: none"> Independent Director Recommendation Committee ESG Committee Internal Transaction Committee Audit Committee 	<ul style="list-style-type: none"> Professor, Rutgers University, USA (Current) Professor, Ewha Womans University Business School 	Accounting, Audit (Professor)	From March 26, 2019 to the end of the 2025 regular general shareholder's meeting
Independent Director	Cho Sung-wook	Male	<ul style="list-style-type: none"> ESG Committee Internal Transaction Committee 	<ul style="list-style-type: none"> Chief Prosecutor, Daejeon High Prosecutors' Office (Current) Representative Attorney at Hwawoo Law Firm 	Law (Attorney)	From March 27, 2020 to the end of the 2023 regular general shareholder's meeting
Independent Director	Jang Seung-hwa	Male	<ul style="list-style-type: none"> ESG Committee Audit Committee 	<ul style="list-style-type: none"> Dean, Seoul National University School of Law (Current) Professor, Seoul National University School of Law (Current) Commissioner, Korea Trade Commission 	International trade and commerce	From July 25, 2022 to the end of the 2023 regular general shareholder's meeting
Independent Director	Lee, Soo-young	Female	<ul style="list-style-type: none"> ESG Committee Internal Transaction Committee Audit Committee Independent Director Recommendation Committee 	<ul style="list-style-type: none"> CEO, Kolon Water & Energy Co., Ltd. (Current) Representative Executive Officer, Eco Management Korea Holdings Co., Ltd. 	Environment, Management	From March 26, 2019 to the end of the 2024 regular general shareholder's meeting

- As of early September 2022

Procedures and criteria for appointing independent directors

To appoint neutral persons as independent directors, LG has established internal standards for the qualifications and verification of independent directors, including reasons for the disqualification of independent director candidates under the Commercial Act, whether they have a business relationship with the company, or whether they are relatives of key executives.

Independent directors are appointed at the general shareholders' meeting according to the recommendation of the Independent Director Recommendation Committee, which is formed from among those who have demonstrated deep experience and expertise in various fields such as finance/accounting, industry expertise business advisory, and law. Director independence is ensured by carefully examining not only whether they are legally disqualified, but also whether they have dealing or interests with the company, major shareholders, and other related parties.

Corporate Governance

Independence of the BOD

LG's major listed companies operate an Independent Director Recommendation Committee that recommends independent candidates. In order to ensure fairness and independence in the selection of independent directors and the operation of the committee, the Committee requires at least two of its members (out of three) to be independent directors, and conducts strict screening on the professionalism, independence, and suitability of independent director candidates – in addition to examining whether there is a relationship of interest with the company, and whether there are grounds for disqualification under relevant laws and regulations.

Expertise and Diversity of the BOD

LG Group applies the 'diversity principle' in the composition of the board of directors, and there are no special restrictions on the appointment of directors, such as gender or age. Under this principle, independent directors of major listed companies in LG are composed of experts in various fields – such as finance/accounting, the environment, business advisory, and laws and regulations – who have sufficient knowledge and experience in each field. Based on such diversity and expertise, we have been making substantial contributions to corporate management through effective deliberation on BOD agenda and monitoring the implementation of management. Further, in accordance with the Financial Investment Services and Capital Markets Act, the LG Group prohibits the BOD from being composed of only one gender. As of publication, 30.6% of the independent directors are female.

Independent Director Expertise in Major Listed LG Companies

Category	Unit	Man- age- ment	Finance/ Account- ing	Law	Envi- ron- ment/ ESG	Ad- min- istra- tion	IT	Indus- trial Tech- nology	Total
Number of Directors	Per- sons	5	10	10	2	2	2	7	36

- As of the end of June 2022

- Includes LG HelloVision, G2R, Robostar

Status of female independent directors in LG Group

Category	Unit	Status
Independent directors	Per- sons	36
Female independent directors		11
Proportion	%	30.6

- As of the end of June 2022

Operating Status of the BOD

In principle, the BOD convenes once a quarter in accordance with internal regulations - but is held as frequently as needed. LG Corp. held a total of 8 BOD meetings in 2021 to discuss a total of 34 agenda, and all directors had a BOD attendance rate of 100%.

Board activities

Category	Unit	2019	2020	2021
Number of BOD meetings		6	6	8
Approval	Cases	23	12	26
Reporting		6	6	8

Board attendance

Category	Unit	2019	2020	2021
Average attendance	%	97.6	97.6	100

Evaluation of Independent Directors

In order to ensure the fairness of independent directors, LG Group evaluates the activities of independent directors in a way that comprehensively considers the quantitative and qualitative results of various activities. The evaluation is conducted before the expiration of the director's term to determine whether he/she is re-appointed. Specifically, for non-executive directors whose term of office has expired, the evaluation is conducted in terms of the attendance rate of the directors concerned, whether effective recommendations were provided on BOD agenda, whether appropriate advice was provided for major management decisions, and comprehensively considering the contributions to internal control and monitoring of key financial risks for audit committee members. The Independent Director Recommendation Committee decides on whether to re-appoint candidates based on the evaluation results.

Compensation System

Directors' remuneration is paid within the limit of the total amount of remuneration approved by the general shareholders' meeting in accordance with internal regulations and Article 388 of the Commercial Act. The same is applied to the independent directors. In 2021, LG Corp's total director remuneration was KRW 13.2 billion, with an average of KRW 1.89 billion per person, KRW 96 million per person for independent directors (excluding audit committee members), and KRW 98 million per person for audit committee members on average. The remuneration of registered directors consists of an annual salary that comprehensively considers inflation, external competitiveness, financial performance, role-based pay according to position, and performance incentives in accordance with business and individual performance. The salary of independent directors was determined by comprehensively considering the inflation rate, external competitiveness, and financial performance.

Board compensation

Category	Number of persons	Total remuneration (million won)	Average remuneration per person (KRW million)
Registered director*	3	12,848	4,283
Independent director**	1	96	96
Audit committee member	3	295	98

- As of the end of December 2021

* Excluding independent directors and members of the audit committee

** Excluding audit committee members

Key Performance Indicators for Executives

In accordance with the performance incentive regulations within the executive remuneration regulations, management performance is evaluated through quantitative indicators consisting of the company's revenue and operating profit from the previous year, and qualitative indicators consisting of the fulfillment of the company's mid- to long-term expectations, leadership, and contribution to the company. Based on the evaluation results, as determined by the board of directors, bonuses are paid within the range of 0 to 150% of the base annual salary.

Current status of CEO remuneration

Name	Unit	Total remuneration
Koo Kwang-Mo	KRW million	8,826

- As of December 2021

Stock Holdings

LG Group does not impose stock ownership requirements on the CEO or management, nor establish internal regulations in this respect. However, some executives hold stock in the company to practice responsible management, and the current status of equity ownership by management is disclosed via business reports, etc.

Stock holdings by management

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

- As of the end of December 2021

Leadership Stability

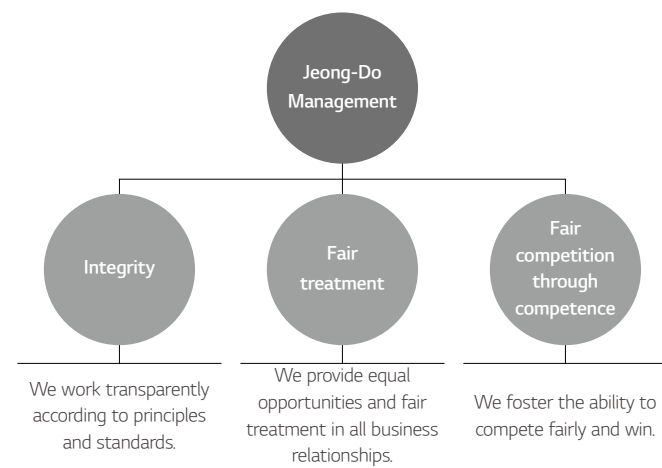
LG Group has established and is operating an internal process to maintain leadership stability. In the case of LG Corp, the Executive Personnel Consultation Group, consisting of key management and HR executives, is convened every year on a regular basis to select the group CEO candidate pool for the senior management of major affiliates (C-Level executives) and key outside personnel. Personnel are fostered/evaluated year-round, and the process is continuously improved to secure and nurture a pool of candidates with excellent capabilities. For the selection of suitable candidates, requirements for the CEO are defined in consideration of the business environment and business strategy, and the CEO candidate pool is divided into next-term candidates who can be appointed immediately following verification and long-term candidates who can be appointed after 3-5 years. Pool size is set at 2-3 times the required amount. Selected personnel are evaluated throughout the year to verify their qualifications, and inclusion and exclusion from the pool is conducted if necessary. When changing the CEO, a final candidate is selected from the pool of candidates managed through verification by the Executive Personnel Consultation Group and the supporting department, and the relevant agenda is presented to the BOD. After deliberation on whether a candidate has the capability to manage the company in a way that meets the interests of both the company and shareholders, as well as to implement the company's core values and vision, the candidate is confirmed as an executive director candidate. When a candidate confirmed by the board is appointed as an executive director at the general shareholders' meeting, the management succession process ends with the appointment of the CEO after final deliberation by the next board of directors.

