

BETTER

LEAF

FOR ALL

INTERACTIVE PDF Guide

This report has been published as an interactive PDF with functions such as 'transfer to page' and 'go to website' to support the readers' convenience.

Report Overview

At LGE, we expressed our commitment and willingness to change to realize sustainable growth and a better life for all. This sustainability report consists of ESG STORY BOOK and ESG FACT BOOK. ESG STORY BOOK contains LGE's key ESG initiatives in the form of storytelling, whereas ESG FACT BOOK focuses on LG Electronics' major activities and achievements. We have included the following in the ESG FACT BOOK: the management approach(MA), activities and achievements, goals, and progress for each environment, social and governance sector by linking material issues derived through the materiality assessment with LGE's six strategic tasks. We plan to transparently disclose our sustainability management activities and performance through the publication of reports every year.

Reporting Principles and Standards

The 2021-2022 ESG FACT BOOK applies the Core option of GRI(Global Reporting Initiative) Standards which is an international standard guideline for report preparation, and reflects the reporting standard and framework outlines as suggested by the SASB(Sustainability Accounting Standards Board) and the TCFD(Task Force on Climate-related Financial Disclosures). Furthermore, this report was created in accordance with Ten principles of the United Nations Global Compact(UNGC) in the four areas of human rights, labor, environment, and anti-corruption. In addition, the report satisfies the four principles of inclusivity, materiality, responsiveness, and impact as outlined in the AA1000AP(AccountAbility Principles Standard), which also outlines the obligation of companies to disclose their approaches to sustainability management.

Reporting Period

This report covers our activities from January 2021 to December 2021, in addition to some major activities from the first half of 2022. In terms of quantitative performance, 3-year data from 2019 to 2021 is provided for identification of changes in trends.

Scope of Report

This report covers the activities of our headquarters, and South Korean and overseas production sites and sales subsidiaries operated by LG Electronics. Consolidated financial information has been prepared in accordance with the K-IFRS(Korean International Financial Reporting Standards), and some financial information prepared on a non-consolidated basis is presented as footnotes. In the case of social and environmental information, if there has been any restriction in terms of the collection of data, the reporting scope of that particular data is also outlined as footnotes.

Third Party Assurance

In order to ensure the accuracy, objectivity, and reliability of the report and all data prepared, we requested an independent verification organization KMR(Korea Management Registrar) and completed the verification of the report in accordance to international verification standards. The results are detailed on p.76-77 of the report. The financial information in this report has been audited by an independent auditor, and assurance on GHG emissions and energy usage was carried out in accordance with verification principle such as 'Administrative Guidelines on Reporting and Verification of GHG emissions by Emissions Trading System.'

More information on sustainability management activities of LG Electronics can be found here

LG Electronics website <http://www.lg.com/global/sustainability>

Contact

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Contents

03	I. Corporate Overview
04	Management Philosophy
05	Message from the CEO
06	About LG Electronics
07	Business Status
08	II. Environmental
09	Carbon Neutral
11	Circular Economy
13	Product Stewardship
17	III. Social
18	Supply Chain Management
26	Safety and Environment
30	Customers
33	Employees
39	Social Contribution
41	IV. Governance
42	Corporate Governance
45	Jeong-Do Management
47	Compliance Management
51	Information Protection
54	V. Appendix
55	Sustainability Management Performance Data
64	SHEE-Quality Certification Status
64	Membership Awards & Recognition
65	Materiality
67	GRI Standards Index
68	SASB Index
69	TCFD Report
75	Governance Index
76	Independent Assurance Statement



I. Corporate Overview

- Management Philosophy
- Message from the CEO
- About LG Electronics
- Business Status

II. Environmental

- Carbon Neutral
- Circular Economy
- Product Stewardship

III. Social

- Supply Chain Management
- Safety and Environment
- Customers
- Employees
- Social Contribution

IV. Governance

- Corporate Governance
- Jeong-Do Management
- Compliance Management
- Information Protection

V. Appendix

- Sustainability Management Performance Data
- SHEE-Quality Certification Status
- Membership-Awards & Recognition
- Materiality
- GRI Standards Index
- SASB Index
- TCFD Report
- Governance Index
- Independent Assurance Statement

# CORPORATE OVERVIEW

- 04 Management Philosophy
- 05 Message from the CEO

- 06 About LG Electronics
- 07 Business Status



# Management Philosophy

- I. Corporate Overview
  - Management Philosophy**
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership/Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

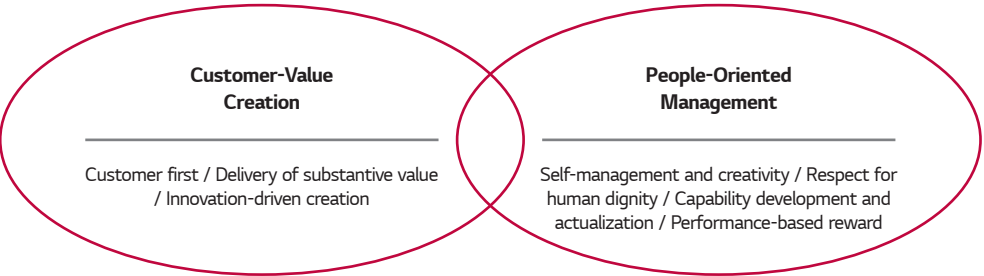
## LG WAY

LG's Jeong-Do Management is our unique management philosophy based on the principles of creating value for customers and respecting human dignity.  
Through our principles and collective pursuit, we aspire to become the No. 1 LG



## Management Principles

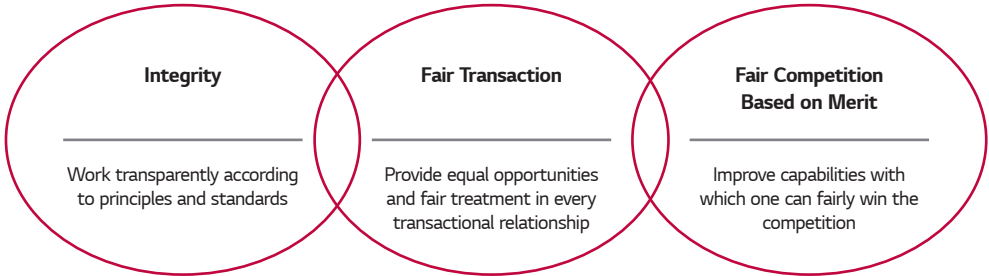
Our management principles consist of "Customer-Value Creation" that represents our business objective and "People-Oriented Management" as our operating principle



## How We Conduct Business

Jeong-Do Management is an ethical management and code of conduct to enable capacity development and fair competition

### Three main factors of Jeong-Do Management





- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO**
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

# Message from the CEO

## We Will Create a 'Better Life for All'

Dear LG Electronics stakeholders,

We would like to express our gratitude to all our stakeholders who have always cherished and supported our growth and development.

Last year, we achieved record-high sales by improving the competitive position of our flagship businesses, bolstering preemptive execution based on our mid-term goals, etc. This was all accomplished despite the disadvantageous business environment in which market volatility was increasing due to global economic recession, prolonged COVID-19 pandemic, and instability in the supply chain. Although difficult internal and external conditions are also expected to continue this year, we will accelerate preparations for the future and promote sustainable growth even more by stabilizing a firm market position for flagship businesses, continuously innovating its business models, and enhancing its business methods.

In particular, as we place customer value as the top management priority, we expand communication by establishing various contact points with customers and providing a differentiated customer experience through R&D in various fields. Going forward, we will continue to achieve true innovation by providing 'First of its kind, Unique, and New' experiences.

For the past few years, we have been pursuing sustainable development by creating meaningful results in various fields inside and outside the company by embracing the opinions of various stakeholders and internalizing ESG management. Notably, we established its mid-to long-term strategic ESG task of 'Better Life Plan 2030', so that our ESG management activities can lead to more tangible results. Based on this, we will continue to suggest guides and goals for ESG management to our employees and enhance ESG management. In addition, by communicating specific action plans and achievements with our external stakeholders in an even more transparent and proactive way, we will fulfill our corporate values.

Moving forward, we will continue to strive to create a 'Better Life for All' by sincerely listening to the opinions of all of our stakeholders such as customers, employees, suppliers, investors, and local communities.

July 2022  
William(Joo-Wan) Cho  
CEO & President of LG Electronics



# About LG Electronics

- I. Corporate Overview
- Management Philosophy
- Message from the CEO
- About LG Electronics
- Business Status
- II. Environmental
- Carbon Neutral
- Circular Economy
- Product Stewardship
- III. Social
- Supply Chain Management
- Safety and Environment
- Customers
- Employees
- Social Contribution
- IV. Governance
- Corporate Governance
- Jeong-Do Management
- Compliance Management
- Information Protection
- V. Appendix
- Sustainability Management Performance Data
- SHEE-Quality Certification Status
- Membership/Awards & Recognition
- Materiality
- GRI Standards Index
- SASB Index
- TCFD Report
- Governance Index
- Independent Assurance Statement

## Corporate Introduction

(As of December 31, 2021)	
Name	LG Electronics Inc.
Location of Headquarters	LG Twin Towers, 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, Korea
Industry	Manufacturing
Major Products	Refrigerators, Washing machines, Residential/Commercial Air Conditioners, Microwaves, Vacuum Cleaners, TVs, Monitors, PCs, Audio Sound Systems, Video Systems, Automotive Components, etc
President	William(Joo-Wan) Cho, Doo-Yong Bae
Date Established	October 1, 1958

Credit Rating(Foreign Bonds)	S&P: BBB(Positive) Moody's: Baa2(Stable)
Number of Employees	74,337 employees(36,499 in Korea, 37,838 in Overseas)
Sales(Consolidated)	USD 65.3 billion
Operating Income(Consolidated)	USD 3.38 billion
Total Assets(Consolidated)	USD 46.8 billion
Total Liabilities(Consolidated)	USD 29.2 billion
Total Equity(Consolidated)	USD 17.6 billion

\* Exchange Rate: USD 1 = KRW 1,143.89

## Shareholder Status

| Status of Shareholders Holding More Than 5% |  
(Number of Voting Shares as of December 31, 2021)

Shareholder	Number of Shares	Ownership
LG Corp*	55,094,582 Shares	33.67%
National Pension Service	13,399,832 Shares	8.19%

\* Required to hold more than 30% stocks of LGE as a subsidiary according to Fair Trade Act; Kwang-Mo Koo, chairman of LG group and the largest shareholder, holds 15.95% of stocks.

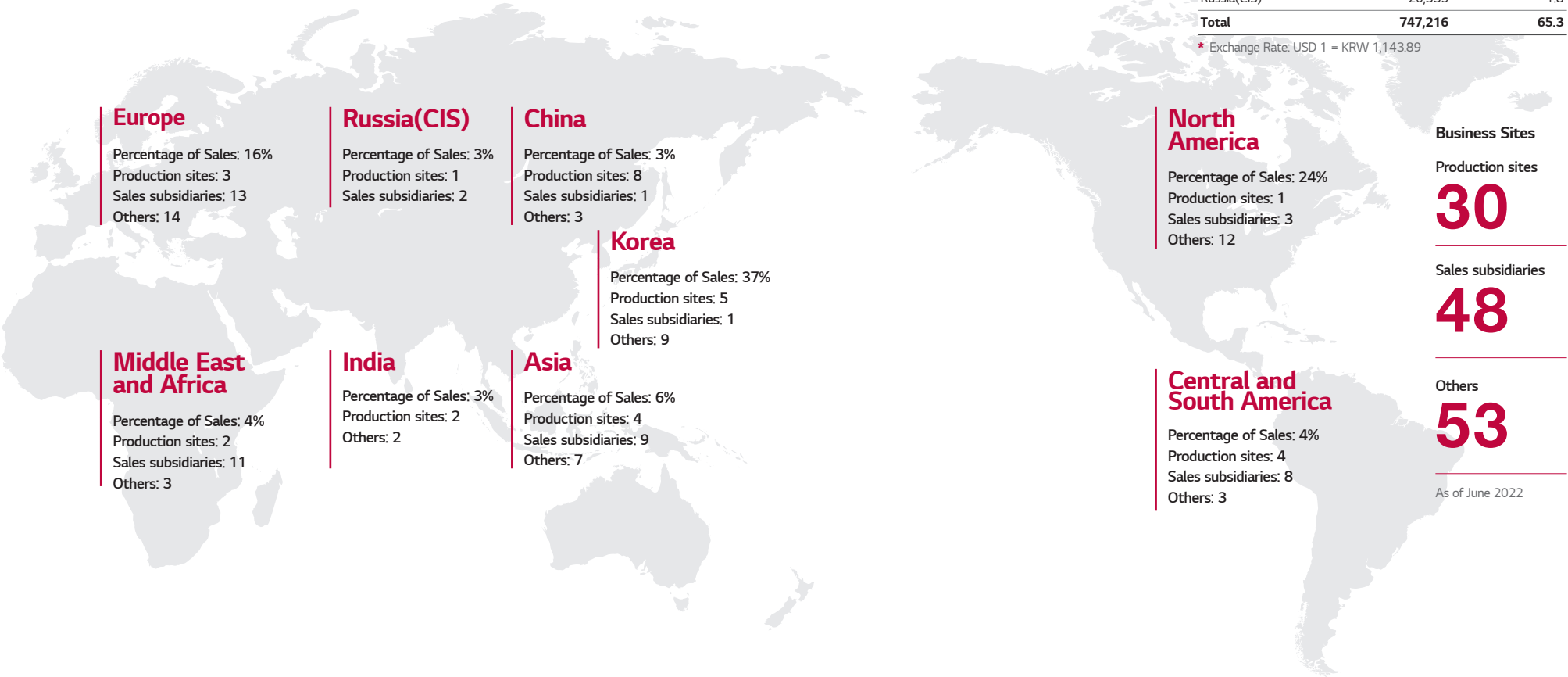
| Largest Shareholders and Affiliated Persons |  
(As of December 31, 2021)

Shareholder	Relationship	Number of Shares	Ownership
LG Corp	Holding Company	55,094,582 Shares	33.67%

## Global Sales

(As of December 31, 2021)		
Classification	Sales (Unit: KRW 100 million)	Sales (Unit: USD billion)
Korea	276,085	24.1
North America	177,255	15.5
Central and South America	32,849	2.9
China	26,008	2.3
Asia	41,729	3.6
Middle East and Africa	27,809	2.4
Europe	120,159	10.5
India	24,987	2.2
Russia(CIS)	20,335	1.8
Total	747,216	65.3

\* Exchange Rate: USD 1 = KRW 1,143.89





# Business Status

## Financial Performance and Distribution

2021 Net Sales(Consolidated) **65,322.4 USD million**

### Financial Performance(Consolidated)

Classification	Unit	2019	2020	2021
Net sales		49,336.7	50,754.8	65,322.4
Cost of sales		36,515.7	37,196.9	48,823.6
Gross profit		12,820.9	13,557.9	16,498.9
Selling and marketing expenses		9,941.9	10,144.0	13,121.1
Operating income		2,879.1	3,413.9	3,377.7
Financial income		331.6	519.2	521.2
Financial expenses		490.2	780.5	603.6
Equity method profit(loss)	USD million	(919.8)	21.1	392.4
Others non-operating incom		1,050.5	2,052.0	1,638.3
Others non-operating expenses		1,462.9	2,260.7	2,228.4
Profit(loss) before income tax		1,388.3	2,922.8	3,097.7
Income tax expense		518.6	521.4	855.5
Short-term net profit for continued operations(loss)		869.7	2,401.4	2,242.2
Net income for the current term of discontinued operations(loss)		(712.4)	(597.2)	(1,005.2)
Profit(loss) for the year		157.3	1,804.2	1,237.0

\* 2019 and 2020 data were re-reported due to the withdrawal of the MC company  
\* Exchange rate: USD 1 = KRW 1,143.89

Economic Value Distributed for 2021(Separated) **28,112.6 USD million**

### Economic Value Generated, Distributed and Retained(Separated)

Classification	Unit	2019	2020	2021
Sales		21,391	21,624.3	24,283.8
Non-operating income and financial profits		(261.5)	500	163.2
<b>Economic value generated(A)</b>		<b>21,129.6</b>	<b>22,124.2</b>	<b>24,447.1</b>
Operating expenses		20,550.8	20,492.7	23,893.6
Wages & Fringe benefit expenses	USD million	3,350.8	3,417.4	3,885.9
Capital costs		261.0	314.0	289.6
Taxes & Dues		31.5	31.2	35.7
Donations		12.8	8.2	7.9
<b>Economic value distributed(B)</b>		<b>24,206.7</b>	<b>24,263.6</b>	<b>28,112.6</b>
Economic value retained(A-B)		(3,077.2)	(2,139.5)	(3,665.6)

### Business Division (As of December 31, 2021, Consolidated)

Classification	Item	Use	Net Sales (USD million)	Rate(%)
H&A	Refrigerator, washing machine, air conditioner, etc.	Household appliances, heating and cooling devices and core components	23,699.6	36
HE	TV, audio, home beauty device, etc.	Video devices, multimedia products, etc	15,052.7	23
VS	Telematics, AV, AVN, motor, inverter, etc.	Communications and multimedia products for vehicles, etc	6,288.9	10
BS	Monitor, PC, monitor signage, LED signage, etc.	Information delivery, hotel TVs, etc.	6,086.7	9
Others	Facilities etc.	Production facilities	14,194.5	22
<b>Total</b>			<b>65,322.4</b>	<b>100</b>



I. Corporate Overview

- Management Philosophy
- Message from the CEO
- About LG Electronics
- Business Status

II. Environmental

- Carbon Neutral
- Circular Economy
- Product Stewardship

III. Social

- Supply Chain Management
- Safety and Environment
- Customers
- Employees
- Social Contribution

IV. Governance

- Corporate Governance
- Jeong-Do Management
- Compliance Management
- Information Protection

V. Appendix

- Sustainability Management Performance Data
- SHEE-Quality Certification Status
- Membership Awards & Recognition
- Materiality
- GRI Standards Index
- SASB Index
- TCFD Report
- Governance Index
- Independent Assurance Statement

# ENVIRONMENTAL

- 09 Carbon Neutral
- 11 Circular Economy
- 13 Product Stewardship

In February 2021, the UN released the "Making Peace with Nature" report, which highlights the effects of human activity and the exploitation of nature on our planet, including climate change, harm to biodiversity, and the occurrence of risks relating to environmental pollution, with a message that mutual cooperation and efforts are necessary if these issues are to be resolved. As there is an increased identification with environmental issues, it is being recognized as the top priority of humankind. In line with this trend, as a member of the international community, LG Electronics is conscious of the seriousness of issues such as climate change and environmental pollution, and we are responding to these issues. In particular, we are minimizing the negative environmental impact of our activities and business sites to zero, and going beyond, we are working towards expanding our positive impact. In addition, our products and services are carefully designed with the consideration of contributing to a sustainable future for our customers, communities, and the environment.

### 2021 Key Performance

Task	UN SDGs	KPI	Achievement (As of 2021)	2030 Target
Pursuing carbon neutrality and use of renewable energy		Achieve carbon neutrality(50% <sup>1</sup> reduction in emissions in the production phase + 50% of external offset by 2030)	40% compared to base year(2017)	Carbon Neutrality
		Complete transition to renewable energy (goal of 100% renewable energy use by 2050)	Achieved 4.6%	60%
Building a circular economy with recycling of waste		Increase waste recycling rate at production sites	92%	95%
		Expand a cumulative collection amount of e-waste(2006 to 2030)	3.52 million tons	8 million tons
Developing products/services considering the environment		Reduce carbon emissions during use of 7 major products <sup>2</sup> (compared to 2020)	6.6%	20%
		Expand a cumulative use of recycled plastics(2021 to 2030)	27,000 tons	600,000 tons

<sup>1</sup> We established a goal of 54.6% in reduction by 2030 and completed verification with Science Based Targets initiative(SBTi) on its 2021 GHG reduction goal amount

<sup>2</sup> TV, Refrigerators, Washing Machines, Dryers, Residential Air Conditioner(RAC), System Air Conditioner(SAC), Monitors





I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	<b>Carbon Neutral</b>
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Carbon Neutral

## Pursuing Carbon Neutrality

### Reduce carbon emissions in the production phase(~2030)

- In order to achieve our goal for reducing greenhouse gas emissions generated during the production phase of our products by 50% in comparison to 2017 emission figures, we are introducing energy-efficient facilities and carbon emission reduction devices throughout our production process
- We are continuously securing carbon credits by participating in the Clean Development Mechanism(CDM) project, in which greenhouse gas emissions reduction goals can be achieved through the investment of technology and capital in developing countries
- We are contributing to the reduction of greenhouse gas emissions by actively utilizing our B2B solutions such as high-efficiency refrigerators and Energy Management Systems(EMS) to expand the use of renewable energy

### Implement strategies aimed at achieving Carbon Neutrality by 2030

- In order to achieve the goals of carbon neutrality by 2030, we are carrying out various activities through carbon fund investment such as introducing SF<sub>6</sub>(Sulfur Hexafluoride) gas reduction facilities and expanding the use of renewable energy at global production sites

### Invest in SF<sub>6</sub> gas treatment facilities

- We are investing in facilities that treat SF<sub>6</sub> gas generated during the production of high-efficiency solar panels
- We have achieved 93% in reduction of SF<sub>6</sub> emissions by introducing and operating the SF<sub>6</sub> gas reduction facilities

Details	Achievement
Replaced key parts of solar process gas scrubbers at Gumi plant	Improved reduction performance (A total of 31 gas reduction facilities)
Added four new solar process gas reduction facilities at Gumi plant	Improved reduction performance (A total of 35 gas reduction facilities)

\* LGE announced the withdrawal from the global solar panel business at the end of June 2022, and solar panel data related to this report represents the past performance

### Promote external greenhouse gas reduction programs

- Promote CDM project in which we receive carbon credits in return for reduced power consumption during the use, by selling high-efficiency products

Classification	Key performance
Implementing CDM project (selling high-efficient refrigerators in India)	Approved by UNFCCC <sup>1</sup> in 2013 Expected to receive certificates for refrigerators sold from January 2018 to December 2020
Securing UN Emissions Trading	Secured 560,000 tons by 2020 1.2 million tons to be additionally secured by 2025

<sup>1</sup> UNFCCC: United Nations Framework Convention on Climate Change

### Expand renewable energy projects

Classification	Key performance
February 2021	Completed solar power installation in Noida, India - Achieved 3,200kW of generation capacity and 3,865MWh of power generation
October 2021	Expanded renewable energy use in Thailand - Achieved 4,300kW of generation capacity, 5,519MWh of annual power generation expected Completed transition to 100% renewable energy in North America - Purchased REC <sup>2</sup> (64,586MWh)

<sup>2</sup> REC: Renewable Energy Credit

### | Global GHG Emission Status |

Year	Unit	Total direct GHG emissions(Scope 1)	Total indirect GHG emissions(Scope 2)	Scope 1+2
2017	1,000 tCO <sub>2</sub> eq	1,105	828	1,933
2018		785	852	1,637
2019		603	866	1,469
2020		440	854	1,294
2021		333	819	1,152
2022 Target		Reduce 44% compared to 2017		
2030 Target		Reduce 50% compared to 2017		

\* Scope 1 includes refrigerant



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	<b>Carbon Neutral</b>
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Carbon Neutral

## Energy Management System(ISO 50001) Certification

- We are upgrading our energy management system by introducing the 'Energy Management System(ISO 50001)' international standard
- The energy management systems at all of our production sites in Korea have been certified and we manage and maintain the certification of these systems through annual re-examination
- We are expanding our energy management systems to overseas business sites

## Carbon Pricing

- We are seizing business opportunities and discovering risks related to energy saving and reducing GHG emissions
- We apply an 'internal carbon cost' policy, which quantitatively determines the value of carbon for internal transactions
- We measure environmental burdens by LGE as financial value and contribute to rational decision-making for GHG reduction investments for the future

## Carbon Accounting

- In accordance with Chapter 33 of the Generally Accepted Accounting Principles(Greenhouse Gas Emission Permits and Emission Liabilities), we analyze greenhouse gas emission rights as allocated by the Korean government as well as our own emissions on a quarterly basis
- Expenses(emission liabilities) due to excess emissions are reflected in the consolidated statement of financial position

## GHG emissions measurement, reporting and verification

- We are a company subject to management under Article 42(6) of the Framework Act on Low Carbon, Green Growth. In accordance with Article 44 of the aforementioned law, we submit emission statements to the government in a timely manner following third-party verification of our greenhouse gas emissions and energy consumption at all of our production sites in Korea
- We have completed building a greenhouse gas inventory for our global production sites and disclose greenhouse gas emissions every year

## Operate energy consumption management system at global production sites

- We collect and manage the monthly energy consumption for Korea and overseas subsidiaries through CCMS(Corporate Carbon Management System)

## Transition to Renewable Energy

### 100% transition to renewable energy(~2050)

- We established mid- to long-term plans to achieve 100% of renewable energy use
- We aim to expand transition to using renewable energy in consideration of the current laws and business conditions of the countries where our Korea and overseas production sites are located
- We are expanding applicable options such as the green rate system for renewable energy purchasing, REC(Renewable Energy Credit) purchasing, and third-party PPA(Power Purchase Agreement)

#### | LGE's Global Renewable Energy Expansion Plan |

2022	2025	2030	2040	2050
5%	50%	60%	90%	100%

\* Renewable energy ratio(%) = Annual renewable energy consumption ÷ Global electricity consumption

### K-EV100 declaration and implementation(Korea)

- We participated in the 'K-EV100' campaign hosted by the Ministry of Environment in April 2021
- We declared our commitment to transitioning all company-owned/renting vehicles with zero-emission replacements that use electricity or hydrogen fuel cells(~2030)
- In line with the K-EV100 declaration, we plan to gradually increase the proportion of eco-friendly vehicle

#### | Goal for transitioning to Zero-Emissions Vehicles |

Stage	Period	Ratio(%)
Stage 1	2021~2025	90
Stage 2	2026~2028	96
Stage 3	2029~2030	100



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	<b>Circular Economy</b>
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Circular Economy

## Waste Recycling at Production Sites

### Achieve 95% in waste recycling rate at production sites(~2030)

- We strive to improve efficiency of our waste recycling processes by establishing a take-back and transportation system for waste generated at our Korean production sites and by continuously researching recycling technologies
- In order to achieve zero recycling charges and zero issues, we promote a Resource Circularity program aimed at increasing the amount of collected e-waste and eliminating risks
- In 2021, about 78% of our global waste generation occurred from overseas, and overseas production sites are continuing to avoid sending waste to landfill and expand recycling
- We are reducing waste and expanding use of recycled materials by continuously improving the production process and recycling system

### Operate Chilseo Recycling Center(established in 2001)

Classification	Details
Goals	Recycling of home appliances and analysis of returned products in Gyeongnam province
Characteristics	Treatment of harmful substances contained in e-waste in an environmentally friendly way during the recycling process.

- We carry out research based on eco-friendly design that considers Resource Circularity in the product planning stage
- We develop new technologies that can utilize renewable resources
- We comply with an Environmental Assurance System<sup>1</sup> that leads to induce the minimization of environmental pollution

<sup>1</sup> Environmental Assurance System: A system that induces the minimization of environmental pollution through systematic management throughout the entire production process from the design and production of electrical and electronic products to their disposal(the Act on Resource Circularity of Electrical and Electronic Equipment and Vehicles)

## Improving Product Packaging

### Expand reuse of product packaging materials(~2030)

Classification	Details
Eco-friendly certification	Acquire eco-friendly certification for the products of our suppliers in three areas (resin, jersey and manuals)
Eco-friendly product	Develop products that utilize recycled materials and eco-friendly packaging materials Apply eco-friendly materials such as recycled resin, jersey, and paper to products
Eco-friendly packaging	Remove EPS(Expanded Polystyrene) Develop eco-friendly packaging materials with pulp mold and corrugated board materials applied

## Collecting E-waste

### E-waste collection and compliance to recycling/regulations

- In response to regulations in countries where our production sites are located, we have established relevant policies and operate a collection and disposal service and expand to include non-regulatory business areas
- We disclose information regarding the management of e-waste, such as local collection facilities and systems, and disclose global e-waste take-back and disposal policy on our website
- We participate in the 'Producer Responsibility Recycling System' that has been in effect since 2003, and we operate a free-of-charge take-back service for discarded home appliances

### Support for Individual Producer Responsibility Regulations

- We comply with the principles of IPR(Individual Producer Responsibility) which addresses the responsibility of producers in collecting e-waste
- We make concerted efforts to increase the recyclability of e-waste, and to reduce the environmental impact of landfills and incineration during the disposal process
- We enhance the recyclability of products by conducting recyclability evaluations from the product development stage

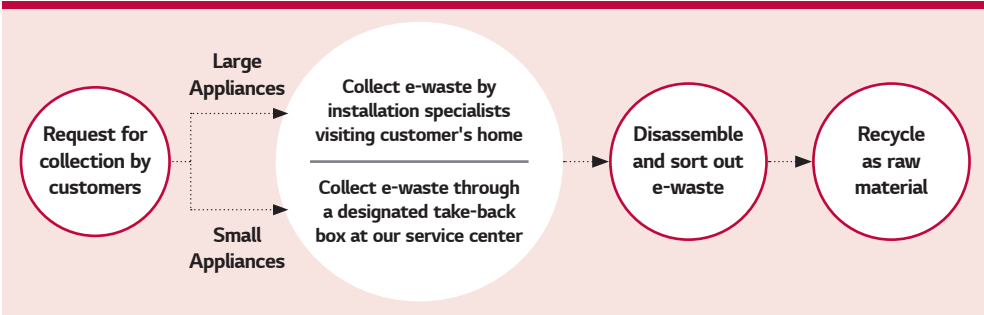


I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	<b>Circular Economy</b>
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SH&E-Quality Certification Status
	Membership-Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Circular Economy

## Collecting E-waste

| Process of Free Take-back Service for E-waste(Korea) |



### E-Waste take-back/disposal service(Overseas)

- We reflect the WEEE(Waste Electrical and Electronic Equipment) directive and the requirements of each country
- We have provided the e-waste recovery since in 87 regions in 52 countries(as of the end of 2021)
- New regions: Introduce these services following regulatory analysis and prior communication and discussion of countermeasures with the government and industry groups in the target countries to expand voluntary recycling policy

| E-Waste Take-Back/Disposal Results by Region |

Region	Unit	2019	2020	2021
Europe <sup>1</sup>		120,077	133,414	156,958
Korea		103,503	129,731	124,763
U.S		20,926	21,123	22,190
Asia <sup>2</sup>	Ton	95,303	107,212	112,690
CIS <sup>3</sup>		14,163	20,409	22,706
Central and South America <sup>4</sup>		1,225	1,179	3,008

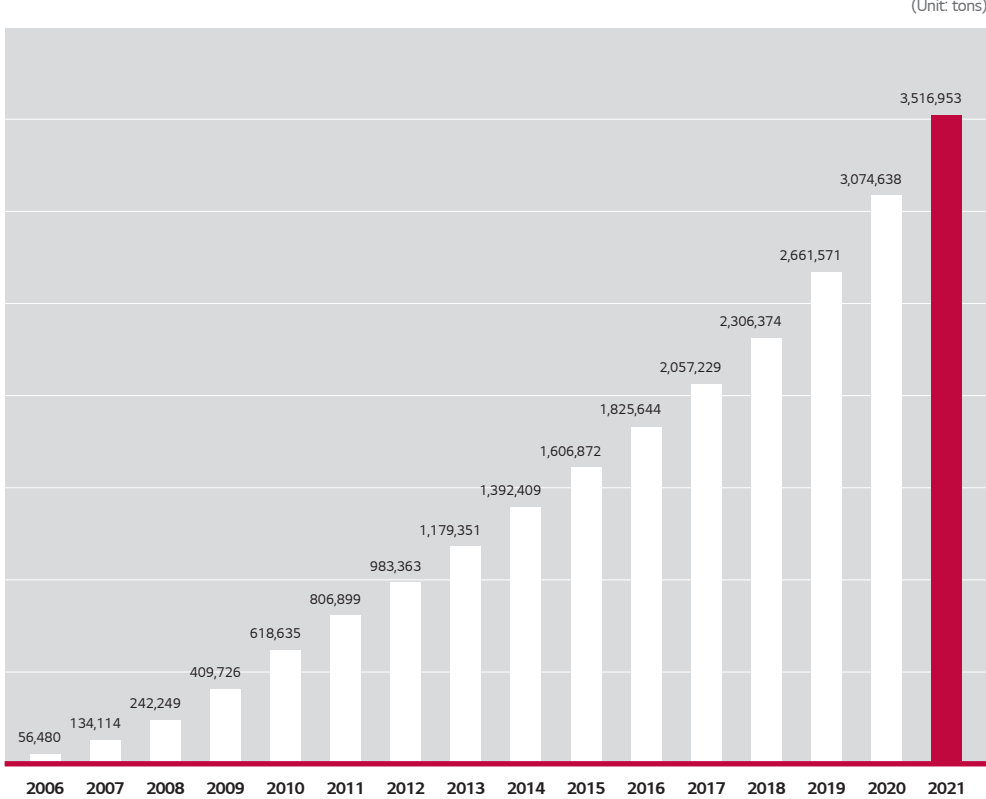
<sup>1</sup> Estimated figures are used for some European countries

<sup>2</sup> Asia: Japan, India, Australia

<sup>3</sup> CIS: Russia

<sup>4</sup> Central and South America: Brazil, Colombia, Mexico, Peru

| E-Waste Take-Back/Treatment since 2006 |



\* The reporting period differs by country. In case data is not obtained, we report estimated amount of the rate of surrounding countries or the take-back performance of the previous year. As a result, some data may be slightly adjusted in the next year's report



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	<b>Product Stewardship</b>
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Product Stewardship

## Eco-friendly Product Assessment

- In 2011, we introduced Eco-Index, an evaluation index unique to our company to evaluate the eco-friendliness of our products
- The Eco-Index quantifies our products' eco-design into grades through an eco-friendliness evaluation. It classifies groups and models of products into three grades according to their level of eco-friendliness: Green 1 Star, Green 2 Star, Green 3 Star
- We operate and manage eco-index standards by analyzing and reflecting changes in the product development environment
- We strive to increase the proportion of Green 3 Star products, i.e., products that are evaluated as the highest-level of Eco-Index

### Performance in developing Green 3 Star products

- Increase the ratio of Green 3 Star certified products up to 80% as a part of internal eco-friendly product assessment(~2030)

Unit	2019	2020	2021
%	41	46	41

\* Based on the number of development projects

### The evaluation standard of Eco-Index

Classification / Grade	Green 1 Star	Green 2 Star	Green 3 Star
Human	Satisfying regulatory requirements on hazardous substances	Voluntarily replacing hazardous substances	
Energy	Satisfying energy specifications	Achieving average market efficiency	Securing competitive advantage and high efficiency
Resource	Satisfying recycling requirements	Designed to improve resource efficiency	
Innovation	Preemptive activities for eco-friendly products (internal/external certification, development of advanced technology, etc.)		

