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FUTURE

LG ESG Reporting 2023

# LG ESG Reporting 2023

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## Disclaimer

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# Overview

## General Requirement

### Reporting Entity and Scope

The scope of this report covers LG Corp. and five entities (LG CNS, D&O, LG Management Development Institute, LG Sports, and LG Holdings Japan Co.,Ltd.) that, in accordance with our consolidated financial statements, are key subsidiaries, excluding second-tier subsidiaries, with total assets exceeding KRW 75 billion. As our greenhouse gas emissions, and those of five key subsidiaries, account for less than 1% of the total emissions of LG Group, information relating to three key affiliates (LG Electronics, LG Chem, and LG Uplus) have been included on matters concerning climate change. Please refer to the footnotes, where available, in cases where differences in the scope of reporting are present due to a lack of information, etc. Regarding Compliance Management, the scope of this report covers LG Corp., considering that each subsidiary and affiliate has an independent internal control system and operating in accordance with the internal control standards, but the main matters that are common to the Group are described together.

### Reporting Period

This report covers the period from 1 January 2023 through 31 December 2023. For certain data contained herein, information from the first half of 2024 was included for timeliness. We issue this report in the second half of each year.

### Application and Reference Standards

This report was prepared with reference to the Korea Sustainability Standard Board's (KSSB) exposure drafts on sustainability disclosure standards. In the process of identifying sustainability-related risks and opportunities that could reasonably be expected to affect our prospects, we have referred to the KSSB's sustainability disclosure standards, the GRI Standards 2021, the SASB Standards, and the European Sustainability Reporting Standards (ESRS).

### Report Verification

An independent, third-party assurance engagement was conducted to ensure the accuracy, objectivity, and reliability of the preparation of this report and the information contained herein. The assurance engagement was conducted in accordance with ISAE 3000.

### Currency

The unit of currency used herein is the South Korean won; the official currency of the Republic of Korea.

### Comparative Information

In accordance with the requirements of sustainability disclosure standards, this report discloses comparative information, from the prior reporting period, relating to all available quantitative data.

## Judgements, Uncertainties and Errors

### Judgements that have Significant Effect on the Information

#### 1. Identification of Sustainability-related Risks and Opportunities

To identify sustainability-related risks and opportunities that could be reasonably expected to affect our prospects, we assessed the sustainability-related financial impacts on five key subsidiaries (LG CNS, D&O, LG Management Development Institute, LG Sports, LG Holdings Japan Co.,Ltd.). After identifying sustainability issues and assessing sustainability-related financial information, we have determined that 'climate change', 'compliance management', and 'health and safety' are three topics of high significance. Accordingly, we have selected these as topics for disclosure herein.

#### 2. Identification of Material Information

In accordance with the KSSB's sustainability disclosure standards, we have identified sustainability-related risks and opportunities, and material information relating to these risks and opportunities. However, metrics relating to the three topics for disclosure, 'climate change', 'compliance management', and 'health and safety', are based on the GRI Standards 2021.

#### 3. Reassessment of the Scope of Sustainability-related Risks and Opportunities throughout the Value Chain

On the occurrence of a significant event or significant change in circumstances, we will reassess the scope of all affected sustainability-related risks and opportunities throughout our value chain. A significant event or significant change in circumstances can occur without LG Corp. being involved in that event or change in circumstances, or as a result of a change in what we assess to be important to users of general purpose financial reports. Such significant changes in circumstances might include changes in our value chain, or changes to the business model, activities, or corporate structure of consolidated entities.

### Measurement Uncertainty

#### 1. Anticipated Effects of Sustainability-related Risks and Opportunities on Financial Information Over Different Time Horizons

This report includes information about sustainability-related risks and opportunities that could reasonably be expected to affect our financial position, financial performance, and cash flows over the short, medium or long term. While measurements involved using reasonable information that was available at the reporting date, the measurement process includes assumptions about future events and is thus subject to significant uncertainties.

#### 2. Scope 1 and Scope 2 Greenhouse Gas Emissions of Subsidiaries

The climate-related disclosures herein include the Scope 1 and 2 emissions of three key subsidiaries (LG CNS, D&O, LG Holdings Japan Co.,Ltd). As LG CNS falls within the scope of the domestic emissions trading system (K-ETS), it is required to calculate its Scope 1 and 2 emissions and conduct third-party assurance of these emissions on an annual basis. Further, as D&O's 'Gonjam Resort and Golf Club' business site is subject to the domestic GHG and Energy Target Management Scheme, it also calculates and verifies the greenhouse gas emissions of this particular site. For twelve business sites, including the D&O Gangseo office, estimates for oil use, waste emissions, etc., are used in instances where accurate measurements of certain values prove difficult. LG Holdings Japan Co.,Ltd. conducts its own calculations of greenhouse gas emissions based on reasonable and available information, but does not conduct a third-party assurance engagement.

# 01

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## I. Climate Change

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# I. Climate Change

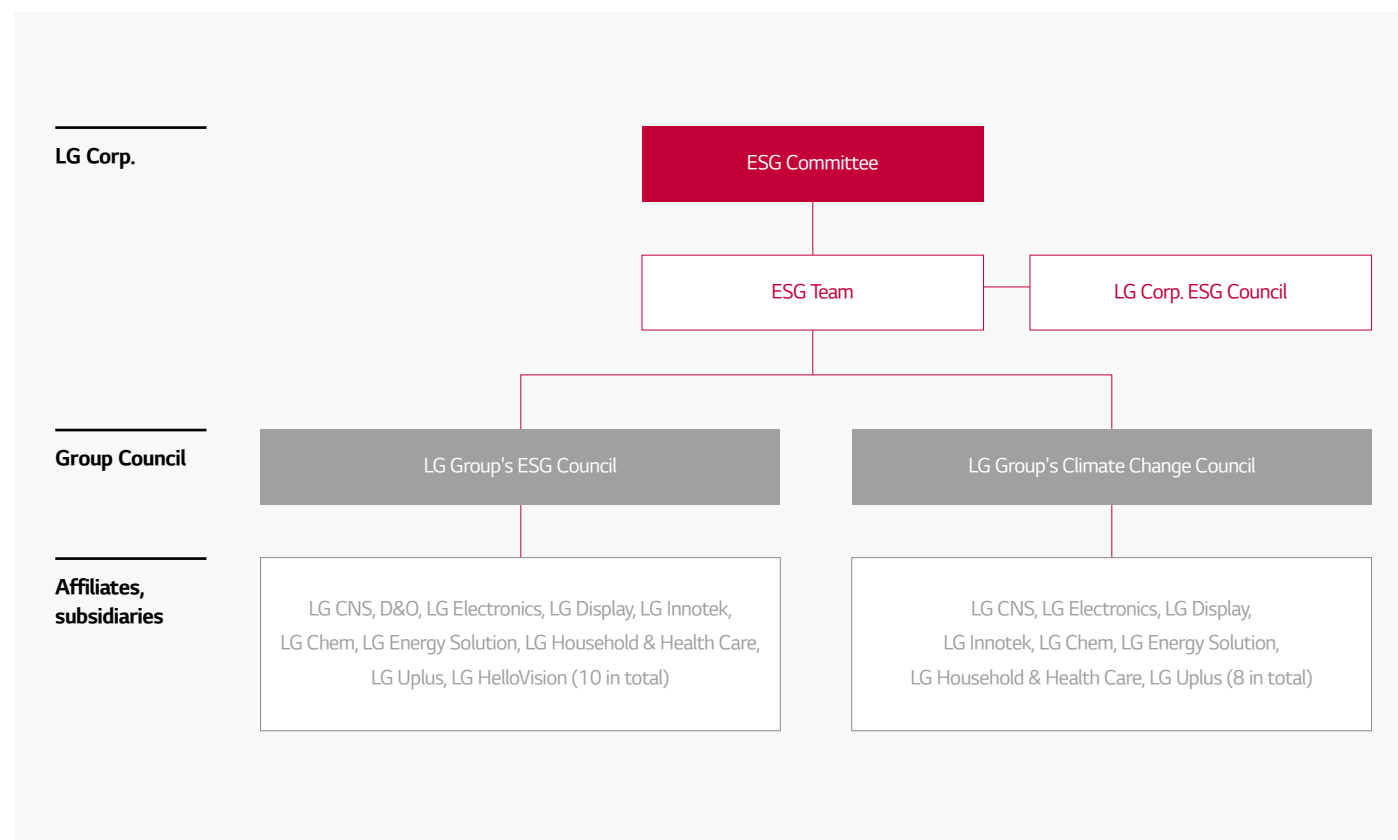
## Governance

### The Governance Body Responsible for Oversight of Sustainability-Related Risks and Opportunities

#### 1. Overview

##### Roles and Responsibilities

Our ESG Committee is a governance body that deliberates on, and supervises, our sustainability-related mid- to long-term directions, targets and plans, risks and opportunities, response measures, and progress across the environmental, social, and governance dimensions – including climate change. Matters involving sustainability-related policies and management at the group level are addressed following discussion at our Group ESG Council, which is composed of 10 subsidiaries and affiliates – including two key subsidiaries (LG CNS and D&O), and three key affiliates (LG Electronics, LG Chem, and LG Uplus). Further, we operate a Group Climate Change Council to promote matters concerning policies and management relating to carbon and renewable energy. This Council, which is composed of seven affiliates and the dedicated energy and climate body of one subsidiary (LG CNS), includes three key affiliates that account for 99% of the Group's emissions.



In line with the global expansion of mandatory sustainability-related information disclosure, our ESG Committee oversees our matters including our ESG disclosure plans, internal controls over ESG reporting, and improvement measures. The Committee's authority is defined in the ESG Committee Regulations and ESG Information Management and Disclosure Regulations.

Category	Roles and Authority
ESG Committee Regulations	<p><b>Article 3 (Authority)</b> To vote on "items placed for consideration" such that the company fulfills its roles and responsibilities concerning the environment and society, establishes a foundation for transparent governance and compliance management, and achieves long-term sustainable growth.</p> <p><b>Article 10 (Items Placed for Consideration)</b></p> <p>① The following items shall be placed before the Committee for consideration.</p> <ol style="list-style-type: none"> <li>1. Establishing basic policies and strategies for ESG management, etc.</li> <li>2. Setting mid- to long-term ESG targets</li> <li>3. Establishing basic policies for compliance management</li> <li>4. Other matters either delegated by the Board of Directors or deemed necessary by the Committee</li> </ol> <p>② The following items shall be reported to the Committee.</p> <ol style="list-style-type: none"> <li>1. Plans and progress relating to ESG management activities</li> <li>2. Matters concerning the occurrence and response to ESG-related material risks</li> <li>3. Material matters concerning internal control, including the management of critical compliance risks, etc.</li> <li>4. Other matters deemed necessary by the Committee.</li> </ol>
ESG Information Management and Disclosure Regulations	<p><b>Article 4 (ESG Committee)</b></p> <ol style="list-style-type: none"> <li>1. The ESG Committee shall oversee matters relating to the disclosure of ESG information, such as ESG disclosure plans and the identification of ESG-related risks, etc.</li> <li>2. The ESG Committee shall review, on a regular and ad hoc basis, matters concerning the operation of internal control over ESG and improvement plans, as well as the occurrence of ESG-related material risks.</li> </ol>
Category	Key Role
Group ESG Council	<ul style="list-style-type: none"> <li>• Discuss data management policies and system operations to ensure consistency and uniformity in ESG performance</li> <li>• Gather opinions from subsidiaries and affiliates regarding the establishment and management of goals and targets for each ESG dimension, including climate change, circular economy, supply chain management, Health and Safety, Jeong-Do management, etc., as well as discuss implementation tasks</li> </ul>
Group Climate Change Council	<ul style="list-style-type: none"> <li>• Discuss climate change policy trends, carbon neutrality implementation plans and related challenges</li> <li>• Discuss feasibility assessments for reduction projects, and the identification and review of offsetting projects</li> <li>• Discuss process efficiency technologies and renewable energy procurement plans</li> </ul>

# I. Climate Change

## | Competencies

The ESG Committee is composed of five members (four independent directors and one executive director)\*. To ensure that the Committee's oversight of relevant risks and opportunities is based on expertise in sustainability topics, including climate change, we have enacted Guidelines for Board Expertise and Diversity. When appointing directors, we select candidates with demonstrable expertise in each of these specialist areas. In line with our Guidelines, we have appointed Ms. Soo-Young Lee, a director with expertise in environmental and corporate management, as the chairperson of the ESG Committee, with a mandate to oversee broad issues relating to sustainability – including climate change. For independent directors, we also provide training on the management environment, industry trends, and key businesses with a view to continuously developing the ESG Committee's capabilities on climate change-related risks and opportunities.

Training Date	Training Provider	Participating Independent Directors	Training Details
2023.4.12	LG Academy	Jong Su Park	Role of directors and operation of the Board of Directors
2023.4.20	BOD Secretariat	Jong Soo Han, Sung Wook Cho, Soo Young Lee, Jong Su Park	Domestic/global economic outlook, changes in the international order and key issues in the management environment
2023.4.27	BOD Secretariat	Jong Su Park	Overview of affiliates, etc.
2023.12.17	External lecturers	Jong Soo Han, Sung Wook Cho, Soo Young Lee, Jong Su Park	Climate change adaptation and corporate response strategies

\* As of the end of June 2024

## 2. Method of Operation

### | Reporting Method

The ESG Team reports to the ESG Committee on matters concerning climate-related risks and opportunities. In principle, the ESG Committee meets semi-annually, but in reality, as often as necessary. To ensure that the directors who serve on the ESG Committee have an understanding of the agenda sufficient to fulfil their roles, we provide agenda-related preliminary reports and related materials via the BOD Secretariat. The deliberations and outcomes of ESG Committee meetings are reported at the next BOD meeting.

Category	Board of Directors	ESG Committee
Reporting Body	ESG Committee	ESG Team
Reporting Period and Frequency	• At least once per quarter (convened as necessary)	• At least semi-annually (convened as necessary)
Contents of Report	• Outcomes of deliberation on matters related to sustainability risks and opportunities	• Matters related to sustainability risks and opportunities

As of the end of the previous fiscal year, the ESG Committee convened on four occasions. In terms of climate change agenda, it received reports regarding 'Progress and Plans on Carbon Neutrality' in June and 'Group Progress on Carbon Neutrality' in December.

Category	Date	Key Agenda	Approval
ESG Committee	2023.6.13	Progress and plans on carbon neutrality	Report
	2023.12.18	Group progress on carbon neutrality	Report

### | Consideration of Risks and Opportunities

We have established standards and procedures for assessing sustainability risk across seven dimensions in the investment screening process, including carbon emissions and energy, resource circulation, health and safety, and ethics and compliance. Each dimension was designed with consideration for cost/economics, production impact, regulation, and reputational risks. The scope of discussion on review outcomes is categorized by the nature of the investment and the screening stage, ensuring that ESG risks are reflected in the investment decision-making process.

### | Oversight of Target Setting and Progress

We review carbon neutrality plans and targets through the Group Climate Change Council, and the progress and outcomes of implementation are regularly reported to the ESG Committee. In particular, progress on key metrics (such as carbon emissions and RE transition amount) are managed and reported to management on a monthly basis.

## Role of Management in Overseeing Climate-related Risks and Opportunities

### 1. Role of Management in Oversight

Firstly, the Board of Directors, ESG Committee, executive management, and working-level personnel are each granted roles and responsibilities to address climate-related risks and opportunities. Our ESG team regularly reports to executive management on matters concerning our climate-related initiatives and progress on implementation, including carbon emission reductions and relevant investment expenditures, to provide ongoing oversight of our climate-related management activities. Key climate-related initiatives, which are implemented under the oversight of executive management, are reported to the BOD via the ESG Committee.

### | Controls and Processes

To support management's oversight of climate-related risks and opportunities, they are provided with regular reports on the state of our climate change response. Further, climate-related management outcomes are periodically reported to the ESG Committee and the Board of Directors. To ensure that information concerning climate-related risks and opportunities is consistent and reliable, we have established ESG Information Management and Disclosure Regulations, which have been approved by the ESG Committee. These regulations enact departmental responsibilities for the management and disclosure of ESG information (including climate change), as well as internal control processes for information management. Under these regulations, the ESG Team reviews and assesses the selection of material ESG information, including climate change, as well as the identification of ESG-related risks and opportunities. Meanwhile, ESG disclosure plans and the adequacy of the monitoring and operation of our ESG internal control system is overseen by executive management, which has responsibility for the management of ESG information.

# I. Climate Change

## Strategy

### Climate-related Risks and Opportunities

#### 1. Identified Risks and Opportunities

By reviewing each affiliate's carbon neutrality targets and implementation plans in accordance with our Group Carbon Neutrality Management Standard, we established the LG Group 2050 Integrated Carbon Neutrality Roadmap (the "Carbon Neutrality Roadmap") with the aim of effectively achieving carbon neutrality. The GHG emissions of the seven affiliates<sup>1)</sup> included in the Carbon Neutrality Roadmap account for approximately 99% of LG Group's total emissions, while our emissions and those of five key subsidiaries (LG CNS, D&O, LG Management Development Institute., LG Sports, LG Holdings Japan Co.,Ltd.) account for less than 1%. Accordingly, LG Corp. and two key subsidiaries that are designated as targets for national GHG management (LG CNS and D&O), as well as three key subsidiaries (LG Electronics, LG Chem, and LG Uplus) have been set as the scope for our reporting on climate change-related risks and opportunities. Key risks and opportunities have been identified as follows.

1) LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household & Health Care, LG Uplus

Type	Category	Details	Scope			Period
			LG Corp.	Subsidiary	Affiliate	
Transition Risk	Policy	Increase in price of carbon credits due to stricter policies on GHG emissions		●	●	Short term
	Legal	Lawsuits or non-compliance with legal requirements arising from enhanced legislation	●	●	●	Short term
	Technological	Development of technology for the transition to low carbon products and services			●	Long term
	Market	Increase in cost of production due to rising cost of energy and raw materials	●	●	●	Short term
Physical Risk	Acute	Damage to assets due to an increase in the frequency and severity of extreme weather events			●	Long term
	Chronic	Increase in operating costs to respond to the gradual change in weather patterns	●	●	●	Long term
Opportunity	Market	Change in consumer preferences and expansion or entry to new markets			●	Mid term

#### | Time Horizon for Effects

We have defined the time horizons over which we expect impacts from climate-related risks and opportunities to occur: short, medium, and long term.

Time Horizon	Definition	Relevant periods as of the current year
Short Term	Within 1 year	-2024
Medium Term	Over 1 year but within 5 years	2025-2028
Long Term	Over 5 years	2029-

#### 2. Effects on the Business Model and Value Chain

For the current and projected impacts of each climate-related risk and opportunity on our business model and value chain, please refer to the Transition Risks, Physical Risks, and Opportunities tables below.