Jeong-Do Management

Overview

LG Group's Jeong-Do Management refers to LG's unique behavioral norm to compete fairly by continuously cultivating competence based on ethical management. Jeong-Do Management consists of three behavioral principles: integrity, fair treatment, and fair competition through competence. Through this, we are creating value for customers and practicing people-oriented management.

LG Group's Jeong-Do Management



Direction

Since 1994, LG Group has implemented the group-wide 'LG Code of Ethics' to ensure all employees hold ethical values as their top priority – thus providing a basic direction for Jeong-Do management. The 'LG Code of Ethics' is distributed and shared with all domestic and overseas employees.

LG Code of Ethics

Chapter 1 Responsibilities and Obligations to Customers

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

Chapter 3 Fair Trade

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

Chapter 5 Responsibilities for Employees

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

Chapter 2 Fair Competition

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

Chapter 4 Basic Ethics of Employees

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

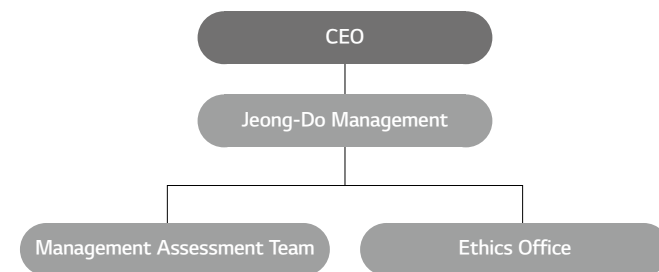
Chapter 6 Responsibility to the State and Society

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

Organization

LG Group has built an organizational system for Jeong-Do Management. A management assessment team and an ethics office have been set up under the direct control of affiliates' CEOs, with the management assessment team conducting regular business assessments and inspecting operational soundness and compliance with principles. Meanwhile, the ethics office conducts Jeong-Do management training and public relations activities to investigate and prevent corruption and misconduct.

LG Jeong-Do Management Organization Chart



Implementation

LG Group has established an online training environment for its employees and conducts regular/autonomous Jeong-Do management training.

Pledge to practice Jeong-Do Management

Category	Unit	2019	2020	2021
Total subjects	Per-	183,798	193,473	187,150
Pledge signees	sons	163,521	188,061	181,952

- Includes all domestic and overseas affiliates; all employees are required to sign upon joining the company (and subsequently upon promotion and appointment)

Participation in Jeong-Do Management training

Category	Unit	2019	2020	2021
Common course for all employees		130,395	74,861	164,226
New employee course		3,457	1,707	3,192
Experienced employee course	Per-sons	1,454	797	2,341
LG new executive course		131	91	122
LG new research/professional member course		54	57	82

- Excluding legal mandatory training (prevention of sexual harassment, improvement of awareness of the disabled) and compliance training

Jeong-Do management training and PR activities

Category	Description
Online Training Environment	<ul style="list-style-type: none"> Providing regular training using platforms <ul style="list-style-type: none"> Group-wide: Qrius Affiliates <ul style="list-style-type: none"> LG Electronics : Learning Net LG Display : Smart HRD, D-tube LG Chem : Global Academy LG Uplus : LGU Smart Learning Real-time Q&A using an in-house chatbot, provision of guides <ul style="list-style-type: none"> LG Display: LetsBot LG Chem: ChemBot LG CNS : LVI
Training Themes and Contents	<ul style="list-style-type: none"> Introduction to customer value practice, quality mindset, and cyber Shinmungo Basic ethics of employees (violation cases, internal regulations reminder, correct practice guide) <ul style="list-style-type: none"> Prevention of information leakage, prohibition of receipt of money or entertainment, prohibition of misappropriation of assets, prohibition of document/calculation fabrication Focused training to enhance employee awareness of trending social changes (safety, sexual harassment, workplace harassment, etc.)
Live Remote Training	<ul style="list-style-type: none"> Participative/communicative online live training focusing on work-related issues (dilemmas) or frequent violations by subject <ul style="list-style-type: none"> LG Electronics : Ask anything about Jeong-Do Management LG Display : LG's own DNA 'Jeong-Do Management' LG H&H : Jeong-Do Management Remind King
Online Video Training	<ul style="list-style-type: none"> Attracting interest and enhancing effectiveness through diverse concepts such as music videos, web dramas, and 'moving toons'
Establishment of Jeong-Do Management Culture	<ul style="list-style-type: none"> Promotion activities using various languages and media (newsletters, card news, webtoons, etc.) to establish a Jeong-Do management culture in domestic and overseas business sites (English, Chinese, Japanese, Vietnamese, Polish, Spanish, Russian provided)
Operation of Counseling Channels	<ul style="list-style-type: none"> Inquiries relating to Jeong-Do Management (a separate counseling channel is available for issues concerning sexual harassment) <ul style="list-style-type: none"> Operate a counseling channel within the company intranet (private Q&A) Telephone counseling E-mail

Corruption Reporting System

LG Group operates a variety of channels through which reports can be made, including via the internet, bulletin board, telephone, fax, and mail. Moreover, we operate the whistleblower protection principle so that reporting confers no disadvantages or discrimination in working conditions, with a view to protecting the identity of the informant and the contents of the report. In addition, we operate a reward system for reporting corruption to strengthen employees' compliance with Jeong-Do management, and to eradicate corrupt practices that undermine customer value.

- LG Cyber Shinmungo <https://ethics.lg.co.kr>

Violations and Corrective Measures

Year	Number of violations* (● Corruption ● HR)		Total
	Corruption	HR	
2021	152	215	367
2020	131	218	349
2019	262	383	645

Year	Actions taken** (● Severe punishment ● Light punishment)		Total
	Severe punishment	Light punishment	
2021	214	108	322
2020	250	349	599
2019	379	135	514

* The number of cases in which the report was confirmed to be true among the cases where an investigation was completed

** The number of persons who received disciplinary action among the cases where an investigation was completed

Information Security

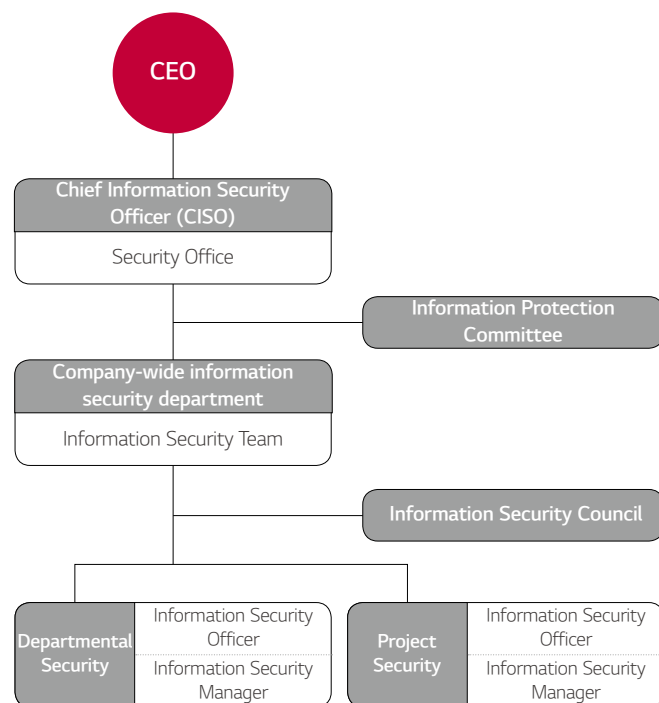
Direction of Information Security Management

LG Group recognizes risks related to personal information protection and cyber security incidents as important business management issues, and strives to strengthen security and safety by establishing an information security system.

Information Security Organization

LG CNS appoints a CISO (Chief Information Security Officer), CPO (Chief Privacy Officer) and a credit information manager/protector for company-wide information security activities, and designates an information security manager and a person in charge for each department. The information security manager and person in charge are responsible for managing personnel in their respective departments, managing major assets, and disseminating security issues. Departments that handle personal information strive to protect personal information by appointing a personal information protection manager and a person in charge. In addition, the company holds regular meetings with the heads of internal and external service departments to discuss security policies, countermeasures, and business promotion.