### Conducting Product Life Cycle Assessment(LCA)

- We use the Life Cycle Assessment(LCA) to accurately analyze and manage environmental impact throughout the product life cycle
- An environmental assessment technique standardized internationally(ISO 14040 series) which quantitatively measures the environmental impact of each product cycle(manufacturing, distribution, use, and disposal) and derives improvement points and assesses improvement performances
- We disclose the global warming impact and carbon emission data of our products to customers through our website and sustainability reports, and through third-party certification that bolsters the reliability of the data such as the Carbon Labeling(Korea) and Carbon Trust(Europe) certifications
- We expanded application of green technology certificate, by the Ministry of Trade, Industry and Energy of Korea, to products such as TV and air conditioner

### Progress of Product Life Cycle Assessment

Year	Details
1995	Application of LCA
2002	LCA and third-party certification for major product groups(refrigerator, washing machine, air conditioner, TV, monitor, mobile phone)
2009	Calculation of carbon emissions by major product groups and disclosure of results
2011	Construction of the life cycle inventory database and third-party certification
2016	Mandatory LCA in the development stage of major product groups, and the development of the Simplified LCA Tool
2018	Enhancement and development of the Simplified LCA Tool(function expanded to 13 impact categories including global warming)

### Weight of Carbon Emissions throughout the Product Life Cycle

Stages of Life Cycle	Unit	Pre-manufacturing	Manufacturing	Distribution	Use	Disposal
Refrigerator	%	26.0	0.9	0.7	64.6	7.8
Washing machine		39.0	0.0	1.0	59.4	0.6
Air Conditioner		26.6	0.1	0.2	72.9	0.2
TV		58.9	0.1	0.8	40.0	0.2
Monitor		53.4	0.3	0.4	45.4	0.6

\* Based on calculation of carbon emissions of particular models from each product group in 2021

### Green Technology Certification awarded by Ministry of Trade, Industry and Energy

Name of Technology	Date of Certification	Valid Date
Technology to reduce standby power for PCs using facial recognition that detects user's absence	2022.01.20	2025.01.19
Cutting-edge inverter air conditioning technology with axial penetration lower compression scroll compressor	2021.07.29	2024.07.28
TV standby power reduction technology with X-capacitor discharge function inside Control IC	2018.05.17	2024.05.16



I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

# Product Stewardship

## Goal for Eco-Friendly Products

### Reduce carbon emissions during the product use stage by 20%(~2030)

- We set a target to reduce CO<sub>2</sub> emission intensity by 20% during the product use stage compared to 2020
- We carry out activities to reduce CO<sub>2</sub> emissions and improve energy efficiency for refrigerators, washing machines, monitors, TVs, dryers, and air conditioners for commercial and residential use

### Use 600,000 tons of Recycled Plastics(~2030)

- We set a target to use a cumulative 600,000 tons of recycled plastics from 2021 to 2030
- We carry out activities to reduce the use of plastics, such as expanding the collection of e-waste and increasing the use of recycled plastics

## Human: Reducing Environmental Hazards

### Voluntary substitution of hazardous substances

- We adhere to international environmental regulations such as RoHS and REACH that prohibit the use of hazardous substances(e.g., lead, mercury, cadmium, hexavalent chromium, PBB, PBDE<sup>1</sup>, etc.) in the development process
- We entirely prohibit the use of harmful substances and continuously develop and apply replacement technical parts for toxic substances that can cause harm to the human body and the environment
- We are gradually replacing harmful substances such as polyvinyl chloride(PVC) and brominated flame retardants(BFRs) through safety and reliability tests

Year	Details
2010	Completely discontinued the use of PVC and BFRs in all of our mobile phone products
2011	Voluntarily replaced harmful substances such as phthalate and beryllium
2012	Voluntarily replaced harmful substances such as Antimony trioxide We replaced PVC in the cables of UHD and OLED TVs
2013	Developed and applied PVC-free noise reduction parts(skirt lower) to refrigerators
2015	Removed HBCD(Hexabromocyclododecane), a type of brominated flame retardant, from all of our products and packaging

- We are continuously developing technology and parts to replace harmful substances, and are applying to numerous products while maintaining product quality
- We carry out supply chain management of the information of biocide used in the product
- We strive to refrain from using toxic substances in the manufacturing process

<sup>1</sup> PBB: Polybrominated biphenyls  
PBDE: Polybrominated diphenyl ether

### Management standards for hazardous substances

We classify hazardous substances into LEVEL A-I, LEVEL A-II, and LEVEL B to enable management of these substances in accordance with national regulations and international agreements

LEVEL A-I (Prohibited substances)	LEVEL A-II (Substances prohibited by others than EU RoHS)	LEVEL B (Substances subject to monitoring or reduction)
<p>LEVEL A-I: The top 10 hazardous substances outlined in the EU RoHS regulation</p> <p>[Hazardous Standards in Subject]</p> <ul style="list-style-type: none"><li>- Heavy metals such as lead, mercury, and cadium, hexavalent chromium and its compounds</li><li>- Brominated flame retardants such as PBB and PBDE</li><li>- Four types of phthalate(DEHP, DBP, BBP, DIBP)</li></ul>	<p>LEVEL A-II: The regulated substances prohibited by national or international agreements others than the RoHS regulation</p> <p>[Hazardous Standards in Subject]</p> <ul style="list-style-type: none"><li>- Chlorine-based compound</li><li>- Asbestos, organotin compound</li><li>- Formaldehyde, ozone-depleting substances, etc.(PCBs, PCNs, PCTs, VOC, HBCD, bisphenol A, nickel and its compounds etc.)</li></ul>	<p>LEVEL B: Substances to be monitored or the use thereof to be reduced</p> <p>[Hazardous Standards in Subject]</p> <ul style="list-style-type: none"><li>- Polyvinyl chloride resin, phthalate, beryllium, palladium, bismuth, and others chlorine-based flame retardants, commonly known as PVC(Substances stipulated in EU REACH SVHCs, California Proposition 65, etc., as well as PVC and PCP)</li></ul>



# Product Stewardship

I. Corporate Overview

- Management Philosophy
- Message from the CEO
- About LG Electronics
- Business Status

II. Environmental

- Carbon Neutral
- Circular Economy
- Product Stewardship**

III. Social

- Supply Chain Management
- Safety and Environment
- Customers
- Employees
- Social Contribution

IV. Governance

- Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection

V. Appendix

- Sustainability Management Performance Data
- SHEE-Quality Certification Status
- Membership-Awards & Recognition
- Materiality
- GRI Standards Index
- SASB Index
- TCFD Report
- Governance Index
- Independent Assurance Statement

## Hazardous substances replaced

OLED/Ultra HDTV	Laptop	Monitor
<ul style="list-style-type: none"><li>Applied PVC-free internal cables in 2013</li><li>Applied mercury-free display panels</li></ul>	<ul style="list-style-type: none"><li>PVC/BFRs-free laptops released since 2013(excluding FPCB, BARE, PCB, battery, adapter, keyboard, cable, touchpad, thermal module, cable connector, mouse, and power cord)</li></ul>	<ul style="list-style-type: none"><li>PVC-free LCD modules in 2011 applied to all models</li><li>PVC/BFRs-free LCD in 2013 applied to all models</li></ul>

## Green supply chain management(Green Program Plus)

- We operate 'Green Program Plus(GP Plus)' with a view to laying a foundation for shared growth and enhancing the eco-friendly competitiveness of suppliers through the transfer of our eco-friendly technologies and know-how(since 2005)
- In order to actively respond to regulations on the management of hazardous substances in products, scope of GP Plus has expanded to include eco-friendly areas such as the greenhouse gas management of suppliers
- We are continuing our efforts to secure green partnerships that further strengthen the eco-friendly management of our supply chain by strengthening eco-friendly competitiveness of our suppliers and proactively complying with global environmental regulations

## Supplier training and technical support

- Every year, we conduct systematic training programs regarding regulations concerning hazardous substances, specialized skills in eco-friendliness, and greenhouse gas management practices for suppliers and our designated employees in order to strengthen our green partnerships with the suppliers
- We operate a training course for 'hazardous substance measurement experts'
  - Goal: Enhance hazardous substance management and measurement technology, improve the reliability of data
  - Target: Those in charge of measuring the hazardous substances of the equipment of our suppliers

## Resource: Improving Resource Efficiency

### Improve structure/materials

- We conduct activities aimed at improving materials and structures in order to develop products exhibiting improved performance and convenience, by minimizing volume and weight from the development stage<sup>1</sup>
- We develop products that take eco-friendly factors into consideration to expand resource utilization and reduce waste

<sup>1</sup> Plan to carry out test in July 2022

### Use of recycled materials

- We are expanding the use of recycled materials by conducting product stability and quality reliability tests aimed at improving the efficiency of our use of resources
- We are using recycled materials in various products of LGE such as washing machines, refrigerators, air conditioners, TVs, and monitors
- We are promoting the development of alternative parts and technologies for all our products to expand the field of application for recycled plastics for each of our product groups

Classification	Unit	2020	2021
Amount of recycled plastic		20,145	26,545
Amount of raw materials used for recycled plastic	tons	11,149	12,533

### Case example of green packaging efforts

- We promote the miniaturization and weight reduction of packaging materials, including the application of eco-friendly packaging materials to minimize the amount of resources used

Year	Details
2012	We created our Eco-friendly Packaging Design Guidebook and applied it to some of our product groups such as TVs and mobile phones
2013	We expanded the application of Eco-friendly Packaging Design Guidebook to all products
2014	We have established goals for each of our business regarding the amount of packaging material used, the packaging volume, and the reduction rate of packaging space, and have been consistently implementing them
2021	We reduced the amount of packaging material used and the packaging volume by 14% and 1.8%, respectively, by reducing amount of packaging materials used and percentage of empty spaces in packaging

- By securing a database of the recycled content(pulp) ratio of paper packaging materials, we are contributing to the improvement of the recycling rate of paper packaging materials
- We will continue to implement eco-friendly activities such as the efficient use of resources and the optimization of logistics through packaging design by having each of our business companies achieve their green packaging development goals and strengthening identification of additional packaging improvement cases





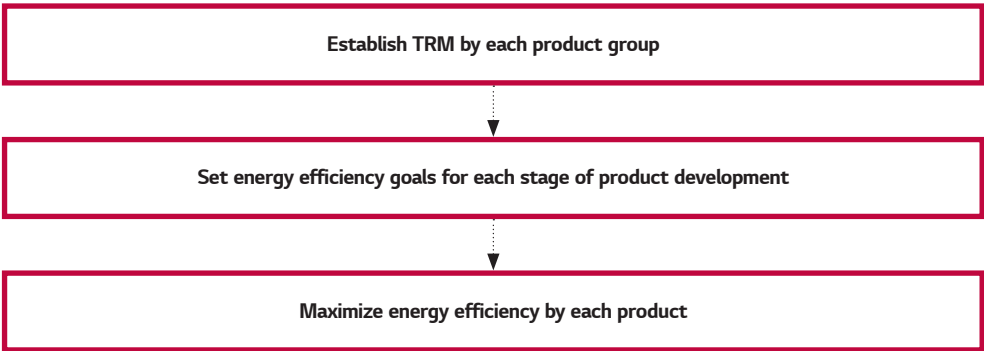
I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	<b>Product Stewardship</b>
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Product Stewardship

## Energy: Improving Energy Efficiency

### Improve energy efficiency

- Based on 'Technology Road Maps(TRM)', we established and implemented detailed goals for different product groups
- We comply with global energy directives, such as the Energy-related Products(ErP) directive, and established our own energy-related goals and detailed strategies



### Reduce GHG emissions

- We calculate and disclose the amount of greenhouse gas emissions generated in the entire product life cycle of our flagship products
- We implement activities aimed at enhancing the eco-friendliness, such as reducing product weight and resource use, and improving energy efficiency for reduction of GHG emissions in each stage of the product life cycle
- We reduced greenhouse gas emissions during the use stage of these products by developing and selling energy-efficient products
- We expanded the number of products applied with high-efficiency energy technology
  - Effect of reduced GHG emissions during the product use stage by approximately 3.7 million tons as of 2021(when compared to the level of emissions per unit in 2020)

### Energy Star

- A program aimed at certifying energy efficient products(Jointly hosted by the US Environmental Protection Agency(EPA) and the Department of Energy(DOE))

| Energy Star Certified Products Among Those Sold in the United States | (As of June 2022)

Refrigerators	Washing machines	Dryer	Dishwashers	Air conditioners
105	70	89	31	43
Air purifiers	Humidifiers	Monitor	PC	Set-Top box
7	2	171	44	2





I. Corporate Overview

- Management Philosophy
- Message from the CEO
- About LG Electronics
- Business Status

II. Environmental

- Carbon Neutral
- Circular Economy
- Product Stewardship

III. Social

- Supply Chain Management
- Safety and Environment
- Customers
- Employees
- Social Contribution

IV. Governance

- Corporate Governance
- Jeong-Do Management
- Compliance Management
- Information Protection

V. Appendix

- Sustainability Management Performance Data
- SHEE-Quality Certification Status
- Membership/Awards & Recognition
- Materiality
- GRI Standards Index
- SASB Index
- TCFD Report
- Governance Index
- Independent Assurance Statement

# SOCIAL

As a member of the international community, LGE is striving to pursue sustainable growth so that it can fulfill its social responsibilities such as reducing negative impacts, and providing quality jobs. In particular, LGE is creating a safe work environment that achieves a work-life harmony to enhance employee satisfaction, establish an independent safety culture, and create a sustainable workplace. In addition, LGE continuously evaluates and manages potential risks in the supply chain, and conducts training and support activities for suppliers to prevent supply chain risks. Furthermore, LGE pursues growth in which society and business coexist in order to achieve an inclusive society, and is carrying out various activities accordingly. LGE is creating social value based on its unique technologies and solutions and is exerting efforts to create a convenient life for the customers through its products and services. LGE promotes various social contribution activities under the themes of 'Circular Economy' and 'Future Generation: Youth' for a balanced growth of our society.

18	Supply Chain Management	33	Employees
26	Safety and Environment	39	Social Contribution
30	Customers		

### 2021 Key Performance

Task	UN SDGs	KPI	Achievement (End of 2021)	2030 Target
Strengthening supply chain ESG risk management	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>	Acquire/Maintain Health and Safety management system(ISO45001) certification for production sites	87%	100% <sup>1</sup>
		Ratio of Production sites with no critical non-conformance(based on RBA <sup>2</sup> audit requirements)	66%	100%
		Keep the proportion of high risk at 0.5% or lower for suppliers' self assessment factors	1.0%	0.5% or lower
Organizations that grows with a foundation of diversity	<div>10 DECENT WORK AND ECONOMIC GROWTH</div> <div>5 GENDER EQUALITY</div>	Ratio of disabled persons in employment(Korea)	2.3%	3.5%
		Ratio of female employees(Korea)	13.4%	20%
Developing products/ services that are convenient for everyone	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>	Incorporate accessibility features and universal design into all product lines(by 2025)	Identifying status and planning in progress	100%
		Apply the manuals for use by people with disabilities for all products	H&A products	100%

<sup>1</sup> Achieve/maintain 100% by 2025  
<sup>2</sup> Responsible Business Alliance



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	<b>Supply Chain Management</b>
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Supply Chain Management

## Win-Win Growth with Suppliers

### Win-win growth strategy

A Challenge to Build a Future Toward Sustainable Growth with Our Suppliers		
Fair Trade		Shared Growth
Trust and Communication	Change and Innovation	Partners with Shared Future
Jeong-Do Management	Manufacturing Competitiveness	Social Responsibility
Fair Competition	No. 1 Spirit	Win-Win

### 5 major tasks for Shared growth

Strengthening competitiveness	<ul style="list-style-type: none"><li>• Support automation, informatization, and RPA</li><li>• Support quality and productivity enhancement</li></ul>
Support for next-generation technology	<ul style="list-style-type: none"><li>• Support the development of components for Korea production</li><li>• Technology escrow and brainstorming ideas</li></ul>
Providing financial support	<ul style="list-style-type: none"><li>• Interest-free funds</li><li>• Win-Win Growth Fund</li><li>• Win-Win Payment System</li></ul>
Training and talent support	<ul style="list-style-type: none"><li>• Win-Win Growth Academy</li><li>• Free consulting from improvement specialists</li></ul>
Improving infrastructure	<ul style="list-style-type: none"><li>• Supplier Grievance Hotline</li><li>• Support employee welfare</li></ul>

#### ① Support for Achieving No. 1 in Global Competitiveness

- Since 2018, we have been sharing our accumulated know-how regarding automating production lines and building infrastructure for digitalization with our suppliers in order to help them enhance their competitiveness in terms of manufacturing
- We contributed to increasing the overall productivity(output per person/hour) and sales of our suppliers, as well as creating new jobs
- LGE has supported the establishment of Robotic Process Automation(RPA) to accelerate the digital transformation of its suppliers. LGE's experts stay with the suppliers and deliver know-how throughout the entire RPA process, from task discovery to detailed project-specific programs and maintenance
- In particular, we select fifty companies to provide consulting costs to ensure that ESG(Environmental, Social, and Governance) is inspected by reliable certification companies to strengthen the ESG competitiveness of our suppliers' sustainable co-prosperity

#### ② Support for Strengthening Next-Generation Technology

- **Support for Developing Parts Using New Technologies and Methods:** We provided royalty-free use of our intellectual property to SMEs(small-medium-sized enterprises) in order to support their efforts to strengthen their R&D capabilities. We also engaged in joint technology development with suppliers including new injection technology and automatic parts lifting robot technology
- **Protection of Suppliers' Core Technology:** The core technologies of our suppliers are escrowed by a trusted government agency thereby ensuring the protection of trade secrets and core technologies(we cover the full cost of the technology escrow service)
- **Supplier Idea Proposal System:**
  - We cut back on costs by suggesting ideas that could boost the productivity of our suppliers, for example developing new technology or part, or enhancing design, quality, and packaging, and applying these improvements to production lines
  - Idea Proposal System is being actively implemented as the ESI(Early Supplier Involvement) process from the product development stage is established
- **Excellent Technology Seminar:** From 2022 onwards, LGE will host the 'Excellent Technology Seminar' in which its suppliers introduce excellent technologies owned by universities and public research institutes to improve their technological capabilities

#### | Technology Protection for Suppliers(Technology escrow) |

Year	2013	2016	2019	2021
No. of Suppliers	13	25	17	66

#### ③ Funding

##### Zero-Interest Direct Financing

- LGE provides direct, interest-free funds to suppliers who are having financial difficulties so that they could use the funds to improve productivity and quality, expand facilities, collaboratively advance overseas, and develop advanced technologies

##### Win-Win Growth Fund

- LGE and financial institutions pooled a total of KRW 200 billion(about USD 1.7 billion) in a fund to provide loans to suppliers at low interest rates
- Starting in 2021, the eligibility for the Win-Win Growth Fund has expanded to include third-tier suppliers, thereby contributing to building a healthy ecosystem for win-win growth



# Supply Chain Management

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	<b>Supply Chain Management</b>
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Operating the Win-Win Growth Payment System

- In 2015, we introduced and began operating the Win-Win Growth payment system in order to ensure that payments for goods made by large companies to 1st-tier suppliers are safely delivered to secondary and tertiary suppliers
- In 2021, LGE and two 1st-tier suppliers were recognized for their contribution to spreading the Win-Win Growth Payment System and were selected as excellent companies in win-win payments by the government

## ④ Supporting Talent Development

- LGE opened and operated the Win-Win Growth Academy as a free education program exclusively for employees of its suppliers in the company's educational facilities
- In connection with local universities(Kyungnam University/Korea Polytechnics), LGE implemented customized training for its suppliers by need of competency improvement. In 2021, LGE opened and has since operated a training course for suppliers' RPA professionals in connection with Korea Polytechnics
- In 2021, with prolonged COVID-19, LGE opened and has since operated the 'Management Competency Improvement Course' for second-generation owner-managers and key talents to improve the management capabilities of suppliers. In 2022, LGE developed and started operating customized training courses(ESG, DX, etc.) for the suppliers
- In 2022, LGE opened the 'LG Electronics Suppliers' Online Recruitment Center' on Job Korea, a job search website, to support suppliers that are having difficulties in recruiting talented professionals

## ⑤ Infrastructure Improvement

- LGE signed a fair trade agreement among primary to tertiary suppliers of LGE to establish autonomy for fair trade and a healthy symbiotic growth ecosystem. The number of primary and tertiary suppliers which participated in the Fair Trade Agreement in 2021 was 1,551, 2.5 times more than 611 in 2018
- Performance Rewards for Suppliers(Win-Win Performance Sharing Fund): LGE holds the 'LGE Supplier Workshop' at the end of every year to share results of innovation, select excellent suppliers, and provide cash rewards. In 2021, LGE selected twelve companies that carried out innovative activities such as production line automation for the LGE Best Supplier Award and provided each of them with a cash reward of KRW 60 million(about USD 52,452)
- Supplier Grievance Hotline: In order to address the grievances of suppliers, we operate the Supplier Grievance Hotline, a channel for suppliers to report corrupt conduct or unfair practices of our employees. Reports are followed up with fact-checking and appropriate measures
- Benefit Mall for Suppliers' Employees: LGE operates an online site dedicated to suppliers that provide employee benefits for its employees which expanded to include the employees of its suppliers under the same conditions. In 2021, , LGE expanded the employee benefits, previously available for the 1st-tier suppliers, to secondary and tertiary suppliers

## Establishing a Sustainable Management System with Suppliers

- LGE operates a sustainability policy to provide the best value to stakeholders and customers, and contributes to value creation by discovering and nurturing competitive suppliers
- We select strategic suppliers for sustainable and responsible supply chain operation and conduct regular evaluations of technology, quality, responsiveness, delivery time, cost, and business management
- In line with the ESG management principle, we intensively inspect and manage workers' human rights, safety and health, the environment, and corporate ethics in the supply chain

## Risk management for supply chain

LGE's Major Suppliers			Proportion of Purchases from LGE Suppliers		
Classification	Unit	2021	Classification	Unit	2021
1st-tier supplier <sup>1</sup>	Suppliers	2,409	1st-tier supplier	%	100
Critical Supplier <sup>2</sup>		605	Critical Supplier		90

- <sup>1</sup> 1st-tier supplier: Component supplier + Subcontracting + Outsourcing supplier  
<sup>2</sup> Critical Supplier: Supplier with a high purchase volume(proportion of purchases 90%) + critical component supplier

- LGE inspects risk factors such as workers' human rights, safety & health, the environment, and corporate ethics according to RBA standards and suppliers take the initiative to improve the working environment, thereby increasing the sustainability of the entire supply chain
- LGE systematically established a management process consisting of supplier self-assessment, on-site inspection, and third-party ESG management conformity certification through the supplier CSR management system
- LGE is strengthening its supplier-led risk management capabilities by addressing non-conformities and providing CSR management training to high-risk suppliers and major suppliers through on-site inspections
- LGE will continue to reduce the proportion of high-risk suppliers in the future, and will support the 1st-tier supplier to lead risk management by lower-level suppliers

## Verification process of the Supplier Code of Conduct and International Trade Regulations

- LGE Supplier Code of Conduct has been established based on the RBA Code of Conduct and others international norms
- The code of conduct and the pledge to comply with international trade regulations are reflected in the purchase agreement
- LGE operates a pre-verification process upon registration of new suppliers in case its supply chain finds cases opposing international trade regulations





# Supply Chain Management

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

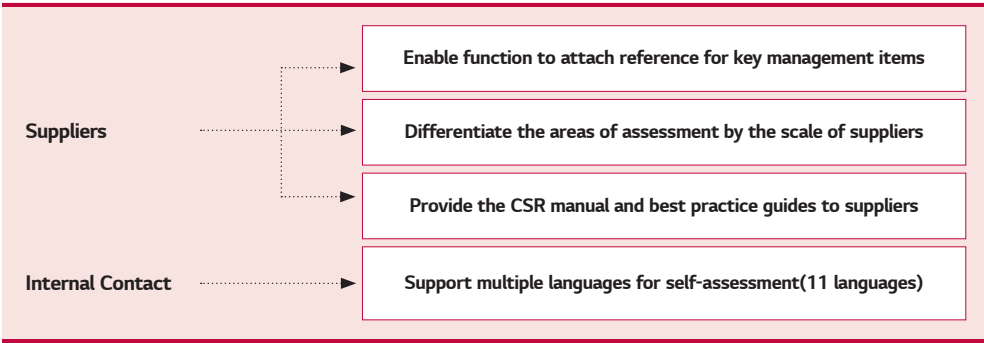
Governance Index

Independent Assurance Statement

## Supplier CSR Risk Assessment and Management

Classification	Details
Overview	<ul style="list-style-type: none"><li>Self-assessment of suppliers conducted once a year</li><li>Use the evaluation sheet for in-depth self-assessment developed by LGE that applies necessary changes to the RBA guide</li><li>A CSR self-assessment system is established and implemented to enhance the convenience of self-assessment and improve the fidelity of non-conformities</li></ul>
Activities	<ul style="list-style-type: none"><li>1,289 companies(purchase amount of KRW 100 million or more in 2021 among 1st-tier suppliers)conducted self-assessments</li><li>On-site assessment and consulting are conducted for potential high-risk suppliers and major purchasing partners</li><li>1st-tier suppliers led self-assessment of secondary suppliers(678 companies)</li></ul>
Management	<ul style="list-style-type: none"><li>Improvement tasks for non-conformities are derived and registered in the CSR management system</li><li>Non-conformities are immediately rectified or improvement progress is monitored according to the supplier's establishment plan</li></ul>

## | Suppliers' Self-assessment System |



## | Results of Suppliers' CSR Self-Assessments |

Classification	Unit	2019	2020	2021
Number of suppliers that conducted self-assessment	Suppliers	1,665	1,416	1,289
Number of high-risk suppliers		40	26	13
Proportion of high-risk suppliers	%	2.4	1.8	1.0

## | Detailed CSR Self-Assessments of Suppliers(by region) |

(As of 2021)

Region	Unit	Low-Risk	Moderate	High-Risk	Subtotal
Korea		304	143	2	449
China		284	83	1	368
Southeast Asia		196	121	2	319
America	Suppliers	26	22	2	50
Europe/Russia(CIS)		48	33	5	86
Middle East/Africa		8	8	1	17
Total		866	410	13	1,289

## | Results of Suppliers' CSR On-site Assessment |

(As of 2021)

Classification	Unit	Korea	Overseas	Subtotal
Number of suppliers that conducted CSR assessment		4	20	24
Number of suppliers that conducted fire/safety assessment	Suppliers	420	273	693
Total		424	293	717

## | Types of Non-conformities in On-site Assessments |

(As of 2021)

Description of Non-conformities	Unit	Korea	Asia	Europe/CIS	America
Labor/ Human Rights					
Insufficiency in corporate ethics policy and poor management		3	3	2	4
Grievance handling process		2	3	2	3
Prohibition of forced labor and child labor and contract details(No forced labor/child labor practice)	%	2	2	2	3
Safety/ Health					
Firefighting facilities/emergency evacuation guidance/emergency evacuation drills		3	5	2	5
Control procedure, record and MSDS management of chemical substances		1	1	1	2
Failure to conduct regular risk assessment		1	2	1	2

\* The above supplier's non-conformance types have been improved through task implementation(improvement rate: 100%)

## ESG Management Conformity Certificates for Suppliers through a Third-Party Certification Organization

- LGE provides support to confirm and improve the suitability of ESG management from Underwriters Laboratories Inc.(UL) and TÜV Rheinland, which are global certification companies
- Certification companies have been visiting suppliers since July 2021 to check ESG categories such as labor, safety and health, the environment, and corporate ethics based on the RBA Code of Conduct. They supported suppliers so that they could achieve necessary improvements on their own, and issued conformity certificates to suppliers that completed CSR/ESG assessments and carried out improvement measures



# Supply Chain Management

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

### Support for CSR Management Capability Improvement of Suppliers and Overseas Subsidiaries

- Conduct training of workers' human rights and safety and health management in the supply chain for purchasing managers of overseas subsidiaries(online)
- Conduct training for the CEO and key executives and employees of suppliers in cooperation with specialized training institutions in line with stricter safety and health laws and regulations(safety and health management system, chemical management, etc. to respond to the Serious Accident Punishment Act)
- Develop CSR/ESG online training for suppliers
- Conduct training of CSR/ESG in management for suppliers(online, twice in 2021)

### ESG-linked win-win cooperation activities

#### Support for Management of Supplier's Working Environment

Classification	Details
Supplier's fire safety management activities	<ul style="list-style-type: none"><li>• Conduct on-site fire safety inspections and improvement consulting for major supply chains(semi-annually)</li><li>• A fire safety management system for suppliers for systematic improvement and management of on-site fire safety consulting has been established and is in operation(since 2018)</li><li>• Special wintertime fire safety inspection</li><li>• Fire safety inspection of secondary suppliers</li></ul>
Supplier's serious accident prevention activities	<ul style="list-style-type: none"><li>• Carry out special safety inspections on robots in the manufacturing process</li><li>• Consulting for hazardous chemical handling procedures and improvement</li><li>• Provide guidance for suppliers' autonomous issue prevention activities(propagating safety management manuals and best practices)</li></ul>

#### Support for Improvement in Manufacturing Process Improvement and Energy Consulting

Activity	Details
Supporting smart factory construction	<ul style="list-style-type: none"><li>• Support suppliers' improvement of hazardous processes at manufacturing sites and establishment of process automation</li><li>• Target: 130 companies(cumulative in 2021)</li></ul>
Energy saving consulting	<ul style="list-style-type: none"><li>• Support energy diagnosis consulting for major suppliers to support their greenhouse gas reduction and energy saving(for five companies in connection with the Korea Energy Agency)</li></ul>

## Building a Sustainable Supply Chain

### Work with 100% RMAP-conformant smelters

Classification	Details
Purpose	<ul style="list-style-type: none"><li>• To refrain from using minerals mined in conflict zones and minerals that infringe labor/ human rights and damage the environment in the mining process</li></ul>
Response to external issues	<ul style="list-style-type: none"><li>• As a member of the Public-Private Alliance(PPA) for Responsible Minerals Trade, provide information to establish a conflict minerals tracking system</li><li>• Participate in global activities to trace the origin of minerals(cobalt, mica, etc.) that may have issues such as forced or child labor</li></ul>
Implementation activities for suppliers	<ul style="list-style-type: none"><li>• Monitor the origin of the four major conflict minerals<sup>1</sup> in suppliers' products and parts</li><li>• Require the Responsible Mineral Assurance Process(RMAP) certification for smelters in the supply chain</li><li>• Provide awareness-raising training on the responsible use of minerals</li><li>• LG Chem and LG Display jointly recommended that suppliers use RMAP-certified smelters</li></ul>
Performance	<ul style="list-style-type: none"><li>• Managing supply chain according to the target of using 100% certified smelters (Tantalum/Tungsten: Achieved in 2019, Tin: Achieved in 2020, Gold: Achieved in 2021)</li><li>• Use of uncertified smelters due to supply of new parts and changes in the certification of existing certified smelters(2021)</li><li>• 100% of smelters certified according to the RMI smelter database as of January 2021 (March 2022)</li></ul>