#### Transition Risks

Type	Category	Details
Policy	Explanation	Increase in price of carbon credits due to stricter policies on GHG emissions
	Current impact	Increase in procurement costs during the current year
	Anticipated impact	Increase in production costs due to stricter policies
Legal	Explanation	Lawsuits or non-compliance with legal requirements arising from enhanced legislation
	Current impact	Some subsidiaries and affiliates are subject to Korea's emissions trading scheme (K-ETS) or the GHG and Energy Target Management Scheme <sup>1) 2)</sup>
	Anticipated impact	Costs arising from damages awarded as a result of stakeholder litigation relating to information disclosures
Technological	Explanation	Development of technology for the transition to low carbon products and services
	Current impact	Investment in production equipment and R&D for low carbon products during the current year
	Anticipated impact	Increase in investment and operating costs to produce low carbon products and services
Market	Explanation	Increase in cost of production due to rising cost of energy and raw materials
	Current impact	Increase in energy costs during the current year (industrial electricity)
	Anticipated impact	Increase in cost of manufacturing and operating costs due to a rise in energy prices and production costs

1) Companies subject to K-ETS: LG Electronics, LG Chem, LG Uplus, LG CNS

2) Companies subject to the GHG and Energy Target Management Scheme: D&O

# I. Climate Change

## Physical Risks

Type	Category	Details
Acute	Explanation	Damage to assets due to an increase in the frequency and severity of extreme weather events
	Current impact	No costs incurred as a result of acute physical risks in the current year
	Anticipated impact	Potential loss of revenue arising from typhoon-related damage to business sites, reduction in production volume, delays in the logistics system, etc.
Chronic	Explanation	Increase in operating costs to respond to the gradual change in weather patterns
	Current impact	No costs incurred as a result of chronic physical risks in the current year; some affiliates are preparing in advance
	Anticipated impact	Potential increase in operating costs as a result of rising sea levels causing flood damage to business sites and increasing average temperatures

## Opportunities

Type	Category	Details
Market	Explanation	Change in consumer preferences and expansion or entry to new markets
	Current impact	No climate-related changes in consumer preferences or impact on market entry in the current year
	Anticipated impact	Increase in revenue and operating profit due to diversification of K-Taxonomy-aligned business portfolio

### Concentrated Effects

We utilized the MSCI Climate VaR model to assess the short, medium, and long-term impacts of physical risk in the regions where our two key subsidiaries (LG CNS and D&O) and three key affiliates (LG Electronics, LG Chem, and LG Uplus) have substantial operations. The assessment confirmed that changes in the number of heat wave days could result in decreased sales and increased operating costs, and no significant differences arising from asset type (office, factory, etc.), terrain (inland/coastal, etc.), etc., were identified. Aside from heat waves, our assessment found that other physical risks, such as coastal flooding, cold waves, and heavy rain, could also potentially increase. However, these risks were not identified as concentrated risks that could have a significant impact on our assets.

In terms of transition risk, and for each time horizon, we identified impacts from rising electricity prices (short-term), implementation of RE100 (mid-term), and carbon emission regulations (long-term). We determined that there were no concentrated impacts in our overseas operations, excluding Poland, which – alongside Korea - is affected by carbon emission regulations such as the emissions trading system.

For opportunities arising from climate change, we applied the K-Taxonomy to assess opportunities relating to low-carbon products and services. We found that the production of key materials for rechargeable batteries, as well as the production of parts for electric vehicles, represented significant opportunities as they accounted for the largest proportion of our taxonomy-aligned revenue. Related capital expenditure was also found to be high, indicating that these activities will see substantial investment in the future.

## 3. Effects on the Strategy and Decision-making

### Current and Anticipated Changes to Business Model

As of the date of publication, no key subsidiaries or affiliates have undergone, or are anticipated to undergo, a fundamental change in their business models to respond to climate-related risks and opportunities. Actions being undertaken to mitigate and adapt to climate-related risks are as follows.

### Direct Mitigation and Adaptation Efforts

Type	Category	Details	Note
Transition to Low Carbon Fuel	Development of by-product hydrogen	<ul style="list-style-type: none"> <li>Reduction of fossil fuel use through application of by-product hydrogen in the NCC process at the Yeosu plant</li> <li>Increase in the proportion of clean fuel used in the NCC process through the construction of a hydrogen production plant (expected to be operational by 2025)</li> </ul>	LG Chem
	Transition to biofuel	<ul style="list-style-type: none"> <li>Construction of a waste wood biomass plant (expected to be operational by 2027)</li> </ul>	LG Chem
Transition to Low Carbon Raw Materials	Transition to recycled raw materials	<ul style="list-style-type: none"> <li>Development of physical and chemical recycling technologies for petrochemical products</li> </ul>	LG Chem
	Transition to biofuel	<ul style="list-style-type: none"> <li>Expansion of product portfolio based on biofuels derived from renewable resources, and cooperation with fuel companies</li> </ul>	LG Chem
Process Efficiency	High-efficiency equipment	<ul style="list-style-type: none"> <li>High-efficiency refrigeration equipment, introduction of LED lights</li> </ul>	LG Uplus LG CNS
	Technology transition	<ul style="list-style-type: none"> <li>Reduction of electricity use through communications network transition (Hybrid Fiber Coax → Fiber to the Home)</li> </ul>	LG Uplus
Use of New and Renewable Energy	Introduction of new and renewable energy	<ul style="list-style-type: none"> <li>Introduction of solar panels, wind turbines</li> <li>Adoption and expansion of solar and wind power</li> </ul>	LG Electronics LG Chem LG Uplus LG CNS
		<ul style="list-style-type: none"> <li>Duplexing/dualization of facilities and access paths in key telecommunication stations and base stations</li> <li>Checking oil for emergency generators in remote areas</li> </ul>	LG Uplus
Disaster Prevention Methods	Establishment of disaster recovery system	<ul style="list-style-type: none"> <li>Duplexing/dualization of facilities and access paths in key telecommunication stations and base stations</li> <li>Checking oil for emergency generators in remote areas</li> </ul>	LG Uplus
	Enhance prevention capabilities	<ul style="list-style-type: none"> <li>Installation of flood barriers to contain and minimize equipment flooding</li> <li>Fireproofing base station equipment, training through simulated wildfires, etc.</li> </ul>	LG Uplus



# I. Climate Change

## | Indirect Mitigation and Adaptation Efforts

LG Chem, one of our key affiliate, conducts LCA assessments for all products produced in Korea and overseas, with a view to building a decarbonized supply chain – from supplier to customer. By leveraging the Shared Growth Fund and linking with government-supported projects, LG Chem supports small and medium-sized suppliers in their carbon reduction efforts. In line with their green purchasing policies and strategies, LG Electronics and LG Uplus also provide support for their suppliers in the form of carbon reduction consulting and GHG inventory development, as well as contributing to climate change mitigation through the provision of relevant training and support for the costs of obtaining eco-certifications.

## | Climate-related Transition Plan

LG Group established the Group 2050 Carbon Neutrality Integrated Roadmap to achieve carbon neutrality by 2050. This involves a 34% reduction in GHG emissions by 2030 and a 52% reduction by 2040 compared to base year emissions in 2018, which will be achieved through the verification of the carbon neutrality targets and roadmaps of seven subsidiaries – including three key subsidiaries (LG Electronics, LG Chem, and LG Uplus) – in line with the Group Carbon Neutrality Management Standard. The roadmap is based on International Energy Agency (IEA) and Green Finance Council (NGFS) scenarios that predict GHG emission regulations and electricity price changes, and that assume the commercialization of innovative future technologies such as CCUS, and green/blue hydrogen, as well as the stable procurement of renewable energy.

## | Plans to Achieve Climate-related Targets

LG Group plans to achieve carbon neutrality by leveraging process efficiency, transitioning to low and zero-carbon fuels, adopting innovative future technologies, and procuring renewable energy. Where technical reductions are difficult to achieve, there will be limited use of carbon offsetting for residual emissions. Moreover, the Carbon Neutrality Roadmap will be continuously reviewed and supplemented to reflect market and technological developments.

## | Resourcing Plans for Strategy Execution

As of June 2024, LG Electronics is moving forward with the issuance of global green bonds.

## | Progress of Plans Disclosed in Previous Reporting Periods

Details on our carbon neutrality targets and progress can be found in 'Metrics and Targets' within 'I. Climate Change'.

## Financial Effects of Climate-related Risks and Opportunities

### 1. Financial Effects for Reporting Period

We have determined that our climate-related risks and opportunities may have a financial impact depending on how a key subsidiary (LG CNS) and three key affiliates (LG Electronics, LG Chem, and LG Uplus), all with substantial climate-related social and environmental impacts, respond to climate change. Each entity's Increased investment costs, resulting from activities such as transitioning to low-carbon fuel and low-carbon raw materials, as well as improvements to process efficiency, may affect our operating income. Due to measurement uncertainties involved in providing quantitative information, this report primarily contains qualitative information.

Type	Category	Financial Impact Pathway	Note
Transition to Low Carbon Fuel	Development of by-product hydrogen	<ul style="list-style-type: none"> <li>Increased operating costs and cash outflows from operating activities due to use of by-product hydrogen</li> <li>Increased cash outflows from tangible assets and investment activities due to construction of a by-product hydrogen plant</li> </ul>	LG Chem
	Transition to biofuel	<ul style="list-style-type: none"> <li>Increased cash outflows from tangible assets and investment activities due to construction of a biomass plant</li> </ul>	LG Chem
Transition to Low Carbon Raw Materials	Transition to recycled raw materials	<ul style="list-style-type: none"> <li>Increased operating costs and cash outflows from operating activities due to rise in product R&amp;D costs</li> </ul>	LG Chem
	Transition to biofuel	<ul style="list-style-type: none"> <li>Increased operating costs and cash outflows from operating activities due to rise in biomass-related product R&amp;D costs</li> </ul>	LG Chem
Process Efficiency	High-efficiency equipment	<ul style="list-style-type: none"> <li>Increased cash outflows from tangible assets and investment activities due to installation of high-efficiency facilities</li> </ul>	LG Uplus LG CNS
	Technology transition	<ul style="list-style-type: none"> <li>Increased cash outflows from tangible assets and investment activities due to investment in facilities necessary for the communications network transition</li> </ul>	LG Uplus
Use of New and Renewable Energy	Introduction of new and renewable energy	<ul style="list-style-type: none"> <li>Increased operating costs and cash outflows from operating activities due to investment in new and renewable energy</li> </ul>	LG Electronics LG Chem LG Uplus LG CNS
Disaster Prevention Methods	Establishment of disaster recovery system	<ul style="list-style-type: none"> <li>Increase in tangible assets arising from capital expenditure, increased cash outflows from investment and operating activities due to infrastructure operations</li> </ul>	LG Uplus
	Enhance prevention capabilities	<ul style="list-style-type: none"> <li>Increased cash outflows from tangible assets and investment activities due to capital expenditure</li> </ul>	LG Uplus

# I. Climate Change

## 2. Investment and Disposal Plans for Strategy Execution

To achieve its transition targets, LG Chem, one of our key subsidiaries, is conducting investments that will facilitate the transition to low-carbon fuel and process fuel – such as the construction of a by-product hydrogen plant and biomass plant – and will continue to invest in R&D relating to innovative technologies. Further, LG Uplus is investing in facilities that will enable the transition of communication network technologies, as well as investing in infrastructure to respond to physical risks.

## 3. Financial Effects over Different Time Horizons Due to Strategy Execution

In the short (within 1 year) to medium-term (over 1 year and within 5 years), cash outflows relating to investment expenses are expected to increase due to investment in factory construction and equipment purchases. Operating expenses and outflows from operating activities are also anticipated to increase due to the costs associated with developing technology and equipment for carbon reduction. From the medium-term onwards, following the completion of some capital investments such as plant construction, we expect to see an increase in operating activity cash inflows due to a reduction in greenhouse gas emissions and lower energy costs. However, this information is subject to uncertainties arising from potential changes in the business plans of key subsidiaries and affiliates, the exact date of completion, etc.

Type	Category	Short term	Medium term	Long term	Note
Transition to Low Carbon Fuel	By-product hydrogen / biofuel	<ul style="list-style-type: none"> <li>Investment in power plants and infrastructure</li> <li>→ Increase in cash outflows from investment</li> </ul>	<ul style="list-style-type: none"> <li>Completion of plant/ infrastructure construction</li> <li>Reduction in GHG emissions and energy use</li> <li>→ Increase in operating cash inflow</li> </ul>	<ul style="list-style-type: none"> <li>Actual reduction in GHG emissions and energy use</li> <li>→ Increase in operating cash flow</li> </ul>	LG Chem
Transition to Low Carbon Raw Materials	Recycled raw materials/bio-based raw materials	<ul style="list-style-type: none"> <li>Development of technology for the fuel transition</li> <li>→ Increase in loss of operating cash flow</li> </ul>	<ul style="list-style-type: none"> <li>Application of raw material transition technology</li> <li>Reduction in GHG emissions and energy use</li> <li>→ Increase in operating cash inflow</li> </ul>	<ul style="list-style-type: none"> <li>Effective reduction in GHG emissions and energy use</li> <li>→ Increase in operating cash flow</li> </ul>	LG Chem
Process Efficiency	High-efficiency equipment/ Technological transition	<ul style="list-style-type: none"> <li>Investment in the transition of equipment/technology</li> <li>→ Increase in cash outflows from investment</li> </ul>	<ul style="list-style-type: none"> <li>Investment in the transition of equipment/technology</li> <li>Reduction in GHG emissions and energy use</li> <li>→ Increase in cash outflows from investment</li> <li>→ Increase in operating cash inflow</li> </ul>	<ul style="list-style-type: none"> <li>Investment in the transition of equipment/technology</li> <li>Actual reduction in GHG emissions and energy use</li> <li>→ Increase in cash outflows from investment</li> <li>→ Increase in operating cash flow</li> </ul>	LG Uplus LG CNS
Use of New and Renewable Energy	New and renewable energy	<ul style="list-style-type: none"> <li>Infrastructure investment</li> <li>→ Increase in cash outflows from investment</li> </ul>	<ul style="list-style-type: none"> <li>Completion of infrastructure construction</li> <li>Reduction in GHG emissions and energy use</li> <li>→ Increase in operating cash inflow</li> </ul>	<ul style="list-style-type: none"> <li>Completion of infrastructure construction</li> <li>Actual reduction in GHG emissions and energy use</li> <li>→ Increase in operating cash flow</li> </ul>	LG Electronics LG Chem LG Uplus LG CNS
Disaster Prevention Methods	Disaster recovery/ Enhanced prevention capabilities	<ul style="list-style-type: none"> <li>Investment in disaster prevention infrastructure</li> <li>→ Increase in cash outflows from investment</li> </ul>	<ul style="list-style-type: none"> <li>Investment in disaster prevention infrastructure</li> <li>→ Increase in cash outflows from investment</li> </ul>	<ul style="list-style-type: none"> <li>Investment in disaster prevention infrastructure</li> <li>→ Increase in cash outflows from investment</li> </ul>	LG Uplus

## Climate Resilience

### 1. Climate Resilience Assessment

Based on climate scenarios developed by the IPCC, IEA, and other organizations, we assessed the climate resilience of our company, key subsidiaries (LG CNS, D&O), and key affiliates (LG Electronics, LG Chem, LG Uplus) by analyzing a number of physical risk and transition risk scenarios. Further, using the Korean Green Taxonomy Guidelines (K-Taxonomy) published by the Ministry of Environment, we also analyzed climate-related opportunity factors by measuring the magnitude and proportion of green economic activities relating to our products and services.

#### | Scenario Analysis of Physical Risks

We used the IPCC SSP<sup>1)</sup> scenarios to analyze the financial impact of chronic and acute physical risks arising from climate-related disasters. Specifically, we used a low-carbon scenario (SSP1-2.6) and a high-carbon scenario (SSP5-8.5) to capture the differences in financial impact compared to a scenario with no additional climate policies (baseline, SSP3-7.0). Analyses were conducted for 2025, 2030, and 2050. Our risk analysis tool uses MSCI's Physical Hazard database to facilitate data collection and analytical consistency, and estimates the financial impact of physical hazards through consideration of 'hazard', 'exposure' and 'vulnerability'.

The exposure of assets to chronic and acute physical risk is categorized into four bands (high, somewhat high, somewhat low, and low), adopting MSCI's criteria for risk arising from chronic and acute physical disasters.

Regarding the scope of the analysis, we selected 37 entities for which physical risks are anticipated to be significant in terms of revenue, number of employees, and site area. These entities were selected from across the entirety of our global operations, as well as those of two key subsidiaries (LG CNS and D&O) and three key affiliates (LG Electronics, LG Chem, and LG Uplus).

Category	Physical Risk
Associated Risk	<p>Chronic risk (extreme heat/heat wave, extreme cold, extreme precipitation, extreme snowfall, extreme wind)</p> <p>Acute risk (tropical cyclones, coastal flooding, fluvial flooding, wildfires)</p>
Scenario Used in Analysis	Source of scenarios: IPCC SSP scenarios (SSP1-2.6, SSP3-7.0, SSP5-8.5)
Reason for Choosing Scenario	To understand the differences in financial impact relative to the current state of climate policy by comparing low carbon (SSP1-2.6) and high carbon (SSP5-8.5) scenarios relative to the baseline scenario (SSP3-7.0)
Time Horizon	-2025, -2030, -2050
Scope of Operations	37* production entities under LG Corp., LG Electronics, LG Chem, LG Uplus, LG CNS, D&O (6 in total) * South Korea, Mexico, Brazil, United States, Poland, India, Thailand, Vietnam, China

1) SSP (Shared Socioeconomic Pathways): For the IPCC's Sixth Assessment Report, five scenarios were developed based on future socioeconomic changes, radiative forcing intensities by 2100 (existing RCP concept), and future efforts on climate change mitigation and adaptation.

# I. Climate Change

## | Scenario Analysis of Transition Risks

To understand the transition risks associated with future carbon regulations, rising electricity prices, and the RE100 transition, we reviewed five scenarios developed by the IEA and NGFS. Specifically, we analyzed the financial impact of carbon regulations using scenario-specific future carbon prices from the IEA's annual World Energy Outlook report, as well as the potential impact of rising electricity prices using the NGFS's country-by-country electricity price projections. The cost of transitioning to renewable energy by 2050, in line with our Carbon Neutrality Roadmap, was included in our scenario analysis as a financial impact of the transition to a low-carbon economy.

The IEA and NGFS scenarios are a set of scenarios for which mapping is possible between each of the specific scenarios used in the transition risk analysis, with the IEA scenarios providing global projections of carbon prices and the NGFS scenarios providing projections of global carbon and electricity prices. As with our physical risk analysis, we analyzed a number of low-carbon scenarios (IEA NZE 2050, NGFS Net Zero 2050) and high-carbon scenarios (IEA APS & STEPS, NFGS NDCs), applying the same time horizons.

Three key affiliates (LG Electronics, LG Chem, and LG Uplus), were included in the scope of our analysis, while LG Corp. and two key subsidiaries (LG CNS and D&O), which account for less than 1% of LG Group's carbon emissions, were excluded.