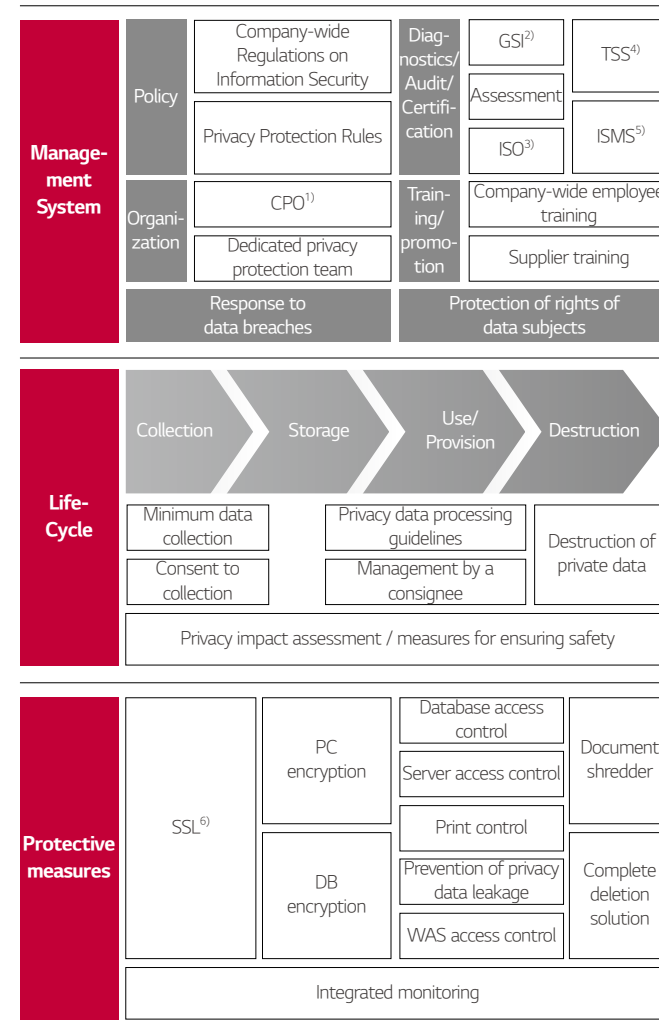
Information security at LG CNS



Basic System for Personal Data Protection

Recently, international regulations on personal data protection, such as the EU's General Data Protection Regulation (GDPR) and the China Network Safety Act, are being strengthened. In response, LG Electronics proactively identifies risk factors for personal information and reflects them in improvement measures, as well as complying with the five basic principles of personal data protection (minimum collection, guarantee of right to know, measures to ensure safety, use within the purpose of collection, safe destruction). It strictly manages customer information and transparently discloses safe and legal personal information processing procedures.

LG Electronics Framework for Personal Data Protection



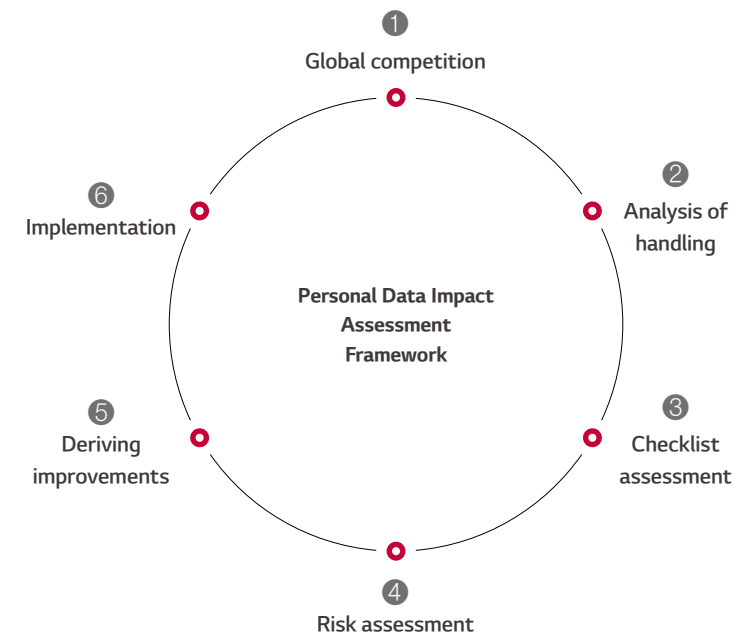
- 1) Chief Privacy Officer
- 2) Global Security Index
- 3) International Organization for Standardization
- 4) Team Security Score
- 5) Information Security Management System
- 6) Secure Socket Layer

Security Incident Prevention Activities

Impact assessment for personal data

Through impact assessment of personal data, LG Electronics proactively evaluates and mitigates risk factors, and makes improvements to the adequacy of privacy protection measures to enable the launch of products and services with enhanced privacy protection features. The company makes continuous upgrades to its impact assessment framework for personal data so that it can respond to changes in laws and regulations, as well as technological trends.

LG Electronics Impact Assessment Framework for Personal Data



Nurturing software security specialists

LG Electronics conducts product software security activities based on a professional understanding of software security. It provides a software security specialist training course to enhance the capabilities of its software developers with a view to developing key security technologies. In 2021, the company cultivated world-class experts through a partnership with Carnegie Mellon University. Software security specialists produced through its training and certification courses actively contribute to product-specific security technology development and global compliance activities.

Information security awareness and training

LG CNS is carrying out various activities to raise security awareness among its members. Members must sign a security pledge once a year and receive mandatory information security and privacy information protection education. Information security training is provided to strengthen project site security. Moreover, LG CNS conducts management activities for changing perceptions of security, sending out information security letters to members on a regular basis.

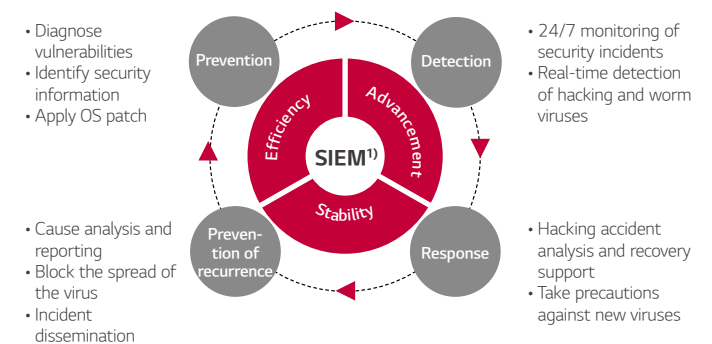
LG CNS Information Security & Personal Information Protection Training

Type of Training	Description
Personal information training	Precautions for personal information protection
Information security basic education	Information protection precautions to be observed during work
Development security training	Security compliance measures for system development to remove vulnerabilities
Security training for suppliers	Information protection precautions to be observed by partners

Creating a working environment safe from external attacks

LG CNS is continuously carrying out preventive activities to prepare for intelligent external attacks such as hacking and dissemination of malicious codes. It operates a total security service that detects and responds to threats in real time to prevent the spread of damage in the event of a security incident. In addition, it is establishing a safe working environment by introducing a solution to block malicious codes and ransomware that spread via e-mail.

LG CNS SIEM* Integrated Security Control Solution Process



* Security Information Event Management: A security solution that collects and analyzes security logs and event information to recognize threat situations and quickly respond to cyber attacks or breaches

AI Ethical Principles

Purpose

LG Group has established AI Ethical Principles to prepare for the AI ethics issues that will inevitably increase as the use of AI expands, as well as to present common principles for ethical AI development and use across the group. To ensure the trustworthiness of AI, governments and companies around the world have published 122 ethical principles over the past 10 years, and the need for such principles is growing. As standards for correct behavior and value judgment for all employees at LG involved in the development and use of AI, these ethical principles enable LG Group to contribute to ensuring the trustworthiness of AI and resolving ethical issues.

Establishment Criteria

The LG AI Ethical Principles were reviewed by the LG AI Ethics Committee - consisting of experts in technology, law, and policy - to better reflect social needs and professional perspectives on AI. Further, the LG AI Research Institute and the LG AI Ethics Committee selected five core values with consideration for their importance in ensuring AI trustworthiness and the degree to which they embody LG's management ideology.

Criteria for establishing the LG AI Ethical Principles

Importance	• Have the core values of global standards for ensuring the trustworthiness of AI been considered?
Compatibility with LG	• Does it align with LG's management philosophy of value creation for customers, mutual respect, and Jeong-Do Management? • Does it include LG Group's AI vision, "Advancing AI for a better life"?
Applicability	• Has the applicability to LG subsidiaries in diverse industries been considered?
Independence	• Do the principles uphold the independence and competitiveness of AI research?