<sup>1</sup> 3TG: Tantalum, Tungsten, Tin, Gold



# Supply Chain Management

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership-Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

## RMAP<sup>2</sup> -conformant smelter management

Tantalum					
Classification	Unit	2019	2020	2021	
Conformant		36	34	38	
Active	EA	0	0	0	
Non-conformant		0	1	1	

Tungsten					
Classification	Unit	2019	2020	2021	
Conformant		39	40	38	
Active	EA	1	1	0	
Non-conformant		0	4	5	

Tin					
Classification	Unit	2019	2020	2021	
Conformant		73	53	51	
Active	EA	0	6	4	
Non-conformant		10	24	26	

Gold					
Classification	Unit	2019	2020	2021	
Conformant		102	103	99	
Active	EA	0	1	0	
Non-conformant		11	7	12	

<sup>2</sup> RMAP(Responsible Mineral Assurance Process): A due diligence and assurance program by the RMI for smelters not using conflict minerals

\* Use of uncertified smelters may occur due to the occurrence of new parts or changes in smelter certification and registration, but LGE strives to use only certified smelters through periodic inspections of supply chain

\* Uncertified smelters in the supply chain in 2021 have been deleted from LGE's supply chain based on the RMI smelter database in January 2022(March 2022)

\* We are carrying out investigations of smelters found uncertified after February 2022

## Establishing the conflict mineral management system

### Conflict Mineral Management Policy

- Due diligence: In case conflict minerals are included in main/auxiliary raw materials supplied by 1st-tier suppliers to LGE
- Requirements for 1st-tier suppliers
  - Document the conflict minerals identification process and grounds
  - Register the information on conflict mineral in the LGE Conflict Minerals Management System
  - Check whether some secondary or later suppliers use conflict minerals or include conflict minerals in their main/auxiliary raw materials
- Requirements for smelters in the supply chain
  - Secure responsible mineral use certification

### Conflict Mineral Management Standards

Classification	Details
Purpose	• To operate requirement and processes for the conflict minerals management system
Scope of application	• All products developed/produced/sold/supplied by LGE • Products and main/auxiliary raw materials developed/produced/custom-made by suppliers • Products and main/auxiliary raw materials developed by LGE and produced by its suppliers
Activities implemented	• Regular review and revision of management standards • Conduct training of standard requirements for LGE employees and suppliers

### Conflict Minerals Managing Organizations

- Operation of global unit: Responsible for complying with policies and standards concerning responsible minerals, fulfilling social responsibilities, purchasing and procuring minerals

Activity	Details
Global communication	• Website and email(conflict-mineral@lge.com)
Analysis of external status	• Customer requests, regulatory compliance, use of RMI tools, international forums, NGO and media requirements etc.
Internal report and request for support	• Manage changes concerning our suppliers and to maintain/improve information on certain smelters
Operation of Conflict Minerals Management System(HSMS/CMMS)	• Improve the effectiveness of the conflict minerals management program and respond to customer requests and risks
Participation in the RMI working group	• Identify origins of minerals and implement inspection activities

\* RMI provides the status of conflict minerals of global smelters to its members and organizes a forum to share best practices to resolve issues

\* Conflict mineral website - <https://www.lg.com/global/conflict-minerals-business-partner>





# Supply Chain Management

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

**Supply Chain Management**

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

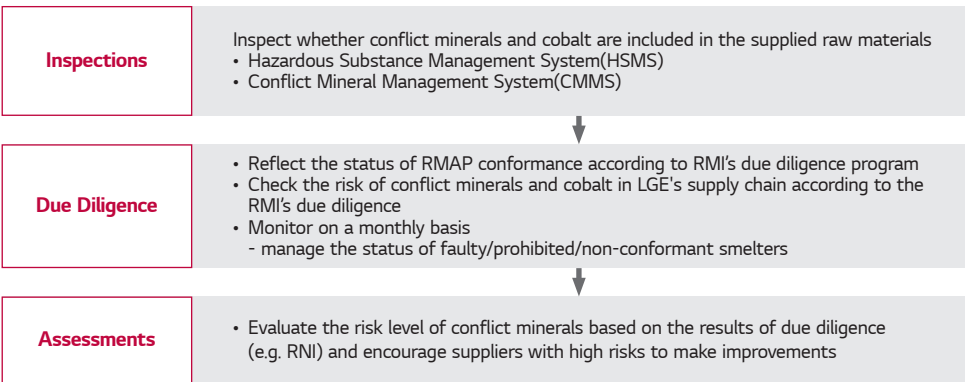
## Inspection and due diligence of conflict minerals and assessment of risk level

### Inspection and Due Diligence of Conflict Minerals

Classification	Details
Data submission	<ul style="list-style-type: none"><li>Matters concerning the production and procurement of conflict minerals included in main/auxiliary raw materials(including information on cobalt and origin, since 2019)</li></ul>
Fact-checking	<ul style="list-style-type: none"><li>Cross-check information on the origins of conflict minerals and cobalt in the conflict minerals system and the submitted mineral information</li><li>Check whether conflict minerals or cobalt are included in the main/auxiliary raw materials, using the hazardous substance management system</li></ul>
Channel for data collection	<ul style="list-style-type: none"><li>RCOI(Reasonable Country of Origin Sourcing Information) on the certification status according to RMAP due diligence results</li><li>Others publicly available data</li></ul>

### Risk Assessment of Conflict Minerals

Classification	Details
Purpose	<ul style="list-style-type: none"><li>To assess the risk level for procurement of conflict minerals and cobalt based on the main/auxiliary raw material data, the country of origin data, and smelters</li></ul>
Implementation activities	<ul style="list-style-type: none"><li>Monitor the monthly updated data on the conflict minerals and cobalt submitted by suppliers<ul style="list-style-type: none"><li>Check parts and suppliers that used prohibited smelters, faulty smelters, and uncertified smelters</li></ul></li><li>Request and check information on the origin of conflict minerals and cobalt from 1,572 suppliers whose origins and distribution channels are registered</li><li>Implement measures such as suspending transactions with suppliers, smelters, and refineries taken to those considered high-risk groups or deemed as having no chance of improving</li></ul>

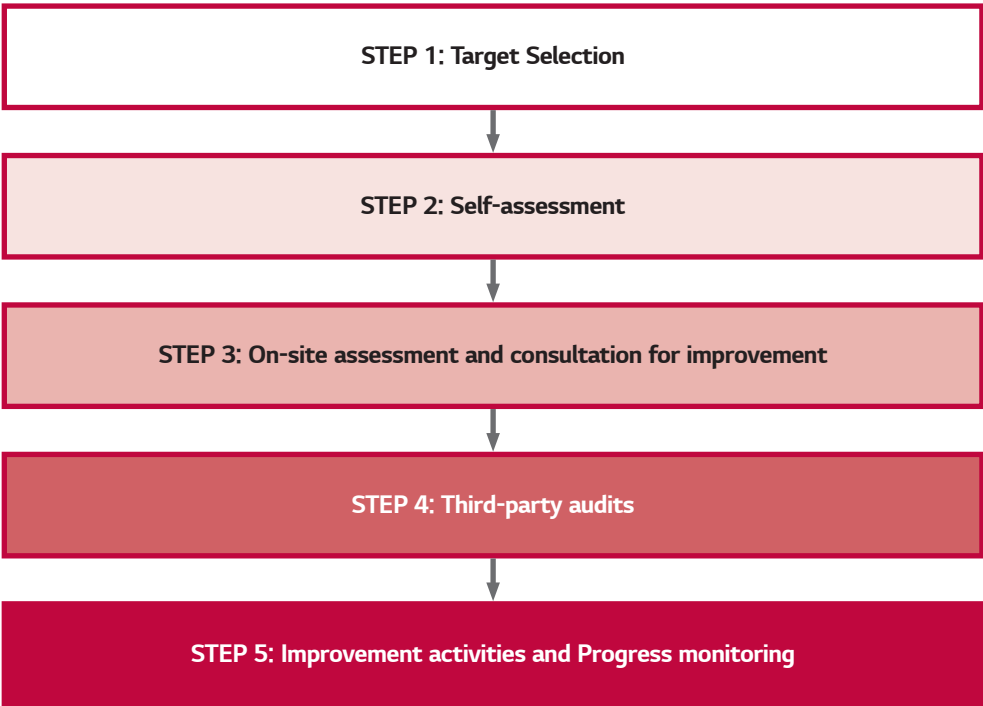


## Risk Management at Production Sites

### CSR Risk Management at Production Sites

Classification	Details
Scope of management	<ul style="list-style-type: none"><li>Risks in labor, human rights, safety/environment, ethics, and suppliers at all production sites</li></ul>
Method	<ul style="list-style-type: none"><li>A 5-step CSR risk management process using RBA's self-assessment tool</li></ul>
Management entities and roles	<ul style="list-style-type: none"><li>Supervised by ESG Department of Headquarters</li><li>Integrated management of CSR risk management processes at all production sites</li><li>Operated by designated personnel responsible for CSR at each business site</li></ul>
Major achievements	<ul style="list-style-type: none"><li>Conducted in-depth online self-assessments on all 33 production sites in 2021</li></ul>
Result	<ul style="list-style-type: none"><li>Reflected the identified common risks in each corporate system and operation</li></ul>

### 5-step CSR Risk Management Process and Assessment Results





# Supply Chain Management

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

STEP 1: Target Selection	
Production sites	All production sites(33)
Suppliers	1st-tier suppliers with over KRW 100 million(about USD 87,420) of purchases in the previous year(1,289 suppliers from 28 countries)
Outsourcing company	Suppliers with over KRW 100 million(about USD 87,420) of purchases in the previous year and potential business in the next 2 years(34 suppliers)

STEP 2: Self-assessment	
Tool used	In-depth survey based on the RBA on-site audit manual
Potential risk	Potential risks identified are registered to encourage the business site to make improvements
Self-diagnosis	Check the in-house IT self-diagnosis system(PU-SRM)
Follow-up actions	Provide guidance such as establishment of improvement plans to address the derived risks

i-SAQ(In-depth Self Assessment Questionnaire)	
<ul style="list-style-type: none"><li>• Overview: In-depth survey based on the RBA on-site audit manual</li><li>• Purpose: To improve the reliability of self-assessment and on-site inspection results</li><li>• Requirement: Mandatory submission of proof for 49 questions out of 92</li><li>• Survey composition: 37 questions on labor; 28 questions on safety and health, 16 questions on environment, and 11 questions on ethics/suppliers</li><li>• Periodic review: Update survey questions according to revisions to the RBA Code of Conduct and on-site circumstances</li></ul>	

2021 Self-Assessment Results				
Number of business sites(33)	Unit	Low-Risk	Moderate	High-Risk
Labor/Human Rights	Business sites	27	5	1
Health and Safety		30	3	0
Environment		31	2	0
Ethics/Suppliers		24	7	2
Total		29	4	0

Low-Risk Rating of LGE Production sites 88%(29/33 Sites)	Completion of Major Corrective actions at Production sites 71%(20/28 Cases)
---	---

| 2021 Self-Assessment Risk by Classification/Region |

Classification	All	Labor/Human Rights	Safety and Health	Environment	Ethics/Suppliers	No. of business sites
Korea	○	○	○	○	○	7
China	○	○	○	○	○	8
America	○	●	○	○	●	6
Europe/CIS	○	●	○	○	●	3
Middle East/Africa	○	●	○	○	○	3
Asia	○	○	○	○	○	6

○: Low Risk ●: Moderate Risk ●: High Risk

STEP 3: On-site assessment and consultation for improvement	
<ul style="list-style-type: none"><li>• Identify business sites with high risks based on the results of self-assessment</li><li>• Conduct on-site assessment and consultation for improvement by analyzing the impact and the seriousness of the risks on business</li></ul>	
* Not conducted in 2021 due to COVID-19	





# Supply Chain Management

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

## STEP 4: Third-party audits

- Conduct independent third-party audits to ensure the objectivity of the assessment and improve the CSR risk management capabilities of each business site
- Conduct a total of four third-party reviews for four Korea and overseas production sites at the request of customers(including RBA third-party audits; 2021)

### | Result of Third-party audits in 2021 |

Classification	Detailed items for review	Unit	No. of cases
Labor	Working hours		9
	Voluntary work		2
	Wages and benefits		1
SHEE <sup>1</sup>	Industrial hygiene	Cases	1
	Occupational injury and illness		1
	Occupational safety		1
	Physically demanding work		1
	Hazardous substances		3
Ethics	Protection of identity and non-retaliation		1
Management	Audits and assessments		1
	Supplier responsibilities		1

<sup>1</sup> Safety, Health, Environment, Energy

## STEP 5: Improvement activities and Progress monitoring

- Take prompt measures to improve any non-conformance issues identified
- Manage progress through regular monitoring
- Consistent or common issues or non-conformities that are difficult to deal with at a business site are taken a corporate-wide approach through cooperation with relevant teams and reestablishment of policies and guidelines



# Safety and Environment

- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment**
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

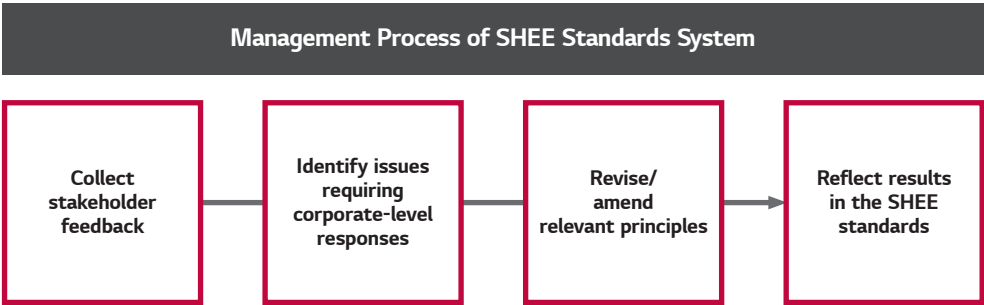
## Safe Workplace

### Integrated SHEE(Safety & Health, Environment, Energy)

- Established corporate-level SHEE policies and regulations in 2009
- Have made continuous improvements for the policies and regulations in line with global standards
- Operation of integrated system of SHEE standards for Safety and Health, Environment, Energy at the company level, centered on SHEE management regulations

Mid-to Long-Term SHEE Goals

- Achieve carbon neutral in the production stage by 2030  
(50% reduction within business sites in comparison to 2017)
- Reuse 95% of waste from business sites by 2030
- Expand the SHEE management system internationally
- Increase average of SHEE capabilities at overseas business sites



### Management regulations for Safety & Health and Environment

- We established and declared the 'Safety & Health and Environmental Management Policy' which contains our strategy to implement safety & health and environmental management
- We fulfill our responsibilities and obligations to create a safe and healthy workplace for all employees in accordance with the 'Safety & Health and Environmental Management Policy', and strive to preserve the environment and achieve a sustainable society

### Improvement of Safety & Environment IT System

- Unify employees' work safety & environment management channel on SHEE portal
- Integrate company-wide business database and references through the SHEE Portal
  - Monitor the usage rate on a monthly basis for a total of 42 modules and strengthen utilization
- Plan to use as a data-sharing channel among HQ, companies and subsidiaries
- Strengthen and computerize employees' safety & environment management and supervision functions through the SHEE portal

### Safety & Environment Evaluation System

- Establish/operate an evaluation system to operate a safe & healthy workplace
- Prevent accidents by preemptively identifying risk factors for safety & environment in the workplace and proactively improving risks
- Produce of diagnosis guide: Improve the level of regular SHEE diagnosis, strengthen evaluation standards, improve evaluation system, and enhance management capabilities
- The role of the chief executive officer of each production site and subsidiary:
  - Report the results of SHEE diagnosis and safety & health management system evaluation and its improvement tasks, and continuously monitor the improvement of risk factors

### Reporting to the BOD

- In accordance to the revisions made to the Occupational Safety & Health Act, it is now mandatory for the CEO to establish a plan for the company's safety & health every year, report and obtain approval on the plan to the BOD(since January 2021)
- Juridical reporting matters
  - 1) Safety & health management policy
  - 2) Composition, personnel, and roles of the safety & health organization
  - 3) Current safety and health-related budget and facilities
  - 4) Activities related to safety & health carried out in the previous year and those planned for the coming year
- Company-wide risk response abilities are ensured by reporting on company-wide safety and environmental issues to the BOD



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	<b>Safety and Environment</b>
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Safety and Environment

## Strengthening the Accident Reporting System

- Establish measures for immediate response to accident and prevention of recurrence through the establishment and revision of accident reporting standards and manuals
- In case of non-compliance with the accident reporting procedure, reflect penalty in the evaluation of SHEE items in the executives KPI
- When an accident report is reduced or concealed in purpose, the KPI is recorded as 0 and reported to Jeong-Do Management

Time of Occurrence	Implementation Activities
Within 1 hour	Conduct quick initial reporting(by call, text, and message)
Within 24 hours	Prepare and share information reports, and establish countermeasures to respond to accidents and prevent recurrence
Within 2 weeks	Investigate accident and establish measures to prevent recurrence
Within 6 months	Submit final report on progress and register closure of incident

## Establishing a Rapid Crisis Response System

- Reflect the provisions of the Serious Disaster Punishment Act and its Enforcement Decree into the crisis response system
- Collect objective opinions in cooperation with the local fire department during evacuation/fire drills
- Enhance crisis response capabilities by supplementing the crisis response scenarios
- Conduct annual evacuation drills for each building to continuously manage the evacuation time of employees
- Develop a CMIS App(Crisis Management Information System) for all affiliates to establish a system that allows quick response in case of an accident

## Establishing the Crisis Response Process

- The safety and environment standards are established and revised to establish processes and unify the company-wide crisis response process:
  - Minimize the damage from the safety and environmental risks(such as loss of life and disruption of production) through an immediate response and prompt handling in case of a crisis

Classification	Details
Crisis situations	• Serious disasters, fire accidents, hazardous substance/flammable gas leaks, infectious diseases, chemical leaks, leaks of pollutants(affecting air/water quality), UT supply interruptions, blackout accidents, natural disasters, etc.
Smart Working Committee	• Common, firefighting, safety, health, chemical, water/air, waste, electricity/building, energy/UT, etc. • Establishment/revision and distribution of company-wide standard manuals • 38 cases revised in 2020, 36 cases established in 2021

## Efficient Resource Management

### Water Resource Management

Classification	Details
Outline	• Undertake various initiatives to manage water reuse amount and wastewater discharge, as well as to reduce water consumption at the production sites and laboratories in Korea and overseas
Implementation activities	• Establish water inventory • Evaluate water risk(lack of water resources, the degradation of water quality, increasing water consumption) and monitor the amount of water consumption at all production sites • Recycle used water for watering plants or as industrial water through the zero-discharge system • Establish wastewater treatment facilities and recycling systems • Manage measures to secure emergency water reserves to enable the operation of production facilities for at least two days in case of an unexpected interruption to water supply

#### | Wastewater Discharge(Korea) |

Business site	Secondary Treatment Facilities	Body of Water Affected by Discharge
Yangjae R&D Campus	Tancheon Water Reuse Center	Tan Stream
Magok LG Science Park	Seonam Water Reuse Center	Han River
Cheongju	Cheongju Sewage Treatment Center	Seoknam Stream
Gumi	Gumi Sewage Treatment Center	Gwangam Stream
Changwon	Deokjong Sewage Treatment Center	Jinhae Bay

#### | Water Intake in 2021 |

Water Source	1,000 Tons	Ratio(%)
Ground water*	963	9
Municipal water and others(Municipal)*	5,228	50
Municipal water and others(Industrial water)*	4,219	41
Others(Including Vietnam)	44	0
Total	10,454	100

\* Based on production sites in Korea



# Safety and Environment

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

| Water Discharge in 2021 |

Discharged Source	1,000 Tons	Ratio(%)
Water reused	667	14
External treatment facilities	4,151	86
Internal treatment facilities	-	-

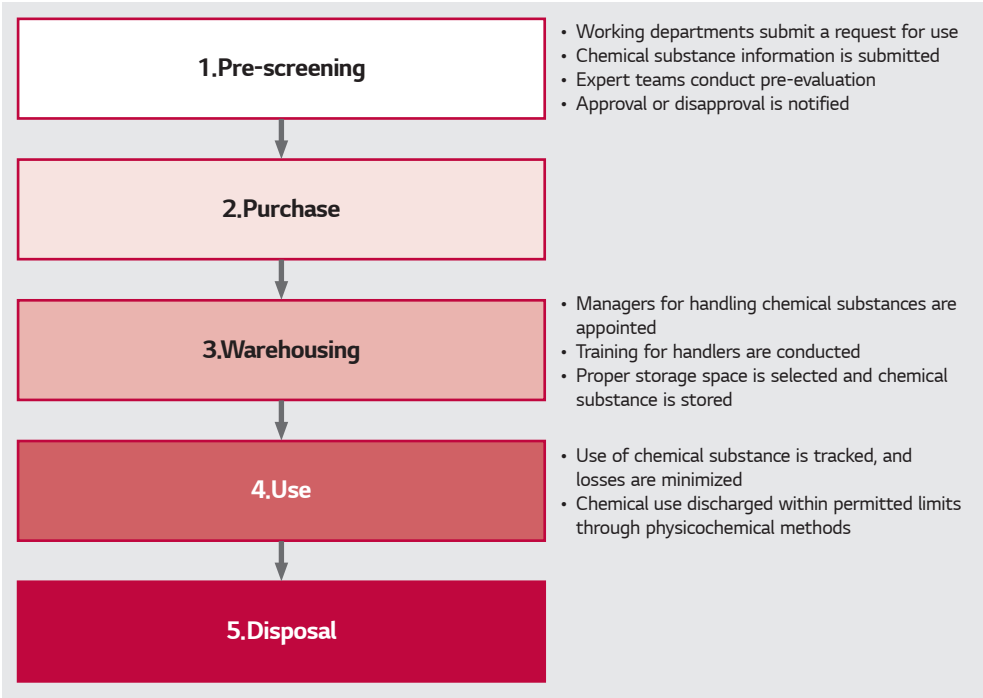
\* Based on business sites in Korea with internal wastewater treatment facilities

## Chemical Substance Management

- Our chemical substance management practices have been based on LG Chemical Management System(LGCMS) since 2013

Classification	Details
Preliminary screening subject	<ul style="list-style-type: none"><li>All chemical substances for production and R&amp;D purposes stored or used at any production site in Korea</li><li>Chemical substances procured from suppliers</li></ul>
Safe storage of chemicals	<ul style="list-style-type: none"><li>Purpose: To ensure the safe storage of chemical substances</li><li>Regularly examine chemical storage facilities at each production sites</li><li>Install chemical leakage prevention facilities</li></ul>
Emergency response procedures	<ul style="list-style-type: none"><li>Level 1: Ban the use of the chemical substances in question</li><li>Level 2: Reduce the use of the chemical substances in question</li><li>Level 3: Monitor the chemical substances in question</li></ul>
Implementation activities	<ul style="list-style-type: none"><li>Develop methods to analyze new chemical substances that are of social concern</li><li>Develop an IT system to track the entire process of chemical substance management</li></ul>

| Chemical Substance Management Process |



## Training on Chemical Substance Management

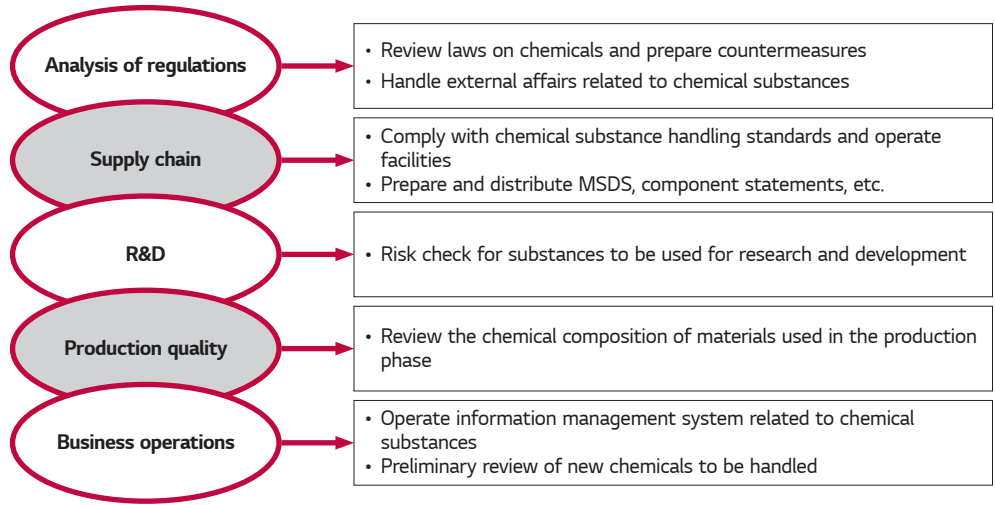
- On-site and online training on issues related to safety management of chemical substances, responses to chemical-related accidents, instructions and evacuation methods, and handling of hazardous materials for workers working at places where hazardous materials are used
- Safety & health education specific to laboratories regarding the management of chemical substances for employees working in the field of research and development



# Safety and Environment

- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment**
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership/Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

## | Response to the Regulations on Chemicals |



## Compliance with Environmental Laws

- Purpose: To comply with environmental regulations and to eliminate the risk of violating environmental regulations in advance
- Implementation activities: Conducting environmental assessment at production sites, monitoring activities for improvement of diagnosis points, installing and operating environmental pollution prevention facilities, and operating and improving environmental management processes
- Host info. sessions: Establish a system to monitor regulatory compliance by region, sector and workplace and share environmental regulatory trends on a regular basis

## Higher standards for environmental pollutant emissions

- The concentration of air and water pollutants discharged from our business site is maintained at 70% of the legal discharge limit
- Each business site operates its own pollutant discharge reduction system taking into account the characteristics of chemical substances and raw materials handled at the site
- In 2021, there was no leakage of pollutants exceeding legal standards, and no damage was incurred

## Internalizing of Safety Culture

### Leadership in action

- Each business division conducts 'Safety Talk' every month to discuss major issues in safety environment at management meetings on a regular basis
- 'Safety Walk' is operated under the supervision of the management to secure safety leadership by quarter and to establish a safety culture

### Safety culture campaign

- Produced promotional materials related to the seven safety principles that must be prioritized by all of our employees
  - Animations, cartoons and brochures, banners, etc. are created to enhance employees' safety awareness

### Participatory safety education(Korea)

- A participatory safety education infrastructure was established and a safety experience center was installed to operate experiential safety education course(since 2018)
- Experiential safety education: Experiential safety education(experiential VR education, facility safety experience, CPR practice, fire evacuation experience, etc.) directly related to the safety risk in the specific workplace is provided
- The safety management plan and risk assessment are continuously supplemented/developed to keep up with the actual situations
- In response to COVID-19, non-face-to-face online education content is developed and WebEx training is conducted

### Operation of counseling centers(Korea)

Classification	Details
Purpose	<ul style="list-style-type: none"><li>• To resolve various concerns and psychological difficulties that employees experience in their daily lives</li></ul>
Effect	<ul style="list-style-type: none"><li>• Contribute to psychological stability of employees</li><li>• Enhance job value by improving work immersion</li></ul>
Implementation activities	<ul style="list-style-type: none"><li>• Personal grievance handling</li><li>• Facilitate interpersonal relationships and communication across the organization</li><li>• Stress management</li><li>• Consulting for leadership</li><li>• Family programs such as couples and children counseling</li></ul>



I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership-Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

# Customers

## Services for Customer Satisfaction

### Goals for customer satisfaction

Classification	Details
Time customer prefer	<ul style="list-style-type: none"><li>From supplier-oriented consultation channel(calls) to a preferred mobile-based(chat) 24-hour communication channel → Kakao Talk chat(since April 2021)</li><li>SE organizations, not individuals, respond through advanced real-time situation management → real-time situation management(since April 2021)</li></ul>
Methods customer prefer	<ul style="list-style-type: none"><li>New experiences are provided to customers through customized services based on product changes and customer life patterns → sign language consulting service(since October 2021)</li></ul>
Solving problems in ways customer prefer	<ul style="list-style-type: none"><li>The same quality of consultation is provided anytime and anywhere through a standard cloud platform suitable for the pandemic → expansion of cloud call centers(since July 2021)</li></ul>

### Conducting customer satisfaction survey

- Surveying and managing customer satisfaction by sending text messages and receiving replies from customers who have experienced LGE services(Korea)
- Surveying and managing customer satisfaction by phone for customer who have experienced LGE services(Overseas)

### Securing advanced real-time support system

- Established a real-time customer appointment and response system to systematically provide the best service to customers at the time they want(April 2021)

### Securing database for customers with disabilities

- We established a pre-registering information of customer with disabilities through publicity and guidance at the development centers and federations/associations(for Korea Disabled people's Development Institute(KODDI), Korea Blind Union(KBU), and the Korea Association of the Deaf)(since October 2021)

| The Number of Registered Disabled Customers | (As of the end of 2021)

Type of Disability	No. of customers
Visual impairment	171
Hearing impairment	131
Language impairment	3

\* Registered before October 25: 12 persons(6 persons with visual impairment, 6 persons with hearing impairment)

### Launched KakaoTalk(messenger) Chat Counseling

- Launched KakaoTalk chat counseling(April 2021)
- Improved accessibility through the use of the most popular messenger in South Korea(used by 98% of local users)
- Shifting from the previous focus on voice, text/image/content can provide accurate information to customers
- Counseling history can be checked from both sides

### Sign Language Counselors in Service

- Launched sign language customers service with 2 sign language consultants in operation(since October 2021)
- Sign language interpretation support is provided for customers with hearing impairment during sign language counseling and business trips/internal services for customers with hearing and speech impairments
- Plan to increase stall in accordance with continued promotion and higher demand for sign language counseling

#### | Track Record of Sign Language Counseling |

Classification	Number of counseling sessions
October 2021	39
November 2021	76
December 2021	48
January 2022	69

### Expansion of cloud call centers in overseas

- After conducting cloud environment safety test in January 2021, it was applied to a total of 12 countries, starting with the United States in July
- Equally easy to access and use at home and in the office, providing the same quality

#### | Customer Satisfaction Survey |

Classification	Unit	2019	2020	2021
Korea	%	93.2	95.1	95.2
Overseas		68.0	64.0	66.8

\* Customer satisfaction in overseas was negatively influenced by the fact that, repair were sometimes impossible or delayed due to the lockdowns caused by the COVID-19 crisis



# Customers

- I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status
- II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship
- III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution
- IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection
- V. Appendix

Sustainability Management Performance Data

SH&E-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

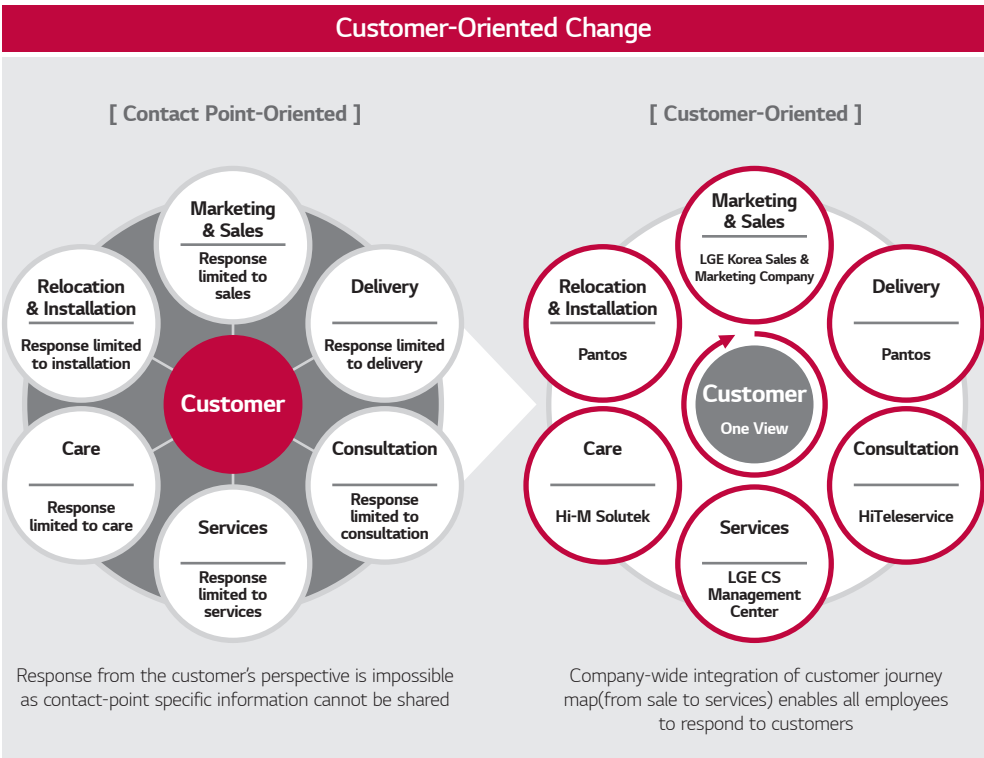
TCFD Report

Governance Index

Independent Assurance Statement

## Integration of our In-House Customer System, on ‘One View’

- Establish an integrated system that shows consumers' history about their experience with our products and services, such as product purchase and delivery, membership, services, and after-sales support in one place
- Systematize responses to customer issues by integrating customers' journey company-wide and share information on customer issues among contact points: Limited information by phase → provides history of all phases of the customer journey
- Enable systematic response to customers during employees' work execution by linking individual systems managed at various points of contact, so that the dispersed data could be viewed in one place
- Strengthen the customer response system for each type of customer issue, and enhance response capabilities for each contact point