Category	Transition Risk
Associated Risk	Carbon regulations Increase in electricity prices
Scenario Used in Analysis	IEA (STEPS, APS, NZE 2050) NGFS (NDCs, NZE 2050)
Reason for Choosing Scenario	Scenario-specific carbon prices (IEA and NGFS) and electricity prices (NGFS) to understand the scale of financial impacts under current climate policies and future assumptions of carbon neutrality (NGFS) Inclusion of projections (NGFS provides reduction pathways that consider a wider range of factors than IEA scenarios)
Time Horizon	-2025, -2030, -2050
Scope of Operations	LG Electronics, LG Chem, LG Uplus (3 in total)

\* RE100 implementation costs are quoted from pre-existing, calculated costs in the LG Carbon Neutrality Integrated Roadmap.

## | Climate Scenario Analysis

To identify opportunities arising from climate change, we referred to the 74 economic activities included under the six environmental goals of the K-Taxonomy<sup>1)</sup> to review and categorize the revenue, capital expenditure, and R&D investment associated with low-carbon products and services by three key affiliates – LG Electronics, LG Chem, and LG Uplus – that are engaged in green economic activities.

An economic activity is defined as an eligible activity if it corresponds to one of the 74 green economic activities defined in the K-Taxonomy. Further, if an economic activity meets all of the activity, accreditation, exclusion, and protection standards, it is defined as an eligible activity. However, as the K-Taxonomy does not currently provide detailed guidance on how to disclose information regarding taxonomy alignment, the items and format of the disclosures herein are based on EU delegated regulation concerning taxonomy disclosures. For reference, the EU Taxonomy Delegated Regulation (EU) 2021/2178 mandates the disclosure of revenue, capital expenditure (CapEx), and operating expenditure (OpEx) associated with taxonomy-eligible and aligned activities, and requires the calculation of the magnitude and proportion of each.

Environmental Goal	K-Taxonomy Economic Activities	LG Electronics	LG Chem	LG Uplus
General	• Manufacture of innovative products	●	●	-
	• Manufacture of innovative materials, components, and equipment	-	●	●
	• Research, development, and testing	-	●	-
GHG Reduction	• Manufacture of materials, components, and equipment to leverage key technologies for the reduction of GHG emissions	●	●	-
	• Manufacture of organic chemicals with relatively low emissions intensity	-	●	-
Resource Circulation	• Building and operating low-carbon internet data centers	-	-	●
	• Waste recycling (reuse, remanufacture, recycle), upcycling	-	●	-
	• Waste pyrolysis	-	●	-

1) Standards for green economic activities, developed by the Korean government to encourage capital flows to domestic green technologies and projects, and to prevent greenwashing.

## | Key Assumptions

In terms of our physical risk analysis, we set the IPCC SSP3-7.0 scenario as our baseline scenario and applied the specific assumptions of each of the three other scenarios (SSP1-2.6, SSP3-7.0, SSP5-8.5) to conduct a comparative analysis of the impacts and level of change for each scenario. The current and future (short, medium, and long-term) risks associated with each scenario was comprehensively assessed based on MSCI's hazard-specific risk scores for chronic and acute risks, and categorized into four bands (Low, somewhat low, somewhat high, high)<sup>1)</sup>.

1) MSCI assesses the impact of each type of hazard; different hazards have different risk assessment band scores.

# I. Climate Change

Physical Hazard Risk Category	Hazard Risk Score (0-100)								
	Chronic					Acute			
	Heatwave/ extreme heat	Extreme cold	Extreme precipitation	Extreme snowfall <sup>1)</sup>	Extreme wind	Coastal flooding	Fluvial flooding	Tropical cyclones	Wildfires <sup>1)</sup>
Low	-	0-90	0-79	-	0-89	0-19	0-89	0-59	-
Somewhat Low	0-9	90-100	80-89	-	90-100	20-29	90-100	60-89	-
Somewhat High	10-49	-	90-100	-	-	30-49	-	90-100	-
High	50-100	-	-	-	-	50-100	-	-	-

We defined three transition risk factors, as follows: the cost of purchasing and selling carbon credits in line with carbon regulations, the cost of rising electricity prices, and the cost of transitioning to renewable energy. Further, for the purposes of assessment, we categorized the risk into four bands (Low, somewhat low, somewhat high, high). Our risk assessment refers to the materiality criteria of the U.S. Securities and Exchange Commission's Climate Disclosure Rules<sup>2)</sup>, with the degree of risk categorized according to whether the sum of the estimated costs of the three risk factors described above represents 1%, 4%, or 10% of the affiliate's anticipated operating income or loss.

In terms of carbon regulations as a risk factor, we considered the voluntary GHG reduction targets and emissions trading schemes in the relevant countries of operation<sup>3)</sup>, while operations located in countries without such regulations<sup>4)</sup> were assumed to decline linearly up to 2050. The price of carbon credits, in accordance with carbon regulations, was derived from the projections of three IEA scenarios (STEPS, APS, NZE 2050) and two NGFS scenarios (NDCs, NZE 2050). Regarding increases in the price of electricity, we applied the NGFS's country-specific outlook on electricity prices to the projected future electricity demands of business sites. Moreover, the cost of transitioning to renewable energy was derived by assuming the average bid price for green premium electricity, as well as the average levelized cost of solar and wind energy by country<sup>5)</sup>.

Transition Risk Factor Category	Assessment Standard for Transition Risk Factors (%)		
	Carbon regulations	Increase in price of electricity	Transition to renewable energy
Low	Over 0 – Under 1.0		
Somewhat Low	Over 1.0 – Under 4.0		
Somewhat High	Over 4.0 – Under 10.0		
High	Over 10.0		

1) MSCI considers heavy snowfall and wildfires to be an insignificant risk, even at the highest score (100).  
 2) Risk assessment for each transition risk factor is based on the US SEC's materiality criteria for climate disclosures.  
 3) Applying the Korean emissions allocation methodology (including a 4% reserve for K-ETS's Third Allocation Phase (2021-2025), etc.).  
 4) Excludes countries that do not implement an emissions trading system (e.g., Morocco, Saudi Arabia, etc.).  
 5) Average cost (KRW) of actual power generated per unit of electricity (kwh) produced by a power plant, taking into account all costs incurred during the operating period of the power generation facility.

## Period and Scope of the Scenario Analysis

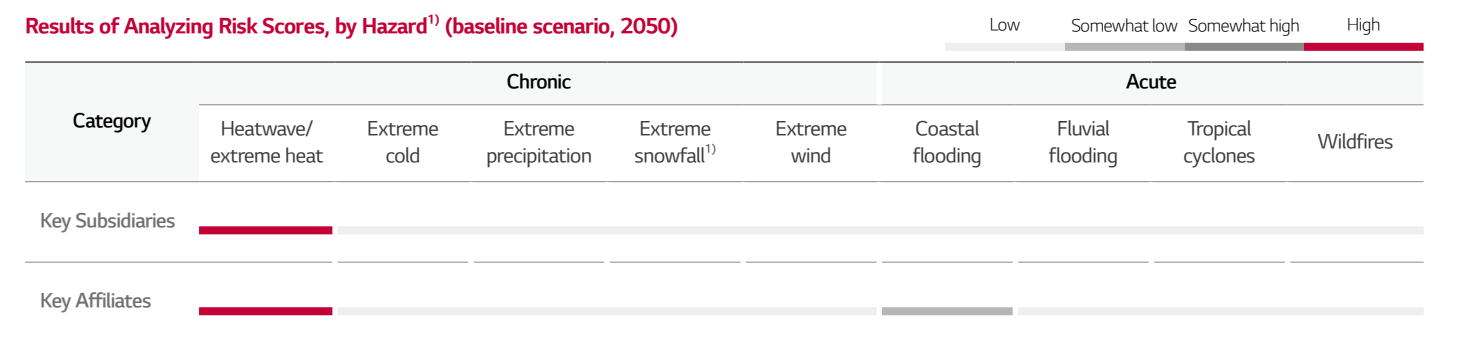
We have been conducting a climate-related scenario analysis on an annual basis since 2023. Within 5 years, we expect to expand the scope of analysis to cover more of our subsidiaries' and key affiliates' business sites, with a view to continually implementing and enhancing our assessment of climate-related risks.

## 2. Climate-related Scenario Analysis – Outcomes and Insights

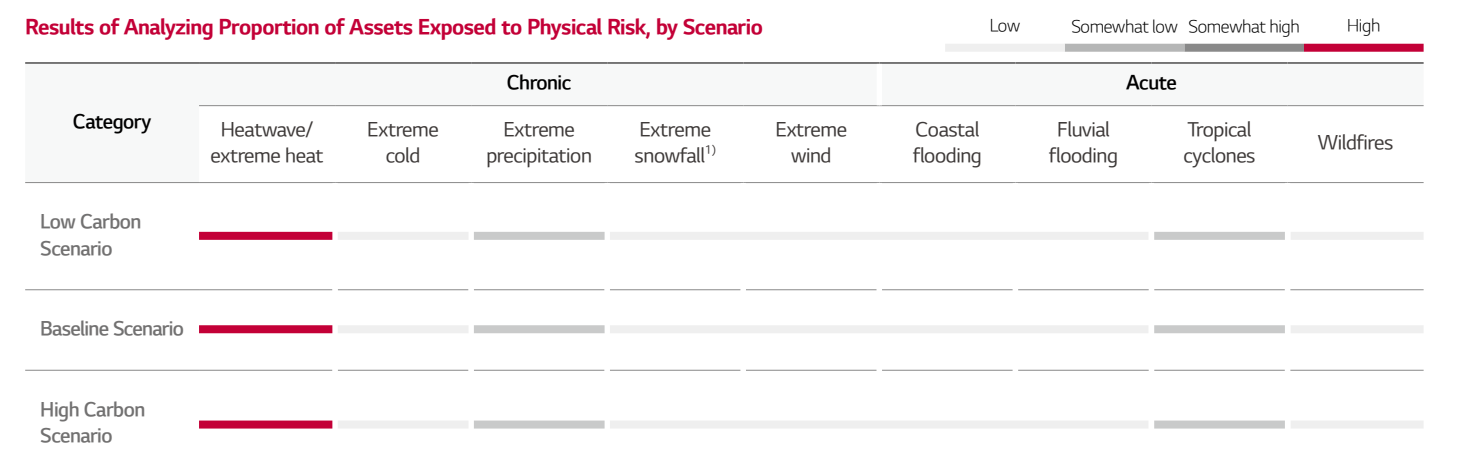
### Physical Risk Analysis (Results and Response)

Using MSCI's C-VaR model, we analyzed the impact of physical hazards up to 2050 based on the IPCC's SSP3-7.0 scenario (baseline scenario), a low-carbon scenario (SSP1-2.6), and a high-carbon scenario (SSP5-8.5). We identified extreme heat/heat waves and coastal flooding as the main physical hazards under all scenarios, while other hazards – such as extreme cold, extreme snowfall, extreme winds, fluvial flooding, and wildfires – are not expected to have a significant impact by 2050. We believe that an increase in the number of heatwave days, resulting from a rise in global average temperatures, could result in significant loss of revenue due to increased heating and cooling costs and reduced labor productivity. However, the results of our analysis relating to revenue and the value of assets exposed to physical risks are not a confirmation of the losses we expect to incur now or in the future. The actual impact of physical risks in the event of a hazard may vary depending on our capability to respond. Accordingly, we plan to continue to review and enhance our capability to respond to heat waves and extreme heat, which we have determined to be a significant physical risk based on the results of our scenario analysis. We also plan to phase in measures to mitigate or respond to foreseeable impacts.

### Results of Analyzing Risk Scores, by Hazard<sup>1)</sup> (baseline scenario, 2050)



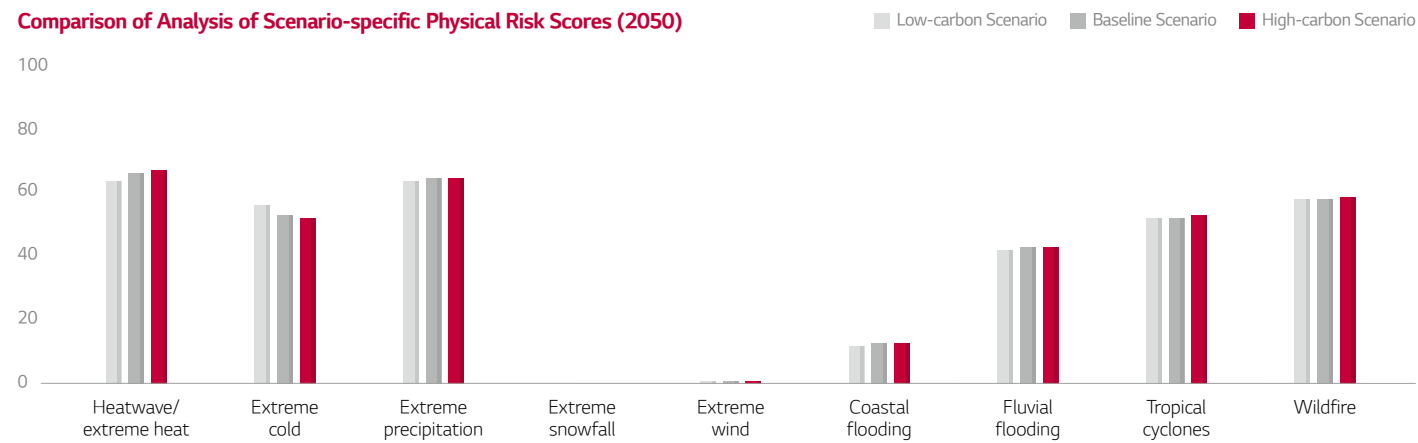
### Results of Analyzing Proportion of Assets Exposed to Physical Risk, by Scenario



1) For hazard-specific risk criteria, refer to the hazard band scores outlined in the Key Assumptions section.

# I. Climate Change

We found no significant differences between the outcomes of our assessments of the physical risks that could occur if current levels of climate change continue through 2050 and of the physical risks that could occur under the low-carbon and high-carbon scenarios. By 2050, scenario-specific physical risks are expected to be similar to current levels under both the low or high-carbon scenarios.



## Explanation of Significant Areas of Uncertainty

We assessed physical risk based on the IPCC's SSP scenarios and MSCI's projections of hazard occurrence and impacts. The physical risk analysis model provided by MSCI utilizes different assumptions depending on the input parameters, which may result in uncertainties regarding the future occurrence of hazards and the scale of potential impacts. In terms of transition risk, the impacts of carbon regulation, rising electricity prices, and implementation of RE100 are defined as key transition risk factors and assessed using carbon price and electricity price forecasts from the IEA and NGFS – as well as using national average levelized cost of energy (LCOE) and grid tariff forecasts for renewable electricity. Cost projections by the IEA and NGFS are subject to variation arising from climate-related regulatory changes at the national level, which may result in uncertainty about material impacts.

### Process for Analysing Hazard-specific Physical Risks

Using the process below, we analysed the physical risks associated with the chronic and acute hazards defined by MSCI.

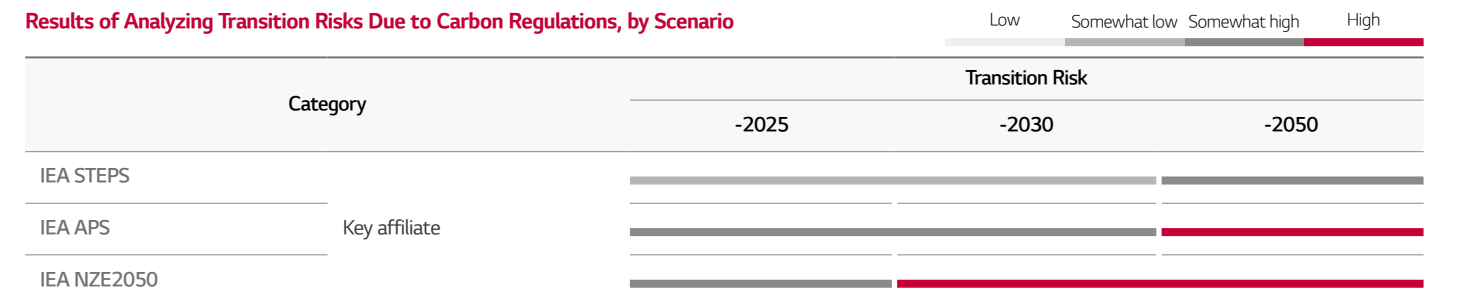
- 1 Categorize chronic and acute hazards, define criteria for hazard occurrence, establish criteria for assessing risk scores by hazard
- 2 Calculation of physical risk scores by hazard: analyse the probability of hazard occurrence, and the days of occurrence at present vs. days of occurrence in future for different types of physical risk
- 3 Comparison of hazard days and probability of hazard occurrence at relevant business sites, by scenario
- 4 Derive hazard risk scores (0-100) in accordance with physical risks

## Transition Risk Analysis (Results and Response)

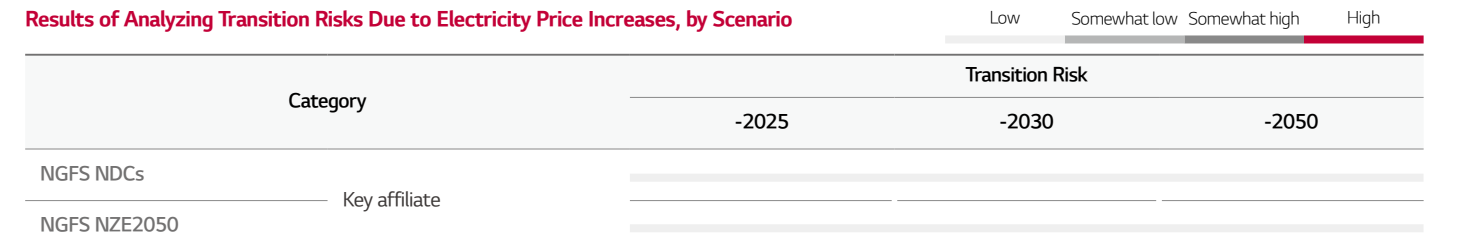
Based on the IEA's Stated Policies Scenario, Announced Pledge Scenario, and Net Zero 2050 Scenario, as well as the NGFS's NZE 2050 Scenario and NDCs Scenario, we analyzed the risk to our operating income from carbon regulations, rising electricity prices, and the implementation of RE100.

Having identified the impact of transition risks associated with carbon regulations in our key affiliates, we believe that the potential impact of GHG emissions could be greater under a Net Zero 2050 Scenario. The risk from rising electricity prices was identified as relatively low compared to the risk from carbon regulation, whilst the risk from transitioning to renewable energy is higher in 2030 compared to the 2025 and 2050. However, under the IEA's STEPS Scenario and NGFS's NDCs Scenario, transition risks due to both carbon regulations and rising electricity prices were determined to be low. We plan to minimize the impact of transition risks by phasing in mitigation measures in line with the short, medium, and long-term reduction plans under the Carbon Neutrality Roadmap we established in 2022, as well as by promoting a transition to renewable energy based on sound economic considerations.