* The AI Ethical Committee was dissolved at the end of 2021 following completion of the review of the ethical principles

AI Research Institute

The LG AI Research Institute is leading the enhancement of AI capabilities through research on the latest AI technologies such as energy, biotechnology, product design, and R&D, as well as by promoting various activities to optimize the use of AI in all of LG's business areas through diffusion to all affiliates. Within one year of its founding, the institute identified 15 key challenges in various business areas and established a unique problem-solving method leveraging AI technology. Furthermore, the development of EXAONE, a supergiant AI that was the first to implement two-way data generation between language and images, has received an excellent response from the market.

LG AI Ethical Principles

The five core values of the AI Ethical Principles are humanity, fairness, safety, accountability, and transparency. Going beyond technology to enhance the value of customers' lives and create a healthy and sustainable society, LG will comply with the AI Ethical Principles.

- 
Humanity
 - LG AI provides benefits to humanity and society.
 - LG AI does not violate human rights.
- 
Fairness
 - LG AI treats all people fairly while respecting diversity.
 - LG AI avoids unfair discrimination based on individual characteristics.
- 
Safety
 - LG AI operates in a safe and robust manner.
 - LG AI predicts and responds to potential risks.
- 
Accountability
 - LG AI clearly defines roles and responsibilities for those involved in development and use.
 - LG AI strives to fulfil the responsibility to operate appropriately in line with the intention of the human.
- 
Transparency
 - LG AI is transparent with our customers to help them better understand and trust how AI works.
 - LG AI follows principles and standards to ensure transparency in our algorithms and data.

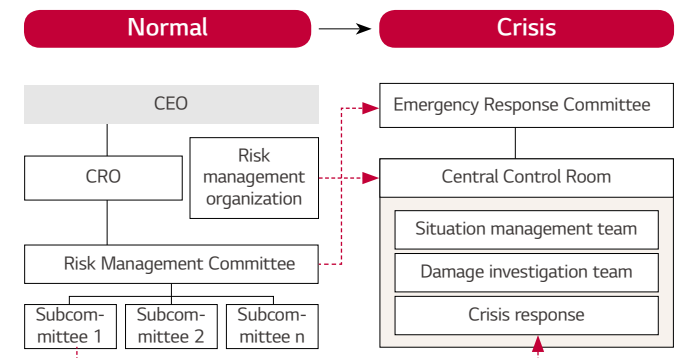
Risk Management

Direction

To strengthen the risk response system and enhance the prevention of risks, each affiliate of LG Group has appointed a CRO and established a dedicated organization for risk management. Through this control tower for risk management, risk categories and types are identified on a company-wide level. Further, sustainable management is promoted on a group-wide level by discussing risk management policies, sharing examples of serious accidents/current issues and preventing them from recurring, and improving the risk management system.

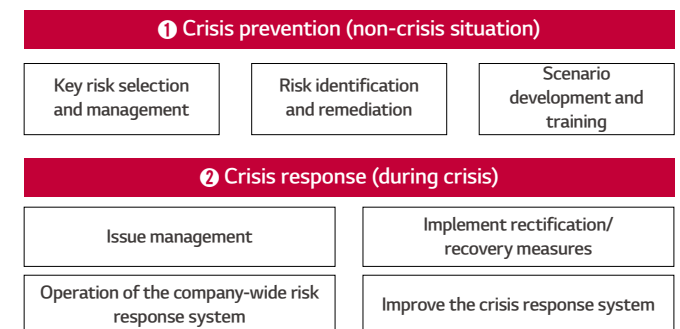
Risk Management Organization

LG Group appoints a chair for the Crisis Management Council, which is composed of CROs from 13 affiliates, to discuss the group's progress and issues with a focus on major risks, countermeasures, and decision-making issues. In 2021, a crisis management organization was formed within LG Electronics, LG Chem, LG Display, LG Energy Solution, LG Uplus, LG Innotek, LG HelloVision, D&O 8 affiliates, and Science Park. Accordingly, there is a focused effort on strengthening LG Group's risk management by establishing a system for communication and response when risks occur, and by carrying out activities to reduce risk.



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

Crisis prevention and response



Prevention

Regular meetings with senior management have been established to improve capabilities with respect to risk management activities. Further, current issues are shared and improvement activities are disseminated to facilitate risk prevention centered on affiliate CROs and the Risk Management Council.

- LG Group Risk Management Meetings:** Discussion of fundamental causes and improvement plans relating to serious accidents/issues within the scope of affiliates' key risks, and review of progress concerning mid- to long-term roadmaps and focus tasks.
- CRO Risk Management Council:** Consultation on risk management policies and dissemination of risk response cases and best practices
- Affiliate Risk Management Committee:** Direct review of on-site risks and risk preparations by executives (CEO/CRO), and enhancement of risk management capabilities through company-wide One-Team activities following specification of points for improvement

Response

Established a communication system that enables immediate and accurate dissemination of information to related departments and executives upon the occurrence of risks, and formed a response organization and IT support system that facilitates prompt response and decision-making.

- Communication standards:** Definition of risk types on an LG Group level, and preparation of risk grades on an affiliate level
- Response organization:** Definition and management of the roles of the Emergency Response Committee and situational organizations composed of executives and relevant organizational leaders
- IT Support System:** Establishment of a mobile/web-based system covering functions such as the dissemination of situational information, communication of emergency evacuation orders and assignments, etc.

Training and Skills Enhancement

LG Group operates training programs and a reward system to enhance the mind-set and expertise of employees with respect to risk management. It also conducts simulation training programs, based on risk scenarios, to improve responses to crisis.

- Regular online training conducted to strengthen company-wide mind-set on risk management
- Operation of a business continuity management program, dissemination of incident investigation methodology/decision-making models, etc., to secure expertise in crisis management
- Reviewing and deriving improvements for the risk response system, including the key roles of relevant organizations for each risk scenario, stakeholder response, decision-making, etc., through simulation training
- Rewarding, on a LG Group level, outstanding tasks that led to best practices from a risk prevention and response perspective

Appendix

- **About LG Group**
- **Stakeholder Engagement**
- **Identification of Material Issues**
- **GRI Standards Index**
- **Third Party Assurance Statement**
- **ESG Data Definition**

About LG

Overview of LG Group

Establishment Date	January 5, 1947
Headquarters Location	128 Yeoui-daero, Yeongdeungpo-gu, Seoul
Major Business	Manufacturing broadcast receivers and other video and sound equipment, basic petrochemical compounds, wired and wireless communications, etc.

- As of the end of December 2021

LG Corp. Holding Structure

 **ELECTRONICS**

- LG Electronics**
33.7%
- LG Display Co., Ltd. (37.9%)
 - Nanumnuri Co., Ltd. (100%)
 - LG Innotek Co., Ltd. (40.8%)
 - Innowith Co., Ltd. (100%)
 - Hi Plaza Inc. (100%)
 - Hi-M Solutek Co., Ltd. (100%)
 - Hi-Caresolution Corp. (100%)
 - Hi Teleservice Inc. (100%)
 - Ace R&A Co., Ltd. (100%)
 - Hanuri Co., Ltd. (100%)
 - Robostar Co.,Ltd. (33.4%)
 - LG Magna e-Powertrain Co.,Ltd. (51%)
 - ZKW Lighting Systems Korea Co., Ltd. (100%)*