## Technology Olympics Held in 2021

### ① Korea Technology Olympics Held(Nov. 1-26)

#### Benefits and Spillover Effect of the Technology Olympics

- Korea service engineers are provided with opportunities to boost their sense of belonging after their transition to direct employment by LGE
- The pride of excellent engineers representing each region and branch is raised through healthy competition
- Repair capability is improved by discovering outstanding technical know-how  
→ It aims to contribute to the improvement of customer service quality

#### Process of executing the Technology Olympics

- The finals have been lightened and optimized in line with the pandemic situation
- Technology Olympics livecast in accordance with the establishment of the Academy Education Broadcasting System(Baeum Madang Live)
- Preliminary - operated by staff in charge of each region(Nov. 1-12)
- Finals - Operated at the Pyeongtaek Learning Center Management & Technology Hall(Nov. 25-26)
- Nov. 25: Opening Ceremony and Semi-Finals
- Nov. 26: Finals and Awards & Closing Ceremony
- A total of 121 persons participated in the preliminary round, and a total of 18 persons were awarded by product category

### ② Central Asian Technology Olympics Held(Oct. 5-7)

- Held online the same way as last year due to COVID-19  
→ With the offline time, space, and cost limitations alleviated, the largest number of countries and participants participated(A total of 83 persons representing 30 customers from 9 countries)

## Major Awards in 2021

Country	Month	Host	Description
South Korea	October	Ministry of Trade, Industry and Energy	Honored as a meritorious entity on Electronics & IT Day (for introducing service management innovation activities from a customer perspective such as One View and GPS-based business trip status management system)
		Korean Standards Association	Selected as the best company in the category of home appliances in the Call Center Quality Index (selected as the number one company in the category of home appliances as a result of evaluation of seven essential call center quality factors)
			Contact Center Innovation Award (for customer-centered 24/7 service through KakaoTalk chat)
	December	Fair Trade Commission	Acquired consumer-oriented management certification
Taiwan		ISO	Simultaneous acquisition of two international standard certifications for the first time in the Taiwanese home appliance industry ISO9001(quality management), ISO 10002(customer-oriented)
India	January	Flipkart	Selected and awarded as the best company for quick air conditioner installation (by Flipkart, the largest online company with more than 50% market share in India)
Middle East/ Africa		KOICA	KOICA Appreciation Plaque for CSR activities
Indonesia	February	CCSL	Highest rating for call center service satisfaction
Philippines		DTI	Silver Award(Consumer Excellence) in DTI's Product Service Evaluation Program
Russia	October	Russia Consumer Agency	Awarded customer satisfaction grand prize for addressing pain points based on customer empathy





- I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status
- II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship
- III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution
- IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection
- V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

# Customers

## Examples of accessibility features by product and type of disabilities

### Home Appliances

Product	Type of Disability	Feature	Content
Water Purifier, Air Purifier, Air Conditioner	Visual impairment	Audio guide	Each time a button is pressed, the name of the button or the selected option is read aloud by voice, and a description of a function or a voice guide about the current status of the product is provided so that everyone can use the home appliance without difficulty
Robotic Vacuum, Refrigerator, Air Conditioner	Visually impaired/ Physically challenged	Voice recognition	A simple voice command activates the product, making it easier for everyone to use the product
Refrigerator	Physically challenged	Easy handle	The product door can be opened easily even with small force, and the handle and the direction in which the door opens can be changed to the left or right to increase convenience
		Auto smart drawers	When you open the freezer door, the inner drawer automatically moves forward, allowing you to easily retrieve items deep in the freezer without bending your back too much
		Auto smart door	The lower right door of the refrigerator automatically opens when you put your foot on the mark on the bottom of the refrigerator without using your hands, increasing user convenience
		Auto lift	At the push of a button, the drawer at the bottom automatically opens and the container inside rises to knee-high level, making it easy to use even if you are in a wheelchair or have hand limitation
Dish Washer	Physically challenged	Auto door open for drying	Even if the user does not open the door directly, the door of the product automatically opens slightly when the cleaning is finished, and moisture escapes to enhance natural drying
Electric Cooktop	Low vision	Heat indicator	The length of the indicator lamp changes depending on the intensity of the fire, so you can check whether induction is being used or its status at a glance
Washing Machine/Dryer	Physically challenged	Push open door	The product door can be easily opened with small force by pressing the right center part of the door
		Eye-level storage box	If you install an eye-level storage box under the washing machine or dryer, your hands can reach the innermost area of the drum, making it easy to take out your wet or dried laundry
		Mini wash Eye-level storage box	If you install the mini-wash under the washing machine or dryer, your hands can reach the innermost area of the drum, so you can easily take out your wet or dried laundry
Air Conditioner	Visually impaired/ Physically challenged	Filter clean bot	The filter clean bot automatically removes dust from the ultra-fine filter, which was previously difficult to separate and clean, so the machine becomes convenient to use and maintain
	Physically challenged	Auto moving bucket	The humidifying water tank automatically moves forward when you put your foot close to it, making it easy to fill and empty the water tank
		Auto moving filter	When the button is pressed, the filter, which is difficult to separate because it is located on the back or in a higher part of the air conditioner, automatically comes forward, making it easy to manage the filter

### TV

Type of Disability	Feature	Content
All	Go to Accessibility	Accessibility shortcuts are provided to make it easier to access and set the features prepared for the convenience of the disabled. If you press and hold the mute button for more than 1 second, you can easily set accessibility features provided by the TV
	Read the menu aloud	In order for visually impaired people to use the TV more conveniently, menu names and actions are read aloud by voice. When the function is turned on, voice speed, volume, and pitch level can be set in detail
For people with visual impairments	Describe the screen aloud	For the visually impaired, the content of the TV screen being watched is read aloud by voice(however, it is available only if the TV program you are watching supports this function)
	Increase contrast	Adjust contrast between light and dark areas of the TV menu to make the text on the TV menu more legible
	Switch to B/W	By changing the colors of the menus provided on the video and screen to black and white tones, the ambiguous boundaries due to color are made clear
	Color inversion	Improve visibility by reversing background and letter colors to read TV menus better
For people with hearing impairments	TV sound share	A function that simultaneously outputs sound through the TV speaker and a Bluetooth device so that customers with hearing impairments can watch TV with their family or friends(earphone and headphone types are recommended for Bluetooth devices)
	Subtitle	Customers can watch the broadcast with subtitles, and you can move the subtitles to the desired location using the direction buttons on the remote control(however, this function is only available if the broadcast program you are watching supports subtitles)

\* LGE Products Accessibility Webpage: <https://www.lg.com/global/customer-accessibility>





I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	<b>Employees</b>
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Employees

## HR Management

### Key Initiatives for 2022

- Encourage innovation in the way we work and our systems in order to achieve sustainable growth even in new business environments
- Operate a HR management and training system to enable every employee to be able to maximize their professional capabilities

Classification	Details
Evaluation and Compensation	<ul style="list-style-type: none"><li>• Objectivity of evaluation is secured through frequent performance management, peer evaluation, and objection system</li><li>• The performance-based compensation system is strengthened</li><li>• Compensation fairness and transparency are improved</li></ul>
Types of Job Position	<ul style="list-style-type: none"><li>• A simple corporate structure is operated to build a horizontal, creative, and autonomous organizational culture (a role/capability/performance-oriented three level structure)</li><li>• The selection and promotion system for leading and active organizations is continuously expanded</li></ul>
Talent Development	<ul style="list-style-type: none"><li>• Reinforce core talent development</li><li>• Reinforce personalized training</li></ul>
Work-life Balance	<ul style="list-style-type: none"><li>• Activate voicemail and payment system</li><li>• Operate recommended vacation and refresh system</li><li>• Improve meeting and reporting culture</li><li>• Manage working hours</li><li>• Office Dress Code Liberalization in effect at all times</li><li>• Operate childcare and breastfeeding facilities in 10 business sites in Korea</li></ul>

| LGE Global Labor Policy | (Revised in 2021)

Respect for Human Dignity	Working Hours
Prohibition of Forced Labor	Wages and Benefits
Prohibition of Child Labor	Freedom of Association
Fair Treatment/Non-Harassment	Compliance with Labor Laws and Regulations

### Labor-Management Relations

- Have established LGE's own concept of 'labor-management relations,' creating common value based on mutual trust and respect
- Established various channels for labor and management to engage in joint discussions on major labor issues
- Faithfully adhere to duty of fair representation for the multiple labor unions
- Major changes to business operations are discussed in depth by labor and management as soon as they take place
- Prevent the occurrence of lost opportunities due to labor-management disputes by holding regular discussions of issues and non-dispute negotiations regarding wages and collective bargaining, and lay the foundation for utilizing all workforce capabilities for growth

| Labor-Management Relations at Business Sites(Korea) | (As of January 2022)

Members of the Labor Union	Dispute-Free Period Agreed by Labor and Management for Wage Negotiations and Collective Bargaining
11,888 persons(33% of all employees)	33 years

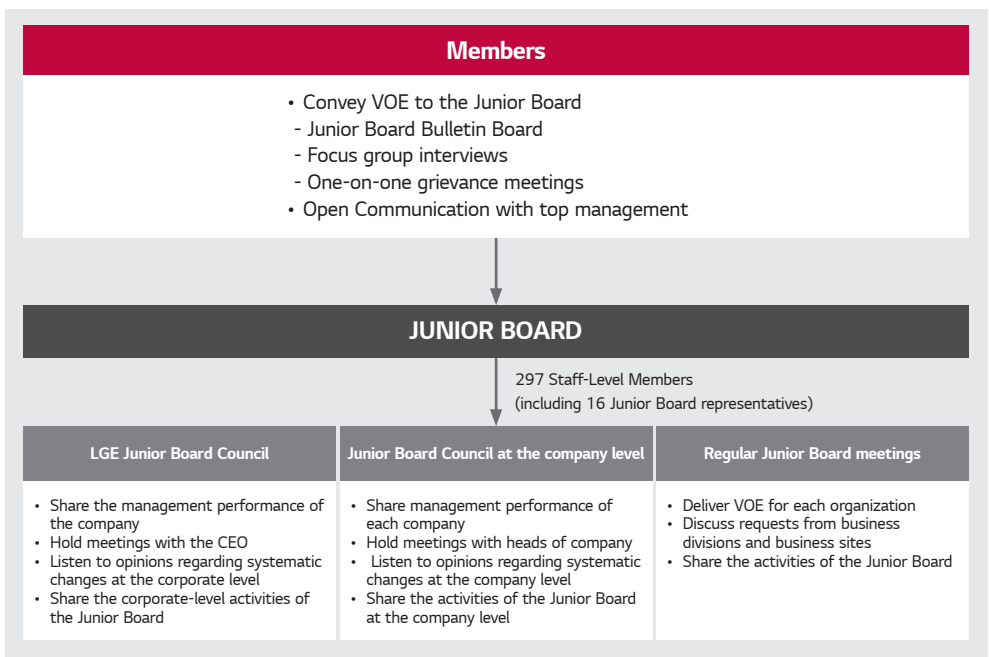
### Social responsibility of the Labor Union

- LGE union member: As a member of society, a union member carries out the USR(Union Social Responsibility) activities
- The value of USR activities was recognized by the UN Economic and Social Council, and the union was granted 'special consultative status' as an NGO(2021)
- Introduce the USR activities based on consultative status to the international community and spread a sound labor culture
- Plan to participate in LGE's ESG management and practice it together

### Junior Board

- Serves the role of enhancing communication between the management and employees as an organization that represents staff-level administrative workers
- Conveys the VOE(Voice of Employees) and discusses relevant agenda items through joint meetings with management
- Shares best practices of the organizational culture company-wide
- Carries out various social contribution activities, such as promoting a culture of donations for charitable causes and volunteering using LGE's products

### | Activities of the Junior Board(Korea) |





I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	<b>Employees</b>
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

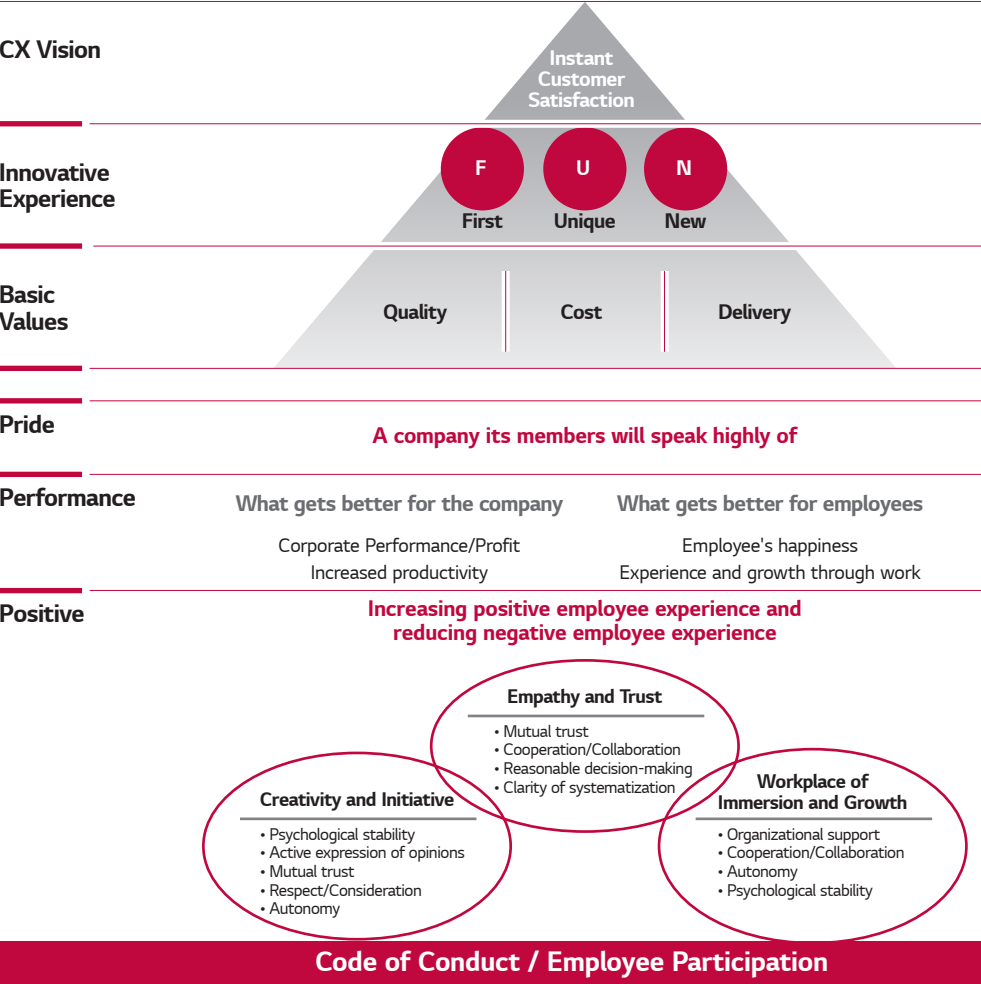
# Employees

## Strategic Direction for the Organizational Culture

- Establish an organizational culture that can achieve the CX<sup>1</sup> vision of 'customer satisfaction'
- Derive and internalize a Code of Conduct based on employee participation
- Reinforce positive employee experiences
  - A workplace of empathy, trust, creativity, challenge, immersion, and growth

<sup>1</sup> CX: Customer Experience

### LGE's Aims for Customer Experience



## Empathy and Trust: Strengthening communication and exchange

### Revitalizing Management-Employee Communication

- Establish a culture of horizontal communication where diverse opinions and suggestions are exchanged regardless of position by activating communication between top management and employees

Classification	Details
Purpose	<ul style="list-style-type: none"><li>• To internalize the organization's goals and management strategies in each member's work</li><li>• To continue to listen to the opinions of different groups</li></ul>
Channel of communication with CEO	<ul style="list-style-type: none"><li>• Operate 'CEO Talk' to communicate with members about the direction of change in business, leadership, and cultural perspectives, as well as listen to ideas and encourage hard work</li></ul>
Channel of communication with CFO	<ul style="list-style-type: none"><li>• Quarterly company performance is shared through 'Stories on Management with Members', and questions about overall management are answered through Q&amp;A</li></ul>

### Strengthening Online Communication Channels

- Due to COVID-19, there has been a rise in real-time online communication activities using video conferencing systems, live studio, and open chat rooms are thriving

Classification	Details
Online Communication Channels	<ul style="list-style-type: none"><li>• LAN meeting with the head of H&amp;A company</li><li>• Heart-to-Heart Talk at Korea Sales Headquarters</li><li>• CTO All Hands Meeting</li><li>• Open Community at each company</li></ul>

### LG Way Employee Survey

- Every year, we have conducted the LG Way survey to measure where there is a 'customer-oriented organizational culture' for all employees and to practically change the culture
- The results of the survey are delivered in the same form as a medical report to all leaders of LG Electronics from the corporate level to the team unit to make a substantial change within the organization
- In 2022, 18,060 office workers and 6,447 technical workers participated
- All leaders share results transparently, discuss ways to improve organizational culture together and use it as a driving force to create customer value



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	<b>Employees</b>
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SH&E-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Employees

## Creativity and Initiative: Encouraging discovery of ideas and taking initiatives based on employee participation

### LG IdeaPot, a Crowdsourcing Platform for Employee Ideas

Classification	Details
Overview	<ul style="list-style-type: none"><li>A crowdsourcing platform through which all employees, both in Korea and overseas, are welcomed to suggest ideas regarding solving various technical difficulties and developing new products and services that reflect customer value</li></ul>
Idea proposal	<ul style="list-style-type: none"><li>Participation in idea contests(contest challenge)</li><li>Constant suggestions of ideas(Idea Box) for products and services</li></ul>
Utilization	<ul style="list-style-type: none"><li>LG Gram laptop idea contest</li><li>Wireless earphone idea contest</li><li>COVID-19 products and services idea contest</li></ul>

### LGE Adventure(LGE+VENTURE) for Fostering In-House Ventures

- We aim to contribute to building a creative organizational culture by encouraging members to take initiatives and to pursue innovation through LGE Adventure

Classification	Details
Overview of LGE Adventure	<ul style="list-style-type: none"><li>Use the diverse ideas of employees as "new growth engine" resources</li><li>In-house development system to spread the "organizational culture that takes on challenges"</li></ul>
Implementation activities	<ul style="list-style-type: none"><li>Collected ideas for future new businesses and products/services through the LG IdeaPot platform</li></ul>
Process	<ul style="list-style-type: none"><li>Five final teams were selected from a total of 81 ideas submitted</li><li>Two final in-house venture teams were selected through online pitches</li><li>Two selected teams are supported with external offices spaces, flexible work schedules, support funds, and 'accelerators' so that they can execute tasks for one year</li><li>Offer the opportunity to proceed with commercialization within our company or as an independent as a start-up if deemed to have business potential and accords with the decision of the in-house venture team</li></ul>

## A Workplace of Immersion and Growth: Innovating working methods optimized for a changed environment and caring for employees

### A Work Culture Centered on Autonomy, Self-Leadership, and Performance through Remote Work

- Implemented remote work in line with the government's social distancing levels since March 2020
- Provided necessary information, such as 'LG's Smart Remote Work' guide, and training on 'Remote Work – How to Successfully Manage an Organization' to employees
- Strengthened IT infrastructure in order to facilitate remote work
  - Since 2018, we have been establishing an environment based on cloud computing through which work can be done remotely, regardless of location
  - Created a work environment where all types of work can be conducted without physical contact through video conferencing(WebEx, ZOOM, G-Screen) and collaboration tools(Collab, WorkTalk)
- Results of internal surveys for remote work:
  - Implementation of remote work is bringing positive changes to the handling of: Meetings(64%), Reporting(57%), Work dinner culture(54%)
  - About 63% of respondents preferred implementing a system of remote work as a new way of working
- Created opportunities to move away from conventional ways of working towards 'maximizing employee autonomy and self-leadership' and establishing 'a truly performance-oriented work style
- Will continue to implement and improve the remote working system even after COVID-19 in order to change the way employees work and enhance productivity

### Corporate Travelers and Non face-to-face Caring Program During COVID-19

- Carry out a separate non face-to-face caring program for employees who need to go on business trips for unavoidable reasons
- Before business trip: Provide individual psychological counseling and offer red ginseng, masks, hand sanitizer, first-aid kits, and thermometers to business travelers and their families
- After returning from a business trip: Provide a meal voucher, Korean beef set, and daily necessities set, and support rest with family through a separate recovery program
- Support activities:
  - Provide meal kits
  - Various psychological counseling programs(day for handling stress, day for healing with aroma)
  - Heart-healing programs(making candles at home, non-face-to-face volunteer work, emotional health class)

### Care Programs for Various Stages of the Employee Lifecycle

- Operate care programs tailored to different job positions and age groups in order to enhance job satisfaction and increase happiness in the workplace
- Offer messages from senior management and gifts to congratulate and encourage employees who have children entering elementary school or taking college entrance exams
- Host events with invited families, a healing camp for married couples, and family-participating programs("Mom and Dad, Where Are You Going") etc. by each company



# Employees

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

## Respect for diversity

- All employees and partners have the right to pursue happiness regarding dignity, value, and work as human beings
- We instituted various systematic measures to enable all employees to carry out their work and develop their potential to the fullest without experiencing any discrimination or any others disadvantages on account of gender, race, education, religion, etc.

## Strategic Direction for Diversity and Inclusion

Classification	Details
Expansion of talent pool	<ul style="list-style-type: none"><li>• Expand points of contact(M.O.T.) for strategic recruitment of female talent and operate various programs<ul style="list-style-type: none"><li>- Recruit female professors who are excellent in R&amp;D(SW, AI, big data, etc.) through recommendation and conduct online recruitment briefing sessions</li><li>- Use the recruitment platform to secure a pool(longlist) of excellent female talents by field and review recruitment in the necessary fields in advance</li></ul></li><li>• Recruit external heavyweight female professionals and develop an internal pool of female leaders/professionals<ul style="list-style-type: none"><li>- Recruit talented females from outside and increase their weight in executives and organizational leaders through internal promotions</li><li>- Increase and nurture the leader/expert pool by expanding the selection of female core talent</li></ul></li><li>• Discover in-house positions that can be filled by people with disabilities and conduct a separate announcement for recruitment<ul style="list-style-type: none"><li>- Consider the lightness and severity of R&amp;D office support and SW coding duties and reflect them in the annual manpower operation</li></ul></li><li>• Expand employment of people with disabilities by expanding occupations suitable for people with disabilities<ul style="list-style-type: none"><li>- Establish new occupations suitable for persons with severe disabilities in workplaces where such occupations are not established</li></ul></li><li>• Review expansion of employment through transfer of company-wide beautification contract work to Hanuri</li></ul>
	<ul style="list-style-type: none"><li>• Improve systems and expand support to bolster the selection and nurture of female talent<ul style="list-style-type: none"><li>- Review measures to expand support for dispatching expatriates with the aim of expanding female leaders' jobs</li><li>- Improve caring measures such as maternity protection and parental leave</li></ul></li></ul>
	<ul style="list-style-type: none"><li>• Develop programs to raise awareness of diversity and inclusion among all employees</li><li>• Organize nurturing programs to strengthen the female leader pipeline<ul style="list-style-type: none"><li>- Establish a mid-to long-term development plan according to the expansion of female talent</li><li>- Upgrade leadership skills for nurturing female leaders</li></ul></li></ul>

★ LGE Diversity & Inclusion Policy Webpage: <https://www.lg.com/global/our-sustainability-policies>

## Strategic Direction for Talent Cultivation

- Nurture future leaders who are creative and capable of embracing challenges by providing optimal learning solutions in order to achieve continued business success and create future growth engines
- Operate the 'Design Thinking' program under the theme of Customer Experience/Digital Transformation for customer-centric business transformation
- Implement a learning journey design to support personalized learning based on job competency and prepare a system to improve employees' learning experience

## Cultivate future business leaders and key talents

- Identify young and talented employees who display great entrepreneurial potential to develop future business leaders that can take us forward within the next 10 to 15 years
- Operate a track-specific training system to ensure the systematic and continued growth of key talents
- Support growth based on 'Individual GROW map'(each individual's roadmap to growth) with a focus on experience, exposure, and education for a specific period
- Support personalized learning(ensure self-awareness and leadership skills) by designing a learning journey from a long-term perspective to prepare for the role of a future leader

## Spread the "Design Thinking Program" to bolster the CX competency

- Adopt and operate 'Customized design thinking' workshops and consulting programs to build customer empathy

Customer/Project	Customer value innovation, new product, new business, DX 'task workshop'
Job/Title	'Customer experience workshop' by leader/new employee/talent group
Organizational culture	'Employee experience workshop' to support the C-D-P <sup>1</sup> way of working

<sup>1</sup> C-D-P: Customer experience, Digital Innovation, Performance creation

- Create a space dedicated to 'Design Thinking' for immersive participation, and provide an environment where ideas can be spread and collective intelligence can be exercised
- Refine ideas based on customer empathy, and apply rapid prototyping to support learning how to effectively apply customer feedback
- Develop a 'Design Thinking' program for business contribution, and spread and internalize a customer-centered way of working within the organization by nurturing professional facilitators in the company



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	<b>Employees</b>
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Employees

## Strengthen the capacity of DX(Digital Transformation)

- Establish a training process for evaluation/certification by division/sector for Domain DX capability building and provide opportunities to improve employees' DX expertise

Level 1(Applying)	Can suggest tasks based on conceptual understanding of DX and improves capability for basic data analysis by using the data analysis package
Level 2(Leading)	Cultivate leaders of DX tasks who can understand digital technology in general and use data visualization and basic machine learning techniques
Level 3(Consulting)	Cultivate DX execution consultants who can understand internal/external DX trends and promote DX activities within the organization based on rich execution experience

## Cultivate leaders for 'Organizational Culture Innovation'

- Select and continuously improve leadership education/content themes to promote leadership change in line with the times and environment

In line with the trend	Select 'hot skills' topics such as AI, DX, and Agile and increase relevant training
Employee immersion	Increase training focused on the MZ generation and emotional caring (focusing on diversity and inclusiveness)
Leadership in coaching	Demonstrate communicative leadership and expand personalized leader coaching to form a coaching-based organizational culture

## Reinforce Employee Competency and Career Development

### One-On-One Caring System

- Set up a standard career development map for each of the entrepreneur/function leader/expert track and establish a CDP plan suitable for each individual's desired role
  - Step 1: Set the mid- to long-term development direction(set the development path and position; summarize existing jobs and experiences; and summarize the necessary job experience)
  - Step 2: Identify strengths/desired improvements
  - Step 3: Establish a training action plan(establish a training plan; and a job competency development plan)
- Check grievances and support issues in the first half and second half; and collect coaching/feedback from the superior

## Design a learning journey to improve the employee learning experience

- Build a learning ecosystem(autonomous/repeated/entertaining) that supports self-directed learning, participation, and collaboration
  - Expand the contact points between learning and work for field work application
  - Promote changes in the recognition/reward system to promote self-directed learning
- Learner-led 'On-Demand Education System'
  - Establish a support system that enables prior/repeat learning regardless of location and time so that employees can acquire the necessary competencies for their job
  - Operate a platform-based learning system to provide digital learning materials for each module by competency/level(e-library)

### \*What is E-Library?

- As an electronic library where you can find what you need anytime and anywhere, it provides micro-content that can be learned in 10 to 15 minutes
  - It has 89 Korean and 201 overseas categories(about 3,383 content items; as of May 2022)
    - A variety of high-quality educational content items are available at home and abroad
- \* Korea: Find content providers such as K-MOOC, Fast Campus, Ubob, etc. and promote contracts  
\* Overseas: Secure on-time content and increase learning opportunities through LinkedIn Learning

## Bolster global business capabilities

- Establish a weekly global nurturing monitoring system and self-checking process for each corporation's nurturing health for timely overseas nurturing support
- Select a theme related to job competency to prepare for the future abroad and provide training

Sales(Partner)	Support the improvement of key partners' capabilities for optimizing customer experience(providing a level-specific training curriculum and operating a dedicated training platform)
Marketing(Online)	Reinforce online D2C <sup>1</sup> competency in overseas business through online brand shop activation training support and support the optimization of 'Customer Decision Journey'
Production	Reinforce future capabilities by developing and supporting 'smart factory' related education to expand production automation

<sup>1</sup> D2C : Direct to Customer



# Employees

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	<b>Employees</b>
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Suppliers' Consortium for National Human Resource Development

- Have been conducting educational support activities for suppliers to encourage social contribution and shared growth through the Consortium for National Human Resource Development since 2006
- Conduct a variety of training programs aimed at improving the job skills of the employees of our suppliers
- Support adopting Robotic Process Automation(RPA) for suppliers to improve job productivity
- Eligibility:
  - A small and medium-sized company that pays employment insurance premiums in Korea as an LGE supplier or non-partner
  - A company that has signed the LG Electronics National Human Resources Development Consortium Agreement

| Selected 12 times as an excellent training organization(by the Ministry of Employment and Labor) |  
(Plan for 2022)

Supporting suppliers' training design	Implementing leadership/job skill training
600 committed suppliers	Approximately 1,600 employees

## | LGE's Employee Training System |

All employees							Business Leaders/ Core Talent			
Korea				Overseas						
Entry-Level/ Required per Position	Duty	Business Function College	Life planning	Required per Position/Duty		Job		Global CEO Conference		
MVP <sup>1</sup> - V	New 'Shil' Leader/Division Leader	Design	My LG, My Life	Global Biz. Leader		Marketing/Sale	Production/Quality/SCM	Business Management(Finance/HR)	Company Leader	ENDP <sup>2</sup>
MVP-IV	Team Leader Enhancement	Product Planning	Design Happiness (50s)	Manager Enhancement	Global Core Talent				R&D Personnel Enhancement	
MVP-III		R&D		New Manager					New R&D Personnel	
MVP- II		SW	Dream Happiness (30s)						New Business Leader	
MVP - I	First-Time Team Leader	Procurement		Self-Reflection (from fourth-year employees)					New Division Leader	
Experienced Employee Training Course	Product/ Part Leader	Materials	Self-Development (from second-year employees)	New Employee		Entrepreneur Candidates	Expatriate Employee Candidate	MBA		
		Quality		Global New Hire Onboarding						
		SCM	Self-Reflection (from fourth-year employees)	New Employee					GLP <sup>3</sup>	
		Manufacturing		New Employee					EIP <sup>4</sup>	
		Marketing		New Employee						
		B2B	Self-Development (from second-year employees)	Global New Hire Onboarding						
		Customer Service		Global New Hire Onboarding						
		Finance	Self-Development (from second-year employees)	Global New Hire Onboarding						
		HR		Global New Hire Onboarding						

<sup>1</sup> MVP: My Vision Planning  
<sup>2</sup> EnDP: Entrepreneurship Development Program  
<sup>3</sup> GLP: Global Leadership Pool  
<sup>4</sup> EIP: Early Identified Pool









I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	<b>Social Contribution</b>
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement




# Social Contribution

## Circular Economy/Future Generation: for the Youth

Program	UN SDGs	Details
Global IT Challenge for Youth with disabilities (Global IT Challenge, GITC) (2011~)		<ul style="list-style-type: none"><li>Designed to create a foundation for social advancements, such as admittance to college and employment, and to contribute to improving awareness regarding people with disabilities in participating countries by bridging the information gap among young people with disabilities</li><li>GITC is the world's only IT festival for young students with disabilities, and adolescents with various types of disabilities(physical, hearing, visual, or developmental) from twenty countries participate in five individual events at the IT Paralympics</li></ul>
LG-KOICA Hope Vocational Training School (2014~)		<ul style="list-style-type: none"><li>Cooperated with the Ethiopian government, KOICA, and NGOs, to support youth independence through technical education</li><li>Provided vocational education for ICT jobs for self-reliance of youths and women</li></ul>
'One Heart' psychological stability and self-reliance support for children whose institutional care has ended (2021~)		<ul style="list-style-type: none"><li>In partnership with the Community Chest of Korea(CCK) and Korea Food for the Hungry International(KFHI), LGE developed and launched the 'One Heart' application, an online and offline psychological counseling platform, so that young people preparing for their independence(children whose institutional care has ended) can stand on their own feet(October 2021)</li><li>LGE donated 500 microwave ovens to help young people become self-reliant, and over the next three years, it will provide professional counseling to about 1,000 people, including young people preparing for an independent life and young people whose institutional case is bout to end</li></ul>
LG Hope School (2021~)		<ul style="list-style-type: none"><li>Utilized a solar-powered charging system in order to create an environment for children, who had previously been unable to attend school due to child labor, to go to school</li><li>Collaborated with a korean start up company 'YOLK' in 2021 to install solar-powered charging system at three schools in Goma. A total of 750 auxiliary batteries that are capable of being recharged during class were provided to the children</li></ul>