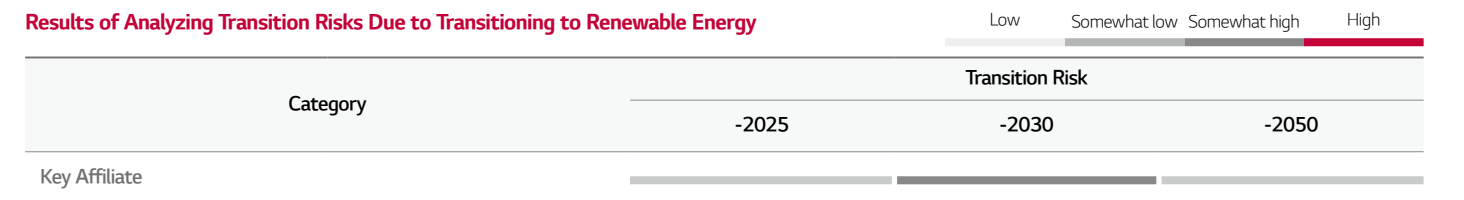
### Results of Analyzing Transition Risks Due to Carbon Regulations, by Scenario



### Results of Analyzing Transition Risks Due to Electricity Price Increases, by Scenario



### Results of Analyzing Transition Risks Due to Transitioning to Renewable Energy



# I. Climate Change

## | Analysis of Opportunities

Using the K-Taxonomy, we assessed the taxonomy-eligible activities of three key affiliates (LG Electronics, LG Chem, and LG Uplus) by calculating the revenue<sup>1)</sup>, CapEx<sup>2)</sup>, and OpEx<sup>3)</sup> associated with low-carbon products and services across their main business activities in 2023. We then determined whether each activity met the activity, accreditation, exclusion, and protection criteria defined in the taxonomy. The results of our analysis are as follows.

### K-Taxonomy Alignment of Key Affiliates

(Unit: KRW 100 Million, %)

Categor	Economic Activity	Product/Service	Revenue		CapEx		OpEx	
			Amount	Percentage	Amount	Percentage	Amount	Percentage
Green Economic Activity	Manufacture of innovative materials, components, and equipment	Key materials for rechargeable batteries (cathode materials, separators, etc.), connected vehicles	49,390	4.9	5,075	6.3	1,365	7.2
	Manufacture of materials, components, and equipment to leverage key technologies for the reduction of GHG emissions	Electric vehicle components and materials, ESS, hydrogen production materials, etc.	44,821	4.4	3,104	3.8	506	2.7
	Manufacture of innovative products	HVAC <sup>4)</sup> , high-efficiency heat pumps, biomaterials, etc.	9,587	0.9	155	0.2	657	3.5
	Waste recycling (reuse, remanufacture, recycle), upcycling	PCR material	1,071	0.1	-	-	149	0.8
	Building and operating low-carbon internet data center <sup>5)</sup>	IDC	450	0.04	1	0.00	34	0.18
	Manufacture of organic chemicals with relatively low emissions intensity	Butadiene	7	0.0	3	0.0	21	0.1
	Research, development, and testing	Carbon dioxide capture/utilization technologies	-	-	0	-	155	0.8
	Waste pyrolysis	Circular Balanced materials	-	-	-	-	21	0.1
	Subtotal		105,326	10.4	8,338	10.3	2,908	15.4
Other Economic Activities <sup>6)</sup>		906,002	89.6	72,513	89.7	15,928	84.6	
<b>Total</b>		<b>1,011,328</b>	<b>100</b>	<b>80,851</b>	<b>100</b>	<b>18,836</b>	<b>100</b>	

1) Revenue: Gross sales less sales allowances, rebates, and discounts.

2) CapEx: Acquisition of tangible assets, intangible assets, right-of-use assets, and investment properties.

3) OpEx: R&D expenses and repairs included in the cost of goods sold and SG&A expenses. However, for some data that is not internally managed, estimates derived from appropriate methods, such as the cost method, may be utilized.

4) HVAC manufacturing is an eligible activity in accordance with the 'General-A-(1) Manufacturing of Innovative Products' activity within the K-Taxonomy. Specifically, as an intelligent air conditioning system is designated as an innovative product that contributes to the K-Taxonomy's environmental goal of reducing GHG emissions, such manufacturing is a taxonomy-aligned activity that meets all relevant criteria. Although 'Manufacturing of Innovative Products' does not specify accreditation criteria if the activity criteria are met, only manufacturing of HVACs with a GWP of 150 or less, which is the F-gas criterion defined in EU Regulation (EU) 2024/573, is acknowledged as a green economic activity.

5) A data center is considered to meet the accreditation criteria if it has obtained at least one green data certification.

6) "Other economic activities" includes eligible but not aligned activities, and non-eligible activities.

## Risk Management

### Policies and Processes for Climate-related Risk Management

#### 1. Inputs and Parameters

Inputs and Parameters	Data Source	Scope		
		LG Corp.	Subsidiary	Affiliate
Energy Use	Data managed internally by each company, e.g., ERP <sup>1)</sup>	●	●	●
GHG Emission Factors	Guidance on emissions reporting and certification for the Ministry of Environment's K-ETS	●	●	●
Industry Trends	Sustainability reports by peer companies, research reports, etc.	●	●	●
Extreme Weather Data	MSCI Physical Hazard database		●	●
Value of Physical Assets	Carrying value on financial statements		●	●
Price of Carbon Credits	IEA, NGFS carbon pricing scenarios		●	●

1) Enterprise Resource Planning: enterprise information system

#### 2. Scenario Analysis

We conduct climate scenario analysis to understand the potential impacts of climate-related physical and transition risks on our business, two key subsidiaries (LG C&S and D&O), and three key affiliates (LG Electronics, LG Chem, and LG Uplus). Please refer to 'Climate Resilience' for details relating to our scenario analysis.

#### 3. Risk Assessment Criteria

For more information about our risk assessment criteria, please refer to 'Climate resilience'.

#### 4. Prioritization of Risks

We have identified climate change as a key sustainability agenda item for the Group. Accordingly, the Group Climate Change Council, which includes three key affiliates (LG Electronics, LG Chem, and LG Uplus), is charged with establishing and implementing relevant policies and tasks. To facilitate focused management of climate-related issues, it reports on plans and progress concerning carbon neutrality to the ESG Committee on a regular basis. Further, to better prioritize climate-related risks and opportunities in the investment decision-making process, we have established a process to review the climate-related impacts associated with an investment target's carbon emissions, energy use, and relevant regulations.

# I. Climate Change

## 5. Risk Monitoring

With three key affiliates (LG Electronics, LG Chem, and LG Uplus), we have established a management system – encompassing each company's working-level departments, the Group Climate Change Council, and the ESG Committee – to monitor climate-related risks. For each entity, the results of the climate change risk assessment, as well as key management indicators such as carbon emissions and renewable energy transition rate, are managed through the Group Climate Change Council. Further, key issues are regularly reported to executive management and the ESG Committee.

## Policies and Processes for Managing Opportunities

Using the K-Taxonomy guidelines, we have reviewed the production and business activities of our three key affiliates (LG Electronics, LG Chem, and LG Uplus) to identify climate-related opportunity factors. Moving forward, we plan to identify and systematically manage a broad range of such opportunity factors, including the production of climate-related products and technologies, and energy-related cost reduction activities.

## Integration into Overall Risk Management Process

LG Group has appointed a Chief Risk Officer (CRO) and established a dedicated body for risk management, covering a total of 14<sup>1)</sup> subsidiaries and affiliates – including two key subsidiaries (LG C&S and D&O) and three key affiliates (LG Electronics, LG Chem, and LG Uplus). Such a system facilitates the prevention of potential risks that may occur across the scope of our business activities, as well as enabling a prompt response in the event that hazards or incidents occur. Our crisis management process is divided into 'business as usual,' which is focused on crisis sensing, prevention, and preparation, and 'crisis,' which is centered on response and recovery. By identifying and assessing risks that require a group-level response, we are able to proactively prepare relevant countermeasures. For climate-related risks, a range of issues – including policy and energy price changes, process technologies, and energy procurement measures – are discussed and managed through the Group Climate Change Council.

1) LG Electronics, LG Display, LG Innotek, LG Chem, LG Energy Solution, LG Household & Health Care, LG Uplus, LG HelloVision, HSA, LG CNS, D&O, Farm Hannong, LG Sciencepark, LG Academy

## Metrics and Targets

### Metrics

#### 1. Greenhouse Gas Emissions

Two key subsidiaries (LG C&S and D&O) and three key affiliates (LG Electronics, LG Chem, and LG Uplus) calculate and manage their GHG emissions on a monthly basis. Another three key subsidiaries (LG Management Development Institute, LG Sports, and LG Holdings Japan Co.,Ltd.) will complete their GHG inventories by 2026.

#### Scope 1, 2 Emissions<sup>1) 2)</sup>

(Unit: Thousand tCO<sub>2</sub>e)

Metric	Category	Emissions	
		2022	2023
Scope 1 Emissions	Key subsidiaries <sup>3)</sup>	6	6
	Key affiliates <sup>4)</sup>	1,954	1,782
	LG Electronics	90	71
	LG Chem	1,861	1,708
	LG Uplus	3	3
	Subtotal	1,960	1,788
Scope 2 Emissions	Key subsidiaries <sup>3)</sup>	150	148
	Key affiliates <sup>4)</sup>	2,068	2,049
	LG Electronics	225	226
	LG Chem	1,294	1,266
	LG Uplus	549	557
	Subtotal	2,218	2,197

1) The Scope 1 and Scope 2 emissions of LG Corp.'s key subsidiaries and affiliates in 2023 are subject to change based on GHG statement verification results.  
 2) As the unit of measurement is per thousand tons of CO<sub>2</sub>e, calculations were made after rounding from the nearest hundred.  
 3) Aggregate total of three key subsidiaries (LG CNS, D&O, LG Holdings Japan Co.,Ltd.), and excluding emissions from LG Management Institute and LG Sports.  
 4) The GHG emissions of key affiliates reflect our equity share (LG Electronics 34%, LG Chem 33%, and LG Uplus 38%, as of December 2023).

# I. Climate Change

## | Measurement Approach to GHG Emissions

In our calculation of GHG emissions, we applied the operational control approach<sup>1)</sup> for five key subsidiaries (LG CNS, D&O, LG Management Development Institute, LG Sports, and LG Holdings Japan Co.,Ltd.) that are consolidated entities for the purposes of financial reporting, and the equity share approach<sup>2)</sup> for three key affiliates (LG Electronics, LG Chem, and LG Uplus). The standards and guidelines we used when measuring our GHG emissions are as follows.

Category	Details
Scope 1, 2 Emissions	<ul style="list-style-type: none"> <li>Guidance on Reporting and Verifying Emissions from K-ETS (Ministry of Environment, Notice: 2023-221)</li> <li>ISO 14064-1(2018)</li> <li>IPCC Guidelines for National Greenhouse Gas Inventories (2006)</li> </ul>

1) Involves accounting for 100% of GHG emissions from affiliates over which the company has operational control.

2) Involves accounting for GHG emissions based on the company's share of equity in the operation.

## | Inputs and Assumptions

The inputs used to measure our Scope 1 and 2 GHG emissions are listed below. The activity data, calorific value, and emission factors of individual subsidiaries and affiliates may differ from ours.

Category	Input	Details
Scope 1 Emissions	Stationary combustion	<ul style="list-style-type: none"> <li>Activity data: LNG, diesel, kerosene, and propane usage</li> <li>Calorific value: application of fuel-specific calorific values</li> <li>Emission factor: application of default emission factors provided in the IPCC Guidelines for National Greenhouse Gas Inventories</li> </ul>
	Mobile combustion	<ul style="list-style-type: none"> <li>Activity data: gasoline, diesel, LPG</li> <li>Calorific value: application of fuel-specific calorific values</li> <li>Emission factor: application of default emission factors, by fuel and greenhouse gas, for mobile combustion (road)</li> </ul>
Scope 2 Emissions	External electricity	<ul style="list-style-type: none"> <li>Activity data: power usage</li> <li>Emission factor: application of country-specific grid emission factors</li> </ul>
	External steam	<ul style="list-style-type: none"> <li>Activity data: steam usage</li> <li>Emission factor: application of steam emission factors by year and source, as well as steam emission factors by country</li> </ul>

## 2. Climate-related Transition Risks

To mitigate transition risks, our three key affiliates (LG Electronics, LG Chem, and LG Uplus) are investing in carbon credits, the transition to renewable energy, a transition to fuels such as hydrogen, facilities with high energy efficiency, and carbon reduction facilities. For more details, please refer to their respective sustainability reports.

## 3. Climate-related Physical Risks

As of 2023, the 37 key business sites of LG Corp., two key subsidiaries (LG CNS and D&O), and three key affiliates (LG Electronics, LG Chem, and LG Uplus) had no assets that were identified as being vulnerable to physical risks. For details, please refer to '2. Climate-related Scenario Analysis – Outcomes and Insights' within 'Climate Resilience'.

## 4. Climate-related Opportunities

Based on K-Taxonomy criteria, we have calculated the revenue associated with the production of critical materials for rechargeable batteries and the manufacture of materials, components, and equipment related to electric vehicles and renewable energy. Both of these activities are classified within the taxonomy as green economic activities, and we believe that such revenue will increase as the market grows in size. For details, please refer to '2. Climate-related Scenario Analysis – Outcomes and Insights' within 'Climate Resilience'.

## 5. Capital Deployment

For capital deployment concerning climate-related risks and opportunities, see 'Financial Impacts of Climate-related Risks and Opportunities'.

## 6. Internal Carbon Prices

LG Chem, one of our key affiliates, has introduced internal carbon pricing to account for the regulatory costs of carbon emissions when reviewing the economics of investments and developing mid- to long-term business plans. The internal carbon price comprehensively considers IEA and NGFS price scenarios for carbon credits, as well as the price of carbon credits under domestic and international emissions trading schemes. This enables proactive management of uncertainties in domestic carbon credit allocations and changes in carbon regulations at key global production sites, as well as fostering active investment in carbon reduction.

## 7. Executive Remuneration

LG Uplus, another key affiliate, ties the incentive compensation of the head of its network division, which accounts for more than 90% of the company's total GHG emissions, to the amount of Scope 1 and Scope 2 reductions within the division. Performance relating to emission reductions accounts for 5% of their KPIs; essentially, any reduction in emissions is reflected in their performance.



# I. Climate Change

## Targets

### 1. Climate-related Quantitative and Qualitative Targets

Three key affiliates (LG Electronics, LG Chem, and LG Uplus) have established specific reduction targets in accordance with our 2050 Carbon Neutrality Roadmap. Each entity's carbon neutrality target is predicated on its net emissions of Scope 1 and Scope 2 greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>), as defined by the IPCC. The base year was set at 2018, with an interim target of 2030 and a final target of 2050. This report discloses the GHG emission targets for the three key affiliates<sup>1)</sup> included in the scope of disclosure; the main targets are as follows.

(Unit: Thousand tCO<sub>2</sub>e)

Target	Metric	Scope	Key Stages			
			2018(base year)	2030	2040	2050
2050 Carbon Neutrality Target	Scope 1 emissions		6,140	5,602	4,188	0
	Scope 2 emissions	Key affiliates <sup>2)</sup>	5,675	3,362	2,841	0
	Total GHG emissions		11,815	8,964	7,029	0

1) LG Electronics has a carbon neutrality target for 2030

2) LG Electronics, LG Chem, LG Uplus

### 2. Planned Use of Carbon Credits

LG Electronics and LG Chem, two key affiliates, have secured third-party verified carbon credits via the Clean Development Mechanism (CDM), which issues certified emission reduction units. By conducting a CDM project involving the sale of high-efficiency refrigerators in India, LG Electronics acquired carbon credits that will be used to achieve its 2030 net-zero target. LG Chem has also secured such credits through the distribution of cook stoves in Zambia and Uganda, and it is making further efforts to explore offsetting projects – such as working with the Korea Environment Corporation to secure additional credits in 2023 by promoting a biomass fuel transition project in Vietnam.

### 3. Target Setting

We established the LG Group Carbon Neutrality Integrated Roadmap for 2050 by conducting a standardized review of the carbon neutrality targets and implementation plans of affiliates and second-tier subsidiaries (LG Electronics, LG Display, LG Innotek, LG Chem, LG Household & Health Care, LG Uplus) that together accounted for over 99% of the Group's GHG emissions in 2022. The roadmap reflects each entity's annual emission targets and reduction plans up to 2050, and is continuously updated and managed in accordance with the principle of progression – and taking into account the development of new reduction technologies.

### 4. Approach to Reviewing Targets and Monitoring Progress

We monitor our progress against annual emissions targets and implementation towards carbon neutrality, in line with our Carbon Neutrality Roadmap, and report to executive management on a monthly basis. Metrics that are monitored include monthly carbon emissions (Scope 1, 2), GHG emissions intensity, investment in energy-efficient facilities, renewable energy transition costs, and amount of energy transitioned. Source data are verified in terms of accuracy and completeness through an input, deadline, approval, and assurance<sup>1)</sup> process based on LG Group's ESG data management platform, LG ESG Intelligence.

1) Data reliability verification system that blocks data rule violations, verifies statistical outliers, and compares/verifies input values with predicted values from an AI mode.

### 5. Progress Against Targets

GHG emissions from three key affiliates (LG Electronics, LG Chem, and LG Uplus) amounted to 11,362 thousand tons in 2023 – a reduction of 4% from the baseline year, and 5% from the previous year. LG Electronics has increased its use of renewable energy through the adoption of solar power generation in Korea and abroad, as well as through PPAs and REC purchases. Meanwhile, LG Chem is reducing direct GHG emissions from its operations by switching to low-carbon fuels, which includes securing hydrogen and introducing biomass boilers. For our base year emissions and performance, as well as those of three key affiliates (LG Electronics, LG Chem, and LG Uplus), please refer to the Scope 1 and Scope 2 emissions disclosed in 'A. Greenhouse Gas Emissions' under 'Metrics'.

(Unit: Thousand tCO<sub>2</sub>e)

Category	Scope	Key Stages		
		2018(base year)	2022(previous year)	2023(performance)
GHG Emissions (Scope 1+2)	Key affiliates <sup>1)</sup>	11,815	11,941	11,362

1) LG Electronics, LG Chem, LG Uplus

# 02

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## II. Compliance Management

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# II. Compliance Management

## Governance

### The Governance Body Responsible For Oversight of All Risks, Management Activities, and Systems Relating to Compliance Management

#### 1. Overview

Through the Board of Directors, we supervise risks and opportunities concerning compliance management and, accordingly, take decisions on important related matters. Further, the Board of Directors delegates compliance management functions to the ESG Committee, in accordance with ESG Committee regulations, to ensure competence in the deliberation process. The ESG Committee, which is granted authority to establish a foundation for compliance management, deliberates and makes decisions on the development of basic compliance management policies, and receives reports on key matters relating to internal control – including the management of critical compliance risks. Periodically, the ESG Committee identifies critical compliance risks concerning the holding company and, for each risk, discusses improvement measures and progress with respect to the management system. The mandate, roles, and other such details relating to the ESG Committee are detailed in the ESG Committee regulations.