 **CHEMICALS**

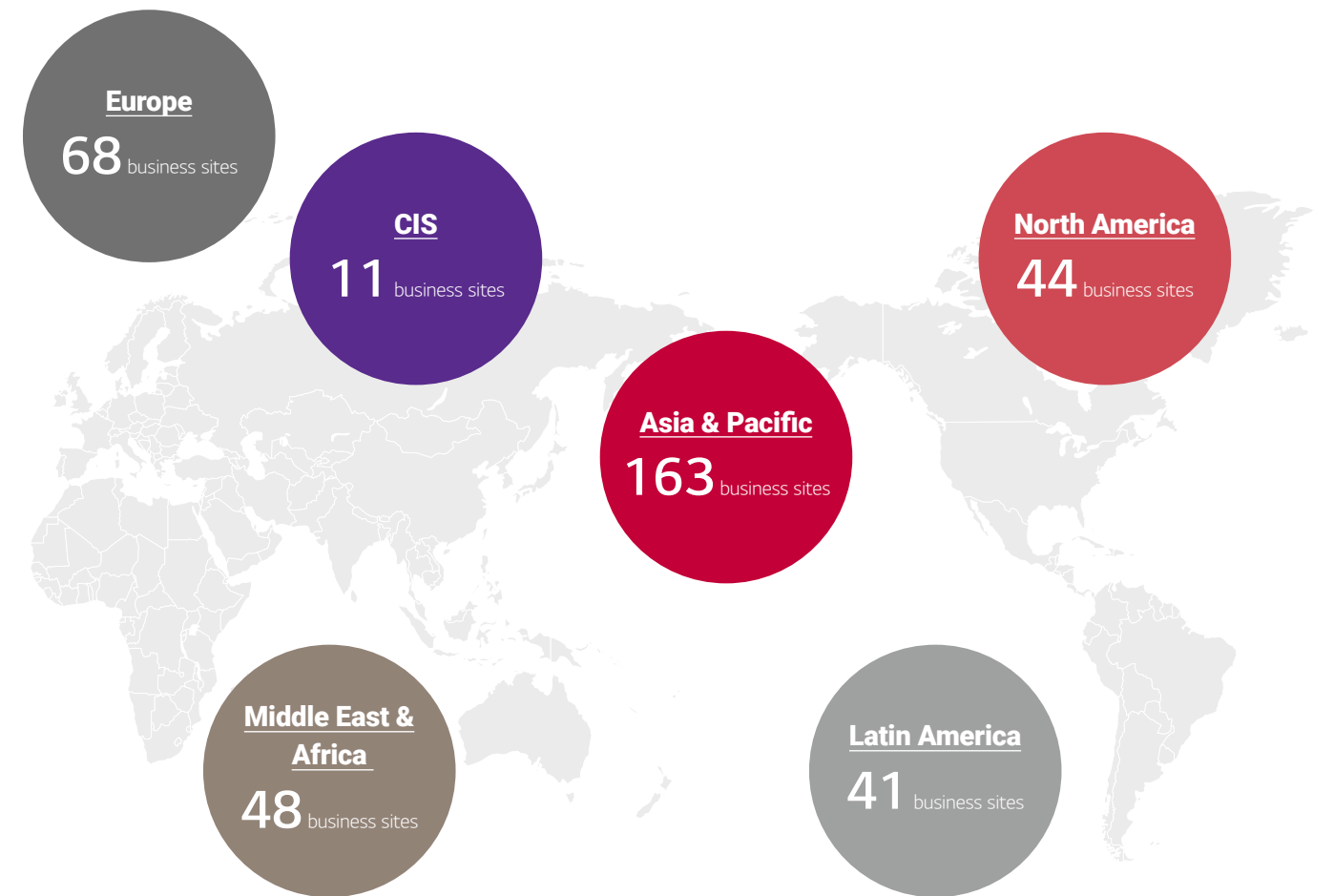
- LG Chem, Ltd**
33.3%
- LG Energy Solution, Ltd. (81.8%)
 - Aremnuri Co. Ltd. (100%)
 - SEETEC Co., Ltd. (50%)
 - Haengboknuri Co., Ltd. (100%)
 - FarmHannong Co., Ltd. (100%)
 - LG BCM (100%)
- LG Household & Health Care, Ltd**
34%
- Coca-Cola Beverage Company (90%)
 - Hankook Beverage Co., Ltd. (100%)
 - Gwoonnuri (100%)
 - Hai tai HTB Co., Ltd. (100%)
 - FMG Co., Ltd. (100%)
 - Balkeunnuri Co., Ltd. (100%)
 - LG Farouk Co. (50%)
 - MiGenstory Co., Ltd. (100%)
 - Ulleung Spring Water Co., Ltd. (87%)
 - TaiGuk Pharmaceutical Co., Ltd. (99.3%)
 - Rucipello Korea Inc. (100%)
 - LOAKOREA (70%)

 **TELECOMMUNICATIONS & SERVICES**

- LG Uplus Corp.**
37.7%
- LG Hello Vision Corp. (50%)
 - CV Partners CO.,Ltd. (100%)
 - CS Leader Co., Ltd. (100%)
 - AIN Tele Service Co., Ltd. (100%)
 - Medialog Corp. (99.6%)
 - Dacom Crossing Co., Ltd. (51%)
 - CS One Partner Co., Ltd. (100%)
 - WithU Corporation Co., Ltd. (100%)
 - Uplushome Service (100%)
- GIIR Inc.**
35%
- HS Ad Co., Ltd. (100%)
 - L. Best Co., Ltd. (100%)
- LG CNS Co., Ltd.**
50%
- BizTech Partners Co., Ltd. (96.1%)
 - Haengbokmaru Co., Ltd. (100%)
 - RightBrain (61.9%)
- D&O Co., Ltd.**
100%
- Konjiam Yewon Co., Ltd. (90%)
 - miraeM Co., Ltd. (100%)
 - D&O CM Co., Ltd.(100%)
 - Xi C&A (40%)
 - S&I Corp. (40%)
 - Dreamnuri (100%)
- LG Management Development Institute**
100%
- LG Sports Ltd.**
100%

- As of end of March 2022
- Equity ownership based on common stock
* 100% subsidiary of ZKW Group GmbH (overseas affiliate)

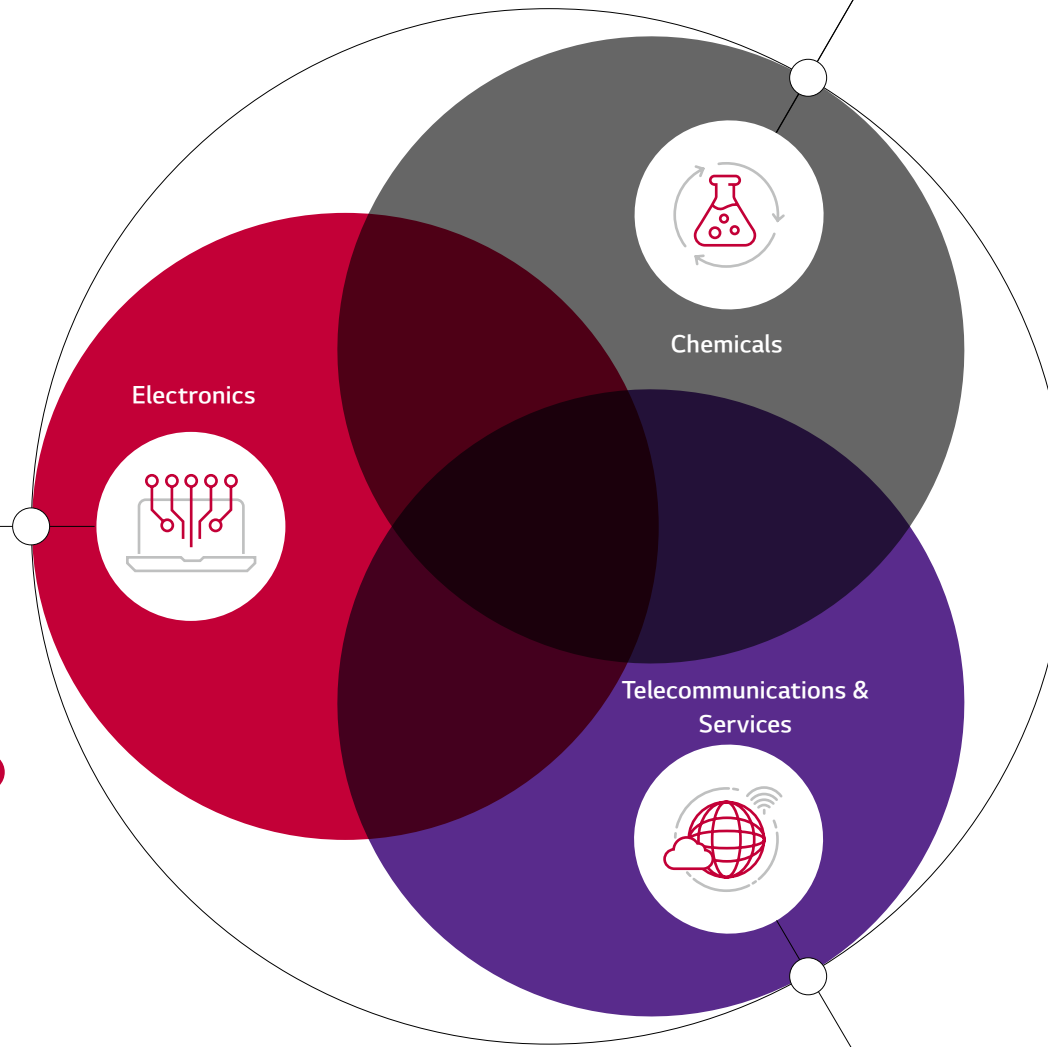
LG's Presence on the Global Stage



- As of the end of December 2021

About LG

LG Group creates customer value by promoting diverse businesses with affiliates in each field, such as electronics, chemicals, and telecommunications.