## Others Social Contribution Activities

### Promotion System of Social Contribution

Program	UN SDGs	Details
Executive social contribution fund in operation (Korea: 2004~/Overseas: 2019~)		<ul style="list-style-type: none"><li>Voluntary participation of our executives contributing 0.5% of their salary for social contribution activities</li><li>Conducts various activities both korea and overseas by matching 50% of executive donations with grants</li><li>Provide support through the Steering Committee(1 chairperson and 5 members) determining the appropriateness of activities</li></ul>
Employee Volunteer Group (2010~)		<ul style="list-style-type: none"><li>Activities in which LGE employees give back to the local community by using their talent</li><li>Product inspection and free repair for social welfare facilities, development of interactive chatbots for non-profit organizations, etc.</li></ul>
Menu items for donation (2011~)		<ul style="list-style-type: none"><li>Donating the saved amount of budget when employees select menus with reduced portions for donation in the company cafeteria</li></ul>

### | Building Social Contribution Fund(Korea) |

Classification	Unit	2019	2020	2021
The Executive Social Contribution Fund	USD	318,212	333,074	330,451
The Employees Social Contribution Fund		319,087	253,521	220,301

\* Exchange Rate: USD 1 = KRW 1,143.89

### | Number of Employee Volunteers Participated by year(Korea) |

Classification	Unit	2019	2020	2021
No. of Volunteers	Person	692	708	520

### | Types of Social Contribution Cost |

Classification	Unit	2019	2020	2021
Community Investment	USD million	4.9	12.2	23.9
Charitable Donation		11.6	2.4	2.0
Commercial Activities		5.5	8.3	14.2

### | Participation in Voluntary Activities |

Unit	Employees in Korea	Employees in Overseas Countries	The Use of Workday Volunteer Program
Person	1,640	929	36



- I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status
- II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship
- III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution
- IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection
- V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

# Social Contribution

## Social Contribution Activities linked to Products, Technology, and Infrastructure

Program	UN SDGs	Details
LG Hope Screen		<ul style="list-style-type: none"><li>Using LG billboards located in New York Times Square and London Piccadilly Square, we provided free advertisements to UN international organizations and non-profit organizations</li><li>In 2021, on the occasion of 'World Food Day(October 16)' set by the United Nations Food and Agriculture Organization(UN FAO), LGE posted a promotional video on the video screen that suggested that many people should pay attention and make efforts to end hunger, for three days from October 15</li></ul>
LG ComeHome Challenge(2020~)		<ul style="list-style-type: none"><li>Launched a campaign in 25 countries where participants upload videos on social media that show the importance and value of homes, depicting how people can maintain healthier lifestyles while staying at home in this era of the new normal</li><li>By filming and sharing short videos displaying a daily pleasure felt while staying at home, we built new homes for low-income families in India, Vietnam, and Kenya in response, where residential facilities are often inadequate</li><li>Built community centers for communal living(with communal kitchens, communal toilets and drainage facilities) together with Habitat</li></ul>
Stylers donated to a COVID-19 hospital(2021~)		<ul style="list-style-type: none"><li>We donated twenty units of 'Trom Styler Black Edition 2' to four COVID-19 hospitals in Seoul metropolitan area(Bagae Hospital in Pyeongtaek City, Soonchunhyang University Bucheon Hospital in Bucheon City, Hyundai Hospital in Namyangju City, and Osan Hankook Hospital in Osan City; July 2021)</li></ul>

## Community Support Programs(Overseas)

Program	UN SDGs	Details
LG Ambassador Challenge(2017~)		<ul style="list-style-type: none"><li>Have been running a contest program since 2017 to support 'Resolving Local Social Issues'</li><li>Select plans for resolving local issues submitted by customers and residents, and appoints selected people as LG Ambassadors to promote activities aimed at solving these local community problems with LGE's support</li><li>Have expanded our LG Ambassador program to five countries in 2020, providing opportunities to more residents across the world</li></ul>
Residential Improvement Project for the Ethiopian Veterans Village(Hope Village)(2021~2023)		<ul style="list-style-type: none"><li>In collaboration with Community Chest of Korea and Habitat for Humanity Korea, started a residential improvement project in the Ethiopian Veterans Village</li><li>Used a budget of KRW 700 million(about USD 612,000) to renovate homes for veterans and low-income families, built community kitchens and toilets, installed drainage facilities, and built communal shower facilities</li><li>Conduct training on CCTV, camera repair and maintenance, which is a specific course within the electronic device repair course</li></ul>
Cholera Vaccinations in Ethiopia (2021~)		<ul style="list-style-type: none"><li>Participated in a cholera vaccination campaign(conducted by International Vaccine Institute(IVI)) from 2010 to 2015</li><li>Plans to inoculate 40,000 people with inexpensive and easy-to-carry oral vaccines over three years from 2021</li></ul>
COVID-19 support for India(2021~)		<ul style="list-style-type: none"><li>LGE donated a total of KRW 6 billion(about USD 5.2 million) to 21 temporary hospitals to be built in 10 cities in India(May 2021)</li><li>LGE donated to the hospitals so that they could acquire beds, medicines, and medical equipment necessary for the operation of hospital departments, such as the COVID-19 ward and ICU, and donated medical monitors, refrigerators, and water purifiers produced by LGE</li></ul>

## Community Support Programs(Korea)

Program	UN SDGs	Details
One Company, One Post(2015~)		<ul style="list-style-type: none"><li>Formed a sisterhood with the 3rd ROK Special Forces Brigade and deliver consolation funds and necessary products to them as a token of our gratitude and encouragement for the hard work of our soldiers</li></ul>
Agricultural Cooperation Fund (2020~)		<ul style="list-style-type: none"><li>Supply home appliances to underprivileged neighborhoods, in addition to delivering laptops to underprivileged college freshmen living in sister villages</li><li>Volunteer work during busy farming seasons or when labor is needed</li><li>Participate in recovery work following disasters such as earthquakes and floods</li></ul>





- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance**
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership-Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

# GOVERNANCE

42	Corporate Governance	47	Compliance Management
45	Jeong-Do Management	51	Information Protection

LG Electronics, as a global corporate citizen, carries out activities to assess and identify ESG-related risks and to create and internalize an ESG culture to ensure transparent corporate management. In particular, we operate the Board Committees by identifying the needs and expectations of global stakeholders, and protecting shareholders' rights and interests, and promoting the sustainable growth by implementing a BOD-centered responsible management. In addition, based on Jeong-Do Management, which is our unique way of conducting business, we are forming the foundation of the thinking and behavior of everyone associated with LGE by embodying it in our declarative Code of Ethics and practice guidelines. Furthermore, we implement compliance management through the establishment of a compliance risk management system by a dedicated organization, in addition to setting compliance goals and managing performance.



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	<b>Corporate Governance</b>
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Corporate Governance

## BOD-Centered Responsible Management

### Composition of the BOD

- The BOD is composed of seven members in order to facilitate efficient decision-making
- The BOD comprehensively evaluates independence, expertise, and diversity when appointing directors

(As of June 2022)

Classification	Name	Gender	Position/Major Career Experience	Last Appointed	Note
Non-executive Director	Bong-Seok Kwon	Male	COO of the Holding Company	March 2020	• Chairman of the Board • Management Committee • Independent Director Candidate Recommendation Committee
Executive Directors	William (Joo-Wan) Cho	Male	CEO	January 2022	• Chairman of the Management Committee • ESG Committee
	Doo-Yong Bae	Male	CFO	March 2020	• Management Committee • Internal Trading Committee
Independent Directors	Sang-Goo Lee	Male	Professor, Department of Computer Science and Engineering, Seoul National University	March 2019	• Audit Committee • ESG Committee • Internal Trading Committee • Chairman of the Independent Director Candidate Recommendation Committee
	Yong-Ho Baek	Male	Professor, Graduate School of Policy Sciences, Ewha Womans University	March 2017	• Audit Committee • Chairman of the ESG Committee
	Soo-Jin Kang	Female	Professor, School of Law, Korea University	March 2021	• Audit Committee • ESG Committee • Chairman of the Internal Trading Committee • Independent Director Candidate Recommendation Committee
	Chung-Yuel Ryu	Male	Associate Professor, Graduate School of Finance, KAIST	March 2022	• Chairman of the Audit Committee • ESG Committee • Internal Trading Committee

- \* In the case of re-election, the date of initial appointment is stated
- \* BOD Composition: Four independent directors(57%), two executive directors(29%), one non-executive director(14%)
- \* BOD gender ratio: Six males(86%), one female(14%)

### Operation of the BOD

- The BOD fulfills its role of managerial supervision by accurately evaluating, and proposing a wide spectrum of opinions on major management issues and work conducted by management
- BOD: Explores new growth engines and measures aimed at corporate growth with a broad perspective
- Management: Focuses on its professional roles such as product and strategy development
- Independent director system: Independent directors are given the opportunity to participate in the business operations of the company by serving as objecting outside experts in terms of monitoring and checking management

### | Activities of BOD in 2021 |

Unit	Number of Meetings Held	Approved Agenda Items	Briefed Agenda Items
Cases	11	47	15

### | Attendance Rate of BOD in 2021 |

Unit	Average Attendance Rate	Attendance Rate of Executive Directors	Attendance Rate of Independent Directors
%	100	100	100

### Appointment of BOD Chair

- BOD Regulations: The Chair of the BOD may be appointed from among the executive directors including the CEO, others non-executive directors, and independent directors
- The BOD seeks to facilitate the implementation of responsible management and improve the transparency of its own operations through the appointment of a Chairman who is separate from the CEO
- The Chairman of the BOD leads the deliberation and resolution of matters approved by the AGM<sup>1</sup>, the approval of financial statements, revisions to the Articles of Association, financing, and others major business matters

<sup>1</sup> AGM: Annual General Meeting

### Diversity of the BOD

- When appointing directors, the BOD does not discriminate in terms of gender, race, ethnicity, religion, political views, culture, etc.

### Independence of the BOD

- We delegate decision-making rights to the BOD and business execution rights to the top-tier management
- For transactions that may cause conflicts of interest between any of the directors and our company, it can only be approved upon full consideration by the BOD prior to such transactions taking place
- The majority of the BOD members are independent directors, thereby ensuring that the BOD provides oversight on corporate governance and executive management
- The earliest appointed independent director assumes the role of senior independent director, representing the others independent directors and coordinating their opinions

### Grounds for Ineligibility for Independent Directors

- Directors, executive directors, and employees who are engaged in the regular business of the company, or directors, auditors, executive directors, and employees who have been engaged in the regular business of the company within the last two years
- The largest shareholder, his/her spouse, lineal ascendants, and lineal descendants
- Directors, auditors, executive directors, and employees of the corporation, if the largest shareholder is a corporation
- Spouses, lineal ascendants, and lineal descendants of directors, auditors, and executive directors
- Directors, auditors, executive directors, and employees of a parent company or a subsidiary company of the company
- Directors, auditors, executive directors, and employees of a corporation which has a significant interest in the company, such as business relations with the company
- Directors, auditors, executive directors, and employees of another's company for which directors, executive directors, and employees of the company serve as directors and executive directors



# Corporate Governance

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

## BOD-Centered Responsible Management

### Expertise of the BOD

- Independent directors have expertise in the fields of management/accounting, policy/business administration, R&D, and legal
- We provide independent directors with an overview of LGE and offer training on the operation, role, and legal responsibilities of the BOD so as to facilitate a quick understanding of the current status of the management of LGE
- Independent directors visit and inspect our business sites in Korea and overseas for a better understanding of our business operations
- In order to enhance the expertise of the Audit Committee, we provide training on recent trends and developments in the field of financial audits. We also established the Internal Financial Audit Team as an organization dedicated to support the Audit Committee
- We established a Board Secretariat with a view to supporting the activities of the BOD and its subcommittees, and to provide the necessary support to the BOD in order to enable it to fulfill its duties

| Board Skills Matrix | (As of June 2022)

Classification	Bong-Seok Kwon	William Cho	Doo-Yong Bae	Yong-Ho Baek	Sang-Goo Lee	Soo-Jin Kang	Chung-Yuel Ryu	Rate
Leadership	●	●	●	●	●			71%
- CEO experience	●	●						29%
- CFO experience			●					14%
Management/Accounting	●	●	●				●	57%
Policy/Business Administration				●				14%
R&D	●	●			●			43%
Legal			●			●		29%
Appointed Year	2020	2022	2020	2017	2019	2021	2022	Average of 2.1 years
Independence				●	●	●	●	57%
Subcommittees*	A, B	A, E	A, C	D, E	B, C, D, E	B, C, D, E	C, D, E	-
Age	58	59	56	65	60	51	51	Average of 57.1
Gender	Male	Male	Male	Male	Male	Female	Male	Female 14.3%

\* A: Management Committee / B: Independent Director Candidate Recommendation Committee /  
C: Internal Trading Committee / D: Audit Committee / E: ESG Committee

### Committee under the BOD

Classification	Responsibilities and Activities
ESG Committee (1 executive director, 4 independent directors)	<ul style="list-style-type: none"><li>Achieve long-term and sustainable growth through the enhancement of Environmental, Social, and Governance(ESG) management</li><li>Establish basic policies and strategies aimed at ESG management</li><li>Establish mid-to long-term ESG goals</li><li>Discuss agenda items such as carbon emission and environmentally hazardous substance management, eco-friendly product development, and fair trade in the work environment</li></ul>
Internal Transaction Committee (1 executive director, 3 independent directors)	<ul style="list-style-type: none"><li>Enhance the fairness of transactions and the transparency of company management by strengthening the company's internal control over internal transactions</li><li>Decide on matters related to internal transactions</li></ul>
Audit Committee (4 independent directors)	<ul style="list-style-type: none"><li>Conduct audits of business matters, accounting, etc.</li><li>Review and present opinions on matters that may affect the independence of external auditors</li><li>Hold the authority to request appointment, change, or dismissal of external auditors</li><li>Ensure independence by being composed of only independent directors, and secure expertise via the inclusion of at least one accounting/finance expert as a member</li></ul>
Management Committee (2 executive directors, 1 non-executive director)	<ul style="list-style-type: none"><li>Respond to changes in the business environment in a flexible manner and improve the operation efficiency of the BOD</li><li>Discuss the direction of corporate management through engagement with, and by collecting feedback from, shareholders and stakeholders</li><li>Carry out deliberation and resolution of managerial matters delegated by the BOD</li></ul>
Independent Director Candidate Recommendation Committee (One non-executive director and two independent directors)	<ul style="list-style-type: none"><li>Recommend candidates when appointing new independent directors</li><li>Conduct substantial reviews of recommended candidates in accordance with the Commercial Act, others relevant laws and regulations, and the regulations of the Independent Director Candidate Recommendation Committee</li><li>Secure impartiality and independence by ensuring that the majority of the committee is composed of independent directors</li></ul>

### Evaluation of management performance

- The performance of the management is evaluated using quantitative and qualitative indicators
- Performance is evaluated for up to three years for the purpose of the payment of bonuses
- The criteria and methods for calculating compensation for top-tier management are publicly disclosed

Classification	Indicators
Quantitative	Sales, operating profit, etc.
Qualitative	Cash flow, liquidity, product, risk, etc.

### Compensation System for Top-Tier Management

- Compensation for top-tier management is paid in accordance with the criteria established by the BOD, taking into account positions and duties held, and is within the amount approved by the AGM
- Bonuses corresponding to 0-150% of the total remuneration are based on the evaluation of quantitative and qualitative indicators and are in accordance with the executive remuneration regulations

| BOD Compensation | (As of 2021)

Classification	Unit	Remuneration	Bonus	Total	Average per Person
Bong-Seok Kwon		1,193,296	1,171,441	2,364,737	-
Doo-Yong Bae	USD	523,651	379,407	903,058	-
Independent Directors		-	-	341,816	85,672

\* Exchange Rate: USD 1 = KRW 1,143.89



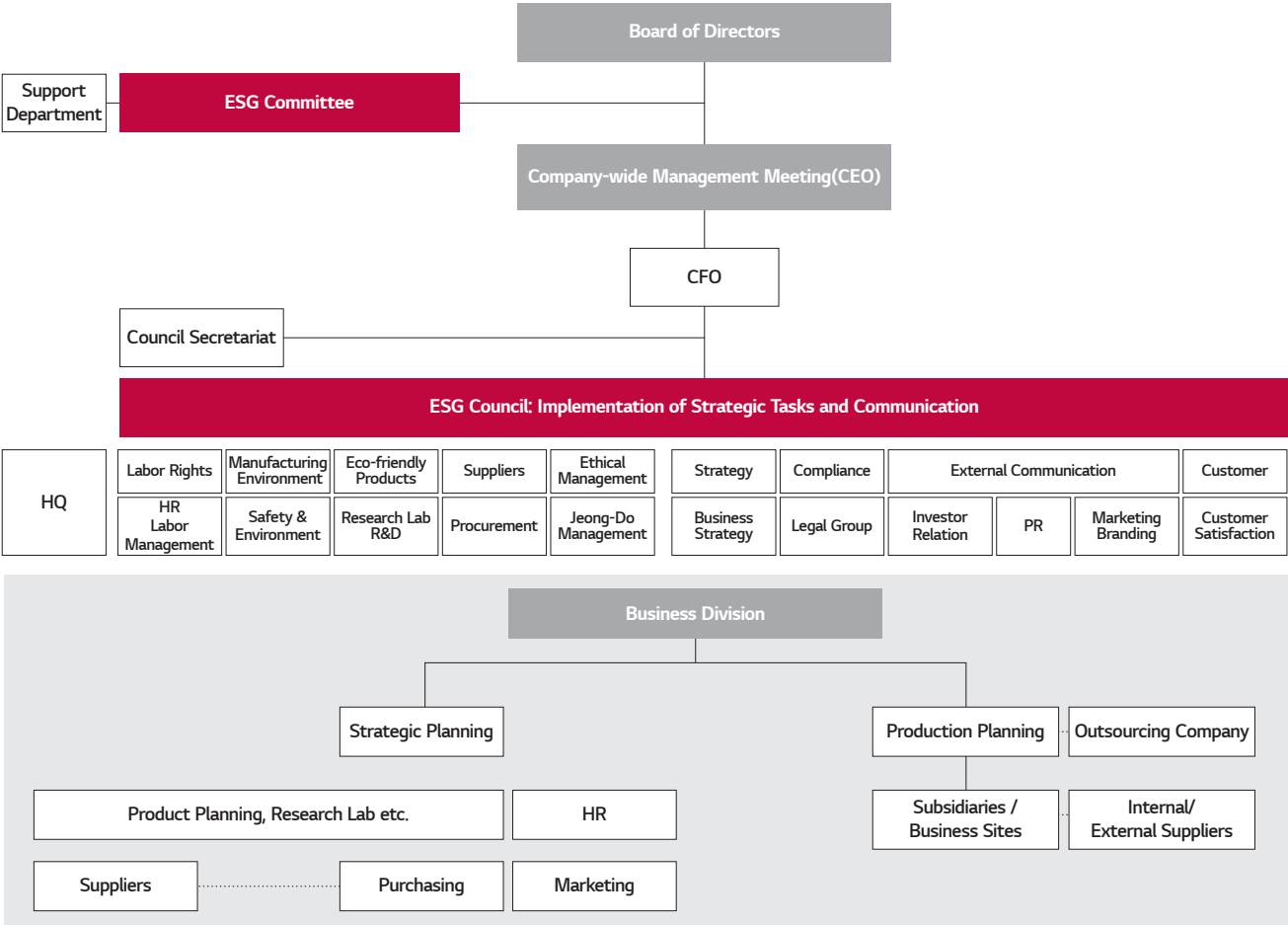
# Corporate Governance

- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance**
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership/Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

## Sustainability Propulsion Organization

We established a rational and transparent ESG decision-making system by establishing a system that leads to 'Stakeholder > Business Department > ESG Council > Management Meeting > ESG committee > Board of Directors'. The ESG Committee, which consists of four independent directors and one executive director(CEO), deliberates and decides on agenda related to ESG management twice a year. In addition, the existing Sustainability Management Consultative Body is expanded to ESG Council organized by CFO and is held four times a year. The direction of ESG management activities discussed in the council, progress status, and major issues have been reported to the ESG Committee for discussion.

| Sustainability Propulsion Organization Chart |



## ESG Committee

Classification	Details
Foundation of Establishment	Article 33 of the Articles of Association, Articles 13 and 14 of the Board of Directors Regulations
Member	4 Independent directors and 1 Executive director(CEO)
Goal	Strengthening ESG management on Environmental, Social, Governance and realizing long-term and sustainable growth
Role	<ul style="list-style-type: none"><li>Establishing ESG Basic Policy and Mid- and Long-Term Goals</li><li>ESG Management Activity Planning and Performance Supervision</li><li>Supervise ESG-related risk responses</li></ul>

## ESG Council

Classification	Details
Member	CFO and related departments by headquarters division
Role	Discuss short-, mid-, and long-term plans, progress, and improvements related to environmental, social, and governance



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	<b>Jeong-Do Management</b>
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Jeong-Do Management

## Willing to Practice Jeong-Do Management

### Code of Ethics

- Established in 1994
- The Code of Ethics is composed of the preamble – the public declaration of our ethical values rooted in “customer-value creation” and “people-oriented management” – and the ‘Practical Guidelines’ which provides detailed guidelines on employee conduct
- We published the Code of Ethics and the Practical Guidelines on our website (<https://www.lg.com/global/about-our-brand#jeongdo-management>)
- Reinforcement of ethical standards regulations and lower practice guidelines through continuous revision (6 revisions, ~2021)
- Distributed to 120 global subsidiaries

### Whistleblower System

- We have established a whistleblower system as a means of reporting violations of Jeong-Do Management by our employees
  - Jeong-Do Management portal
  - Online whistleblower system(<http://ethics.lg.co.kr>)
  - Mobile reporting system
  - Win-win channel for suppliers(reporting of grievances experienced by external stakeholders)
- All reports received through the whistleblower system are thoroughly protected via the internal reporting system
- Any matters related to corruption and illegalities are subject to disciplinary action in accordance with the seriousness of the violation

#### | Number of Cases Reported |

Unit	2019	2020	2021
Case	656	457	270

#### | Types of Cases Reporting in 2021 |

Classification	No. of Cases	Ratio(%)
Complaints(Customer complaints, supplier grievances etc.)	164	61
Corruption & Irregularities	30	11
Others(HR issues, unfair trade etc.)	76	28
Total	270	100

### Jeong-Do management risk prevention system and process

- We have established a Jeong-Do Management risk diagnostic system to prevent risks and instill the spirit of Jeong-Do Management in our employees
- We implemented a two-track process where both the business department and the audit department can jointly manage issues relating to receivables, expenses etc.
- In 2021, we established a pre-assessment system and process for vulnerable areas of overseas subsidiaries, strengthened preventive activities, and developed scenarios(21 cases) for checking abnormal symptoms with system construction

#### | Measures Taken in 2021 |

Classification	No. of Cases	Ratio(%)
Severe disciplinary action	76	55
Light disciplinary	52	38
Disciplinary dismissal & resignation	9	7
Total	137	100

LGE Code of Ethics	LGE Code of Conduct
Chapter 1. Responsibilities and Duties to Customers Chapter 2. Fair Competition Chapter 3. Fair Transactions Chapter 4. Basic Ethics for Employees Chapter 5. Corporate Responsibilities for Employees Chapter 6. Responsibilities to the Nation and Society	Chapter 1. Honesty and integrity to customers Chapter 2. Decent working environment Chapter 3. Fair competition Chapter 4. Responsibility to the local community Chapter 5. Increase shareholder value

### Jeong-Do Management Counseling Center

Classification	Details
Counseling Channel	The Jeong-Do Management Counseling Center offers various channels for providing one-on-one counseling to employees for inquiries related to Jeong-Do Management <ul style="list-style-type: none"><li>- Online system using intranet(chatbot, etc.)</li><li>- Counseling via telephone</li><li>- Counseling via e-mail</li></ul>
Confidentiality	The content of any counseling conducted is kept confidential. However, such information can be disclosed at the discretion of the person receiving the counseling
Education and Sharing	FAQ are compiled and shared with all employees through online channels or during training programs held in Korea and overseas



# Jeong-Do Management

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

| Types of Inquiries Made at the Jeong-Do Management Counseling Center in 2021 |

Inquiry	No. of Cases	Ratio(%)
Interpretations of the Code of Ethics	27	24
Cash gifts for congratulatory or condolatory events	0	-
Procedures for receiving gifts or conflicts of interest	29	26
Business expenses	27	24
Others	29	26
Total	112	100

### Jeong-Do Management training and activities aimed at increasing awareness

- We provide regular training and conduct promotional activities to provide a foundation for the employees' decision-making process and behaviors

Classification	Details
Training	<ul style="list-style-type: none"><li>• Conduct collective and online training for our employees in Korea and overseas</li><li>• Share cases of non-compliance exposed in self-assessment of Jeong-Do Management with all employees</li><li>• Provide company-wide training for technicians</li></ul>
Awareness	<ul style="list-style-type: none"><li>• Distribute information on cases that violate Jeong-Do Management through the Jeong-Do Management newsletters and webtoons for employees</li></ul>
Survey	<ul style="list-style-type: none"><li>• Conduct a survey on Jeong-Do Management for suppliers and employees</li><li>• Use to prevent recurrence of unfair behavior and establish the direction of improvement by assessing the level of awareness and analyzing results</li></ul>

### 2021 Participation in the Jeong-Do management training

- Online/Offline Jeong-Do Management training provided for all employees in South Korea

| Jeong-Do Management Online/Offline Training |

Classification	Unit	2020	2021
Online	Person	15,715	15,895
Offline		3,506	1,480
Total		19,221	17,375

### Expansion of workplace harassment/sexual harassment prevention training

- Contribute to the establishment of a sound organizational culture by providing workplace harassment and sexual harassment prevention education

| Workplace/Sexual Harassment Prevention Training |

Classification	Unit	2020	2021
Number of Trainees	Person	2,292	3,231

\* Targets for new and vulnerable organizations

### Protection of informants and reward system for reporting irregularities

- Enact and comply with informant protection regulations and operate a reward system for reporting corruption in order to eradicate corruption

Classification	Details
Information Protection as a Top Priority	<ul style="list-style-type: none"><li>• Do not disclose any information that reveals or suggests the identity of the informant without consent</li><li>• Carry out investigations by a limited number of people who have committed to adhering to strict principles of confidentiality</li></ul>
Reporting system	<ul style="list-style-type: none"><li>• Operate a safe security system</li><li>• If it is recognized that an informant suffered a negative consequences as a result of submitting a report, take measures to redress these consequences or provide equivalent compensation</li></ul>
Reward system for reporting irregularities	<ul style="list-style-type: none"><li>• Implement a reward system for reporting on the corruption of our employees and people</li><li>• Submit documents that support the claims of misconduct that they are reporting</li><li>• Irregularities that require immediate attention may be reported without the submission of supporting documents</li></ul>

### Voluntary reporting system

- We prohibit the reception of gifts or others valuables. Any employees who unavoidably receive such gifts must submit a report, and then we handle the issue in accordance with the relevant guidelines and regulations

Classification	Details
Reporting and Returning of Items	<ul style="list-style-type: none"><li>• Gifts or others valuables unavoidably accepted by employees should be self-reported and returned.</li></ul>
Items that Cannot Be Returned	<ul style="list-style-type: none"><li>• Items that cannot be returned are donated to social welfare institutions. Following this, our Code of Ethics, a letter of request for cooperation, and a document which verifies the donation are sent to stakeholders and the head of the company in question</li><li>• Items that cannot be donated are put up for in-house auction, all proceeds of which go toward social contribution causes</li></ul>



# Compliance Management

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	<b>Compliance Management</b>
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Compliance Risk Management

### Compliance risk management system

Compliance Bureau	• Operating under the CEO
Compliance Planning Team	• Legal and policy support including providing advice on global regulatory trends and compliance, improvement of in-house regulations and systems, and legal solutions for compliance risks through compliance inspection
Compliance Team	• Prevention and mitigation of compliance risks through compliance program design and operation, emerging risk sensing, risk level monitoring and work process improvement, and compliance awareness activities such as compliance training
Compliance Investigation Team	• Minimizes the possibility of compliance risks through ongoing and periodic investigations both Korea and internationally

### Commitment to compliance

- We have expressed our active commitment to compliance by creating a new "Compliance Management" page on our website(<https://www.lg.com/global/compliance>)

### Goals and plans for compliance risk management

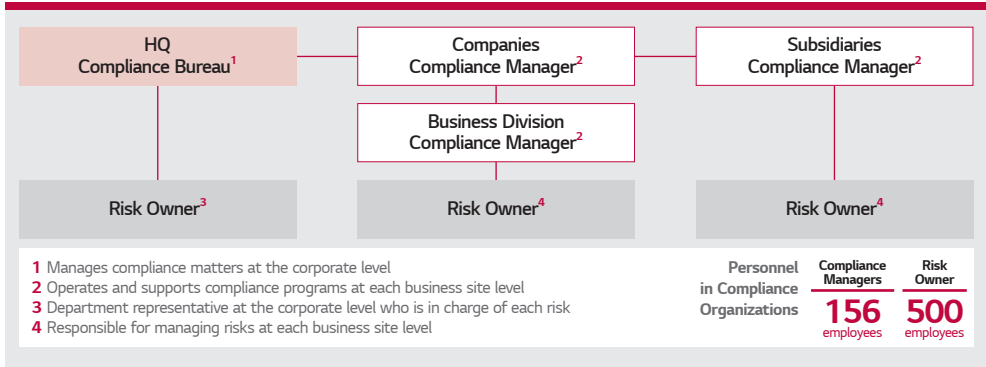
Mid- to Long- Term Goals	
Enhancement of corporate transparency and reliability	Early identification of compliance risks and establishment of a preemptive response system
Improvement of risk management	Establishment of worksite-oriented autonomous management systems

Implementation Plans	
Advanced case analysis and benchmarking	Strengthening of monitoring and responses to internal and external issues(laws and regulations etc.)
Performance evaluation of on-site self-management activities and customized consulting	Preemptive assessment of social issues, strengthening of corporate compliance assessment

### Compliance program cycle

Identification & Assessment	Mitigation	Monitoring	Reporting
Research regulatory developments	Online/offline compliance training	Compliance Check/Investigation and Measurements	Compliance committee
Monitor key violations and sanctions	Improve work policy and processes	Monitor risk management activities	Report to BOD
Emerging risk sensing and risk pool management	Provide compliance advice and consulting	Operate key performance indicators in terms of compliance	Disclose to the public
Assess levels of risk management	Respond to stakeholder requests	Employees' compliance self-check	

### Compliance risk management organization



### Compliance management standards

Compliance Control Standards			
Code of Conduct	Corporate Policies and Standards on each Risk	Compliance Risk Management Policy	Compliance Activity Guidelines

### Compliance self-check surveys

- Employees voluntarily check their level of compliance in terms of risks that are prioritized on a company-wide level
- Target risks: Bribery, discrimination, sexual harassment, personal information, competitive information, contacting competitors, cartel, intellectual property rights, insider trading, advertising, and quality

(As of 2021)

Classification	Unit	Total	Korea	Overseas
Survey targets	Person	47,372	28,451	18,921
Survey participants		35,155	21,088	14,067





# Compliance Management

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	<b>Compliance Management</b>
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership-Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Online compliance training customized for employees

- We request employees who have completed the online compliance training to submit the Pledge of Online Compliance(2 versions for heads of organization and general employees)

Feature	Details
Customized by job	• Organize a detailed training course that reflects the job specificity such as admin, sales, and technology
Customized by region/ language	• Provide support in 8 languages including Korean, English, Arabic, and Russian • European regions operate separate specialized courses
Expertise	• Develop courses in collaboration with a trusted external compliance education institution

## New in-depth fair trade compliance training course

- We are operating an online intensive training course for Korea and overseas sales staff for fair trade compliance risk
- Completed by a total of 1,588 persons in 2021(1,327 Korean workers in international sales; 261 overseas project managers)

### | Online Compliance Training |

Classification	Unit	2019	2020	2021
Korea	Number of persons subject to training	29,845	29,304	28,451
	Number of recipients of training	27,578	27,531	26,868
Overseas	Number of persons subject to training	18,417	18,801	18,921
	Number of recipients of training	16,389	18,043	17,651
Total	Number of persons subject to training	48,262	48,105	47,372
	Number of recipients of training	43,967	45,574	44,519