Moreover, based on our internal control standards, we have established a governance structure for compliance management that integrates the Board of Directors, ESG Committee, CEO, Compliance Officer, Compliance Manager, and our entire organization and employees.

#### Governance of Compliance Management



#### | Competencies

The ESG Committee, as mandated by the Board of Directors, is the highest governance body for compliance management and makes key decisions in this regard. It is composed of executive directors and independent directors who demonstrate the necessary expertise and capabilities to carry out their roles. To enhance the expertise of the Committee, a legal expert, who serves on the Committee as an outside director, has also been tasked by the chairman of the Committee to provide professional insights on compliance-related matters.

#### 2. Method of Operation

##### | Details and Method of Reporting

At least twice a year, and to facilitate robust compliance management, the ESG Committee receives reports from the Compliance Officer on key items concerning the compliance risk management system and the progress and outcomes of risk management tasks. For critical compliance management issues that require board-level oversight, the Committee also receives occasional reports. In the first quarter of each year, the Board reviews a report on the effectiveness of the compliance control system in the past fiscal year, and engages in relevant discussions as necessary. The Board also reviews the results of ESG Committee meetings where compliance issues were raised, and conducts further discussions if necessary. Accordingly, there are active discussions on compliance issues at the level of the entire Board, which includes directors who are not members of the ESG Committee.

In October 2023, via the Compliance Officer, the ESG Committee received a report on the 'Current Status and Improvement Plans of the Compliance Risk Management System'. The report covered the current status of the existing risk management system and plans for improvement, as well as the identification of key areas for compliance in 2023, the status of risk management for each risk type, and related improvement plans. The Board also received reports on the 'Evaluation Results of the Compliance Control System's Operation and Effectiveness' in the first quarter of 2023 and 2024, which confirmed the effectiveness of the compliance control system. The reported matters were verified by an expert and objective third party entity.

##### | Management of Compliance-Related Risks

Through in-depth discussions that consider the nature of a holding company's operations – which primarily involve controlling the business activities of its affiliates – the ESG Committee identifies critical compliance risks and thus enables focused management at the Board level. In 2023, there were 34 risks identified and managed across 118 types of activity.

##### | Oversight of Target Setting and Progress

The ESG Committee establishes targets and periodically monitors progress on compliance management. With a mandate by the Board of Directors, the ESG Committee conducts regular oversight of the management outcomes, as well as targets and progress of improvement plans, relating to each key risk. This is achieved through a substantive review of the appropriateness and effectiveness of our internal control standards, legal risk assessment and management systems, compliance review and reporting systems, procedures to ensure the independence of the Compliance Officer, and disciplinary procedures for non-compliance, etc.

# II. Compliance Management

## Governance System for the Management and Oversight of Compliance Risks

### 1. Role of Management in Oversight

Our management is granted the roles and responsibilities necessary to fulfil the monitoring, management, and supervision of compliance-related risks and opportunities by the highest governance body. Under our governance framework for compliance management, and in line with our internal control standards and mandate by the Board of Directors, the CEO establishes, maintains, and operates an internal control system that corresponds to the scale and nature of our company's operations, provides oversight of operations, and ensures that employees can effectively communicate with the Compliance Officer regarding legal risks or compliance issues that may arise during the course of business. Further, based on the results of our assessment of the effectiveness of the compliance control system, we implement improvement measures as necessary.

### 2. Compliance Manager System

We operate a Legal/Compliance Support Team and have introduced a system for the effective supervision of compliance through the appointment of Compliance Managers (hereafter referred to as "CM") within each department. CMs support the internal control duties of the Compliance Officer, assisting with the tasks necessary for implementing internal control. Their responsibilities include supporting adherence to compliance obligations, policies, procedures, and processes in their respective departments, providing assistance for education and training, and promptly sharing and discussing response measures with the Legal/Compliance Support Team when internal compliance issues arise. Additionally, specific risk management departments are designated for key risks. These departments are responsible for monitoring relevant risks and implementing substantive response measures.

### 3. Designation and Operation of Management Departments for Key Risks

To establish a framework that facilitates a competent response to key compliance risks, we have designated "management departments" that demonstrate specialized expertise in specific risk areas, and are also promoting joint compliance activities.

## Governance System for Group Compliance

As the holding company for LG Group, we have been enhancing our group-wide compliance related system since 2022. That year, we assessed the overall state of our management system, including the compliance governance of our group companies, and identified relevant global standards and best practices. Based on this assessment, in 2023, we conducted group-wide consultations to develop a universally applicable model for 'Board-Centric Compliance Governance.' This governance system enables the ESG Committee, CEO, and Compliance Officer, who are mandated by the Board of Directors to deliberate compliance matters, to fulfil their roles with respect to establishing, operating, and monitoring a framework for compliance. Furthermore, for key affiliates, we have established an internal compliance council, composed of compliance officers and the departments charged with managing critical compliance risks, to facilitate working-level discussions and ensure implementation. In order to meet the standards of this group-wide compliance governance system, our key affiliates have also adopted governance structures that assign roles and responsibilities to the Board of Directors and ESG Committee, enabling oversight of compliance-related risks and opportunities. For key listed affiliates such as LG Electronics, LG Chem, and LG Uplus, this is codified in the ESG Committee regulations and internal compliance councils are operated accordingly. We also hold compliance meetings for the compliance departments of key affiliates of LG Group at least twice a year. This allows us to review the internal control system of key affiliates and subsidiaries and discuss measures for improvement.

## Strategy

### Identifying and Responding to Compliance Related Risks

#### 1. Identification of Risks

Considering our purpose and the nature of our business, as well as recent regulatory trends, we periodically identify and manage potential compliance risks that may arise over the course of our business operations. In accordance with our internal control standards, we prepare an annual "LG Corp. Risk Profile" that outlines actions carrying potential legal risk for the holding company, based on the magnitude and frequency of these risks. We further assess and categorize key legal risks (critical compliance risks), which demand focused management at the board-level, on the basis of criteria such as likelihood, impact, etc.

In 2023, we identified and managed 118 types of action across 34 risk categories. Amongst these, use of material non-public information by the ESG Committee, issuance of improper instructions to group affiliates, and provision of improper support to and self-dealing with affiliates were identified as critical compliance risks requiring specific management at the level of the Board of Directors. The table below shows the impact-specific time horizons for the compliance-related risks that we have identified.

Category	Details	Time
Use of Material Non-public Information	Sanctions, litigation, and associated costs should the company or employees use material non-public information	Medium term
	Non-financial impact (reputational damage) on the company and group due to the company or employees using material non-public information	Short - long term
Improper Instructions to Affiliates	Costs incurred due to the outcomes of, or response to, civil or criminal liability, or investigations thereof, arising from improper instructions issued to affiliates or their employees	Medium term
	Non-financial impact (reputational damage) on the company and group due to civil or criminal liability, or investigations thereof, arising from improper instructions issued to affiliates or their employees	Short - long term
Improper Support and Self-Dealing with Affiliates	Criminal penalties or administrative sanctions should the company provide improper support to affiliates or engage in self-dealing	Medium - long term
	Non-financial impact (reputational damage) on the company and group due to unfair support for affiliates or self-dealing	Short - long term

\* The anticipated impact of risks and opportunities identified with respect to compliance management was categorized according to their respective time horizons: short-term (within 1 year), medium-term (exceeding 1 year but within 5 years), and long-term (exceeding 5 years).

## II. Compliance Management

### 2. Effects on the Entity’s Business and Management

To prevent the occurrence of critical compliance risks in 2023, including the use of material nonpublic information, issuance of improper instructions to affiliates, and improper support and self-dealing with affiliates, we operate preventive control systems to proactively manage these risks, as well as follow-up control systems to respond to risks that have already occurred. The table below, Compliance-Related Risks, provides a detailed analysis of each type of risk and the major impacts on our business and management.

#### Compliance-Related Risks

Category	Type	Details
Use of Material Nonpublic Information	Explanation	Should the company or employees use material non-public information to trade stocks, or provide such information to others for their use, this may constitute an unlawful act under the Capital Markets Act. Consequently, the individuals involved may face criminal penalties, and the company may bear legal and social responsibility.
	Current impact	No fines relating to violations of legal requirements on the use of material non-public information were incurred during the current period, and there were no related lawsuits.
	Anticipated impact	Possibility of incurring fines or penalties, as well as litigation costs arising from violations of the Capital Markets Act.
Unfair Instruction to Affiliates	Explanation	Should the holding company exert influence over affiliates such that they engage in illegal activities, or instructs them to perform tasks that damage their self-interest, the transgressing employees of the holding company may bear legal responsibilities, such as malfeasance.
	Current impact	No fines relating to violations of legal requirements on subsidiary management were incurred during the current period, and there were no related lawsuits.
	Anticipated impact	Potential liability for violations of the Fair Trade Act or labor laws by the holding company or employees, complicity in criminal breach of trust, responsibility as a person who instructs another person to conduct business (liability for damages). Accordingly, if the company loses a shareholder derivative lawsuit, or if there is a prosecution or conviction, there may be significant negative impacts on the group’s reputation.
Unfair Support and Self-Dealing with Affiliates	Explanation	Should the holding company exert influence over affiliates (or in transactions between affiliates) such that transactions occur at abnormal prices, or if it adds companies with no substantial role to the transaction process, or allocates undue benefits to related parties, this could constitute improper support or self-dealing. Accordingly, management and related employees within the holding company may face criminal penalties, and the company itself may be subject to administrative sanctions.
	Current impact	No fines relating to violations of legal requirements on transactions with affiliates were incurred during the current period, and there were no related lawsuits.
	Anticipated impact	Risk of incurring fines and criminal penalties for non-compliance with relevant regulations, as well as negative impacts on the group’s reputation.

#### | Concentrated Effects on Business Model and Value Chain

Critical risks relating to our ethical management – including the use of material non-public information, improper instructions to affiliates, and unfair support and self-dealing with affiliates – are understood to have a common impact across our entire organization. In particular, due to the nature of our business, the risk associated with issuing improper instructions to affiliates has been identified as having a substantial impact on business strategy and management.

### 3. Effects on the Strategy and Decision-Making

#### | Response and Action Plans for Risks and Opportunities

As of the date of publication, there were no key subsidiaries or affiliates for which fundamental changes in business models are anticipated, or have occurred, in response to compliance-related risks and opportunities. We are implementing the following activities in response to compliance-related legal risks.

#### | Current and Anticipated Efforts Relating to Risk Response

In 2022, we spearheaded a project to assess the state of compliance across the group. Based on the results of this initiative, we (the holding company) and key affiliates established governance for compliance management specific to each affiliate, identified critical compliance risks, and either developed risk management systems or implemented plans to improve existing systems.

We have also established, and regularly update, internal policies and procedures to address all identified risks, including key points that employees should be mindful of when discharging their duties. Additionally, we conduct a variety of employee training sessions and regularly assess and monitor our management practices.

For critical compliance risks in particular, we periodically review the management of each risk and establish improvement plans based on the results of these reviews. Such matters are discussed at the board level through the ESG Committee. We are also developing focused compliance activity plans that reflect the specific characteristics of each risk type. For risks relating to the use of material non-public information, we are working to establish detailed practice standards and to conduct regular, recurrent training and communication, as well as incorporating employees’ opinions in the policy-making and implementation processes to encourage voluntary compliance. In terms of improper instructions to affiliates, risks are assessed across the work process through self-assessments and regular interviews with employees. Based on these outcomes, we develop relevant policies and procedures, and conduct regular employee training and communication sessions. To manage the risk of unfair support and self-dealing with affiliates, we are exploring ways of ensuring the appropriateness of transaction conditions through assessments and assurance by third-party institutions, such as legal service providers.

#### | Progress of Plans Disclosed in Previous Reporting Periods

For detailed information on the targets we have set to address compliance-related risks, as well as our progress towards these targets, please refer to Part Indicators and Targets within Section III. ‘Compliance Management’ of this report.

### Financial Effects of Compliance Management Related Risks and Opportunities

#### 1. Financial Effects for Reporting Period

There were no fines or litigation costs incurred during the current period due to key risks related to compliance management.

#### 2. Investment and Disposal Plans for Strategy Execution

We have established a plan to respond to compliance management related risks. This plan includes the formulation and revision of internal policies and procedures, expanding education and communication for employees, and continuous monitoring of the status and improvement measures for various risks. These initiatives will be implemented within the annual operational budget.

#### 3. Financial Effects Over Different Time Horizons Due to Strategy Execution

If fines and litigation costs arise due to key compliance-related risks, there can be financial impacts. Since these costs are not directly related to operating activities, they may be included under ‘Other Expenses’ or ‘Non-operating Expenses’ in the financial statements, leading to a reduction in net income. Consequently, retained earnings may also decrease. Additionally, if legal costs are paid out in cash, it would lead to a decrease in cash assets.

### Resilience

We annually update the Risk Profile related to compliance management, identify the current management status and improvement plans for key risks, and report these to the highest governance body, the ESG Committee, thereby establishing a compliance risk management system. The holding company aims to continuously strengthen resilience related to compliance management risks by supporting the advancement of this risk management system and its dissemination at the group level.

## II. Compliance Management

### Risk Management

#### Policies and Procedures for Managing Compliance-Related Risks

##### 1. Policies and Procedures

We have established, and regularly update, internal policies and procedures for all identified risks, including matters that employees should be aware of in the fulfilment of their duties. This information is communicated to employees through the Risk Profile Manual.

For key risks in particular, we prepare and distribute a Key Risk Manual, as well as FAQs relating to the use of material non-public information, which is a key compliance risk. Additionally, we have a Compliance Manual for Internal Trading, which addresses improper support among affiliates, Assessment Standards for Internal Trading, Internal Trading Committee Rules, and Guidelines Concerning Improper Support.

##### 2. Training and Communication

With respect to training and communication, we operate a number of educational programs to substantively enhance the effectiveness of our training. We have developed training courses with consideration for the roles and circumstances of employees including new hires, Compliance Managers (CM), organizational leaders. For all departments, we hold Departmental Compliance Meetings where we identify high-risk activities based on the specific characteristics and tasks of each department. These meetings focus on case-based learning and discussions to enhance the effectiveness of our training. Further, by facilitating employee engagement in compliance activities, we promote the dissemination of a culture of compliance across the company. In 2024, based on the results of our compliance awareness survey for employees, we held a Compliance Week event from July 8 to July 12. Through this event, which was designed to be easy for employees to engage in, we established a company-wide consensus on compliance management and, to improve understanding, distributed knowledge based on actual cases of disciplinary action. During the event period, we also organized Compliance Talk sessions to help communicate management's robust commitment to compliance. Furthermore, we conducted a variety of surveys and quizzes in different formats to assess the effectiveness of our training.

For critical compliance risks, we are implementing focused training and communication, including the distribution in letter format updates on the latest regulatory trends. Regarding the use of material nonpublic information, we adjust our communication through banners or advisory statements to ensure that employees are aware of high risk periods or activities.

##### 3. Compliance Review and Monitoring

We review our compliance with internal control standards, as well as the effectiveness of our internal control system, on an annual basis. To ensure the evaluation is objective, we task an external advisory firm to conduct a legal review and assess our internal control system, with the results being reported to the Board of Directors. The assessment results for 2023 were reported to the Board in January 2024.

Our annual assessment of risk management involves conducting customized compliance assessments for the departments or employees relevant to each risk category, with scores assigned in accordance with the management status of each category. Since 2022, to improve the accuracy of our assessment results, we have designed questions such that answers can be given on a 5-point scale. Additionally, we have established an online system through which to conduct the assessment, ensuring anonymity and thus improving its objectivity. Further, based on the outcomes of the assessment, we conduct additional employee interviews to supplement the results where necessary to understand the level of risk. In 2023, we also conducted a survey to assess the level of awareness of compliance amongst all of our employees. In June 2024, we prepared a checklist facilitating self-assessment of employees' comprehension of critical compliance risks and adherence to relevant precautionary items, and conducted an assessment accordingly.

On top of this, we regularly monitor compliance-related risks and disseminate this information to our employees. Using Robotic Process Automation (RPA), we continuously monitor key domestic and international issues relating to compliance, and we compile this information into Weekly Compliance News that is shared with employees. For critical compliance-related risks, each risk is monitored by a designated department.

### Metrics and Targets

#### Metrics

##### 1. Non-Compliance

As a response to group-wide compliance-related risks, we have been managing critical compliance violations (risks) as metrics since 2023. Our metrics are based on the GRI Standards (2021), and specifically Disclosure 2-27 on Compliance with laws and regulations. We have no confirmed instances of violations or fines, for any risk category, over the past three years.

#### Targets

##### 1. Target Setting

To facilitate our management of compliance-related risks, we have set a target to achieve an 85% or higher participation rate in our annual compliance self-assessment, covering all departments. Additionally, we aim to provide compliance training to all employees at least once a year.

##### 2. Approach to Reviewing Targets and Monitoring Progress

On an annual basis, the Legal/Compliance Support Team monitors the participation of all departments in the compliance self-assessment, as well as the progress of compliance training for all employees.

##### 3. Progress Against Targets

In January 2024, the participation rate for the compliance self-assessment reached 100%. Further, all employees completed at least one compliance training session.

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## III. Health and Safety

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# III. Health and Safety

## Governance

### The Governance Body Responsible For Oversight of Health and Safety Related Risks and Opportunities

#### 1. Overview

##### | Roles and Responsibilities

Our ESG Committee is the governance body with oversight over our health and safety management system. For the roles and responsibilities of the ESG Committee, please refer to 'Governance' within 'I. Climate Change'.

##### | Competency

The ESG Committee is composed of members with demonstrable expertise and capabilities in corporate management, including health and safety. To support members in the discharge of their duties, the Committee operates a secretariat that includes health and safety experts.

#### 2. Method of Operation

##### | Reporting Method

Through the ESG Team, which is the department responsible for health and safety management at LG Corp., the ESG Committee receives reports on the status of the health and safety management system and relevant plans – as well as information on health and safety-related risks. In 2023, a total of four ESG Committee meetings were convened, with the 'Operating Status of Health and Safety Management System' being reported at the 4th ESG Committee meeting.

Category	Date	Key Agenda	Type
4th ESG Committee Meeting	2023.12.18	Current Status of the Health and Safety Management System at LG Corp.	Report

##### | Management of Health and Safety Risks

The ESG Committee oversees and discusses the suitability of the medium to long-term roadmap for managing and improving health and safety hazards and risk factors, which are reported by the ESG team.

##### | Oversight of Target Setting and Progress

Among the agenda items reported to the ESG Committee are targets and results, including the results of assessments of health and safety hazards and risks factors, matters relating to budget and disbursement, and medium- to long-term improvement plans. Through the reporting of such matters, the ESG Committee oversees and monitors the establishment and outcomes of our health and safety-related targets.