Electronics

LG Electronics

- H&A**
Household appliances and commercial air conditioners
- HE**
Media products, incl. TV and AV
- VS**
Automobile parts
- BS**
Products and solutions, incl. monitors, PCs, and signage

LG Display

- TV Display**
Large OLED TV, LCD TV, Commercial
- IT DISPLAY**
Monitors, laptops, and industrial products
- Mobile Display**
POLED (plastic OLED), 6th gen smartphone displays
- Automotive Display**
3D Digital Cluster Display
- Commercial Display**
Commercial OLED, M+ Technology, in-TOUCH

LG Innotek

- Optical Solution**
Camera modules for smartphones and tablets, 3D sensing modules and vehicle cameras
- Package Substrate**
Semiconductor substrates, tape substrates, and photomasks
- Electric Parts**
Vehicle motor sensors, telecommunication modules, power modules, camera modules, lighting solution modules

Chemicals

LG Chem

- Petrochemical**
NCC, PO, PVC/Plasticizer, ABS, Acrylic/SAP, HPM, Catalyst, CNT
- Advanced materials**
Cathode material, separator, engineering, IT material, semiconductor material, RO filter
- Life Science**
Primary Care, Specialty Care, Aesthetics

LG Energy Solution

- Vehicle Battery**
Cell, module, BMS, and pack products for electric vehicle batteries
- Small Battery**
High-capacity, high-power, ultra-slim and free-form preform batteries
- ESS Battery**
Batteries for grid, commercial, residential, and UPS use

LG Household & Health Care

- Beauty**
Sum 37°, OH HUI, The History of Whoo, belif
- Home Care & Daily Beauty**
Dr. Groot, TECH, Perioe, Elastine, Veilment
- Refreshment**
Monster, Gangwon Pyeongchang-soo, Coca-Cola, Powerade & TORETA, Guronsan Vermont

Telecommunications & Services

LG Uplus

- Mobile**
Diverse phone plans and support services, 5G-based contents
- Home**
Uplus Children's Land (an IPTV service for infants), Netflix, Uplus Smart Home
- Enterprise Infrastructure**
Private 5G network for enterprises

LG HelloVision

- Hello TV & Internet**
TV, Internet, Phone
- Hello Mobile**
Phone plans, Lightning service, free rental
- Hello Rental**
TV, Laptop/PC, Home Appliances, Trend Appliances

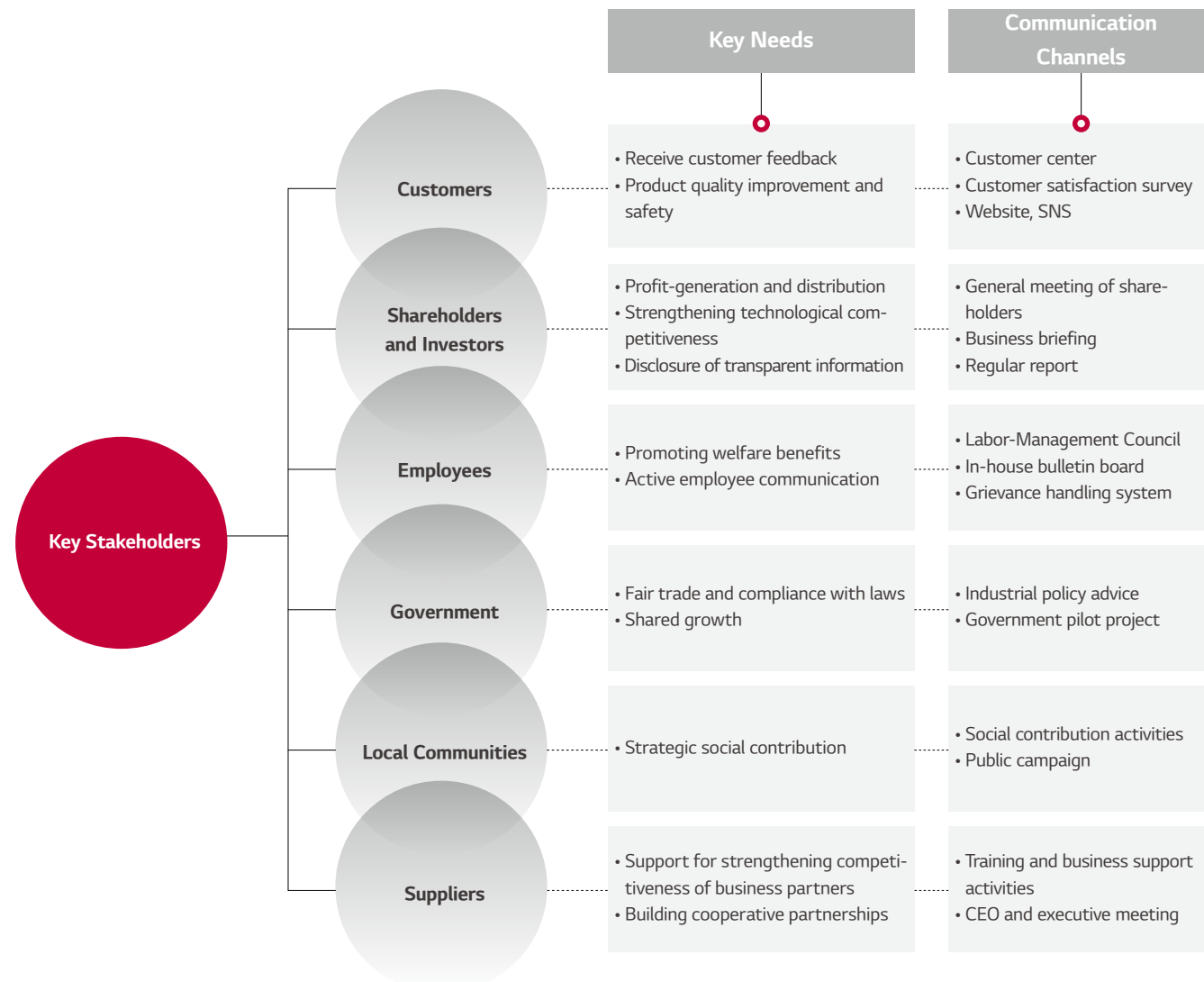
LG CNS

- Digital Transformation**
Public safety, urban transportation, industry and economy
- Digital Technology**
AI, Big Data, Cloud, IoT, Data Center, etc.
- Digital Solution**
Smart Factory, Smart City, Smart Logistics, Cloud, Blockchain

Stakeholder Engagement

Communication

LG Group is realizing sustainable development through active communication with key stakeholders such as customers, shareholders, employees, government, and local communities. In addition, we have established and operated various communication channels to enhance stakeholder engagement in management, and actively collect opinions of diverse stakeholders - identified through communication channels for each major stakeholder - and reflect them in key policies. LG Group will continue to strengthen exchanges with stakeholders to provide them with correct information about the company, as well as to listen to their opinions and reflect them in key decisions.



ESG Advisory Group

To suggest proposals on pending issues and implement research tasks, LG Group has established an ESG advisory group consisting of an expert advisory group - composed of university professors, institutions, researchers, and other experts in the ESG field - and an MZ advisory group, which is composed of youth activists, CEOs of social ventures, and other stakeholders who can provide opinions from an MZ generation perspective.

MZ Advisory Group Interview

Lee Hak-Jong,

Investment Partner, Sopoong Ventures
Specialty: Social Ventures, Impact Investment



Under the principle of sustainable development for future generations, consumers, government officials, and investors are increasingly interested in and demanding corporate environmental, social, and corporate governance (ESG). In particular, the MZ generation is composed of about 19 million people, accounting for 36.7% of the total population, and as major workers and consumers in daily life, the demand for a fair working environment and value-oriented consumption is increasing. The LG Group, which celebrates its 75th anniversary this year, is a global company representing Korea. It has had human-centered management as its philosophy for several decades, and I believe that the current LG Group was created through the talents and products based on that philosophy.

As a community, not simply a company, future generations are demanding a role from companies for a sustainable future. The LG Group is closely related to social and environmental issues and individual lives through its subsidiaries, including LG Electronics, LG Household & Health Care, LG Energy Solution, and LG CNS. Now that the overall infrastructure has been established through Jeong-Do management, I expect the LG Group to play a role in creating a sustainable future as a key member of the global community.

Yoon Ji-hyun,

CEO, Soboro (Social Venture)
Specialty: Accessibility for the Disabled, Diversity



Due to the COVID-19 crisis, problems related to accessibility by people with disabilities are increasingly being raised in various fields such as daily life and education. In this social environment, in order to achieve one of LG's main goals to "minimize the marginalization of vulnerable groups," and achieve practical improvements in accessibility for the disabled, we should keep thinking about the following two considerations.