### | Offline Compliance Training |

Classification	Unit	2019	2020	2021
Training for New Team Leaders	Person	148(9)	201(5)	116(2)
Leadership Training for Expatriates		165(6)	154(5)	196(5)
New Business Leader Training		32(1)	31(2)	42(1)
Onboarding Training for Expatriate Managers		8(1)	24(2)	30(2)

- \* Offline training was replaced by online training due to COVID-19
- \* The number in parentheses indicates the number of training sessions conducted

## Operation of compliance reporting channel

Classification	Details
Channel	An integrated hotline operated through LG hotline( <a href="http://ethics.lg.co.kr">http://ethics.lg.co.kr</a> )
Features	Reporting corruption, illegal acts, acceptance of money or favors, entertainment and dining, and sexual harassment
Type of report	Acceptance of money or entertainment, asset embezzlement or misappropriation, environmental/safety accidents, unfair trade, manipulation of documents/numbers, sexual and workplace harassment

## Advice on compliance laws and regulations and internal propagation

- Analyze major laws and regulations in Korea and overseas in order to provide compliance advice and business guides
- Frequently monitor the status of the enactment and revision of laws, share notes on major issues, and hold briefing sessions



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	<b>Compliance Management</b>
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Compliance Management

## Strengthen Anti-Corruption Compliance Activities

- We aim for fair and transparent business processing in accordance with the principles and standards. In particular, we established the principle of prohibiting corruption in which business is obtained or maintained through illegal/unfair methods such as bribery

Classification	Details
Efforts to raise anti-corruption awareness among employees and prevent violations of related laws and regulations	• Conducted voluntary assessments of risk likelihood and impact at each business site
	• Conducted self-check of employees' compliance with the relevant code of conduct
	• Assessed major expenses such as donations to high-risk areas
	• Provided online training for all employees and collection of pledges outlining employees' commitment to practicing compliance
	• Engaged in anti-corruption pledge and anti-corruption working group activities organized by the "Business Integrity Society" of UN Global Compact in 2021

## Compliance Key Performance Indicator(KPI)

- Key performance indicators in 2021: Adherence to implementation of compliance risk prevention activities, online training completion rate, compliance committee meeting fidelity, risk mitigation action plan, progress report, and compliance violation cases

## Compliance Committee

- Reinforce the leader's commitment to compliance and promote a culture of compliance within the organization
- Review major legal regulations and sanctions by country and discuss practical issues and risks in the field
- Establish an annual compliance risk mitigation activity plan for worksites through the compliance committee and share progress

Corporate-level Compliance Committee Meetings	Business Site-level Compliance Committee Meetings
<ul style="list-style-type: none"><li>• Members of top management meeting at HQ</li><li>• Department representative at HQ who is in charge of each risk</li></ul>	<ul style="list-style-type: none"><li>• Head of organization and CFO</li><li>• Compliance managers</li><li>• Risk management officers and others employees</li></ul>

## Support for compliance activities for the suppliers

- Conduct basic compliance training for major suppliers
- Encourage suppliers to comply with international trade regulations and strengthen monitoring

## Fair Trade Compliance

### Promote and internalize awareness of fair trade

- Build a strong sense of trust with customers and suppliers through fair competition and transactions
- Prevent monetary and non-monetary losses, reputational damage, and a decrease in corporate credit rating, through establishment of a fair trade culture

Classification	Details
Training	Conduct mandatory fair trade education for all employees every year (occasional training by business division and organization)
Message from the management	Spread awareness of fair trade through a message from management such as CEO letter
Newsletter	Send a fair trade newsletter to all employees at Korea and global business sites every month

### Fair trade compliance program

- We undertake periodic activities aimed at raising the awareness of our employees in terms of cartels, unfair trade practices, unfair labeling and advertising, and unfair subcontracting practices
- We look out for legal risks via follow-up monitoring

### Fair trade risk assessment and management





# Compliance Management

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	<b>Compliance Management</b>
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## | Inspection and Management of Fair Trade Risks |

Select Risks	Evaluate Risks	Establish a Risk Management Plan	Implement Measures to Mitigate Risks
Unfair trade, labeling & advertising	Identify fair trade violations	Summarize risk assessment results	Analyze causes and results of violations
Unfair subcontracting practices	Identify key risk factors	Select key risks	Identify and prioritize improvement measures
Cartels	Evaluate violations by classification	Establish a risk management plan	Perform and monitor improvement activities

### Eradication of unfair trade and unfair labeling and advertising

- We execute business activities following a preliminary review by the relevant departments in accordance with the enactment and amendment of laws and changes in the business environment
- We examine corporate systems in accordance with the guidelines of the relevant departments in an effort to prevent unfair trade practices
- We thoroughly review labelling and advertising from the product planning and R&D stages to the final stage when advertising is exposed to the public, through our legal system and by working in cooperation with the relevant departments including legal affairs
- We conduct improvement activities such as frequent inspection and follow-up monitoring of labelling and advertising to identify if there is anything that consumers may mistake as unfair labelling or advertising

### Pursuit of fair subcontracting practices

- We pursue fair subcontracting practices in order to achieve win-win growth with our suppliers through mutual cooperation
- In order to ensure fairness and transparency in subcontracting transactions, we provide education on related laws and regulations, check the status of and improve subcontracting practices, and implement new systems, etc.
- In order to protect the technologies of our suppliers, we engage in improvement activities such as implementing a supplier data request system and enacting joint development contracts

### Cartel Prevention

- Contact with competitors is prohibited in order to prevent the formation of cartel
- In unavoidable cases, employees are permitted to contact competitors after a prior report is submitted
- Implementation of internal control procedure for preventing the formation of cartels
  - Improvements and training in line with enactment and amendment of laws, changes in the business environment
  - Monitor through our system
  - Self-administered surveys conducted by heads of organizations prone to cartel formation
  - On-site inspection without prior notice, etc.



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	<b>Information Protection</b>
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Information Protection

## Privacy Data Protection and Product Security

### Foundational system for privacy information protection

- In response to the implementation of the EU General Data Protection Regulation(EU GDPR), and the strengthening of consumer privacy protection regulations(United States, Brazil, and India), we are striving to proactively identify and improve risk factors in privacy information
  - We strictly adhere to the five basic principles of privacy protection
    - Minimum data collection
    - Protection of the rights of customers to be informed
    - Measures to ensure security
    - Only using data for the purpose for which it was collected
    - Safe disposal
  - We operate an organization dedicated to information security and provide mock training and education
  - We disclose the safe and legal process of privacy information handling in a transparent manner
- \* In 2021, no fines were imposed for personal information data breaches or violations

### Measures for privacy information protection

- Notify customers of the use of personal information once a year
- In the case of personal information leakage issue, share it with customers

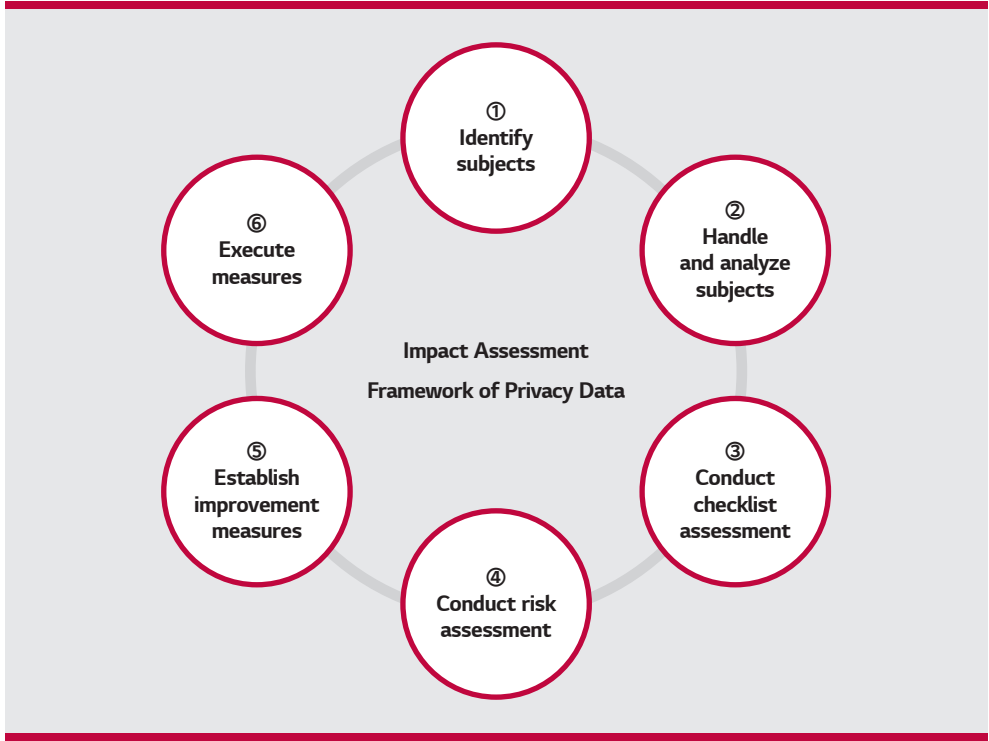
\* No such cases in 2021

Technical Measures	• SSL <sup>1</sup>	• Minimization of printing privacy information
	• Access control measures	• Prior approval by privacy manager
Managerial Measures	• One-way encryption storage	
	• Limited personnel with access privileges	• Security of information processing PCs
	• Controlled entry into Information Security Office	• Documentation of the purpose of collecting information
Measures to Protect Customer Rights	• Manage access privileges	• Separation of privacy information servers
	• Measures enabling search/change of privacy information and cancellation of membership	• Observance of the information usage period
	• Inquiries by phone or e-mail	• Response to request for revocation of consent

<sup>1</sup> SSL: Secure Socket Layer, standard security technology that enables secure transfer of privacy information through an encryption algorithm

### Impact assessment of privacy data

- Through impact assessment of privacy data, we evaluate and mitigate risk factors and make improvements to the adequacy of our privacy protection measures
- We make continuous upgrades to our impact assessment framework of privacy data so that we can respond to changes in laws and regulations, as well as technology trends





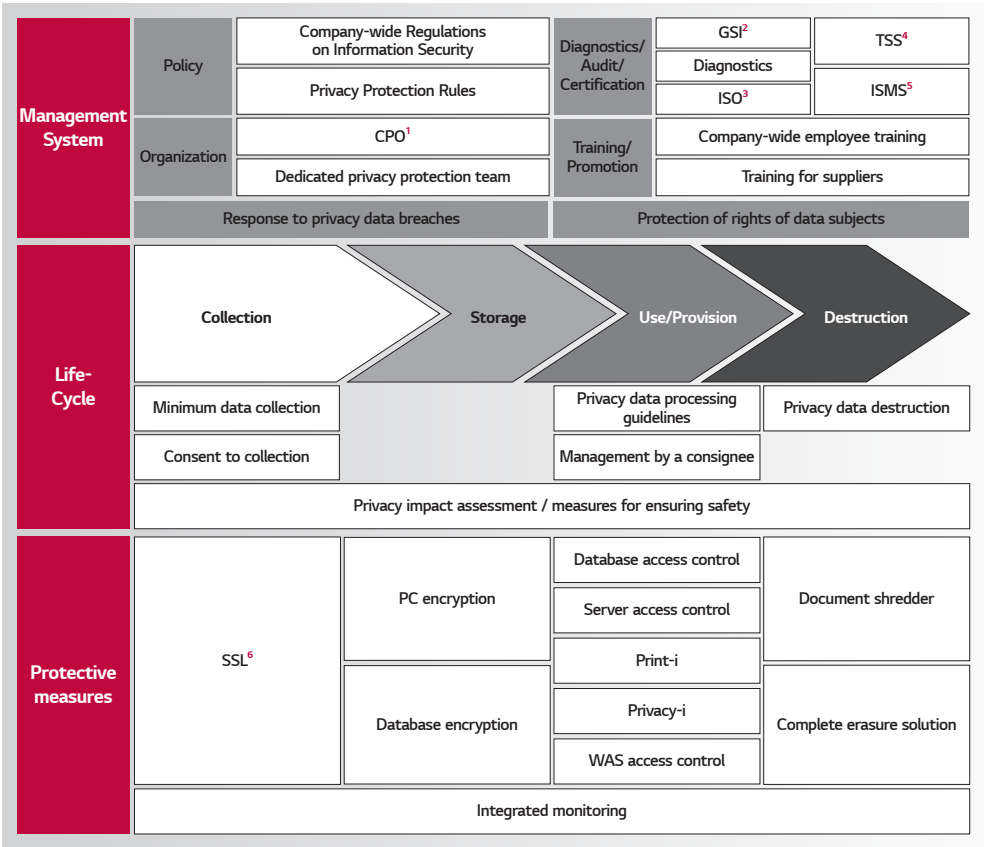
# Information Protection

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	<b>Information Protection</b>
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Integrated Information Security Management System

- We have established a framework for integrated management of the privacy information of our customers in order to promote the efficient use of and prevent leakage of information
- We have acquired Korean and international certifications for our privacy information protection system, thereby certifying the security of data protection.

### Framework for Privacy Protection Assessment



1 CPO(Chief Privacy Officer)  
2 GSI(Global Security Index)  
3 ISO(International Organization for Standardization)  
4 TSS(Team Security Score)  
5 ISMS(Information Security Management System)  
6 SSL(Secure Socket Layer)

### Certifications for Integrated Information Security Management System

International Certifications	Korea Certification
• ISO 27001 • ISO 27018 • ISO 29100 • ISO 27701	• ISMS-P

## Information security awareness training

- 1) Mandatory e-learning for all employees(once a year)
- 2) Security training for new hires and information security officers/managers
- 3) Weekly security message(once a week) and security letter(once a month)

## Nurturing software security specialist

- We lead product software security activities and provide a software security specialist training course to enhance the capabilities of our software developers with a view to developing key security technologies
- We cultivated world-class experts through a partnership with Carnegie Mellon University(2021)
- Software security specialists trained through our program and certification courses actively contribute to product-specific security technology development and global compliance activities

## Foundational system for production security





# Information Protection

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	<b>Information Protection</b>
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Product Security Management System

- In accordance with LG-SDL, our product security activity standard, product development is carried out in compliance with security activities and standards at each stage of development

Classification	Details	
LGE ISAC	• Organization specializing in mock hacking(Information Security Analysis Center) • Checking vulnerabilities of IoT products and internal/external server systems	
Bug Bounty	• Reward system for reporting security vulnerabilities • Reporting software security vulnerabilities, paying rewards	
Security Diagnostics	• Requesting internal/external security experts to check security vulnerabilities • Establishing proactive and preemptive security accident prevention measures	

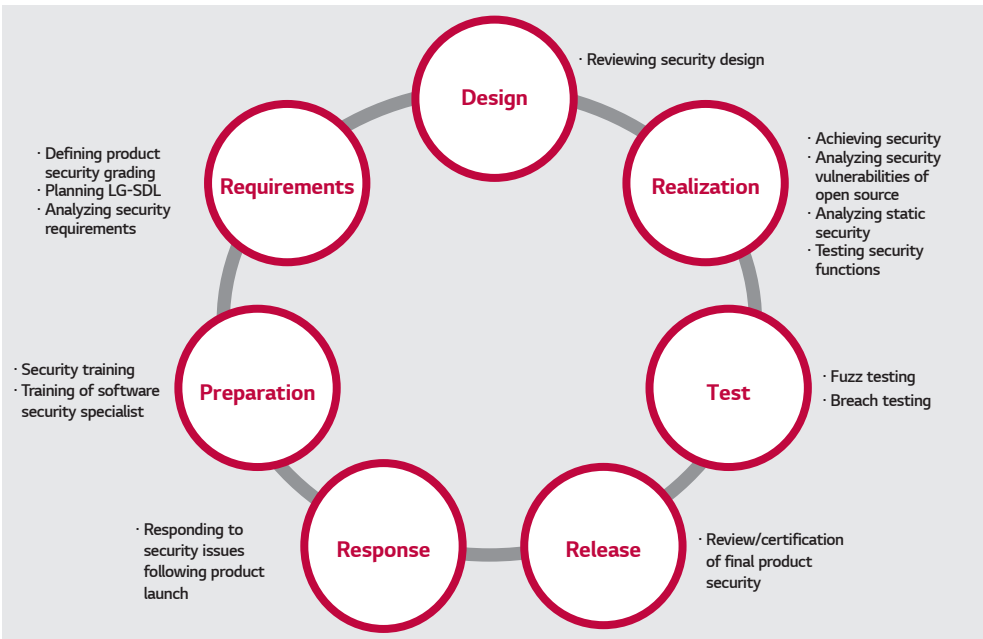
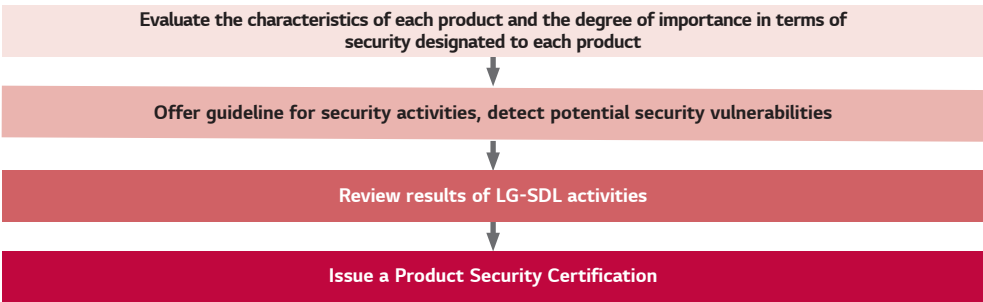
Policy	LG Electronics Product Security Activity Standard	LG Electronics Product Security Guide
	LG Electronics Product Security Certification	Supplier Security Management Policy
Organization	Company-wide/Development security team	Breach test team
	Product development team	Quality team
Training	Security awareness training	Secure coding training
	Cybersecurity engineering training	Product security technology training
Cyber breach response	Cyber breach response process	Security event classification standards
	Security update	Bug Bounty Program
Reference standards	NIST Cybersecurity Framework <sup>1</sup>	NIST 800-35 <sup>2</sup>
	ETSI EN 303 645 <sup>3</sup>	ISO/SAE 21434 <sup>4</sup>

<sup>1</sup> National Institute of Standards and Technology's Cyber Security Improvement Framework  
<sup>2</sup> Security controls for security and privacy guidelines required by the U.S. government and critical infrastructure  
<sup>3</sup> European Telecommunications Standards Association's Security Requirements for IoT Products  
<sup>4</sup> Cyber Security Engineering Standards for Vehicles made by ISO International Organization and Society of Automotive Engineers(SAE)

## LGEs' product security activity standard: LG-SDL

- Since 2017, we established in-house standards for core security activities to be performed at each stage of the software development process and applied them before product launch
- We were able to ensure the security of our products by detecting and removing potential security vulnerabilities from products in the early stages of software development

### | Core Activities Performed at Each Stage of the LG-SDL Software Development Process |





- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. **Appendix**
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership-Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

# APPENDIX

---

55	Sustainability Management	65	Materiality	69	TCFD Report
	Performance Data	67	GRI Standards Index	75	Governance Index
64	SHEE-Quality Certification Status	68	SASB Index	76	Independent Assurance
64	Membership-Awards & Recognition				Statement





# Sustainability Management Performance Data

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	<b>Sustainability Management Performance Data</b>
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Economic data

### Financial Performance(Consolidated)

Classification	Unit	2019	2020	2021
1. Net sales		49,336.7	50,754.8	65,322.4
2. Cost of sales		36,515.7	37,196.9	48,823.6
3. Gross profit		12,820.9	13,557.9	16,498.9
4. Selling and marketing expenses		9,941.9	10,144.0	13,121.1
5. Operating income		2,879.1	3,413.9	3,377.7
6. Financial income		331.6	519.2	521.2
7. Financial expense		490.2	780.5	603.6
8. Equity method profit(loss)	USD million	(919.8)	(21.1)	392.4
9. Others non-operating income		1,050.5	2,052.0	1,638.3
10. Others non-operating expenses		1,462.9	2,260.7	2,228.4
11. Profit(loss) before income tax		1,388.3	2,922.8	3,097.7
12. Income tax expense		518.6	521.4	855.5
13. Net income(loss) from continuing operations		869.7	2,401.4	2,242.2
14. Net income(loss) from discontinued operations		(712.4)	(597.2)	(1,005.2)
15. Profit(loss) for the year		157.3	1,804.2	1,237.0

\* 2019 and 2020 data were re-reported due to the withdrawal of the MC company  
\* Exchange Rate: USD 1 = KRW 1,143.89

### Summary of Consolidated Statements of Financial position

Classification	Unit	2019	2020	2021
I . Current Assets		17,268.7	20,316.1	24,030.1
Trade receivables		5,560.2	6,254.9	7,139.2
Inventories		5,125.9	6,510.4	8,527.1
Others current assets		6,582.6	7,550.8	8,363.8
II . Non-current assets		21,948.2	21,824.5	22,724.0
Investments in jointly controlled entities and associates		3,972.9	3,909.1	4,501.5
Tangible assets		12,680.8	12,216.2	12,851.6
Intangible assets		2,353.3	2,744.2	2,135.9
Others non-current assets		2,941.3	2,955.0	3,235.0
<b>Total assets</b>		<b>39,216.9</b>	<b>42,140.6</b>	<b>46,754.0</b>
I . Current liabilities	USD million	15,436.7	17,665.6	20,648.8
II . Non-current liabilities		9,421.2	9,139.5	8,535.4
<b>Total liabilities</b>		<b>24,857.9</b>	<b>26,805.1</b>	<b>29,184.1</b>
I . Paid-in capital		3,490.2	3,490.2	3,490.2
Capital stock		790.4	790.4	790.4
Share premium		2,699.7	2,699.7	2,699.7
II . Retained earnings		10,365.8	11,935.4	12,618.0
III . Accumulated others comprehensive loss		(1,145.0)	(1,746.6)	(967.4)
IV . Others components of equity		(183.4)	(183.4)	(77.5)
V . Non-controlling interest		1,831.5	1,839.9	2,506.7
<b>Total equity</b>		<b>14,359.0</b>	<b>15,335.5</b>	<b>17,569.9</b>
<b>Total liabilities and equity</b>		<b>39,216.9</b>	<b>42,140.6</b>	<b>46,754.0</b>



# Sustainability Management Performance Data

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

## Economic data

Economic Value Generated Distributed and Retained(Separated)

Classification	Unit	2019	2020	2021
Sales		21,391	21,624.3	24,283.8
Non-operating income and financial profits		(261.5)	500	163.2
Economic value generated(A)		21,129.6	22,124.2	24,447.1
Operating expenses		20,550.8	20,492.7	23,893.6
Wages & Fringe benefit expenses	USD million	3,350.8	3,417.4	3,885.9
Capital costs		261.0	314.0	289.6
Taxes & Dues		31.5	31.2	35.7
Donations		12.8	8.2	7.9
Economic value distributed(B)		24,206.7	24,263.6	28,112.6
Economic value retained(A-B)		(3,077.2)	(2,139.5)	(3,665.6)

Financial Assistance Received from Government(Korea)

Classification	Unit	2019	2020	2021
Tax relief and tax credits	USD million	13.3	83.1	71.6
Investment grants, R&D grants, and others relevant types of grant <sup>1</sup>		651.3	599.3	565.1

<sup>1</sup> Amount of investment in major facilities states in LG Electronics' operating report

Defined Benefit Plan Obligations and Others Retirement Plants(Korea)

Classification	Unit	2019	2020	2021
Expected amount	USD million	2,266.2	2,524.1	2,775.4
Expected ratio	%	96.0	99.8	99.9
The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them	USD million	2,167.1	2,518.3	2,774.0
Percentage of salary contributed by employee or employer	%	100	100	100

Amount of Direct Purchase from Local Suppliers

Classification	Unit	2021
Korea		10.2
Asia		7.7
China	USD billion	4.7
Americas		5.0
Europe, CIS		2.8
MEA		0.09

Percentage of Direct Purchases by Classification

Classification	Unit	2021
Display Components		32.1
Mechanical Parts		31.3
Circuits	%	17.6
Semi-Conductors		8.8
Raw Materials		7.8
Others		2.4

Amount of Local Purchases by Key Subsidiaries by Product

Classification	Unit	Total Purchase of 2021	Local Purchase of 2020
Korea		10.7	7.7
Nanjing New Technology Co. Ltd, China	Monitor	1.6	0.8
Taizhou, China	Refrigerator	1.0	0.9
Nanjing, China	Washing Machine	0.7	0.6
Hai Phong, Vietnam	Washing Machine	1.6	0.5
Cibitung, Indonesia	TV	1.6	0.7
Reynosa, Mexico	TV	2.5	0.0
Mexicali, Mexico	TV	1.0	0.1
Mlaw, Poland	TV	3.1	1.1
Others		6.8	3.6
Total		30.5	16.0



# Sustainability Management Performance Data

I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

## Environmental data

### Energy Consumption within the Organization

Classification	Unit	2019	2020	2021
Non-renewable sources	LNG(Korea)	827	879	632
	LNG(Overseas)	772	741	714
	Coal(Korea)	0	0	0
	Coal(Overseas)	0	0	0
	Others(Korea)	72	74	70
	Others(Overseas)	534	658	500
Subtotal		2,205	2,352	1,916
Renewable Energy	Solar power	5	6	19
	Wind power	0	0	0
	Biomass	0	0	0
	Others	62	79	233
	Subtotal	67	85	252
Energy purchased	Electricity(Korea)	2,946	2,904 <sup>1</sup>	2,508
	Electricity(Overseas)	2,664	2,726 <sup>1</sup>	2,942
	Steam(Korea)	395	394	397
	Steam(Overseas)	6	3	3

★ Applicable business site

- Korea: Business sites in Korea under the operational control of LG Electronics

- Overseas: Overseas production subsidiaries of LG Electronics(30 subsidiaries)

★ Energy subject to verification: Energy used at combustion facilities and externally supplied power and heat at business sites

★ Calculation of energy consumption: Based on net calorific value, steam includes steam consumption through waste heat recovery in Korea

★ Verification status: Third-party assurance was completed on all Korean and overseas production sites(verification of fugitive emissions from refrigeration is excluded)

<sup>1</sup> Change in 2020 Energy Purchase Data: Energy usage in 2021 with third-party verified electricity usage applied

### GHG Emissions(Scope 1, 2)

Classification		Unit	2019	2020	2021
Direct GHG emissions(Scope 1)	Korea	1,000 tCO <sub>2</sub> eq	466	294	173
	Overseas		137	146	160
Indirect GHG emissions(Scope 2)	Korea		385	382	325
	Overseas		481	472	494
Total(Scope 1 + Scope 2)			1,469	1,294	1,152
GHG emissions intensity(Unit: USD)			1,000 tCO <sub>2</sub> eq / USD 100 million	2.43	2.34

★ Applicable business sites

- Korea: Business sites in Korea under the operational control of LG Electronics

- Overseas: Overseas production subsidiaries of LG Electronics(30 subsidiaries)

★ Basis of Assessment

- Korea: GHG Trade Scheme for quantification and reporting of GHG emissions, Guideline for GHG Trade Scheme management

- Overseas: ISO 14064-3:2006(GHG - Part 3: Specification with guidance for the validation and verification of GHG assertions)

★ Assessment

- Korea: LGE's GHG Inventory Report, LGE's Process of managing and collecting GHG Data, calculating and reporting emissions

- Overseas: LGE's GHG Emission Report, LGE's Process of managing and collecting GHG Data, calculating and reporting emissions

### GHG Emissions(Scope 3)

Classification	Unit	2019	2020	2021
Others indirect GHG emissions(Scope 3)	Business trip	58,337	20,692	11,581
	Use of sold products	33,290,000	58,069,372	63,154,027
	In-house suppliers(Korea)	9,137	5,067	4,827

★ Verification status: Third-party assurance was completed on emissions from business trips by employees

★ Reasons for removing emissions from rental buildings: Excluded from CDP verification items

### Air Emissions

Classification	Unit	2019	2020	2021
NOx(Nitrogen Oxide)	Korea	29.7	37.2	15.9
	Overseas	58.5	21.8	45.7
	Total	88.2	59.0	61.6
SOx(Sulfur Oxides)	Korea	0.2	0	4.8
	Overseas	12.8	3.4	6.5
	Total	13.0	3.4	11.3
VOCs(Volatile Organic Compounds)	Korea	8.9	265.5	23.9
	Overseas	106.5	187.0	231.5
	Total	115.4	452.5	255.4
Dust	Korea	7.6	11.0	12.4
	Overseas	61.9	35.0	29.1
	Total	69.5	46.0	41.5

★ Cheongju business site was sold to LG Chem in 2021, therefore it is excluded from the 2021 data scope



# Sustainability Management Performance Data

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	<b>Sustainability Management Performance Data</b>
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Environmental data

### Waste by Type and Disposal Method

Classification		Unit	2019	2020	2021
Total weight of hazardous waste(Korea)	Recycling		1,102	2,870	499
	Incineration		633	670	436
	Landfill		853	-	5
Total weight according to treatment methods (non-hazardous)	Recycling	Korea	41,406	52,906	44,647
		Overseas	103,410	142,427	166,315
		<b>Total</b>	<b>144,816</b>	<b>195,333</b>	<b>210,962</b>
	Incineration	Korea	7,197	6,776	4,394
		Overseas	1,436	7,196	7,211
		<b>Total</b>	<b>8,633</b>	<b>13,972</b>	<b>11,605</b>
	Landfill	Korea	202	174	699
		Overseas	11,833	8,372	5,655
		<b>Total</b>	<b>12,035</b>	<b>8,546</b>	<b>6,354</b>
	Total	Korea	48,805	59,856	49,739
		Overseas	116,679	157,995	179,181
		<b>Total</b>	<b>165,484</b>	<b>217,851</b>	<b>228,920</b>

\* All the wastes generated from the business sites of LG Electronics are treated by a local certified waste treatment service provider  
\* Cheongju business site was sold to LG Chem in 2021, therefore it is excluded from the 2021 data scope  
\* GumiA2 business site has not produced starting 2021 and is being used as a warehouse, therefore it is excluded from the 2021 data scope

### Significant Spills

Classification	Unit	2019	2020	2021
Number of Spills	Cases	0	0	0
Volume of Spills	Ton	0	0	0

### Water Withdrawal by Source

Classification	Unit	2019	2020	2021
Surface water		N/A	N/A	N/A
Ground water		1,162	1,091	963
Wastewater from other organization		207	198	-
Municipal water supplies or others public or private water	1,000 Tons	11,031	11,553	9,505
- Municipal water		4,635	6,554	5,286
- Industrial water		6,396	4,999	4,219
Others		-	-	44
<b>Total</b>		<b>12,400</b>	<b>12,842</b>	<b>10,512</b>

\* Cheongju business site was sold to LG Chem in 2021, therefore it is excluded from the 2021 data scope  
\* Applicable business sites: Korea 9(Production and R&D business sites), Overseas 30(Production sites)  
\* Scope2(Indirect water consumption) excluded

### Waste Water Treatment

Classification	Unit	2019	2020	2021
Water reused		175	541	667
Internal Treatment Facility	1,000 Tons	4,978	4,863	4,151
External Treatment Facility & Others		9	11	-

\* Applicable business site: Korea business sites  
\* Cheongju business site was sold to LG Chem in 2021, therefore it is excluded from the 2021 data scope  
\* Waste water treatment amount does not include water reused

### Water Pollutants Emissions

Classification		Unit	2019	2020	2021
Water drainage (Limited to treatment facilities at the company)	Korea		5,052,360	4,860,870	4,151,137
	Overseas		1,452,320	1,247,527	1,134,492
	Total		6,504,680	6,108,397	5,285,629
Wastewater quality	COD	Korea	44.8	32.0	17.4
		Overseas	179.7	265.0	167.3
		Total	224.5	297.0	184.7
	SS	Korea	26.4	21.2	17.2
		Overseas	32.3	46.2	66.9
		Total	58.7	67.4	84.1
	T-N	Korea	116.2	81.8	66.3
		Overseas	9.1	11.9	29.8
		Total	125.3	93.7	96.1
	T-P	Korea	2.1	0.6	0.4
		Overseas	3.1	3.9	1.7
		Total	5.2	4.5	2.1

\* Cheongju business site was sold to LG Chem in 2021, therefore it is excluded from the 2021 data scope  
\* Correction of overseas data in 2020: Correction of data on business sites in Tennessee  
\* Reflected missing CTO data in 2019, 2020

### Non-compliance with Environmental Laws and Regulations

Classification	Unit	2019	2020	2021
Total monetary value of significant fines	USD	11,277	0	201,066
Total number of non-monetary sanctions	Cases	0	0	0

\* Summary of violations of regulations subject to fines over KRW 10 million(about USD 8,742 in accordance with the annual report)



# Sustainability Management Performance Data

I. Corporate Overview

- Management Philosophy
- Message from the CEO
- About LG Electronics
- Business Status

II. Environmental

- Carbon Neutral
- Circular Economy
- Product Stewardship

III. Social

- Supply Chain Management
- Safety and Environment
- Customers
- Employees
- Social Contribution

IV. Governance

- Corporate Governance
- Jeong-Do Management
- Compliance Management
- Information Protection

V. Appendix

- Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

## Social Data

### New Suppliers that were Screened Using Social Criteria

Classification	Unit	2019	2020	2021
Percentage of new suppliers that were screened using social criteria	%	100	100	100

### Local Personnel at Major Business Sites

Classification	Unit	2019	2020	2021
Number of local employees	Employees	6,908	7,744	15,326
Senior management		134	114	160
Ratio	%	1.9	1.5	1.0

\* Senior employees: Personnel who have been assigned duties

### Negative Social Impacts in the Supply Chain and Actions Taken

Classification	Unit	2019	2020	2021
Number of suppliers assessed for social impacts (Suppliers that have performed self-assessment by year)	Suppliers	1,665	1,416	1,967
Number of suppliers identified as having significant actual and potential negative social impacts		0	0	0
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment	%	100	100	100
Number of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	Suppliers	0	0	0

### Free Training for Suppliers(Korea)

Classification	Unit	2019	2020	2021
The number of suppliers	Suppliers	349	562	456
The number of participating employees	Employees	1,610	1,201	2,610

### Amount of Funding for Suppliers(Korea)

Classification		Unit	2019	2020	2021
Direct Funding	The number of funded suppliers	Suppliers	30	29	26
	The amount of fund	USD million	23.9	30.0	24.8
Win-win growth fund	The number of funded suppliers	Suppliers	174	122	120
	The amount of fund	USD million	100.4	95.2	90.3
Win-win payment	The number of funded suppliers	Suppliers	1,564	1,552	1,527
	The amount of fund	USD million	6,589.4	6,249.2	7,020.9

### Safety Data

Classification	Unit	2019	2020	2021(LGE)	2021 <sup>3</sup>
LTIFR <sup>1</sup>	%	0.75	0.67	0.61	0.64
OIFR <sup>2</sup>	%	0	0	0	0
Fatality(No. of case)	Fatality	0	0	0	2
Lost-time Injuries(No. of case)	Case	106	92	78	36
Total Hours Worked	Hours	141,987,149	138,173,948	128,471,904	55,981,427

<sup>1</sup> LTIFR: Lost-Time Injuries Frequency Rate(Number of lost-time injuries x 1,000,000)/(Total hours worked in accounting period)  
LTIFR(Lost-Time Injuries Frequency Rate) is an accident index that differs from occupational accident rate and Frequency Rate of Injury(FR) and includes not only industrial accidents, but also all labor losses of more than one day.