### Governance System for Health and Safety Risks

#### 1. Role of Management in Oversight

On both a regular and ad hoc basis, executive management receives reports from the ESG Team on the current status of health and safety management system, assessment results, and action plans. Through this process, they continuously oversee our management activities relating to health and safety. Further, by supervising the establishment of the health and safety management system, emergency response systems, and compliance with legal requirements, management fulfills its duty to ensure health and safety.

#### 2. Designated Management Department

We have designated the ESG Team, which includes health and safety specialists, as the managing department responsible for health and safety. Roles and responsibilities relating to health and safety management are defined through our health and safety management regulations. Moreover, the ESG Team operates a health and safety management system that includes responding to health and safety laws and regulations, developing and implementing relevant policies, identifying and assessing risk types to prevent accidents, establishing and managing emergency response systems, and fostering the capabilities of suppliers.

Additionally, with the aim of continuously improving standards of management, we cooperate with external organizations to conduct semi-annual safety inspections and supplier assessments. These evaluations check compliance with health and safety-related legal obligations, assess the adequacy of risk management, and facilitate the development of response plans for potential hazards and risks that have been identified.

#### 3. Emergency Response Committee

Through the 'LG Corp. Emergency Response Manual,' we define organization or personnel-specific response measures for a broad range of emergency situations, including health and safety. We also conduct scenario-based drills to help minimize damage to human life and property in the event of an actual emergency. Further, when such an emergency occurs, our wide Emergency Response Committee is convened in accordance with the situation's level of emergency. The Committee receives situational reports from the Emergency Response Headquarters (ESG team), and based on the reported information, makes decisions on measures such as emergency strategies and evacuation timing. The state of emergency is lifted once such measures are implemented.

## Strategy

### Health and Safety-related Risks

#### 1. Identification of Risks

We regularly identify and manage potential health and safety risks across our operations, taking into account our business activities and assets. In accordance with our Safety Management Policy and Health and Safety Management Regulations, we conduct regular safety assessments to identify the different types of hazards and risk factors and their likelihood of occurrence. Through this, we evaluate the key risks that we need to manage in a focused manner.

As a pure holding company, we do not engage in specific business activities. Our main sources of income are dividend earnings from affiliates, trademark usage fees collected from users as we own the rights to the LG brand, and rental income from leasing the buildings that we own. Among these, we anticipate that the health and safety risks arising from our leasing activities are likely to be significant. Specifically, the key health and safety-related risks associated with our leasing activities are as follows.

	Category	Details	Range
Risk	Aging facilities and equipment	Potential increase in injuries, material damage, and management costs due to aging of facilities and equipment	Short - long term
	Inadequate emergency response system and prior management	Potential injuries and material damage due to insufficient management and training on disasters and emergencies.	Short - long term
	Suppliers with insufficient health and safety management systems	Potential legal or assessment oversights due to suppliers with inadequate health and safety organizations and management capabilities	Short - long term

\* We have defined the time horizons over which we expect impacts from climate-related risks and opportunities to occur: short (within 1 year), medium (over 1 year to within 5 years), and long term (over 5 years).



# III. Health and Safety

## 2. Effects on the Entity’s Business and Management

Please refer to the table below for the current and anticipated impacts of the aforementioned risks on our business model and value chain.

Type	Category	Details
Aging Facilities and Equipment	Description	Damages and increased management costs due to aging electrical/mechanical equipment and facilities
	Current Impact	Expenses for maintenance and repairs due to aging facilities and equipment during the reporting period
	Anticipated Impact	Potential legal costs and increased building management costs if relevant laws and inspection standards are not met
Inadequate Emergency Response System and Prior Management	Description	More injuries and increased material damage due to inadequate management or malfunctioning disaster response systems
	Current Impact	No significant impact at present, as there were zero major incidents in 2023
	Anticipated Impact	Potential costs relating to compensation for damages and building repairs should an incident occur
Suppliers with Insufficient Health and Safety Management Systems	Description	Risks that may arise due to insufficient health and safety management capabilities of the primary subcontractor entrusted <sup>1)</sup> with the operation of our business site
	Current Impact	No significant impact at present, as there were zero incidents relating to the insufficient health and safety management capabilities of subcontractors in 2023
	Anticipated Impact	Potential accidents occurring indoors due to inadequate on-site safety management

1) Our in-house cafeteria is outsourced to OURHOME, and LG Twin Tower, LG Gwanghwamun Building, LG Seoul Station Building, and LG Gasan Digital Center are managed by S&I companies.

## 3. Effects on the Strategy and Decision-Making

### | Response and Action Plans for Risks

As of the reporting period, there have been no significant changes to our business model arising from health and safety-related risks and opportunities, nor are any such changes anticipated. The activities we are undertaking to address health and safety-related risks are as follows.

Category	Details
Eliminating Facility and Equipment Risk Factors	<ul style="list-style-type: none"> <li>Establishing and distributing safety management standards for facilities and equipment</li> <li>Focused improvement construction on four key risk areas</li> <li>Improving technology for prior detection and monitoring of hazards and risk factors relating to facilities and equipment</li> <li>Introducing new digital technology applicable to high-risk operations, facilities, and equipment</li> </ul>
Enhancing Health and Safety Management Systems	<ul style="list-style-type: none"> <li>Establishing an integrated emergency response system for buildings</li> <li>Establishing a health promotion index management system to help prevent employee accidents</li> <li>Developing a system to identify and mitigate risk factors through accident analysis that uses AI and machine learning</li> </ul>
Strengthening Suppliers’ Health and Safety Capabilities	<ul style="list-style-type: none"> <li>Developing a tool for evaluating suppliers’ health and safety capabilities</li> <li>Conducting regular assessments and facilitating improvements</li> <li>Supporting suppliers’ health and safety training and fostering health and safety experts</li> <li>Building a common IT system for suppliers’ safety management</li> </ul>

### | Progress of Plans Disclosed in Previous Reporting Periods

For our targets and results relating to health and safety, please refer to 'Metrics and Targets' in 'IV. Health and Safety'.

## Financial Effects of Health and Safety related Risks

### 1. Financial Effects for the Reporting Period

Our activities relating to health and safety management, such as the elimination of facility and equipment risk factors, the enhancement of health and safety management systems, and the strengthening of our suppliers' health and safety capabilities, may have an impact on our financial position, financial performance, and cash flow. Considering the uncertainties involved in the quantitative measurement of such impacts, this report presents such information in qualitative form.

Category	Details
Eliminating Facility and Equipment Risk Factors	• Increase in cash outflows from tangible assets and investment activities due to capital expenditures
Enhancing Health and Safety Management Systems	• Increase in operating costs and cash outflows from operating activities due to operation of management systems
Strengthening Suppliers’ Health and Safety Capabilities	• Increase in operating costs and cash outflows from operating activities due to support for suppliers

### 2. Investment and Disposal Plans for Strategy Execution

To implement strategies for preventing and responding to health and safety-related risks, we have increased the budget for health and safety compared to the preceding reporting period. Further, we are planning to invest in improving outdated facilities and eliminating hazards and risk factors.

### 3. Financial Effects Over Different Time Horizons Due to Strategy Execution

We anticipate that there will be an increase in cash outflows from investment activities due to capital expenditure on aging facilities and equipment in the short term (within 1 year) through to the medium term (over 1 year to within 5 years). Additionally, we expect an increase in cash outflows from operating activities due to expenditures relating to the improvement of health and safety management systems and the strengthening of suppliers' capabilities. However, as our health and safety management systems and supplier management standards will be enhanced through these short-term and medium-term investments, some reductions in infrastructure operation and personnel costs can be expected in the long term (over 5 years).

## Resilience

To minimize injuries and damage to assets in the event of an emergency, we have established an Emergency Response Committee, developed organization-specific response plans, and formulated emergency response processes based on a range of scenarios. Incidents that occur or are reported within the workplace are shared in real-time. Moreover, we conduct semi-annual assessments of our emergency response manual, incident classification standards, and continuous response system to thoroughly verify and ensure our readiness and resilience.

# III. Health and Safety

## Risk Management

### Policies and Processes for Health and Safety Risk Management

#### 1. Policies and Processes

We comply with health and safety-related laws such as the Serious Accidents Punishment Act, the Occupational Health and Safety Act, and the Fire Services Act. Accordingly, we have established policies, regulations, and procedures, which are regularly updated, to operate a health and safety management system necessary for our business activities.

Specifically, based on the requirements of relevant laws and regulations, we have implemented a 'Safety Management Policy', 'Health and Safety Management Regulations', and 'Supplier Management Regulations' to establish and manage a health and safety management system for LG Corp. and our suppliers. Through this, we regularly identify and mitigate workplace hazards and risk factors. We have also established detailed operational procedures in our Risk Assessment Manual and Emergency Response Manual.

#### 2. Training and Communication

We organize a group-level safety and environmental event, LG SHEC<sup>1)</sup>, to enhance awareness and promote a culture of safety among all Group employees, including those of LG Corp., as well as to strengthen the capabilities of employees working in safety and environmental job functions. We are also establishing a model for cooperation between the private sector, government, and academic institutions. LG SHEC consists of a range of programs, including expert lectures, exhibitions of the latest safety and environmental technologies, and awards for exemplary business sites. Exhibitor companies with new technologies relating to industrial safety, firefighting, environment, health, and AI/DX can provide consultations on their products and technologies.

Moreover, we operate a safety and environmental training program designed to help leaders better understand their roles – and thus enhance their leadership in establishing a culture of safety. This program, EnDP<sup>2)</sup>, is part of the Group's mandatory training course for executives and managers. It includes content that facilitates knowledge and understanding of the roles of each organization's safety-related on-site leaders.

1) LG Safety, Health, Environment Conference  
2) ENDP : Entrepreneur Development Program

#### 3. Assessment and Monitoring

We have been conducting on-site health and safety assessments of four real estate assets – LG Twin Tower, LG Gwanghwamun building, LG Seoul Station building, and LG Gasan Digital Center – every six months since 2022 through external health and safety organizations. In these assessments, we identify hazards and risk factors associated with facilities and equipment, as well as inadequacies in the management systems of our facility management suppliers. Next, we develop and implement improvement plans, and the suitability and implementation of corrective measures is reviewed and supplemented during subsequent assessments.

## Metrics and Target

### Metrics

#### 1. LTIFR (Lost-Time Injuries Frequency Rate)<sup>1)</sup>

We use the Lost Time Injury Frequency Rate (LTIFR), a metric widely used by global companies as a key indicator for safety management. LTIFR indicates the proportion of lost time injuries per one million hours worked. Through this metric, we identify the frequency and severity of accidents, and quantitatively assess and manage our performance accordingly. With continuous improvements to our management system, the LTIFRs of LG Corp. and three subsidiaries (LG Management Development Institute, LG Sports, and LG Holdings Japan Co.,Ltd.) have been “zero” for the past two years. However, D&O, one of our key subsidiaries, has recorded minor levels of lost time injuries due to the nature of its leisure business. Nevertheless, through ongoing efforts to improve its health and safety management systems, work procedures, and employee safety awareness, D&O has reduced its LTIFR by 10% compared to the preceding period.

(Unit: Case/Million hours worked)

Metric	Category	2022	2023
LTIFR <sup>1)</sup>	LG Corp.	0	0
	Key Subsidiaries		
	LG CNS	0.09	0.09
	D&O	10.81	9.79
	LG Management Development Institute	0	0
	LG Sports	0	0
	LG Holdings Japan Co.,Ltd.	0	0

1) Lost Time Injury Frequency Rates (LTIFR) are rounded up from the third decimal place.

### Targets

#### 1. Target Setting

In setting management targets, we conduct an LTIFR trend analysis and regular safety assessments via external organizations. Although we are not subject to mandatory requirements on education and training or the appointment of statutory personnel, as specified by the Industrial Health and Safety Act and other relevant laws, we have established a health and safety management system to actively strive towards preventing major accidents. Such efforts include regular safety assessments and supporting our suppliers in enhancing their capabilities. Accordingly, we endeavor to maintain a working environment with 'zero' lost time injuries.

#### 2. Approach to Reviewing Targets and Monitoring Progress

We have established a 2030 mid- to long-term health and safety improvement roadmap to maintain a 'zero' Lost Time Injury Frequency Rate (LTIFR). This roadmap outlines specific action plans for each time horizon through 2030, in line with our strategies to eliminate risk factors, enhance our management system, and strengthen the capabilities of our suppliers. Our progress and results, based on these established action plans and targets, are regularly managed by the health and safety management department and reported to executive management.

# 04

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# IV. Appendix

## Governance

### Overview of the Board of Directors

#### 1. Structure of the Board of Directors

##### | Board Structure

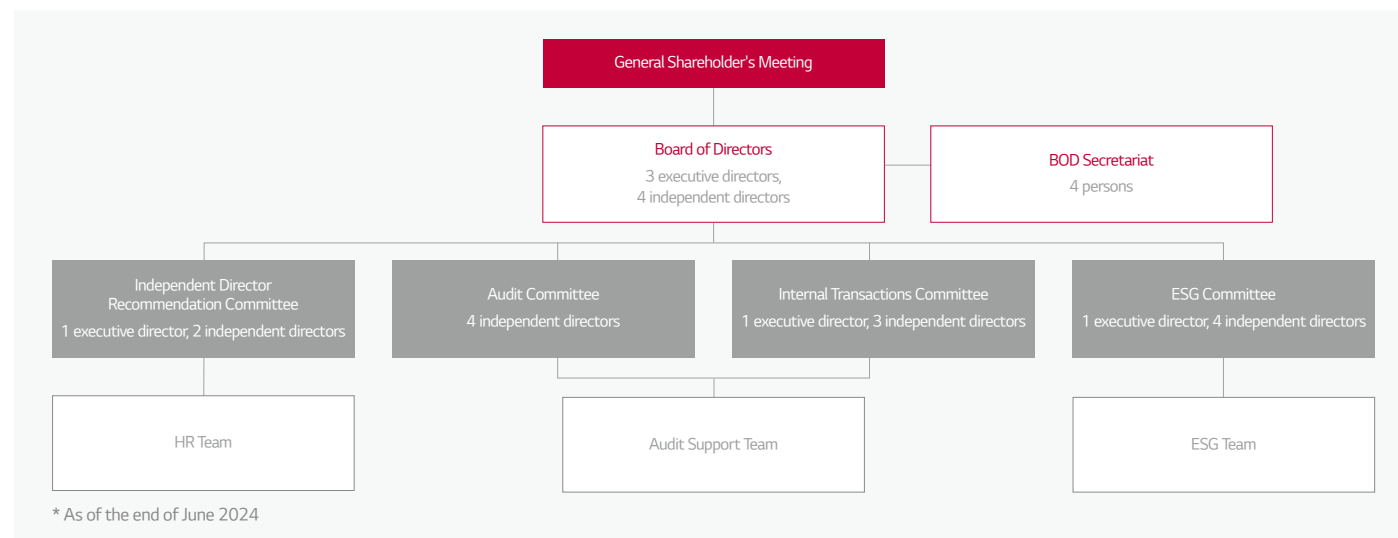
In accordance with Paragraph 1, Article 23 of our Articles of Incorporation, the Board of Directors is composed of a total of seven members (four independent directors and three executive directors), thereby meeting the requirements of Paragraph 1\*, Article 542-8 (Appointment of Independent Directors) of the Commercial Act. We guarantee the independence of the Board of Directors by ensuring that it is majority independent. Independent directors are appointed through a verification process that considers experience, expertise, potential conflicts of interest, and other such factors. The Chairperson of the Board of Directors is Kwang Mo Koo, who is also the CEO and serves as the Chairperson of the Board of Directors to ensure the efficient and responsible operation of the Board of Directors. In March 2023, the term of independent director and Audit Committee member, Chang Seung Wha, expired. Accordingly, during the regular shareholders' meeting, Jong Su Park was newly appointed as a director, and Sung Wook Cho was reappointed. In March 2024, at the regular shareholders' meeting, Kwang Mo Koo and Soo Young Lee were reappointed as directors, extending their terms until the conclusion of the regular shareholders' meeting in 2027.

\* As of the end of June 2024

##### | Board Committees

In accordance with Article 27-2, Paragraph 1 of our Articles of Incorporation and Article 13, Paragraph 1 of the Board of Directors regulations, We have established and are operating the Independent Director Candidate Recommendation Committee, Audit Committee, Internal Transaction Committee, and ESG Committee under the Board of Directors. the Audit Committee consists entirely of independent directors(total of 4) with finance and accounting backgrounds. The Independent Directors Candidate Recommendation Committee consists of 3 members, two out of which are independent directors. In addition, the ESG Committee has five members, and four of them are independent directors, and in the case of the Internal Transactions Committee, 3 out of 4 members are independent directors.

#### Organizational Chart (LG Corp.)



\* As of the end of June 2024

#### Board Composition

Category	Name	Gender	Professional Experience	Expertise	Date of Initial Appointment	Date of Expiration	Date of Change
Executive Director (Chairperson of the Board)	Kwang Mo Koo	Male	• (Current) Chairman and CEO, LG Corp. • Managing Director, LG Corp. Business Strategy Team	General business management	2018.06.29	End of the 2027 AGM	2024.03.27
Executive Director	Bong Seok Kwon	Male	• (Current) Vice Chairman, LG Corp. • CEO, LG Electronics	General business management	2022.01.07	End of the 2025 AGM	2022.01.07
Executive Director	Beom Jong Ha	Male	• (Current) President and CFO, LG Corp. • Managing Director (Finance & Economics), LG Chem	Finance	2019.03.26	End of the 2025 AGM	2022.03.29
Independent Director	Jong Soo Han	Male	• (Current) Professor, Ewha Womans University Business School • Professor, Rutgers University, USA	Accounting, Audit	2019.03.26	End of the 2025 AGM	2022.03.29
Independent Director	Sung Wook Cho	Male	• (Current) Representative Attorney at Yoon & Yang LLC • Chief Prosecutor, Daejeon High Prosecutors' Office	Law	2020.03.27	End of the 2026 AGM	2023.03.29
Independent Director	Soo Young Lee	Female	• (Current) Executive Officer, Eco Management Korea Holdings Co., Ltd • CEO, Kolon Water & Energy Co.,Ltd.	Environment, Management	2021.03.26	End of the 2027 AGM	2024.03.27
Independent Director	Jong Su Park	Male	• (Current) Professor, Korea University Law School • Chairperson, Korea Academic Society of Taxation	Law, Tax, Administration	2023.03.29	End of the 2026 AGM	2023.03.29

\* As of the end of June 2024

#### Committee Composition

Committee	Kwang Mo Koo	Bong Seok Kwon	Beom Jong Ha	Jong Soo Han	Sung Wook Cho	Soo Young Lee	Jong Su Park
Audit Committee				●	●	●	●
Independent Director Recommendation Committee		●		●	●		
ESG Committee		●		●	●	●	●
Internal Transactions Committee			●	●	●	●	

\* As of the end of June 2024

# IV. Appendix

## 2. Expertise and Diversity of the Board of Directors

### | Expertise of the Board of Directors

By appointing individuals with demonstrable expertise across a variety of fields, we ensure that our Board of Directors can make well-informed management decisions. We consider the following factors when assessing a director's expertise.