The first is a consideration for improving product accessibility. In order to make the products and services of affiliates accessible to everyone, LG is conducting various analyses and proposals, such as operating an accessibility advisory group for the disabled. At this point, I would like to emphasize the need to fully consider users of a diverse spectrum, even within the same type of disability. For example, even if they have the same 'hearing impairment,' they are divided into deaf and hard of hearing depending on whether they use visual/spoken languages such as sign language and spoken language, and within that, they can be further classified depending on whether they wear assistive technology devices. Considering that the spectrum can be broad depending on the type of disability and the degree of disability, efforts are made to collect the opinions of various stakeholders in the accessibility design process, so that more sincere considerations on accessibility improvement can proceed.

The second is 'inclusion.' In many advertisements and content, people with disabilities either do not appear at all, or even if they do appear, they only emphasize their disabilities and portray them in an unnatural manner. However, the former is undesirable in that it completely excludes the disabled, and the latter is also undesirable in that it deliberately highlights the disabled by characterizing them only as 'disability.' We must adhere to the principle to 'include the disabled, but not exaggerate or emphasize.' As part of the diversity of existence, people with disabilities naturally appear without being objectified. When LG adheres to these principles and promotes products, services, and ESG activities, it will be able to continue to grow as a company that makes practical positive changes in terms of accessibility for the disabled.

Identification of Material Issues

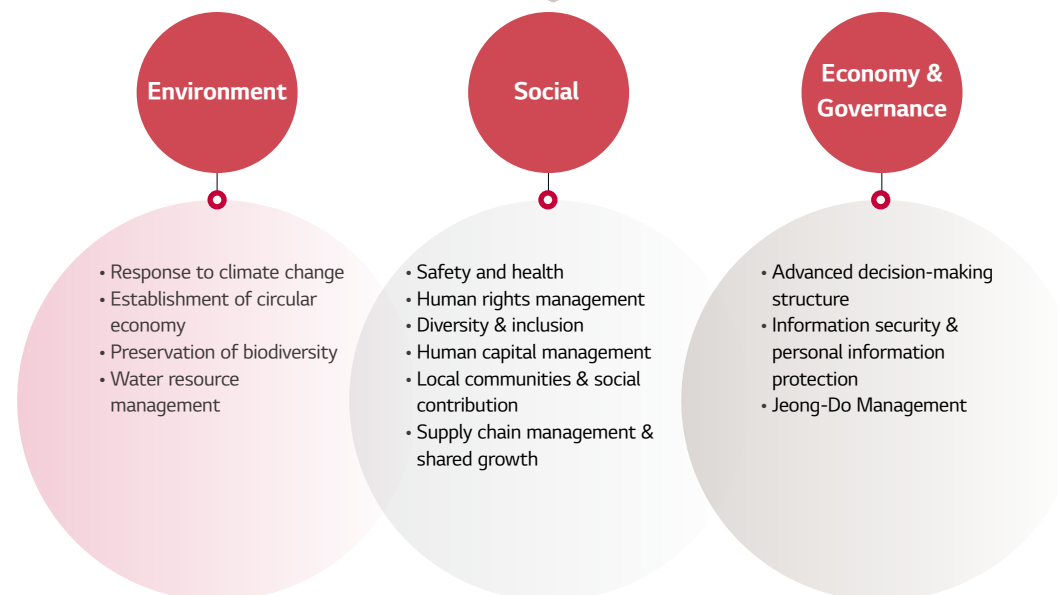
Materiality Assessment

We conducted a materiality assessment to identify the major issues to be managed in terms of LG Group's sustainability management and to focus on reporting related outcomes in the sustainability report. The materiality assessment was conducted in accordance with the principles for determining report content specified by the Global Reporting Initiative (GRI) Standards, a global standard for sustainability reporting that includes guidance on stakeholder inclusion, sustainability context, materiality, and completeness.

Step 1. Issue pool composition

A pool of 13 material issues was derived following consideration of industry issues - including global sustainability management guidelines and sector trends - and aggregation of LG Group affiliates' internal issues relating to sustainability management.

Analysis of International Standards	<ul style="list-style-type: none"> We analyzed global standards and initiatives related to sustainability management, such as the GRI Standards, ISO 26000, UNGC, DJSI, and SDGs.
Media Research and Benchmarking	<ul style="list-style-type: none"> We analyzed media reports related to LG Group's sustainability management in 2021. We benchmarked sustainability reports by companies in the same industry and those of leading companies in terms of sustainability management.
Stakeholder Survey	<ul style="list-style-type: none"> From August 25, 2021 to September 21, 2021, we conducted a stakeholder survey to collect the opinions of internal and external stakeholders that have a material impact on LG Group's business. The survey involved 1,007 members of the public, 24 experts, and 220 employees, and enabled us to derive and prioritize the sustainability issues most in need of management from a stakeholder's perspective.



Step 2. Impact analysis

After a review by management and sustainability management experts, 13 key issues were assessed in terms of social concern and business impact.

Step 3. Selection of key issues (Materiality Assessment Matrix)

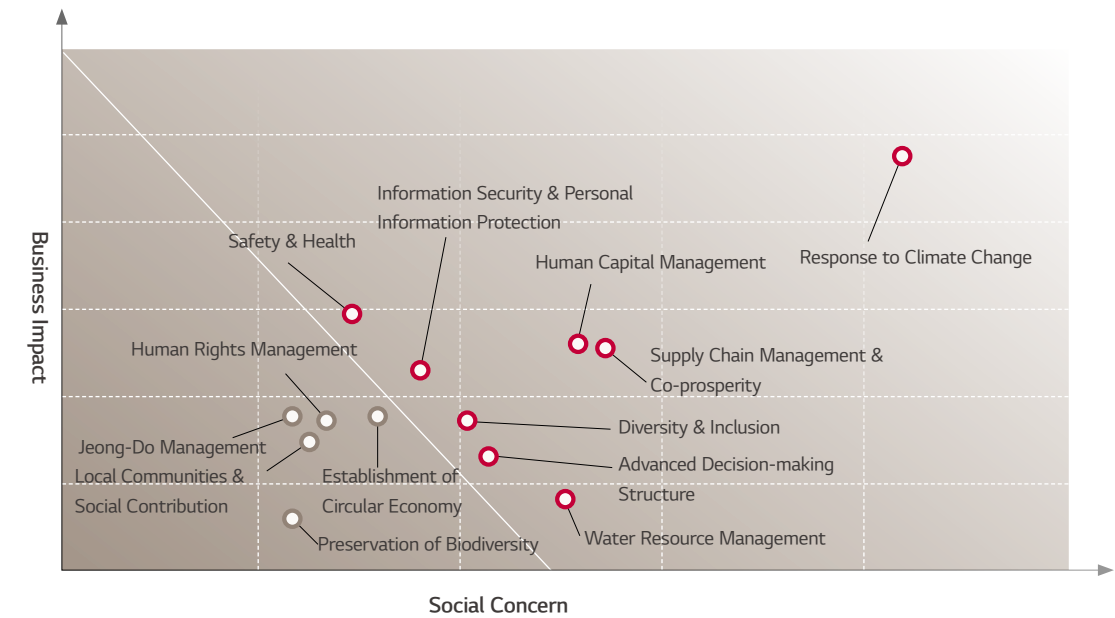
By setting boundaries based on social concern and business impact, a total of 8 material issues were selected for reporting.

Social Concern

The impact of each issue on the activities and decision-making of external stakeholders, and the degree of interest of external stakeholders in the issue

Business Impact

Prioritization based on ESG strategy, media analysis, industry issues, etc., to identify the link between business strategy and ESG issues and their impact on the company



Material Issues	Reporting Boundary					Page
	Internal	Customer	Supplier	Local Community	Shareholder & Investor	
Response to climate change	○		○	○		42-43p
Supply chain management & co-prosperity	○		○			54-55p
Human capital management	○					46-47p
Safety & health	○		○	○		52-53p
Information security & personal information protection	○	○				64-65p
Diversity & inclusion	○				○	48-49p
Advanced decision-making structure	○				○	58-61p
Water resource management	○		○	○		39p