<sup>2</sup> OIFR: Occupational Injuries Frequency Rate(Number of occupational illness cases x1,000,000)/(Total hours worked in accounting period)  
LG Electronics has employees who work in special conditions or who work with special materials undergo a special medical checkup on an annual basis. The results indicate that none of our employees contract-ed occupational diseases for the period between 2018-2020.

<sup>3</sup> In-house partner company, excluding construction companies

\* Applicable employees: All employees home and abroad including those in overseas production subsidiaries of LG Electronics.

\* For LTIFR and OIFR, calculation is based on average figures for Korean and overseas employees

### The Number of Employees by Region

Classification	Unit	2019	2020	2021
Korea	Employees	40,110	39,745	36,499
China		6,588	6,060	5,720
Asia		6,702	8,219	7,973
CIS		1,475	1,507	1,490
North America		3,370	3,350	3,559
Europe		4,286	4,488	4,470
India		4,230	4,431	4,344
Japan		259	268	221
Central and South America		5,727	6,550	8,738
Middle East & Africa		1,224	1,270	1,323
Total		73,971	75,888	74,337

### Total Number of Employees by Employment Contract

Classification			Unit	2019	2020	2021
The number of employees by employment contract and gender	Permanent	Male	Employees	58,682	59,106	57,102
		Female		14,420	14,864	15,525
	Temporary	Male		569	1,544	1,421
		Female		302	374	289



# Sustainability Management Performance Data

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	<b>Sustainability Management Performance Data</b>
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Social Data

### New Employee Hires and Employee Turnover

Classification	Unit		2019	2020	2021
Number of newly hired employees by age group	Below 30	Employees	5,722	7,869	12,093
	30-50		6,444	3,210	6,863
	Over 50		786	371	425
Ratio of newly hired employees by age group	Below 30	%	44.2	68.7	62.4
	30-50		49.8	28.0	35.4
	Over 50		6.0	3.3	2.2
Total number of newly hired employees by gender	Male	Employees	10,124	8,709	12,910
	Female		2,828	2,741	6,471
Ratio of newly hired employees by gender	Male	%	78.2	76.1	66.6
	Female		21.8	23.9	33.4
Number of turnover by age group	Below 30	Employees	4,401	4,468	9,693
	30-50		6,234	3,884	9,860
	Over 50		981	1,134	1,341
Turnover ratio by age group	Below 30	%	37.9	47.1	46.4
	30-50		53.7	40.9	47.2
	Over 50		8.4	12.0	6.4
Number of turnover by gender	Male	Employees	7,984	7,254	14,965
	Female		3,632	2,232	5,929
Turnover ratio by gender	Male	%	68.7	76.5	71.6
	Female		31.3	23.5	28.4

### Total Number and Percentage of Voluntary Resignation(Korea)

Classification	Unit	2019	2020	2021
Below 30	Employees(%)	225(7.5)	191(8.3)	244(10)
30-50		750(3.1)	627(2.6)	764(3.6)
Over 50		20(1.0)	15(0.6)	19(0.6)

\* Applying to employee's resignation based on his/her own judgement not pertaining to the company's position(resignation, voluntary retirement, etc. due to personal circumstances)

### Diversity of Governance and Employees

Classification	Unit		2019	2020	2021
Gender ratio of the BOD	Male	%	100	100	86
	Female		0	0	14
Number of employees by gender	Male		59,249	60,652	58,523
	Female		14,722	15,238	15,814
Number of employees by age	Below 30	Employees	11,142	14,521	12,877
	30-50		55,858	52,322	53,355
	Over 50		6,971	9,047	8,105

### Workers with Disabilities(Korea)

Classification		Unit	2019	2020	2021
Number of disabled workers in Hanuri <sup>1</sup>			373	376	380
Number of disabled workers	Mild	Employees	393	375	390
	Severe		57	56	61
	Total		450	431	451
Employment rate		%	2.2	2.2	2.3

<sup>1</sup> Hanuri: It is a business established by LGE to expand employment of workers with disabilities, where workers are in charge of managing cafes, environmental restoration, dishwashing and dormitories, etc.  
\* Employment rate: It is the combined employment rate of disabled workers in LGE and Hanuri. It is calculated as "converted number of workers with disabilities / number of workers subject to application"  
- Converted number of disabled workers in Hanuri: When the number of persons in a standard business site for disabled workers is calculated as the parent company, severe(male/female) x 2 / mild(female) x 1 / mild(male) x 0.5  
- Converted number of disabled workers in LGE: Severe(male/female) x 2 / Mild(male/female) x 1





# Sustainability Management Performance Data

I. Corporate Overview

- Management Philosophy
- Message from the CEO
- About LG Electronics
- Business Status

II. Environmental

- Carbon Neutral
- Circular Economy
- Product Stewardship

III. Social

- Supply Chain Management
- Safety and Environment
- Customers
- Employees
- Social Contribution

IV. Governance

- Corporate Governance
- Jeong-Do Management
- Compliance Management
- Information Protection

V. Appendix

- Sustainability Management Performance Data
- SHEE-Quality Certification Status
- Membership/Awards & Recognition
- Materiality
- GRI Standards Index
- SASB Index
- TCFD Report
- Governance Index
- Independent Assurance Statement

## Social Data

### Parental Leave(Korea)

Classification	Unit	2019	2020	2021
Total number of employees who took parental leave	Male	224	280	221
	Female	383	338	310
	Total	607	618	531
Total number of employees who came back to work after parental leave	Male	180	206	196
	Female	410	319	237
	Total	590	525	433
Ratio of employees who came back to work after parental leave	Male	92.8	92.0	70.0
	Female	83.5	82.5	70.1
Total number of employees that returned to work after parental ended that were still employed 12 months after their return to	Male	121	146	172
	Female	310	316	273
	Total	431	462	445
Ratio of employees that returned to work after parental ended that were still employed 12 months after their return to	Male	62.4	65.2	83.5
	Female	63.1	82.5	85.6

### Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage(Korea)

Classification	Unit	2019	2020	2021
New Male Employee	Office Position	169	166	175
	Technical Position	103	106	118
New Female Employee	Office Position	169	166	175
	Technical Position	103	106	118

### Percentage of Employees receiving Regular Performance and Career Development Reviews

Classification	Unit	2019	2020	2021
Male	%	100	100	100
Female		100	100	100
Office position		100	100	100
Technical position		100	100	100

### Average Hours of Employee Training

Classification	Unit	2019	2020	2021
Korea <sup>1</sup>	Male	62.5	47.4	148.8
	Female	63.7	48.1	192.0
Overseas	Male	15.6	13.3	12.2
	Female	16.3	12.7	11.7
Total	Male	42.9	24.9	84.6
	Female	33.0	24.9	65.8

<sup>1</sup> Included K-MOOC online training hours starting from 2021

### Average Hours of Training by Age

Classification	Unit	2019	2020	2021
Korea	26-30	133.1	113.1	249.8
	31-35	79.0	67.4	254.9
	36-40	65.1	55.6	239.3
	41-45	64.3	52.7	208.9
	46-50	52.6	45.2	164.8
	51-55	42.5	36.5	80.9
	56-60	32.8	28.6	48.8
	Others	147.3	135.5	214.6
	26-30	21.7	20.3	23.9
	31-35	22.6	20.4	21.1
Overseas	36-40	22.3	21.4	18.7
	41-45	20.6	19.2	16.2
	46-50	19.0	16.5	17.0
	51-55	17.0	14.5	15.7
	56-60	15.2	13.2	14.7
	Others	20.1	18.2	34.8
	26-30	76.7	59.7	109.7
Total	31-35	56.9	48.1	148.8
	36-40	46.9	40.8	141.9
	41-45	50.7	41.6	133.6
	46-50	42.3	36.4	116.7
	51-55	32.9	28.7	57.9
	56-60	25.7	21.8	35.7
	Others	48.4	34.0	51.1

### Average Hours of Training by Position

Classification	Unit	2019	2020	2021
Korea	P3	64.7	55.7	172.3
	P2	68.5	58.4	246.8
	P1	148.0	84.1	229.8
	Others	56.4	43.2	47.8
Overseas	G4	17.7	14.6	10.4
	G3	24.1	21.3	19.9
	G2	23.8	21.9	21.6
	G1	27.3	22.3	24.3
	Others	15.2	15.4	0.6
Total	P3	64.7	55.7	172.3
	P2	68.5	58.4	246.8
	P1	148.0	84.1	229.8
	G4	17.7	14.6	10.4
	G3	24.1	21.3	19.9
	G2	23.8	21.9	21.6
	G1	27.3	22.3	24.3
Total	Others	33.6	25.9	12.4

\* P1: Junior, P2: Senior, P3: Manager  
\* Overseas business sites have different classification criteria by country





# Sustainability Management Performance Data

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	<b>Sustainability Management Performance Data</b>
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

## Social Data

### Average Hours of Training by Program(Offline)

Classification	Unit	2019	2020	2021
Korea	Leadership	16.7	33.2	12.3
	Job Duty	17.7	18.1	18.1
	Others	29.9	22.4	14.6
Overseas	Leadership	10.5	2.5	5.8
	Job Duty	22.6	5.0	16.9
	Others	8.3	8.4	6.5
Total	Leadership	14.9	23.3	10.2
	Job Duty	17.7	18.1	18.1
	Others	14.1	12.8	8.7

### Average Hours of Training by Program(Online)

Classification	Unit	2019	2020	2021
Korea	Leadership	3.9	3.9	6.6
	Job Duty	4.3	3.6	1.5
	Others	2.1	2.3	10.6
Overseas	Leadership	3.7	8.5	5.0
	Job Duty	1.1	1.1	2.2
	Others	1.5	1.4	2.0
Total	Leadership	3.9	4.5	5.8
	Job Duty	4.3	3.6	1.5
	Others	2.0	2.1	8.8

### Impact Assessment of Local Community

Classification	Unit	2019	2020	2021
Ratio of business sites subject to social impact assessments(including gender impact assessments) based on participatory processes	%	0	0	0
Number of community development programs based on community needs		0	0	0
The number of countries which held stakeholder consultation on CSR	EA	2	1	1
The number of local community consultation committees and processes that include vulnerable groups		2	1	1
The number of representative bodies to deal with impacts		0	0	0
Ratio of formal local community grievance processes	%	0	0	0

\* Held Accessibility Stakeholder Advisory meeting in 2021 related to accessibility

### Incidents of Violations Involving Rights of Indigenous People

Classification	Unit	2019	2020	2021
Incidents of violations involving rights of indigenous people	Case	0	0	0

### Total Number and Percentage of Operations Assessed for Risks Related to Corruption

Classification	Unit	2019	2020	2021
Number of business sites	Sites	104	106	101
Ratio of business sites	%	100	100	99

### Communication and Training about Anti-corruption Policies and Procedures

Classification		Unit	2019	2020	2021
Korea	Number and ratio of the members of the Board of Directors who received a notice or training	Employees (%)	7(100)	7(100)	7(100)
	Number and ratio of members who received a notice or training		27,520(92)	27,531(94)	36,868(94)
	Number and ratio of suppliers who received a notice or training	Suppliers (%)	1,665(100)	1,416(100)	1,967(100)
Overseas	Number and ratio of members who received a notice or training	Employees (%)	17,004(90)	18,043(96)	17,651(93)

### Confirmed Incidents of Corruption and Actions Taken

Classification	Unit	2019	2020	2021
Number of Corruption Cases		0	0	0
Confirmed incidents in which employees were dismissed or disciplined for corruption	Case	0	0	0
Confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption		0	0	0

### Ratio of Security Personnel Trained in Human Rights Policies or Procedures(Korea)

Classification	Unit	2019	2020	2021
Security personnel trained in human rights policies or procedures	Employees(%)	475(100)	472(100)	365(100)

### Business Sites that have been Subject to Human Rights Impact Assessments

Classification	Unit	2019	2020	2021
The number of business sites where the company operates	Business sites	38	38	33
The number of businesses subject to the assessment of human rights impact		38	38	33
The ratio of business sites subject to the assessment of human rights impact	%	100	100	100

\* Evaluation of global production sites

### Training on Human Rights Policies or Procedures(Korea)

Classification	Unit	2019	2020	2021
The number of hours of training on the Human Rights Policy and procedures related to the business	Hours	2,059	487	831
The number of employees who received training on the Human Rights Policy and procedures related to the business	By position	909	433	831
	By job type	151	0	0
	Online	176	433	831

\* Education by job type includes purchasing university, marketing university, expatriate leadership, and corporate head education, and has not been conducted in 2020 and 2021 due to COVID-19



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	<b>Sustainability Management Performance Data</b>
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

# Sustainability Management Performance Data

### Incidents of Discrimination and Corrective Actions Taken(Korea)

Classification	Unit	2019	2020	2021
The number of cases of discriminatory incidents	Case	0	0	0

### Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data(Korea)

Classification	Unit	2019	2020	2021
Complaints received from outside parties and substantiated by the organization	Case	0	0	0
Complaints from regulatory bodies		0	0	0
Total number of identified leaks, thefts, or losses of customer data		0	0	0

### Assessment of the Health and Safety Impacts of Product and Service Categories

Classification	Unit	2019	2020	2021
Percentage of major product and service categories for which health and safety impacts are assessed	%	100	100	100

### Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services

Classification	Unit	2019	2020	2021
Incidents of non-compliance with regulations resulting in a fine or penalty	Incident	0	0	0
Incidents of non-compliance with regulations resulting in a warning		0	0	0
Incidents of non-compliance with voluntary codes		0	0	0

## Emerging risk

### 1. Increased risks due to Europe's regulations on plastic reduction

#### 1) Definition of risks & business impact

In June 2019, the EU Commission issued guidelines to ban the distribution and sales of certain disposable plastic products and to increase their recycling rate. And at the 5th UNEA, it has been agreed to "End Plastic Pollution: Towards an internationally legally binding instrument". As a result, we are predicting to see stricter plastic-related regulations, such as regulations that manage the percentage of plastics recycled in products such as packaging materials, regulations placing responsibility on manufacturers for a portion of recycling and disposal costs, and higher plastic taxes on non-recyclable plastics. If such regulations are strengthened in the future, we are expected to face risks such as profit and loss issues as a result of high recycled plastic raw material costs, and production disruptions due to supply shortages, given that many exterior and interior parts of LG Electronics' products are made of plastic.

#### 2) LGE's risk mitigation plans

Up to 80% of a product's impact on the environment is determined during the product design phase. Therefore, LG Electronics considers product recyclability from the product design/planning stage and then moves to product development as a way to mitigate risks related to plastic regulations. In addition, we participate in developing new materials that can replace common plastic materials at the company's internal material technology center as well as with external chemical companies. We also established a packaging and product waste circulation system as a plan to build a circular economy platform where plastic waste generated from our company's products can be reapplied to our products.

### 2. Periodic outbreak of the pandemic

#### 1) Definition of risks & business impact

Various abnormal climates can frequently occur due to the impact of climate change, pushing human and wildlife habitats closer to each others in abnormal ways. This can cause simultaneous epidemics and such unexpected outbreaks can lead to periodic pandemic outbreaks. The regular outbreaks of pandemics can be considered a high risk factor for LG Electronics' supply chain, which has several production lines in various countries around the world, and can also have significant adverse effects on its sales by diminishing consumer behavior.

#### 2) LGE's risk mitigation plans

To prepare for the pandemic extending to a long-term phenomena, LG Electronics is building and expanding flexible work systems for its office workers, such as work-from-home systems and flexible work systems. As for the production line, we are establishing BCP(business continuity plan) by expanding facilities equipped with automatic equipment such as the Changwon LG Smart Park. In order to minimize climate change, which is the fundamental cause, we declared our goal for carbon neutral by 2030 and we are continuing to exert proactive efforts to reduce carbon emissions through various approaches, such as improving energy efficiency in the production process and participating in the UN CDM project.



# SHEE-Quality Certification Status      Membership-Awards & Recognition

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	<b>SHEE-Quality Certification Status</b>
	<b>Membership-Awards &amp; Recognition</b>
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

(As of June 2022)

Region	Country	Subsidiary	Environmental Management	Health and Safety	Energy	Quality
North America	USA	LGETN(Tennessee)	-	ISO 45001	-	-
South, Central America	Mexico	LGEMM(Monterrey)	ISO 14001	ISO 45001	-	ISO 9001
	Mexico	LGERS(Reynosa)	ISO 14001	-	-	ISO 9001
	Mexico	LGEMX(Mexicali)	ISO 14001	-	ISO 50001	ISO 9001
	Brazil	LGESP_M(Manaus)	ISO 14001	ISO 45001	-	ISO 9001
Europe/CIS	Poland	LGEMA(Mlawa)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Poland	LGEMW(Wroclaw)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Russia	LGERA(Ruza)	ISO 14001	ISO 45001	ISO 50001	CIG-023
Middle East Asia	Egypt	LGEEG (10th of Ramadan)	ISO 14001	ISO 45001	-	ISO 9001
	Saudi Arabia	LGESR(Riyadh)	ISO 14001	ISO 45001	-	ISO 9001
	Turkey	LGEAT(Istanbul)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
India	India	LGEIL_N(Noida)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	India	LGEIL_P(Pune)	ISO 14001	ISO 45001	-	ISO 9001
Southeast Asia	Thailand	LGETH(Rayong)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Vietnam	LGEMV(Haiphong)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Indonesia	LGEIN_C(Cibitung)	ISO 14001	ISO 45001	-	ISO 9001
	Indonesia	LGEIN_T(Tangerang)	ISO 14001	ISO 45001	-	ISO 9001
	China	LGEPN(Nanjing)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
China	China	LGENT(Nanjing)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	China	LGENV(Nanjing)	ISO 14001	ISO 45001	-	IATF 16949
	China	LGETR(Taizhou)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	China	LGETA(Tianjin)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	China	LGEEA(Qingdao)	ISO 14001	ISO 45001	-	ISO 9001
	China	LGEMH(Qinhuangdao)	ISO 14001	ISO 45001	-	ISO 9001
	China	LGEMZ(Huizhou)	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Korea	Changwon1	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Korea	Changwon2	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Korea	Gumi	ISO 14001	ISO 45001	ISO 50001	ISO 9001
Korea	Korea	Pyeongtaek	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Korea	Pyeongtaek(Chiller)	ISO 14001	ISO 45001	ISO 50001	ISO 9001

\* LGEUS(Huntsville), LGESA(Johannesburg), LGEHN (Hangzhou), Incheon and Cheongju subsidiaries are excluded due to business withdrawal, sale, etc.

### Memberships

Korea Electronics Association	Responsible Business Alliance	Korea Chemicals Management Association
Korea Chamber of Commerce and Industry	Korea Display Industry Association	GS1 Korea
Korea International Trade Association	Korea Products Safety Association	Korea Authorized Economic Operator Association
Fair Competition Federation	The National Academy of Engineering of Korea	Korea Electronics Association (International Trade Cooperation)
Korea Association of Information & Telecommunication	Korea Employers Federation	Korea Listed Companies Association
Korea Radio Promotion Association	Korea Association of Industrial Technology Security	Korea Investor Relations Service
Trade related IPR Protection Association	Professionals in Business Industrial Health Association	Target Gender Equity
UN Global Compact	Maekyung Safety & Environment	Responsible Minerals Initiative

### Awards & Recognition

Date	Awarded Awards & Recognitions	Awarded by
2022.05.	"Excellence in Sustainability" Award at the Energy Star Award 2022	U.S Environmental Protection Agency
2022.04.	iF Design award(20 models)	International Forum Design GmbH of Germany
2022.03.	Gold Tier at the SMM Award 2021	U.S Environmental Protection Agency
2022.03.	Red Dot Design Award 2022(25 models)	Red Dot of Germany
2022.01.	CES 2022 Innovation Award	Consumer Technology Association
2021.10.	2021 Korea IR Grand Prize Winner in the KOSPI category	Korea Investors Service
2021.08.	Best Corporate in Green Goods of the Year Award	Korea Green Product Network
2021.07.	Energy Winner of the Year Award	Consumers Korea
2021.04.	iF Design award(28 models)	International Forum Design GmbH of Germany
2021.04.	Red Dot Design Award 2021(31 models)	Red Dot of Germany
2021.01.	CES 2021 Innovation Award	Consumer Technology Association
2021.01.	Technology and Engineering Emmy Award(LG OLED TV)	U.S National Academy of Television Arts and Science(NATAS)

### Results of Response to External Global Assessments

External Assessments	Major Achievements	Assessment Agency
DJSI <sup>1</sup>	1st place for the 8th consecutive year(Industry Leader) <sup>2</sup> Listed on DJSI World for 10 consecutive years Listed on DJSI Asia Pacific for 12 consecutive years Listed on DJSI Korea for 13 consecutive years	S&P Global Sustainable1
MSCI <sup>3</sup> ESG Ratings	Grade A	MSCI
CDP Climate	Grade A- in Climate Change	CDP
EcoVadis ESG Rating	Platinum Grade	EcoVadis
KCGS	Comprehensive Grade A	KCGS
Global 100	Selected(99th)	Corporate Knights
FTSE Russell's ESG Ratings	Listed in FTSE4Good	FTSE Russell

1 DJSI: Dow Jones Sustainability Index    2 Home appliances and leisure goods industry    3 MSCI: Morgan Stanley Capital International



# Materiality

- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership/Awards & Recognition
  - Materiality**
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement

## Materiality Assessment Process

In order to identify material issues in sustainability, LGE adopted global sustainability initiatives and assessment systems including GRI, SDGs, SASB, RBA, and TCFD. In addition, the identified issues were prioritized and analyzed in terms of their impact from a comprehensive perspective in line with the company’s vision, strategy, industry trends, media exposure and internal and external surveys.

Step 01 Fundamental Analysis of the Issue Pool

Based on the analysis of global standards and initiatives for global sustainability management, evaluation system analysis, best practices in the industry, and media research, we have identified trends in sustainability

Sustainability information disclosure standards

GRI, SASB, TCFD

Sustainability management assessment systems

DJSI, FTSE, KCGS, MSCI

Sustainability management progress

LGEs internal directions

External stakeholders' areas of interest

Media, RBA

Step 02 Deriving an Issue Pool

A pool of 39 issues have been created in line with sustainability management based on industrial standards, assessment, trends, internal practices and perspectives of external stake-holders

Step 03 Assessment of Materiality

To analyze areas that LGE needs to focus on within the pool of 39 issues, the company assessed the priority of each issue based on the results of the stakeholder surveys

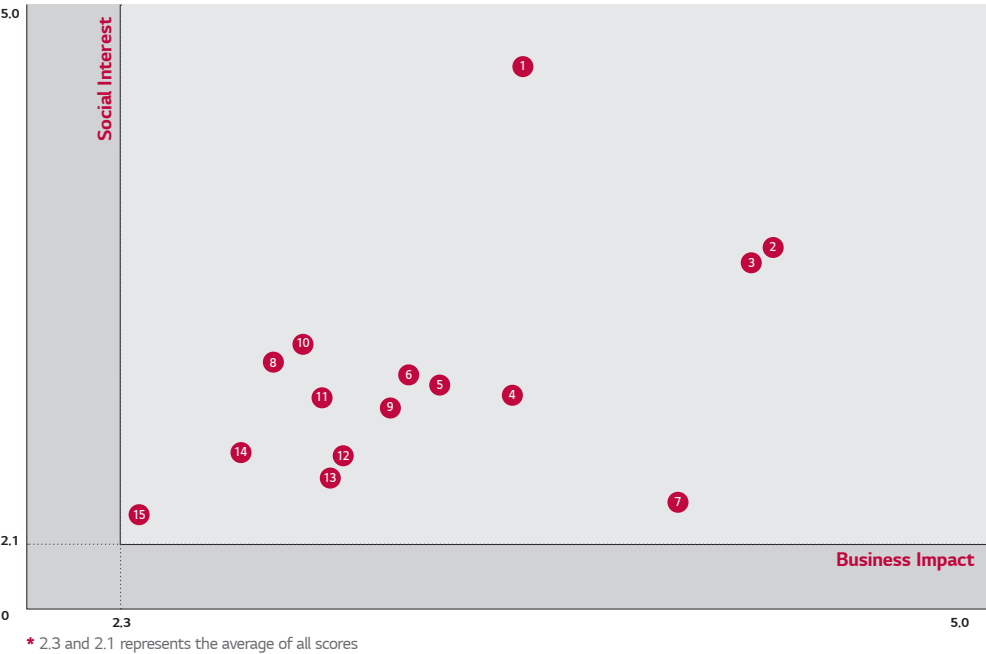
Overview of Stakeholder Survey

Period	2022.04.04 ~04.10	Respondents	1,038 Internal stakeholders, 1,502 external stakeholders
Method	Online surveys	Content of survey	ESG management-related awareness, material issues for LGE

Step 04 Materiality Assessment and Report

Through prioritization of issues, 15 material issues have been identified and the selected issues and its content are shared through the sustainability report

## Materiality Map



## Classification and Reporting of Material Issues

No.	Material Issue	GRI Standard Topic	Report Content	Page
1	Quality management of products/services	[416] Customer Health and Safety	Product Stewardship	13-16, 63
2	Strategic pursuit of social contribution	[413] Local Community	Social Contribution	39-40, 62
3	Reduction of GHG/energy emissions	[302] Energy, [305] Emission	Carbon Neutral	9-10, 57
4	Suppliers' ESG risk analysis and improvement	[414] Supplier Social Assessment	Supply Chain Mgmt.	18-25, 59
5	Human resource development and management	[401] Employment, [404] Training and Education	Employees	33-38, 60-61
6	Operation of win-win growth programs	Non-GRI	Supply Chain Mgmt.	18-25
7	Pursuit of work-life balance	Non-GRI	Employees	33-38
8	Pursuit of diversity and inclusion	[405] Diversity and Equal Opportunity	Employees	33-38, 60
9	Development of products/services that are easy for anyone to use	Non-GRI	Customers	30-32
10	Talent attraction and retention(including performance evaluation and compensation)	[401] Employment	Employees	33-38, 60
11	Enhancement of customer communication	Non-GRI	Customers	30-32
12	Expansion of eco-friendly products	[416] Customer Health and Safety	Product Stewardship	13-16, 63
13	Development of climate change response strategies and business risk assessment	[201] Economic Performance	TCFD Report	69-74
14	Enhancement of safety and health in the workplace	[403] Occupation Health and Safety	Safety and Environment	26-29
15	Expansion of recycling of waste and waste products	[306] Effluents and Waste	Circular Economy	11-12, 58



I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership-Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

# Materiality

## Stakeholder Engagement

LG Electronics recognizes the importance of communication between stakeholders in promoting sustainability management. Accordingly, we set executives and employees(Korea and overseas), customers, suppliers, and investors, etc. as major stakeholders of LGE and collected opinions on the company's sustainability. And we conducted stakeholder surveys to proactively reflect their opinions in our business activities. In the future, we will transparently disclose information and strengthen stakeholder communication so that various stakeholders can directly or indirectly participate in management activities and present their opinions and take part in creating a better future for LG Electronics.

\* Survey result: Stakeholder surveys were conducted with internal stakeholders(employees and management in Korea and overseas) and external stakeholders(customers, suppliers, local communities, ESG experts, etc.) as targets and the results were organized into 6 sectors, with the sector with the highest response rate as the standard.