#### Factors for Assessing Director Expertise

Area of Expertise	Industry	Other
Whether the individual possesses expertise in areas such as management (organizational management), economics, law, accounting, environmental science, etc.	Whether the individual possesses industry expertise, including work experience in the sectors in which we and our key affiliates are engaged.	Whether the individual understands the roles and responsibilities of an independent director.

### | Diversity of the Board of Directors

We are improving the diversity of the Board of Directors by considering diversity in the appointment of independent directors. In accordance with the Financial Investment Services and Capital Markets Act, we ensure that our Board of Directors is composed of more than one gender. Further, we strive to ensure diversity in terms of gender, age, experience, and background. We consider the following factors when assessing the diversity of our directors.

#### Criteria for Assessing Director Diversity

Gender	Age	Experience and Background	Other
Reflecting the principle of gender equality to ensure the Board of Directors operates with diverse perspectives.	Enhancing board efficiency by balancing experience with responsiveness to changes in the business environment.	Accounting for the characteristics of Korean society while refraining from biases based on regional backgrounds.	Promoting diversity through consideration of nationality, race, religion, and ethnicity.

#### Female Independent Directors at LG Corp.

(Unit: Number of Persons)

Category	Female	Male	Total
Number of Independent Directors	1	3	4

\* As of the end of June 2024

## 3. Ensuring Fairness in Director Transactions and Duties

In order to prevent conflicting transactions or self-interested behavior by directors to ensure the fairness of transactions and the proper exercise of the BOD's duties and supervisory powers, we have established 'approval of transactions between directors and the company' and 'approval of directors' use of company opportunities and assets' as sub-disciplines of the BOD in accordance with Articles 398 and 397(2) of the Commercial Act and Article 12(1)(4) of the BOD Regulations, and prohibits directors with special interests from exercising voting rights on BOD resolutions in accordance with Articles 391 and 368 of the Commercial Act and Article 10(2) of the BOD Regulations.

## 4. Appointment and Evaluation of Independent Directors

### | Appointment Process and Standards

Based on internal regulations and relevant laws, including Articles 382 and 542-8 of the Commercial Act, we have established an Independent Director Nomination Committee to recommend independent director candidates. To ensure the impartiality and independence of the committee in terms of appointing independent directors, two out of the three committee members are independent directors. The committee conducts thorough reviews of candidates' capabilities in carrying out the duties of a director. Following this robust examination, the final appointment of independent directors is made at the general shareholders' meeting.

### | Director Independence

We comply with the director independence requirements stipulated by relevant laws such as the Commercial Act, and ensure that the majority of our directors are independent. To promote fairness and independence in both the appointment of independent directors and the operation of the committee, at least two of the three committee members are required to be independent directors. Additionally, we have established the following guidelines for director independence.

#### Guidelines on Independent Directors' Independence

No.	Details
1	The director must not have worked for the company as an employee within the past 5 years
2	The director's immediate family member must not have worked for either the company or its affiliates within the past 3 years
3	The director must not be in an employment relationship with the company's external auditor
4	The director must not be an employee of a corporate entity with which the company has signed an agreement on consulting services or technical partnerships
5	The director must not be an advisor or consultant for the company or its management
6	The director must not be an employee of a corporate entity whose total transactions with the company over the past 3 fiscal years accounted for 10% or more of the company's total assets or gross revenue
7	The director must not be an employee of a corporate entity that has entered into a single transaction contract with the company amounting to 10% or more of the company's total revenue during the past 3 fiscal years
8	The director must not have any significant conflict of interest concerning matters that may be decided upon by the board

### | Evaluation of Independent Directors

Independent directors approaching the end of their term are evaluated based on their performance, taking into account both the quantitative and qualitative results of their activities. Such an evaluation is conducted to determine the possibility of reappointment, and includes reviewing their attendance rate at board meetings, the effectiveness of their suggestions relating to board agenda, and their contributions to the internal control and monitoring systems – especially concerning any significant financial risks while serving as an Audit Committee member. To maintain fairness in our qualitative evaluations, we gather input from various relevant departments.

# IV. Appendix

## 5. Remuneration of the Board of Directors

### Remuneration System

Directors' remuneration is paid in accordance with internal regulations, and within the limits of the total remuneration approved at the general shareholders' meeting, as stipulated by Article 388 of the Commercial Act. In 2023, the total remuneration paid to our board of directors amounted to KRW 13.377 billion. The remuneration for executive directors is composed of a salary reflecting factors such as the inflation rate, business environment, scope of responsibilities, management challenges, and productivity, as well as role-specific allowances and performance incentives based on business outcomes and individual performance. Meanwhile, the salaries of independent directors are determined through consideration of factors such as the inflation rate, business environment, scope of responsibilities, and management challenges.

### Remuneration (Unit: Persons, KRW Million)

Category	Executive Director	Independent Director	Audit Committee Members <sup>1)</sup>
Number of Persons	3	-	4
Total Remuneration <sup>2)</sup>	12,960	-	417
Average Remuneration per Person	4,320	-	104

\* As of the end of December 2023

1) The Audit Committee is composed entirely of independent directors.

2) Total remuneration includes serving directors and audit committee members as of the date of issue, as well as directors and auditors who have retired in the interim.

## Operation of the Board of Directors

### 1. Overview

#### Status of Operation

As a general rule, the Board of Directors every quarter in line with internal regulations. However, meetings can be convened as necessary. In 2023, we conducted a total of six board meetings, where a total of 23 agenda items were discussed. Directors maintained a 97.6% attendance rate.

### Board Activities (Unit: Times, Cases)

Category	2021	2022	2023
Number of BOD meetings	8	7	6
Approval	26	18	13
Reporting	8	13	10

### Board Attendance (Unit: %)

Category	2021	2022	2023
Average Attendance	100	100	97.6

### ESG Committee

In accordance with Article 13, Paragraph 1 of our Regulations on the Board of Directors, we have been convening the board-level ESG Committee since May 2021. ESG Committee agenda items, as stipulated in Article 10 of the Committee's regulations, include deliberations on important compliance control matters, including the development of policies and strategies for ESG management, setting mid- to long-term targets, establishing basic policies for compliance management, and managing key compliance risks. From 1 January 2023 through 30 June 2024, the ESG Committee convened a total of five times, discussing 15 agenda items with a 100% attendance rate by all committee members. All items discussed by the ESG Committee were reported to the Board of Directors.

Year (Session)	Date	Attendance	Category	Agenda	Voting Result	BOD Report
2023 (1)	2023-06-13	5/5	Report	1. Current status and plans relating to carbon neutrality implementation	Other	0
		5/5	Report	2. Establishment of internal control processes for non-financial information	Other	0
		5/5	Report	3. Formal launch of the ESG IT platform	Other	0
2023 (2)	2023-08-21	5/5	Report	1. Membership in The Federation of Korean Industries	Other	0
		5/5	Resolution	1. Establishment of regulations for ESG information management and disclosure	Passed	0
2023 (3)	2023-10-24	5/5	Report	1. Verification system for ESG data reliability	Other	0
		5/5	Report	2. Current Status and Improvement Plans for the Compliance Risk Management System	Other	0
2023 (4)	2023-12-18	5/5	Report	1. ESG management results and plans	Other	0
		5/5	Report	2. Current status of group carbon neutrality implementation	Other	0
		5/5	Report	3. Plans to establish an ESG risk management system for investments	Other	0
		5/5	Report	4. Current status of LG Corp's health and safety management system	Other	0
2024 (1)	2024-05-02	5/5	Resolution	1. Appointment of the committee chairperson	Passed	0
		5/5	Resolution	2. Amendment of the Group's 2050 Integrated Carbon Neutrality Roadmap	Passed	0
		5/5	Report	1. Measures to strengthen ESG risk management in the investment process	Other	0
		5/5	Report	2. Report on the implementation of compliance risk management improvement plans	Other	0

# IV. Appendix

## Executive Remuneration and Shareholdings

### 1. Executive Remuneration

#### | Key Performance Indicators for Executives

Management performance is assessed in accordance with quantitative indicators, such as our revenue and operating profit from the preceding period, and qualitative indicators, including our achievement of mid- to long-term expectations, etc. Bonuses, which can range from 0 to 150% of basic salary, are paid based on the results of this performance assessment, as determined by the board of directors.

#### Remuneration of Key Executives

(Unit: KRW Million)

Executive	Kwang Mo Koo	Bong Seok Kwon	Beom Jong Ha	Bum Sik Hong
<b>Total Remuneration</b>	8,329	3,283	1,348	1,340

\* As of the end of December 2023

#### | Shareholdings

We neither impose share ownership requirements on the CEO or executives, nor do we have internal regulations in this regard. Nevertheless, some executives choose to hold shares in the company as a demonstration of responsible management. The current status of such holdings is disclosed in our business report and other such statements.

#### Shareholdings by Management

(Unit: One Share)

Name	Position	Number of Shares
Kwang Mo Koo	CEO	25,096,717
Soo Young Lee	Independent Director/Audit Committee Member	911
Bum Sik Hong	President	2,144
Jeong Hyeon Ok	Vice President	9

\* As of the end of March 2024

## Stability of Executive Leadership

### 1. CEO Succession

#### | CEO Succession Procedures

We have enacted 'CEO Succession Procedures and Candidate Development Principles' to ensure management stability by proactively fostering key executives with management expertise and capabilities. Every year, we convene a management personnel council composed of key executives, HR officers, and others to select a pool of CEO candidates for the group. This pool is drawn from LG's top executives (C-level officers) and key external individuals, and we develop and evaluate internal personnel throughout the year. To select suitable candidates, requirements for the CEO role are defined with consideration for our management environment and business strategy. Through validation, we distinguish between candidates who can immediately assume the role and long-term candidates who could step in within 3 to 5 years, selecting each group in multiples of two to three.

When there is a change in the CEO, the final candidate is selected from the aforementioned candidate pool following verification by the management personnel council and supporting departments. The matter is then placed before the Board of Directors. Prior to confirming the candidate as an executive director nominee, the board reviews whether the candidate is capable of implementing our core values and vision, and of managing the company in a way that aligns with our interests and those of our shareholders. Subsequently, if the executive director nominee is nominated at the general shareholders' meeting, he or she is appointed as the CEO after a final deliberation by the Board of Directors – thereby completing the CEO succession process.

#### | Training for CEO Candidates

We conduct a regular job rotation program that allows candidates to experience a broad range of businesses and roles within the Group. To supplement and foster their capabilities, we also operate an entrepreneur development program in collaboration with the Group's training institution (LG Academy). Moreover, for the development of CEO succession candidates, we run the LG Business Unit Leader Program and the EnDP (Entrepreneur Development Program), focusing on ensuring that candidates acquire the capabilities essential for group management. This includes business strategy, implementation, business acumen, and understanding market trends.

# IV. Appendix

## Materiality Assessment

We conducted a materiality assessment covering our operations and five key subsidiaries (LG CNS, D&O, LG Management Development Institute, LG Sports, Japan Co.,Ltd.) to identify the sustainability-related risks and opportunities anticipated to affect our prospects. Based on the results of this assessment, we identified 'climate change', 'compliance management', and 'health and safety' as issues for disclosure which are expected to have a financial impact on our operations and those of our five key subsidiaries.

Rank	Issue	Details	Financial Impact	Reporting Topic
1	Climate Change	Reduction of GHG emissions, adoption of energy-saving facilities, etc.	●●●●●	V
2	Compliance Management	Ethics and anti-corruption, compliance with Code of Conduct	●●●●●	V
3	Health and Safety	Application of health and safety management system, management of injury rate	●●●●●	V
4	Information Protection	Personal information protection, workplace information security, etc.	●●●●○	
5	Product and Service Stewardship	Product and customer satisfaction, ensuring product quality and safety, etc.	●●●●○	
6	Supply Chain	Identification and mitigation of supply chain ESG risks, mutual cooperation, etc.	●●●○○	
7	Working Conditions	Working hours, freedom of association, etc.	●●●○○	
8	Risk Management	Integrated risk management process, assessment of potential risks, etc.	●●●○○	
9	Human Capital	Training to enhance employee capabilities, ensuring workforce diversity, etc.	●●●○○	
10	Board of Directors	Diversity, expertise, and independence of the board of directors, performance assessment system, etc.	●●○○○	

\* The previous year's reporting topics were 'Climate Change', 'Supply Chain', and 'Board of Directors', while 'Compliance Management' and 'Health and Safety' are new topics in this report (excluding 'Supply Chain' and 'Board of Directors' issues).

\*\* LG Corp. is a pure holding company with no separate businesses, and our main sources of income are dividend income, trademark usage fees, and rental income, and we have identified five key subsidiaries as our key stakeholders in light of this business model.

### Materiality Assessment Process

Our materiality assessment is conducted in three stages: identification of sustainability issues, assessment of sustainability-related financial impacts, and selection of reporting topics.

In the identification of sustainability issues, we formed an issue pool of 18 sustainability issues (seven environmental, six social, and five governance), with reference to the GRI Standards 2021 and the European Sustainability Reporting Standards (ESRS) Sustainability topics. Next, in the assessment of financial impacts, we categorized<sup>1)</sup> risks and opportunities for each issue on a three-step scale (high, medium, low) in terms of likelihood of occurrence, and a six-step scale in terms of financial impact (critical, significant, major, moderate, insignificant, almost none). Lastly, in the selection of reporting topics, we assigned weights and prioritized in accordance with LG Group's key ESG agenda and SASB's industry-specific sustainability issues<sup>2)</sup> to determine our final topics for disclosure. please refer to the following information for details.

#### Step 1

Identify Sustainability Issues



#### • Sustainability issue pool

- Form a pool of 18 issues based on global sustainability disclosure standards
- GRI Standards 2021
- European Sustainability Reporting Standards (ESRS)

#### Step 2

Assess Sustainability-related Financial Impact



#### • Assess sustainability-related financial impact

- Qualitative assessment of the financial risks and opportunities facing LG Corp. and five key subsidiaries
- LG Corp., LG CNS, D&O, LG Management Development Institute, LG Sports, LG Holdings Japan Co., Ltd

#### Step 3

Select Reporting Topics

#### • Derive assessment results

- Weighting and prioritizing the assessment results for LG Corp. and 5 key subsidiaries
- SASB industry-specific sustainability issues
- LG Group's key ESG agenda (Agenda for the 4th ESG Committee Report, 2022)

1) LG CNS, one of our five key subsidiaries, conducted a separate materiality assessment, the results of which are incorporated into our own materiality assessment results.

2) Key sustainability issues from four SASB industries (Software & IT Services, Real Estate, Leisure Facilities, Professional & Commercial Services) that relate to our five key subsidiaries.



# IV. Appendix

## Quantitative Data

The ESG data presented in this report covers the domestic and overseas business sites of LG Corp.<sup>1)</sup>, one key subsidiary (LG CNS), and three key affiliates (LG Electronics, LG Chem, and LG Uplus), on a non-consolidated basis. Metrics, units, and definitions relating to this data are as follows.

### Data Definition

#### Environmental

Category	Metric	Unit	Definition
Climate Change <sup>2)</sup>	Scope 1, 2 Emissions	Thousand tCO <sub>2</sub> eq	The sum of Scope 1 and Scope 2 greenhouse gas (GHG) emissions, calculated in accordance with the Guidance on emissions reporting and certification for the K-ETS, as well as the 2006 IPCC Guidelines for National Greenhouse Gas Inventories
	Scope 1		Direct emissions. Greenhouse gases emitted from sources owned and controlled by the organization within the operational boundary
	Scope 2	Indirect emissions. Greenhouse gases resulting from the use of purchased electricity, steam, etc., that entered the organization from outside its operational boundary	
	Intensity	tCO <sub>2</sub> eq/100million KRW	The sum of Scope 1 and Scope 2 greenhouse gas emissions per unit revenue
	Scope 3 Emissions	Thousand tCO <sub>2</sub> eq	Other indirect emissions due to product use, suppliers, and business travel as defined by the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)
Energy <sup>3)</sup>	Usage	TJ	Internal and external energy usage in the organization use of renewable and non-renewable energy, purchased or generated by the organization
	Renewable Electricity Transition Rate	%	Percentage of renewable energy used out of total energy usage
Resources & Waste	Water Intake Volume	Thousand tons	Total volume of water intake at business sites, including tap water, groundwater, seawater, and other sources
	Water Reuse Rate	%	(Internal water reuse volume + external reused water usage) / (Water intake volume + internal water reuse volume)
	Internal Water Reuse Volume	Thousand tons	Volume of water reused within the facility after wastewater treatment
	External Reuse Water Usage		Volume of treated sewage water reused or purchased externally
Waste	Waste Water Discharge		Volume of wastewater discharged outside the operational boundary through internal/external treatment facilities, commissioned treatment, and public sewage systems
	Discharge Volume	Tons	Total weight of treated waste (general, hazardous) and method of treatment (recycling, incineration, landfill) * Amount incinerated with heat recovery is separately categorized
	Waste Recycling Rate	%	The proportion of general and hazardous waste recycled out of the total waste generated

1) Considering that LG Corp. is a pure holding company and the environmental impact of its business activities is low, only some social data disclosures are provided (Employees, Health & Safety).

2) Market-based emissions Scope 2 emissions, hence identical to CDP disclosure.

3) Energy units converted to TJ for consistency.

#### Society

Category	Metric	Unit	Definition
Employees	New Hires	Number of persons	Number of new permanent employees hired
	Voluntary Turnover <sup>2)</sup>	%	Percentage of permanent employees who retired voluntarily, excluding involuntary turnover such as retirement and dismissal
	Return Rate from Parental Leave		Percentage of permanent employees who returned to work among those scheduled to return from parental leave
	Average Training Time	Hours / persons	Average training hours per year performed by permanent employees (all internal and external training)
	Average Training Cost	10,000 KRW / persons	Average annual training cost invested in permanent employees
Diversity / Inclusivity <sup>1)</sup>	Employee Gender Composition (Female Rate)		Male and female gender composition among permanent employees
	Permanent Employee <sup>2),3)</sup>	%	Percentage of permanent workers, with no fixed term, among all employees
	Disability Employment Rate		Percentage of directly hired disabled workers, and disabled workers hired through subsidiary-type standard workplaces for disabled people
Health & Safety	LITFR	Cases / Million Hours	Lost time injuries per million hours worked (number of lost time injuries <sup>4)</sup> /total hours worked per year × 1,000,000)
Supply Chain	Self-Assessment Completion Rate	%	Percentage of suppliers* that completed self diagnosis among all suppliers * Companies with whom we have direct or indirect business relationships that are classified as tier 1 suppliers
	On-site Assessment Target / Completed (High Risk Key Suppliers)	Number of companies	Number of high risk key supplier subject to on-site assessment / number of high risk key supplier for whom on-site assessment has been completed* * Among tier 1 suppliers, the decision is made autonomously by the affiliates considering the following factors: ① High Purchase Proportion ② Supply of Key Parts/Services ③ Indispensability ④ High Influence ⑤ Company Size
Community	Total Amount	100 million KRW	Amount of social contribution, by type
	Donations		Donations made for temporary support activities made at the request of charities, local communities, or emergency relief situations, etc.
	Community Investment	Million KRW	Investment in activities that continuously contribute to the community through participation in specific programs planned by the company, NGOs, and local governments
	Commercial Initiatives		Advertising expenses invested in a series of activities conducted in cooperation with charities or local community organizations to promote the corporate brand

1) Some data, relating to human resources and diversity/inclusiveness from certain overseas business sites, has been excluded (disability employment rate is not included).