GRI Standards Index

GRI Standards		Page	
Disclosures			
	102-1	Name of the organization	70-71p
	102-2	Activities, brands, products, and services	72-73p
	102-3	Location of headquarters	70-71p
	102-4	Location of operations	70-71p
	102-5	Ownership and legal form	70-71p
Organizational profile	102-6	Markets served	70-71p
	102-7	Scale of the organization	70-71p
	102-8	Information on employees and other workers	70-71p
	102-9	Supply chain	72-73p
	102-10	Major changes in the scale, structure, and ownership of the organization or supply chain	8-11p
	102-11	Precautionary Principle or approach	50p, 54p, 65p
Strategy	102-14	Statement from senior decision-maker	4-5p
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	9p
Governance	102-18	Governance structure	58-59p
	102-40	List of stakeholder groups	74p
Stakeholder engagement	102-42	Identifying and selecting stakeholders	74-75p
	102-43	Approach to stakeholder engagement	74-75p
	102-44	Key topics and concerns raised	74-75p
	102-46	Defining report content and topic Boundaries	About This Report
	102-47	List of material topics	76-77p
	102-49	Changes in reporting	About This Report
Reporting practice	102-50	Reporting Period	About This Report
	102-53	Contact point for questions regarding the report	About This Report
	102-54	Claims of reporting in accordance with the GRI Standards	78-79p
	102-55	GRI Standards Index	78-79p
	102-56	External assurance	80-81p
Management Approach			
Management Approach	103-1	Explanation of the material topic and its Boundary	76-77p

GRI Standards		Page	
Economic			
	201-1	Direct economic value generated and distributed	28-29p
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	42p
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	56-57p
Anti-corruption	205-2	Disclosure of and training on anti-corruption policies and procedures	62-63p
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	62-63p
Environment			
Materials	301-3	Reclaimed products and their packaging materials	44-45p
Energy	302-1	Energy consumption within the organization	34p
Water and Effluents	303-5	Water consumption	34p
	305-1	Direct (Scope 1) GHG emissions	34p
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	34p
	306-3	Waste generated	34p
Waste	306-4	Waste Recycling	34p, 45p
	306-5	Waste directed to disposal	34p
Compliance	307-1	Non-compliance with environmental laws and regulations	35p
Society			
	401-1	New employee hires and employee turnover	35p, 46p
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	47p
	401-3	Parental leave	35p
	403-1	Occupational health and safety management system	52-53p
Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	67p
	403-4	Worker participation, consultation, and communication on occupational health and safety	52-53p
	403-5	Worker training on occupational health and safety	52-53p
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52-53p
Training and Education	404-1	Average hours of training per year per employee	33p
	404-2	Programs for upgrading employee skills and transition assistance programs	46-47p
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	48p, 58-61p
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	48-49p
Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	54-55p
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	64-65p
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	35p

Independent Assurance Statement

To readers of LG ESG Reporting 2021-2022

Introduction

Korea Management Registrar (KMR) was commissioned by LG to conduct an independent assurance of its ESG Reporting 2021-2022 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of LG. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with LG and issue an assurance statement.

Scope and Standards

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

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

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
 - Management approach of Topic Specific Standards
 - GRI 302: Energy
 - GRI 303: Water
 - GRI 305: Emissions
 - GRI 401: Employment
 - GRI 403: Occupational Health and Safety
 - GRI 404: Training and Education
 - GRI 405: Diversity and Equal Opportunity
 - GRI 406: Non-discrimination
 - GRI 414: Supplier Social Assessment
 - GRI 418: Customer Privacy

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

KMR's Approach

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

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

Limitations and Recommendations

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

Conclusion and Opinion

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

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

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

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

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

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

Competence and Independence

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

September 2022 Seoul, Korea

E. J. Hwang

ESG Data Definition

Quantitative data for LG Group's 2022 ESG report was standardized and aggregated on a separate basis for the domestic business sites of LG Corp. and 8 key affiliates: LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household and Healthcare, LG Uplus, and LG CNS. Data collection standards, definitions, scopes, and exclusions are disclosed as follows.

Category	Subcategory	Region	Definition	Exclusions	Notes
GHG	Scope 1, 2 emissions	domestic, overseas	- Guidelines on reporting and certification in line with the GHG emissions trading scheme - 2006 IPCC guidelines on establishing national GHG inventories - Scope 2: location based	LG Corp, LG CNS	-
	Scope 3 emissions	domestic, overseas	- GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)		
Energy	Total energy use	domestic, overseas	- Internal and external organizational energy use (non-renewable energy such as fuel, electricity, steam)	LG Corp, LG CNS	-
Water resources	Water intake	domestic	- Water intake across all areas (surface water, ground water, ocean water, waterworks, etc.)		
	Water use	domestic	- Total water use across all regions (water intake - water emitted)	LG Corp, LG Energy Solution (2019)	
	Water emitted	domestic	- Total water discharge across all regions (surface water, ground water, ocean water, effluent treatment facilities, etc.)		- Data for LG Energy Solution in 2019 was excluded from aggregation due to inaccuracies arising from the spin-off from LG Chem
	Water recycled/re-used	domestic	- Total recycled and reused water consumed within the organization		
Waste	Waste emitted	domestic	- Total waste processed (general, designated) and treatment method (recycled, incinerated, landfill)	LG Corp, LG Energy Solution (2019)	
Chemical substances	Directly emitted VOCs	domestic	- VOC (volatile organic compound) emissions in accordance with Article 39 (self-measurement) of the Clean Air Conservation Act	LG Corp, LG Energy Solution (2019)	
Occupational accidents	LTIFR	domestic, overseas	- Number of lost time injuries occurring in a workplace per 1 million hours worked (no. of lost time injuries / total hours worked in one year x 1,000,000)		
Workforce	Total no. of employees	domestic	- Total no. of employees (permanent, contract) during the reporting period		
	Male executives	domestic	- Total no. of male executives during the reporting period		
	Female executives	domestic	- Total no. of female executives during the reporting period		
	Disabled workers	domestic	- Total no. of disabled employees during the reporting period		
Recruitment and employee turnover	Entry-level hires	domestic	- Total no. of entry-level hires within the reporting period		
	Total employee turnover	domestic	- Total employee turnover during the reporting period		- Reduction in new hires in 2020 compared to previous years due to the COVID-19 pandemic
	Voluntary turnover	domestic	- Total voluntary turnover during the reporting period (total turnover minus retirements, dismissals, deaths, etc.)		

- Please refer to pages 34-35 for detailed quantitative data

ESG Data

Category	Subcategory	Region	Definition	Exclusions	Notes
Employee training	Average training time per person	domestic	- Average training hours completed by an employee during the reporting period (all internal and external training)	LG Corp, LG Innotek (2019, 2020), LG Energy Solution (2019, 2020)	- Data for LG H&H was not managed in 2019 and 2020, and was therefore excluded from aggregation due to inaccuracies - Data for LG Energy Solution in 2019 and 2020 was excluded from aggregation due to inaccuracies arising from the spin-off from LG Chem
	Total training expenses per person	domestic	- Average investment in training per employee during the reporting period	LG Energy Solution (2019, 2020)	- Data for LG Energy Solution in 2019 and 2020 was excluded from aggregation due to inaccuracies arising from the spin-off from LG Chem
Parental leave	Rate of return to work	domestic	- Proportion of employees returning to work after parental leave	-	-
Labor union	No. of union members	domestic	- Employee membership of labor unions during the reporting period (excl. executives and other employees eligible for labor union membership)	LG Innotek (2019)	- Data for LG H&H was not managed in 2019 and was therefore excluded from aggregation due to inaccuracies
	Membership rate	domestic	- Labor union membership rate during the reporting period (employee membership of labor unions / employees eligible for labor union membership)		
Social contribution	Total donations and investment	domestic, overseas	- Amount of social contribution, by type * Business for Societal Impact: Guidance Manual	LG Energy Solution (2019), LG H&H (overseas)	- Data for LG Energy Solution in 2019 was excluded from aggregation due to inaccuracies arising from the spin-off from LG Chem - Overseas data for LG H&H is not managed, and was therefore excluded from aggregation due to inaccuracies
Violations of anti-competition/anti-trust laws/regulations	Frequency	domestic, overseas	- No. of cases of unfair competition and monopolistic behavior in accordance with legislation on anti-trust regulations and fair trade (in accordance with business report)	-	-
	Monetary value of fines incurred	domestic, overseas	- Monetary losses arising from unfair competition and monopolistic behavior in accordance with legislation on anti-trust regulations and fair trade (in accordance with business report)	-	-
Violation of social/economic laws	Frequency	domestic, overseas	- Non-monetary sanctions incurred as a result of violations of laws and regulations relating to society and the economy (in accordance with business report)	-	-
	Monetary value of fines incurred	domestic, overseas	- Fines incurred as a result of violations of laws and regulations relating to society and the economy (in accordance with business report)	-	-
Violation of environmental laws	Frequency	domestic, overseas	- Environment-related sanctions, administrative measures, and regulatory history (in accordance with business report)	-	-
	Monetary value of fines incurred	domestic, overseas	- Monetary value of fines incurred as a result of violations of environmental legislation (in accordance with business report)	-	-

- Please refer to pages 34-35 for detailed quantitative data

ESG Data