2) Data relating to voluntary turnover rate and the proportion of regular employees for LG Chem (overseas) has been excluded.

3) Non-permanent employees are salaried workers, excluding permanent employees, and are limited to those directly contracted with the company.

4) Number of accidents that prevented work, and the number of accidents that caused business suspension exceeding one day.

# IV. Appendix

## Environmental

Category	Indicator	Unit	2021	2022	2023
Climate Change	Scope 1+2 Emissions		13,010	12,075	11,493
	Scope 1	Thousand tCO <sub>2</sub> eq	5,780	5,912	5,394
	Scope 2		7,229	6,163	6,099
	Intensity	tCO <sub>2</sub> eq/ 100 million KRW	14.3	11.4	10.7
	Scope 3 Emissions <sup>1)2)3)</sup>		3,763	3,776	15,674
	Products and Services	Thousand tCO <sub>2</sub> eq	3,553	3,588	13,179
	Upstream Logistics		198	165	2,446
	Business Trip		13	22	48
Energy	Total Usage		215,928	230,498	204,782
	(Direct) Fuel	TJ	111,318	109,387	98,126
	(Indirect) Steam		15,022	15,961	13,540
	(Indirect) Electricity		91,918	105,153	93,118
	Renewable Electricity Conversion Rate	%	1.9	6.8	10.7
Resources and Waste	Water Intake Volume	Thousand tons	89,626	83,047	81,202
	Water Reuse Rate	%	2.73	2.83	2.87
	Internal Water Reuse Volume		2,503	2,359	2,317
	External Reused Water Usage Volume	Thousand tons	10	61	82
	Wastewater Discharge		26,735	23,465	24,221

Category	Indicator	Unit	2021	2022	2023
Resources and Waste	Total Waste		514,308	500,129	435,821
	General Waste		387,450	365,339	307,447
	Recycling		323,388	316,292	273,421
	Incineration (General)		23,964	9,779	5,974
	Incineration (Heat Recovery)		22,682	23,149	13,779
	Landfill		17,149	15,818	14,006
	Others	Tons	266	302	267
	Hazardous Waste		126,857	134,790	128,374
	Recycling		56,013	64,236	60,982
	Incineration (General)		15,937	14,851	13,553
	Incineration (Heat Recovery)		53,407	54,361	52,210
	Landfill		1,500	1,343	1,554
	Others <sup>4)</sup>		-	-	75
Waste Recycling Rate	%	73.8	76.1	76.7	

1) For LG Chem, the criteria and scope for calculating Scope 3 emissions were expanded in 2023, but the revised criteria for 2023 were not applied to the data for 2021 and 2022 due to measurement uncertainty.

2) For LG Electronics, the categories for calculating Scope 3 emissions were expanded in 2023, resulting an increase in emissions compared to the previous year.

3) For LG CNS, Scope 3 emissions were not calculated and therefore not disclosed.

4) For LG Uplus, there was a one-time waste organic solvents were generated due to the removal of generator cooling water.

# IV. Appendix

## Social

Category	Indicator	Unit	2021	2022	2023
Employees	Human Resources	New Hires <sup>1)</sup>	19,919	20,498	16,639
		Male	13,339	13,705	11,039
		Female	6,580	6,793	5,600
		Under 30	11,246	11,872	9,564
		30-49	8,064	8,072	6,552
		Over 50	609	554	523
		Voluntary Resignation Rate	%	6.6	8.5
	Number of Voluntary Resignation	Number of persons	6,764	8,701	6,372
	Male		4,686	5,935	4,329
	Female		2,088	2,766	2,043
	Under 30		2,858	3,808	2,588
	30-49		3,646	4,494	3,412
	Over 50		260	399	372
	Return Rate from Parental Leave		%	92	91.5
	Number of Returning Employees	Number of persons	949	983	1,082
	Male		429	470	521
	Female		520	513	561
	Number of Employees Planned to Return		1,032	1,074	1,167
	Male		481	511	547
	Female		551	563	620
	Average Training Time		Hours / person	33.3	42
	Male	34.3		43.7	44.4
	Female	29.5		35.2	36.7
	Average Training Costs	10,000 KRW / person	76	98	108

Category	Indicator	Unit	2021	2022	2023	
Employees	Employee Gender Composition (Female Rate)	%	20.3	20.9	21.2	
	Male	Number of persons	81,753	81,187	81,034	
	Female		20,794	21,399	21,757	
	Permanent Employee Rate	%	97.7	98.3	97.9	
	Number of Permanent Employees	Number of persons	102,710	102,755	102,957	
	Under 30		15,750	16,522	16,323	
	30-49		71,812	70,639	69,875	
	Over 50		15,148	15,864	16,759	
	Number of Temporary Employees		2,367	1,819	2,167	
	Male	Number of persons	1,884	1,390	1,652	
	Female		466	407	515	
	Disability Employment Rate	%	1.4	1.4	1.4	
	Direct Employment	Number of persons	789	753	699	
	Indirect Employment		697	707	773	
	Health & Safety <sup>2)</sup>	LTIFR	Case / Million hours	1.13	1.44	0.65
Supply Chain	Partner Companies <sup>3)</sup>	Self-Assessment Completion Rate	%	60	72	90
	On-site Assessment Target / Completed (High Risk Key Suppliers)		Number of companies	3 / 3	1 / 0	0 / 0
Community	Social Contribution	Total Social Contribution Amount <sup>4)</sup>	100 million KRW	661	1,053	780
	Donations	Million KRW	48,381	49,920	37,861	
	Community Investment		5,289	9,296	7,773	
	Commercial Initiatives		12,418	46,103	32,400	

1) In the case of LG Chem, only domestic data has been included in the reporting, considering the measurement uncertainty associated with new hires abroad.  
 2) The number of lost-time accidents decreased in 2022-2023 at three key affiliates as they strengthened their workplace health and safety risk management and accident prevention activities.  
 3) In the case of LG Uplus, on-site diagnostics begins in 2023 to strengthen management, which is excluded due to measurement uncertainty in 2021 and 2022 data.  
 4) In the case of LG Electronics, temporary commercial initiatives and increased donation amounts in line with the 2022 business plan and social contribution strategy.

# IV. Appendix

## Qualitative Data

The 2023 ESG performance of one key subsidiary (LG CNS) and three key affiliates (LG Electronics, LG Chem, LG Uplus) of LG Group in the environmental and social dimensions is as follows.

### Environmental

Category	Affiliate	Details	Location of Disclosure	
Climate Change	LG Electronics	Establishment and implementation of greenhouse gas reduction plans	LG Electronics_2023-2024 Sustainability Report p.15	
		Reduction of greenhouse gas emissions during product use and distribution stages	LG Electronics_2023-2024 Sustainability Report p.16	
	LG Chem	Transition to a low-carbon management system	LG Chem_2023 Sustainability Report p.47-48	
		Diversification of greenhouse gas reduction strategies	LG Chem_2023 Sustainability Report p.49-53	
	LG Uplus	Analysis of climate change scenarios	LG Uplus_2023 ESG Report p.54	
		Analysis of the financial impact of climate change	LG Uplus_IFRS S1-S2 Report p.17-18	
	LG CNS	Strengthening response to the emissions trading system	LG CNS_2023-2024 Sustainability Report p.51-55	
	Energy	LG Electronics	Monitoring and management of renewable energy status	LG Electronics_2023-2024 Sustainability Report p.17
		LG Chem	Energy reduction activities through innovative technologies	LG Chem_2023 Sustainability Report p.52
		LG Uplus	Energy reduction activities and procurement of eco-friendly energy	LG Uplus_2023 ESG Report p.57,58
LG CNS		Promotion of energy efficiency in data centers	LG CNS_2023-2024 Sustainability Report p.52-54	
Water Resources	LG Electronics	Management of water resource efficiency	LG Electronics_2023-2024 Sustainability Report p.28	
	LG Uplus	Management and reduction of water usage	LG Uplus_2023 ESG Report p.66	
	LG CNS	Water quality inspection and water usage management	LG CNS_2023-2024 Sustainability Report p.53	
Resources and Waste	LG Electronics	Establishment and management of waste reduction targets	LG Electronics_2023-2024 Sustainability Report p.21-22	
		Life Cycle Assessment (LCA)	LG Electronics_2023-2024 Sustainability Report p.21-23	
	LG Chem	Achievement of zero landfill waste at operational sites	LG Chem_2023 Sustainability Report p.62	
	LG Uplus	Recycling of waste and management of hazardous waste	LG Uplus_2023 ESG Report p.65	
LG CNS	Promotion of resource circulation campaigns	LG CNS_2023-2024 Sustainability Report p.55		

### Social

Category	Affiliate	Details	Location of Disclosure
Human Resources	LG Electronics	Operation of talent development programs	LG Electronics_2023-2024 Sustainability Report p.48-51
	LG Chem	Talent acquisition and development	LG Chem_2023 Sustainability Report p.74-75
	LG Uplus	Operation of employee competency development programs	LG Uplus_2023 ESG Report p.102-104
	LG CNS	Diversification of recruitment and training programs	LG CNS_2023-2024 Sustainability Report p.57-61
Employees	LG Electronics	Measures to promote diversity and inclusion	LG Electronics_2023-2024 Sustainability Report p.45
	LG Chem	Support activities for growth to enhance diversity	LG Chem_2023 Sustainability Report p.76
Health and Safety	LG CNS	Operation of diversity enhancement programs for employees	LG CNS_2023-2024 Sustainability Report p.62-65
	LG Electronics	Implementation and Management of Health and Safety Systems and Risk Management	LG Electronics_2023-2024 Sustainability Report p.52-53
	LG Chem	Execution and performance management of environmental safety	LG Chem_2023 Sustainability Report p.65-67
	LG Uplus	Operation of health and safety inspection and management systems	LG Uplus_2023 ESG Report p.84-89
SupplyChain	LG CNS	Promotion of health and safety risk management and prevention activities	LG CNS_2023-2024 Sustainability Report p.66-70
	LG Electronics	ESG risk management for partner companies	LG Electronics_2023-2024 Sustainability Report p.56-60
	LG Chem	Evaluation and management of suppliers' ESG performance	LG Chem_2023 Sustainability Report p.71
	LG Uplus	Promotion of ESG evaluation and mutual growth with suppliers	LG Uplus_2023 ESG Report p.95-98
Local Community	LG CNS	Support for strengthening the capabilities of suppliers	LG CNS_2023-2024 Sustainability Report p.78-79
	LG Electronics	Implementation of social contribution programs for local communities	LG Electronics_2023-2024 Sustainability Report p.75-79
	LG Chem	Operation and performance measurement of social contribution projects	LG Chem_2023 Sustainability Report p.78-79
	LG Uplus	Support for vulnerable groups and local communities	LG Uplus_2023 ESG Report p.90-94
LG CNS	Operation of social contribution programs for youth	LG CNS_2023-2024 Sustainability Report p.76-77	

# IV. Appendix

## GRI Standards Index

GRI Disclosure	Disclosure	Description	Location of Relevant Information
Organization Profile	2-1	Name of the organization	p.3, Business Report p.3
	2-2	Entities included in the company's sustainability reporting	p.3
	2-3	Reporting period and frequency	p.3, 76
	2-4	Restatements of information	p.65-68
	2-5	External assurance	p.73-74
Activities and Workers	2-6	Activities, value chain and other business relationships	Business Report p.4, 37-44
	2-7	Employees	p.67
	2-8	Workers who are not employees	Refer to the Business Report of Key Affiliates
Governance	2-9	Governance structure and composition	p.53-54
	2-10	Nomination and selection of the highest governance body	p.53-56, Refer to the Corporate Governance Report Principle 4-2, 4-3, 5-1
	2-11	Chair of the highest governance body	p.53-54
	2-12	Role of the highest governance body in overseeing the management of impacts	p.7,35,45
	2-13	Delegation of responsibility for managing impacts	p.7,35,45
	2-14	Role of the highest governance body in sustainability reporting	p.7,35,45
	2-15	Conflicts of interest	p.55
	2-16	Communication of critical concerns	p.57-58
	2-17	Collective knowledge of the highest governance body	p.9, Business Report p.464
	2-19	Remuneration policies	p.57,59, Refer to the Corporate Governance Report Principle 6-2
Strategy, Policies and Practices	2-20	Process to determine remuneration	p.57,59, Refer to the Corporate Governance Report Principle 6-2
	2-22	Statement on sustainable development strategy	🔗 LG Corp. Website-ESG-Strategy
	2-23	Policy commitments for responsible business conduct	🔗 LG Corp. Website-ESG-Policy-Human Rights Policy
	2-24	Embedding policy commitments	🔗 LG Corp. Website-ESG -Practice
	2-25	Processes to remediate negative impacts	🔗 LG Corp. Ethics site
	2-26	Mechanisms for seeking advice and raising concerns	🔗 LG Corp. Ethics site
	2-27	Compliance with laws and regulations	p.42
	2-28	Membership associations	Refer to the ESG Report of Key Affiliates
Stakeholder Engagement	2-29	Approach to stakeholder engagement	p.4, 61-62
	2-30	Collective bargaining agreements	Refer to the ESG Report of Key Affiliates

GRI Disclosure	Disclosure	Description	Location of Relevant Information
Material Topics	3-1	Process to determine material topics	p.4, 8, 61-62
	3-2	List of material topics	p.4, 61-62
	3-3	Management of material topics	p.11-25, 38-40, 46-48
Economic Performance	201-2	Opportunities and risks due to climate change	p.11-13, 16-17, 20-21
Energy	302-1	Energy consumption within the organization	p.65
Water	303-4	Water discharge	p.65
	305-1	Direct (Scope 1) GHG emissions	p.28, 65
	305-2	Energy indirect (Scope 2) GHG emissions	p.28, 65
	305-3	Other indirect (Scope 3) GHG emissions	p.65
	305-4	GHG emissions intensity	p.65
Emissions	305-5	GHG emissions reduction	p.31
	306-3	Waste generated	p.66
	306-4	Waste diverted from disposal (reuse, recycle)	p.66
Waste	306-5	Waste directed to disposal (incineration, landfill)	p.66
	401-1	New employee hires and employee turnover	p.67
Employment	401-3	Parental leave	p.67
	403-1	Occupational health and safety management system	p.45-46
Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	p.46-47
	403-5	Worker training on occupational health and safety	p.49
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.46-48
	403-9	Work-related injuries	p.50, 68
Education and Training	404-1	Average hours of training per year per employee	p.67
Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	Business Report p.476

# IV. Appendix

## Independent Assurance Statement

### Independent Assurance Report on the Sustainability Report in LG Corp. Sustainability Report (English Translation of a Report Originally Issued in Korea)

#### To the Management of LG Corp.

We have undertaken a limited assurance engagement on the Sustainability Report (the "Report") of LG Corp. (the "Company") for the year ended 31 December 2023.

#### Identified Sustainability Information

The Sustainability Information included in the Report and subject to our assurance engagement consists of the following, with the exclusion of greenhouse gas emissions (Scope 1, 2, 3) and related information:

- 'Global Reporting Initiative (GRI) Standard Index' stated on pages 79-80
- Our assurance engagement is for the fiscal year ended December 31, 2023, and we have not performed assurance procedures on prior periods or on other information included in the Report, and accordingly, we do not express any conclusion on such information.

#### Criteria Used by the Company

The criteria used by the Company to prepare the Sustainability Information (the "Criteria") are the GRI Standards. As there is no generally accepted framework or established practices for evaluating and measuring sustainability information, various measurement techniques can be acceptable, which may affect comparability between companies and across periods.

#### Assurance Conclusion – Limited Assurance

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Information in the Report for the year ended 31 December 2023, has not been prepared, in all material respects, in accordance with the Criteria.

#### Inherent Limitations in Preparing Sustainability Information

The Sustainability Information includes inherent uncertainties based on climate-related scenarios and forward-looking statements. These uncertainties arise from the incomplete nature of scientific and economic knowledge regarding the potential physical and transitional impacts of climate change, their likelihood, timing, and effects.

#### Responsibilities of the Company

The Company is responsible for selecting and establishing appropriate Criteria for preparing the Sustainability Information, considering relevant laws and regulations, and for the preparation of the Sustainability Information in accordance with these Criteria. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

#### Our Responsibility

We plan and perform our work to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, and to form an independent conclusion based on the evidence obtained, which we then report to the Company's management. As our role involves forming an independent conclusion on the Sustainability Information prepared by management, our involvement in the preparation of the Sustainability Information would impair our independence and is not permitted.

#### Standards for Performing Assurance Engagements

We performed our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standards Board (IAASB).

#### Our Independence and Quality Control

We comply with the independence and other ethical requirements of the Code of Ethics for Professional Accountants. This code is based on principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. We apply International Standard on Quality Control 1, which includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements, to maintain a comprehensive quality control system.

#### Summary of Procedures Performed as the Basis for Our Conclusion

To identify areas where material misstatements in the Sustainability Information might arise, we planned and performed our work based on professional judgment. Our procedures for the limited assurance engagement included:

- Performing limited verification of the assured Sustainability Information through inquiries and analytical reviews
- Interviewing personnel responsible for aggregating and preparing the Sustainability Information at the corporate level
- Inquiring about the Company's materiality assessment procedures considering key stakeholders
- Visiting the Company to understand the processes and systems used to manage and report the Sustainability Information
- Verifying that the financial information included in the Report is appropriately derived from the audited financial statements of the Company

The procedures performed in a limited assurance engagement vary in nature and timing and are less extensive than those for a reasonable assurance engagement. Therefore, the level of assurance obtained in a limited assurance engagement is substantially lower than that which would have been obtained if a reasonable assurance engagement had been performed.

#### Restricted Use

This report is prepared solely for the management of the Company to assist in understanding the Company's sustainability performance and activities. Accordingly, we do not accept or assume any responsibility to any other party.

Seoul, Republic of Korea  
 Deloitte Anjin  
**Jong Sung Hong**, Chief Executive Officer  
 30 August 2024

*Deloitte Anjin LLC*



This assurance report is valid as of the date of the report (August 30, 2024). Therefore, events or circumstances occurring between the date of this report and the time it is read could significantly impact the information presented and may require revisions to this report.

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Contact	LG Corp. ESG Team Address: 128, Yeouidaero, Yeongdeungpo-gu, Seoul Homepage: <a href="https://www.lgcorp.com/">https://www.lgcorp.com/</a> Tel: +82-2-3773-2429 E-mail: <a href="mailto:esg@lg.com">esg@lg.com</a>