### Internal Stakeholder Survey - Employees(Korea)

No.	Sector category	Issues by sector	Response rate(%)
1	General Economy	Transparent disclosure of information	48.1
2	Employees	Talent attraction and retention	66.4
3	Environment	GHG/Energy Emissions Reduction	46.4
4	Customers	Enhancement of customer communication	54.1
5	Local Communities	Strategic Social Contribution	79.5
6	Suppliers	Win-win growth program operation	67.9

### Internal Stakeholder Survey - Employees(Overseas)

No.	Sector category	Issues by sector	Response rate(%)
1	General Economy	Technology innovation and R&D	58.3
2	Employees	Pursuit to work-life balance	80.6
3	Environment	GHG/Energy Emissions Reduction	47.2
4	Customers	Enhancement of customer communication	47.2
5	Local Communities	Strategic Social Contribution	79.5
6	Suppliers	Win-win growth program operation	66.7

### External Stakeholder Survey - Customers

No.	Sector category	Issues by sector	Response rate(%)
1	General Economy	Transparent disclosure of information	44.0
2	Employees	Talent attraction and retention	48.7
3	Environment	GHG/Energy Emissions Reduction	51.0
4	Customers	Enhancement of customer communication	67.8
5	Local Communities	Strategic Social Contribution	76.2
6	Suppliers	Win-win growth program operation	75.4

### External Stakeholder Survey - Suppliers, Media/Local Community, Academic/ESG experts, Shareholders/Investors etc.

No.	Sector category	Issues by sector	Response rate(%)
1	General Economy	Transparent disclosure of information	44.9
2	Employees	Talent attraction and retention	59.0
3	Environment	GHG/Energy Emissions Reduction	56.4
4	Customers	Product/service quality management	55.1
5	Local Communities	Strategic Social Contribution	74.4
6	Suppliers	Win-win growth program operation	57.7



# GRI Standards Index

- I. Corporate Overview
- Management Philosophy
- Message from the CEO
- About LG Electronics
- Business Status
- II. Environmental
- Carbon Neutral
- Circular Economy
- Product Stewardship
- III. Social
- Supply Chain Management
- Safety and Environment
- Customers
- Employees
- Social Contribution
- IV. Governance
- Corporate Governance
- Jeong-Do Management
- Compliance Management
- Information Protection
- V. Appendix
- Sustainability Management Performance Data
- SHEE-Quality Certification Status
- Membership Awards & Recognition
- Materiality
- GRI Standards Index
- SASB Index
- TCFD Report
- Governance Index
- Independent Assurance Statement

## Universal Standards

Standard Indicators			Reporting	
Disclosures	Title	Page	Note	
102-01	Name of the Organization	6		
102-02	Activities, brands, products and services	7		
102-03	Location of headquarters	6		
102-04	Location of operations	6		
102-05	Ownership and legal form	6		
102-06	Markets served	6	Annual Report	
102-07	Scale of the organization	6		
102-08	Information on employees and others workers	6, 59-60		
102-09	Supply chain	6, 18-25		
102-10	Significant changes to the organization and its supply chain	-	Withdrawal of MC Company(April 2021)	
102-11	Precautionary Principle or approach	23-25, 45-50		
102-12	External initiatives	39-40, 64		
102-13	Membership of associations	64		
102-14	Statement from senior decision-maker	5		
102-16	Values, principles, standards, and norms of behavior	4, 45-46		
102-18	Governance structure	42-44		
102-19	Delegating authority	42-44		
102-40	List of stakeholder groups	64-66		
102-41	Collective bargaining agreements	64		
102-42	Identifying and selecting stakeholders	64-66		
102-43	Approach to stakeholder engagement	64-66		
102-44	Key topics and concerns raised	64-66		
102-45	Entities included in the consolidated financial statements	55-56	Annual Report	
102-46	Defining report content and topic Boundaries	2		
102-47	List of material topics	65-66		
102-48	Restatements of information	-	No restatements	
102-49	Changes in reporting	-	Withdrawal of MC Company(April 2021)	
102-50	Reporting period	2		
102-51	Date of most recent report	2	LGE website*	
102-52	Reporting cycle	2		
102-53	Contact point for questions regarding the report	2		
102-54	Claims of reporting in accordance with the GRI Standards	2		
102-55	GRI content index	67-68		
102-56	External assurance	76-77		
103	Management Approach	8, 17		

\* <https://www.lg.com/global/sustainability-report>

## Topic Specific Standards

Standard Indicators			Reporting	
Topic	Disclosures	Title	Page	Note
Economic Performance	201-1	Direct economic value generated and distributed	56	
	201-2	Financial implications and others risks and opportunities due to climate change	69-74	
	201-3	Defined benefit plan obligations and others retirement plans	56	
	201-4	Financial assistance received from government	56	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	61	
	202-2	Proportion of senior management hired from the local community	59	
Procurement Practices	204-1	Proportion of spending on local suppliers	56	
Anti-corruption	205-1	Operations assessed for risks related to corruption	62	
	205-2	Communication and training about anti-corruption policies and procedures	62	
	205-3	Confirmed incidents of corruption and actions taken	62	
Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	45-46, 49-50	Annual Report
Materials	301-3	Reclaimed products and their packaging materials	13-16	
Energy	302-1	Energy consumption within the organization	57	
Water and Effluents	303-1	Interactions with water as a shared resource	58	
	303-3	Water recycled and reused	58	
Emissions	305-1	Direct(Scope 1) GHG emissions	57	
	305-2	Energy indirect(Scope 2) GHG emissions	57	
	305-3	Others indirect(Scope 3) GHG emissions	57	
	305-4	GHG emissions intensity	57	
	305-7	Nitrogen oxides(NOx), sulfur oxides(SOx), and others significant air emissions	57	
Effluents and Waste	306-3	Waste Generated	58	
	306-4	Waste diverted from disposal	58	
Environmental Compliance	307-1	Non-compliances with environmental laws and regulations	58	
Employment	401-1	New employee hires and employee turnover	60	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	34-38	
	401-3	Parental leave	61	
Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	26-29	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	59	
	403-4	Health and safety topics covered in formal agreements with trade unions	26-29	





I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	<b>GRI Standards Index</b>
	<b>SASB Index</b>
	TCFD Report
	Governance Index
	Independent Assurance Statement

# GRI Standards Index

Standard Indicators			Reporting	
Topic	Disclosures	Title	Page	Note
Training and Education	404-1	Average hours of training per year per employee	61	
	404-2	Programs for upgrading employee skills and transition assistance programs	36-38	
	404-3	Percentage of employees receiving regular performance and career development reviews	61	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	60	
	405-2	Ratio of basic salary and remuneration of women to men	-	Annual Report
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	63	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	20-25	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	20-25	
Security Practices	410-1	Security personnel trained in human rights policies or procedures	62	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	62	
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	62	
	412-2	Employee training on human rights policies or procedures	62	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	62	
	413-2	Operations with significant actual and potential negative impacts on local communities	62	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	59	
	414-2	Negative social impacts in the supply chain and actions taken	59	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	63	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	63	
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	-	None incident occurred in 2021 (see Annual report)
	417-3	Incidents of non-compliance concerning marketing communications	-	
Information Protection	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	63	
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	Annual Report

# SASB Index

The SASB(Sustainability Accounting Standards Board) Standard is an industry-specific sustainability accounting standard established by the US Sustainability Accounting Standards Boards in 2011. For the first time in the industry, the standard categorized sustainability information with a high level of financial importance into 77 industries in 11 areas in accordance with the “SICS(Sustainable Industry Classification System)”, taking into account the specificity of each industry. LGE has been actively supporting the implementation of the SASB standards by disclosing, since 2020, sustainability-related information corresponding to the Hardware industry group within the Technology and Communications sector, which has high potential to have a significant financial impact on our business.

## Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Classification	Unit	Code	Cross Reference	Page
Product Security	Approach to identify and address data security risks in products	Discussion & Analysis	n/a	TC-HW-230a.1	Privacy Protection and Product Security	51-53
Employee Diversity & Inclusion	Percentage of gender and ratio/ethnicity in(1) executive officers,(2) engineers, and (3) others	Quantitative indicator		TC-HW-330a.1	Sustainability Performance Data	59-60
Product Lifecycle Management	Percentage of the sales of products containing IEC 62474 flammable substances	Quantitative indicator	%	TC-HW-410a.1	-	-
	Percentage of the sales of products that meet EPEAT requirements or equivalent	Quantitative indicator		TC-HW-410a.2	Improving Energy Efficiency	16
	Percentage of the sales of products that meet ENERGY STAR standards	Quantitative indicator		TC-HW-410a.3		
	Weight of take back and recyclability of expired products and electronic wastes	Quantitative indicator	Ton, %	TC-HW-410a.4	Collecting E-waste	12
Supply Chain Management	Percentage of 1st-tier supplier facilities audited in (a) all facilities and (b) RBA VAP as high-risk facilities or equivalent	Quantitative indicator		TC-HW-430a.1	Risk Management at Production Sites	23-25
	Percentage of 1st-tier supplier's (1) RBA VAP or non-conformity with others companies and (2) (a) priority non-conformities and (b) others corrective actions for non-conformities	Quantitative indicator	%	TC-HW-430a.2		23-25
Materials Sourcing	Description of risk management related to the use of important raw materials	Discussion & Analysis	n/a	TC-HW-440a.1	Establishment of a Sustainable Management System with Suppliers	19-21





I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	<b>TCFD Report</b>
	Governance Index
	Independent Assurance Statement

# TCFD Report

## Climate-related Issues and the Role of the International Community

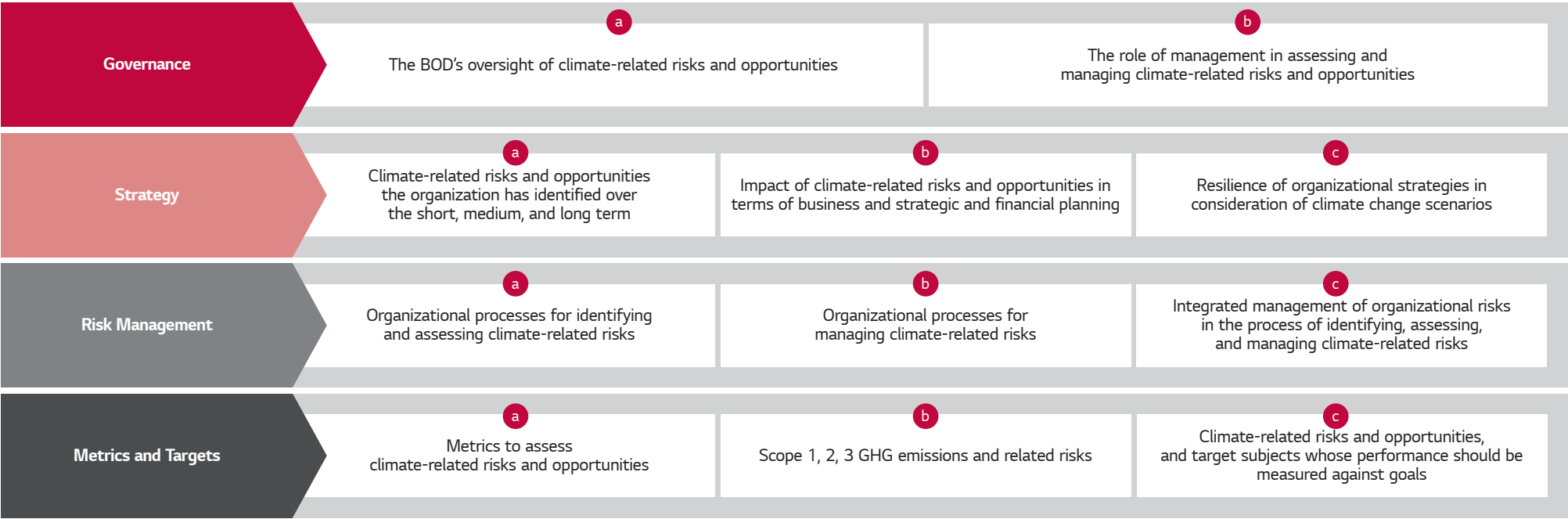
As the intensity and frequencies of extreme weather events caused by global warming are rising, climate change has begun to be perceived as a major threat to society. Through its Global Risk Report 2021, the World Economic Forum selected climate-related issues such as extreme weather or failure to take action on climate change, along with issues regarding infectious disease due to the ongoing COVID-19 pandemic, as the most threatening issues in 2021. Following the signing of the climate change agreement at the 1992 summit in Rio de Janeiro by various world leaders, the international community has emphasized the importance of the agreement and has continued to have discussions and come to agreements on climate change over the fast few decades. Through the Paris Agreement adopted in December 2015 at the United Nations Climate Change Conference, specific reduction targets were established aimed at maintaining the global average temperature rise to below 2°C, and preferably limiting to 1.5°C, compared to pre-industrial levels. In addition, the IPCC(Intergovernmental Panel on Climate Change), an intergovernmental consultative body related to climate change, published a study through its 5th assessment report suggesting that 40-70% of global greenhouse gas emissions must be reduced by 2050 in order to keep the global average temperature rise to below 2°C.

\* TCFD(Task Force on Climate-related Financial Disclosures)  
The TCFD is a task force established by the Financial Stability Board, as mandated by the G20 finance ministers and central bank governors, for the purpose of requesting voluntary and consistent disclosure of climate-related information. TCFD published their 'Recommendations on Disclosure of Climate-related Financial Impacts' in 2017. These recommendations demand that the risks and opportunities that organizations face in relation to climate change be identified, and that the processes, indicators, and goals for managing these risks and opportunities be disclosed in detail.

Accordingly, climate-related issues that the international community is currently attempting to respond to are not only causing extreme weather phenomena, but also causing major changes in the overall global economy and social structures, such as the society's energy use, production within the industry, and transportation methods. In order to respond to these changes and overcome the climate change crisis, the government of each country is adopting various policies and systems. Following these changes, companies are also continuing efforts to respond to changes to social, economic, and trade structures, such as reducing carbon emissions, using renewable energy, and developing and investing in low-carbon green technologies.

Here at LGE, we recognize that climate change is a major issue that, not anyone else, but we must take responsibility for and resolve, thus striving to achieve these goals by establishing specific directions and strategies. Starting in 2021, we have been disclosing climate-related information that aligns with the TCFD\* guidelines through our sustainability report to satisfy the demands of the international community, and we plan to continuously supplement this information and disclose the results in a transparent manner.

### TCFD Framework



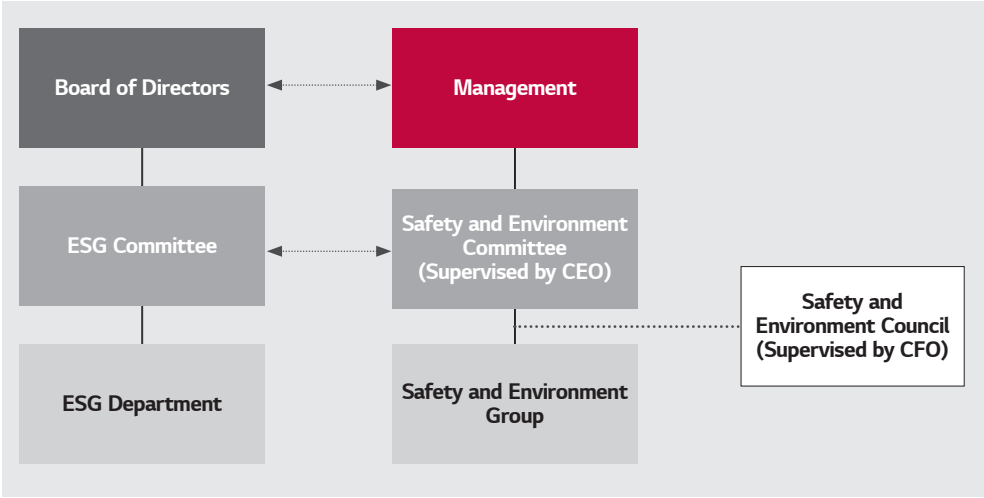


# TCFD Report

- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report**
  - Governance Index
  - Independent Assurance Statement

## 1. Governance

LGE operates a Safety and Environment Committee under the supervision of the management for effective company-wide decision-making and management regarding climate change issues. In April 2021, we established an ESG Committee which operates under the BOD to supervise and review overall ESG management activities and strategic directions, including climate change issues.



### BOD-level Supervision of Climate-Related Risks and Opportunities

LGE established an ESG Committee under the supervision of the BOD in April 2021. In order to realize long-term and sustainable growth by strengthening ESG management regarding Environmental, Social, Governance as well as climate change, the ESG Committee is responsible for reviewing and making decisions on the foundational policies, goals and necessary strategies throughout the overall ESG management. The ESG Committee, which consists of four independent directors and one executive director, treats issues related to the environment and energy sector including response to climate change, as one of its key areas.

### The Role of Top-Tier Management in Assessing and Managing Climate-Related Risks and Opportunities

LGE's top management recognizes that climate change is an important issue that can affect LGE's overall management, and even the international community. Accordingly, it is constantly reviewing risks and opportunities related to climate change. In particular, key management members(CFO, CHO, CTO, CSO) and the CEO as the head make up the Safety and Environment Committee, which is constructed to review company-wide safety and environment and climate change-related issues, therefore assesses risks and opportunities related to climate change. In addition, the committee carries out decision-making on major issues related to climate change such as establishing mid- to long-term GHG reduction goals and making investment decisions on major large-scale reductions businesses. We reflect the decisions made by the committee into the company regulations and enforce them.



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	<b>TCFD Report</b>
	Governance Index
	Independent Assurance Statement

# TCFD Report

## 2. Strategy

We plan to disclose to stakeholders that the 2030 carbon-neutral goal and implementation are strategies based on long-term climate change scenarios, and to analyze climate change risks and opportunities in more detail and establish response plans in a systematic manner. Therefore, we conducted a review of climate change risks and opportunities through the following analysis

Classification of Risks		Description	Financial Impact	Classification	Effects on LGE and response plans	
Transition Risk	Regulation	Current	-Increased cost of purchasing emission permits -Increase in greenhouse gas emissions debt	High	Short-term	LG Electronics is a company subject to the Korean greenhouse gas emission trading system, and if it emits more than the greenhouse gas emission allowance granted by the Korean government, it is obligated to purchase greenhouse gas emission rights and comply with the laws. LG Electronics may purchase emission rights due to increased production due to growth in home appliances, expansion of automobile parts business, etc., and in Korea, there may be an increase in purchase costs due to rising greenhouse gas emission costs in Korea, and the increase in greenhouse gas emissions debt may have an effect on financial solidity. Each business sector and energy facility survey is responsible for carrying out risk assessment related to increased greenhouse gas emissions for assets held and new assets due to climate change, and the Safety and Environment Group of the headquarters reviews and manages company-wide policy based on the evaluation results. In addition, LG Electronics has established a carbon fund which is being used to invest in technologies and facilities to reduce greenhouse gas emissions, and has reduced the purchase cost of emission rights by more than 580,000 tons in 2021, which is equivalent to KRW 1.9 billion(about USD 1.7 million) in purchasing costs of emission rights.
		Emerging	-Risks posed to business operations due to a lack of response to new policies	High	Short-term	Regulations related to climate change in Korea and overseas, such as the carbon border adjustment system and the expansion of climate risk/opportunity disclosure obligations, are showing a continuous growth in trend, and because LGE operates a number of operations overseas, emerging new regulations in countries abroad can pose great risks to business strategies and operations. LGE is unlikely to be directly affected by the European CBAM(Carbon Border Adjustment Mechanism) but regarding stricter regulations such as expansion of applicable industries, the ESG Committee monitors new policies that may influence business operations to continuously review and manage them.
	Legal	-Decrease in sales and adverse effects on transactions	High	Short-term	Legal issues including environmental litigation regarding climate change can seriously affect our reputation and brand image. LGE is obligated to report greenhouse gas emissions and energy use to the Korean government every year. In order to meet legal requirements, LGE is analyzing/responding to major legal risks related to climate change, focusing on the safety and environment group of its headquarters. LGE has completed the construction of the greenhouse gas inventory at all workplaces in accordance with the Korean government's legal requirements, and has completed the submission of the greenhouse gas emission statement and third-party verification report every year.	
	Technology	-Increased spending due to technology transfer and postponed development of new technology	High	Long-term	As customer demands for energy-efficient, low-carbon, eco-friendly products increase, technologies aimed at meeting these demands are also rapidly evolving. Also, with the government of each country demanding response to high-efficient energy such as strengthening energy-efficient standard levels for home appliances, the company needs technology development as a response. We monitor risk factors that may arise from technology transfer or the failed development of new technologies related to climate change.	
	Market	-Decrease in existing products/ services as a result of changes in customers' preference	High	Mid-term	Lately in the market, an increasing number of customers and purchasers have been demanding information on carbon emissions and renewable energy use. Failure to meet these demands is a risk factor that can lead to a loss of business opportunities. In order to actively reflect these market demands, each department within our company is conducting related risk assessments, and risk factors are managed at the corporate level through the ESG Committee. As LGE is expanding its automobile parts business, automobile buyers are requiring specific goals and implementation of the expansion of carbon neutral and renewable energy use. Accordingly, LG Electronics is planning to convert 60% of its global power consumption into renewable energy by 2030 and 100% by 2050.	
	Reputation	-Reputational decline leading to failed investment attraction and negatively affects business deals	High	Long-term	Damage to LGEs' reputation due to climate-related issues would result in us being unable to meet the expectations of investors who perceive climate change response as an important element of consideration when making investments, which may, in turn, adversely affect our ability to raise capital. Accordingly, we actively promote our climate change response activities and manage the performance thereof, thereby managing external reputational risks. In 2019, LGE set a goal of achieving carbon neutrality by 2030 and established a roadmap for implementation. In order to verify the adequacy of LGEs' carbon-neutral goals, we have joined the Science-Based Target Initiative in 2021 to complete verification of the target level and to manage reputation risks to investors, stakeholders and general customers by announcing progress on the implementation roadmap every year.	
Physical Risk	Acute	-Expenses due to asset damage	Medium	Short-term	The frequency and intensity of natural disasters caused by climate change are increasing. In particular, natural disasters such as tropical cyclones can directly damage our production facilities, buildings, and others assets in a short period of time. In order to respond to these acute physical risks, we regularly conduct risk assessments at our various business sites.	
	Chronic	-Cause of a rise in business operation cost	Medium	Long-term	Chronic physical risks can lead to increased business operation costs. For example, if the temperature at our manufacturing sites rises due to global warming, additional energy use may be required at these facilities in order to maintain a constant temperature. In turn, this may result in additional operating costs and an increase in carbon emissions. At LGE, each of our business departments primarily manages long-term physical risks, especially risk factors that lead to increased costs, and corporate-level discussions are conducted through the ESG Committee.	



- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report**
  - Governance Index
  - Independent Assurance Statement

# TCFD Report

## 3. Risk Management

LGEs' climate-related risks are identified through top-down and bottom-up approaches under the supervision of the corporate-level Safety & Environment Council and are integrally managed as part of the corporate-level risk management process.

### Top-Down Risk Identification and Assessment

LGEs' ESG Committee is the highest-level decision-making body for overall ESG issues such as environment and energy/climate change across all business units and all business sites attended by the CEO and independent directors. This committee manages LGEs' large-scale investment decisions on activities to reduce climate change risks, approval of new businesses related to climate change, and approval and performance management of LGEs' mid- to long-term greenhouse gas reduction strategies as well as expanded use of renewable power. The strategies and objectives of each business unit and management organizations are reflected in the overall company's climate change policies and directions determined by this Committee.

### Bottom-Up Risk Identification and Assessment

The Asset level defines the risks and opportunities to be managed on a daily basis derived from the assessment of risks and opportunities, and manages the status of monthly implementation based on the environmental, safety, and energy/greenhouse gas regulations at the working level. This management is based on the International Organization for Standardization(ISO) 50001 Energy Management System and is managed under daily, monthly and annual plans using the Plan, Do, Check and Act virtuous cycle of ISO 50001. In addition, the risks and opportunities that correspond to LGEs' specific products and solutions are managed by each independent business unit and are taking necessary measures.

### A Framework for Integrated Management of Climate Change Risks

The ESG Council holds quarterly discussions on company-wide and integrated management of climate change risks and opportunities. LGEs' approach to integrated management of climate change risks effectively manages risks while all departments and managers take the approach to discuss problems, solutions, and new opportunities in one discussion process to seek new opportunities. The ESG Council is led by the CFO and is attended by decision-makers from all departments related to issues on the agenda, to share assessments of risks or opportunities for each issue and develop necessary measures. Also, it is responsible for delegating financial investments, allocating resources as well as establishing detailed strategies to mitigate climate change risks and seize new opportunities. Key issues discussed in the council are reported to the CEO and the ESG committee to establish future directions and final decisions.



I. Corporate Overview

Management Philosophy

Message from the CEO

About LG Electronics

Business Status

II. Environmental

Carbon Neutral

Circular Economy

Product Stewardship

III. Social

Supply Chain Management

Safety and Environment

Customers

Employees

Social Contribution

IV. Governance

Corporate Governance

Jeong-Do Management

Compliance Management

Information Protection

V. Appendix

Sustainability Management Performance Data

SHEE-Quality Certification Status

Membership/Awards & Recognition

Materiality

GRI Standards Index

SASB Index

TCFD Report

Governance Index

Independent Assurance Statement

# TCFD Report

## LG Electronics' Risk Management Process

LG Electronics establishes and implements risk management measures by identifying the impact of major risk factors related to climate change and reflecting the results derived through scenario analysis.

### 1. Definition of Major Risks

LG Electronics categorizes the risks caused by climate change into business impact and reputation impact in terms of social awareness. **Business impact** is risk caused by impact from climate change risks that pose a financial threat to projects or production/sales reduction, and to address this, we establish and manage categorized, preemptive response strategies, such as possible financial losses and casualties. **Reputation risk** is defined as risk that results in financial loss due to corporate image damage and legal sanctions and conflicts in relation to climate change. In particular, LGE, whose main product is consumer goods, classifies reputation risk as a major impact because legal sanctions or a decline in corporate image due to disputes can lead to stagnant or decreased sales. **Physical risk** is the financial risk caused by direct damage to assets such as facilities and buildings and reduced production/sales due to increased cost between operations due to higher frequency and intensity of natural disasters caused by climate change.

### 2. Impact on LGE by Scenario and Countermeasures

Classification	2°C Scenario	4°C Scenario
Details	<p>This scenario limits atmospheric CO<sub>2</sub> concentrations arising from humanity's use of fossil fuels to 450ppm by the year 2100(IEA 450 scenario). In order to reduce the rise in global temperatures to below 2°C, the IEA<sup>1</sup> is proposing that the international community adopts prompt and innovative reduction methods. From a regulatory perspective, emissions trading will be introduced for OECD countries including South Korea, with the expectation that others key countries outside of the OECD(China, Brazil, Russia) will also join this scheme. In addition, further investment in carbon reduction is expected to increase across a wide range of sectors, and the availability of power generation sources, particularly those with improved energy efficiency, renewable energy, and nuclear energy that can replace fossil fuel energy, is predicted to continuously expand. 48% of the OECD countries, 30% of non-OECD countries and 18% of others countries are expected to comprise the developed and developing countries' investments for carbon reduction.</p>	<p>This scenario predicts the catastrophic consequences that are expected to occur as a result of global warming if current policies and efforts to respond to climate change are insufficient, and if prompt and ambitious targets and strategies are not implemented. In particular, the 4°C scenario focuses on the material risks arising as a result of global warming. The enhancement of capabilities to thoroughly and preemptively review the potential impact on global producers and suppliers, including damage to businesses in coastal regions that will occur due to rising sea levels, depletion of water resources in different regions, and major storms and floods will require significant commitment of resources.</p>
LG Electronics Impact & Response	<p>Regulatory risks related to greenhouse gas emissions, including carbon taxes, carbon border adjustments and emission trading systems for LG Electronics' production sites located in more than 15 countries, are expected to increase. The risk of rising raw material prices for LG Electronics' products produced through the global supply chain is expected. The demand for energy efficiency is expected to increase as well, so we are planning to continue to invest in R&amp;D and launch new products to secure competitiveness in energy efficiency of home appliances. Moreover, LGE has set a target of reducing carbon emissions by 50% by 2030 and completed verification from SBTi<sup>2</sup> to meet the IEA450 scenario sufficiently.</p>	<p>We are examining our business portfolio and changes to business strategy for improved response to environmental changes, and for the sustainability of our global production sites and supply chain. We are strengthening investment to improve capability to respond to physical risks arising from major environmental disasters. We feel the need for additional self-rescue efforts others than carbon neutrality(LG Electronics' goal) in 2030. We are also striving to strengthen external communication that can contribute to social changes such as policy changes and improved customer awareness.</p>

<sup>1</sup> IEA: International Energy Agency  
<sup>2</sup> SBTi: Science Based Targets initiative



I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SH&E-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	<b>TCFD Report</b>
	Governance Index
	Independent Assurance Statement

# TCFD Report

## 4. Metrics and Targets

### GHG Reduction Goals for Implementing Carbon Neutrality

Based on the 1.5°C scenario, LGE established a goal of 54.6% in reduction by 2030 and completed verification with SBTi on its 2021 GHG reduction goal amount to establish realistic goals that take macroeconomic variables into consideration. To achieve these goals, LGE is regularly monitoring the amount of GHG emissions and will continue to develop and supplement its reduction programs to actualize the achievement of the goals

#### 1. Scope 1 & 2 : Reduce an absolute amount of 54.6% by 2030 compared to 2017 (SBTi verification completed in 2021)

##### GHG Emissions(Scopes 1, 2)

Classification	Unit	2019	2020	2021
Direct GHG emissions (Scope1)	Korea	466	294	173
	Overseas	137	146	160
Indirect GHG emissions (Scope2)	Korea	385	382	325
	Overseas	481	472	494
Total(Scope 1 + Scope 2)		1,469	1,294	1,152
GHG emissions intensity(Unit: USD)		2.43	2.34	1.76

- \* Business Sites Subject to Verification
  - Korea: Business sites in South Korea under the operational control of LG Electronics
  - Overseas: Overseas production sites of LG Electronics(30)
- \* Verification Principles and Standards
  - Korea: Guidelines for Emission Reporting and Certification of Greenhouse Gas Emission Trading System, Verification Guidelines for Greenhouse Gas Trading System Operation
  - Overseas: ISO 14064-3:2006(Greenhouse Gas - Part 3: Rules and Usage Guidelines for Feasibility Assessment and Verification of Greenhouse Gas Declaration)
- \* Verification Method
  - Korea: LG Electronics GHG Emissions and Energy Consumption Statement, LG Electronics GHG Data Management and Collection, Emission Calculation and Reporting Process
  - Overseas: LG Electronics Greenhouse Gas Emission Report, LG Electronics Greenhouse Gas Data Management and Collection, Emission Calculation and Reporting Process

#### 2. Scope 3 : Reduce an absolute amount of 20% by 2030 compared to 2020 (SBTi verification completed in 2021)

##### GHG Emissions(Scope 3)

Classification	Unit	2019	2020	2021
Others indirect GHG emissions (Scope3)	Business trip	58,337	20,692	11,581
	Use of sold products	33,290,000	58,069,372	63,154,027
	In-house suppliers(Korea)	9,137	5,067	4,827

- \* Verification status: Third-party assurance was completed on emissions from business trips by employees and rental buildings
- \* Reasons for removing emissions from rental buildings: Excluded from CDP verification items

### Energy Consumption within the Organization

Classification	Unit	2019	2020	2021
Non-renewable fuel	LNG city gas(Korea)	827	879	632
	LNG city gas(Overseas)	772	741	714
	Coal(Korea)	0	0	0
	Coal(Overseas)	0	0	0
	Others(Korea)	72	74	70
	Others(Overseas)	534	658	500
	Subtotal	2,205	2,352	1,916
Renewable energy	Solar power	5	6	19
	Wind power	0	0	0
	Biomass	0	0	0
	Others	62	79	233
	Subtotal	67	85	252
Energy purchase	Electricity(Korea)	2,946	2,904 <sup>1</sup>	2,508
	Electricity(Overseas)	2,664	2,726 <sup>1</sup>	2,942
	Steam(Korea)	395	394	397
	Steam(Overseas)	6	3	3

- \* Business Sites Subject to Verification
  - Korea: Business sites in South Korea under the operational control of LG Electronics
  - Overseas: Overseas production sites of LG Electronics(30)
- \* Energy subject to verification: Energy used at combustion facilities and externally supplied power and heat at business sites
- \* Calculation of energy consumption: Based on net calorific value, steam includes steam consumption through waste heat recovery in Korea
- \* Verification Status: Third-party verification completed(excluding fugitive emissions from refrigeration)
- <sup>1</sup> Change in 2020 Energy Purchase Data : Energy usage in 2021 with third-party verified electricity usage applied

### Goals for 2030 Carbon Neutrality

1. 50% absolute reduction of emissions, in comparison to 2017, by 2030	2. Reduction of greenhouse gas emissions through participation in the UN CDM project	3. Expansion of renewable energy
<ul style="list-style-type: none"><li>• Continue to invest in reduction facilities in order to reduce emissions(we first invested in 2015, and investment has been increasing every year since)</li><li>- Energy efficiency improvement, low-efficiency old equipment replacement, etc.</li></ul>	<ul style="list-style-type: none"><li>• Contribute to the reduction of emissions from the use of our products by expanding the supply of high-efficiency products such as refrigerators and air conditioners to India</li><li>• We are acquiring authentication and certificate in the form of recognition of our reduction performance from the UN</li></ul>	<ul style="list-style-type: none"><li>• Aim to completely switch to renewable energy by 2050</li><li>- Switch to 100% renewable energy for all of our operations in North America by the end of 2021, and switch to 100% renewable energy for global production subsidiaries by 2025(with exception to those in Korea)</li></ul>



# Governance Index

- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index**
  - Independent Assurance Statement

Recognizing that the soundness and transparency of corporate governance as an integral part of sustainable growth, corporate value, and protection of stakeholders’ interests, LGE is committed to board-oriented management and creating sound and transparent governance. In 2021 in particular, in accordance with Article 24-2 of the Disclosure Regulations on the Securities Market, a corporate governance report was established to help investors understand our governance. In the report, details of LGE corporate governance policies, as well as the rights, roles, and functions of shareholders and board of directors provided while reporting the status of internal and external auditors. LGE corporate governance report is disclosed to all stakeholders through the Financial Supervisory Service Electronic Disclosure System(<http://dart.fss.or.kr/>)

## Key Corporate Governance Indicator Compliance

Classification	Key Indicators	Followed		Description	Remarks
		O	X		
Shareholders	1. Shareholders are informed 4 weeks before the general meeting of shareholders.*	√		3 weeks(22days) before the meeting in 2022	Items 1-1
	2. Shareholders can vote electronically.*	√		As of 2021 General Shareholders’ Meeting	Items 1-2
	3. The general meeting of shareholders is held outside the busy period.*	√		Held on March 24, 2022	Items 1-2
	4. Shareholders are notified of the dividend policy and plan at least once a year.**	√		Quarterly performance data and dividend policy is posted on the website	Items 1-4
BoD	5. The CEO succession policy(appointment in case of emergency) is established and implemented.	√		Succession policy retained; candidates nominated and fostered every year	Items 3-2
	6. Internal control policies are established and implemented.	√		Risk management(board rules), compliance management, internal accounting management and disclosure management policy are established and implemented	Items 3-3
	7. The chairman of the board and CEO are separate.	√		As of March 2019	Items 4-1
	8. A concentrated voting system is adopted.		√ <sup>1</sup>	-	Items 4-3
Audit Body	9. A policy is established to prevent the appointment of those who can damage corporate value or violate the rights of shareholders.	√		The internal appointment rules and review process are available	Items 4-4
	10. No external directors serve more than 6 years.	√		-	Items 5-1
	11. Internal audit body is trained at least once a year.**	√		External expert training is available	Items 9-1
	12. Independent internal audit department(internal audit support organization) is organized.	√		Organized independent internal audit department	Items 9-1
	13. There are accounting or financial experts in the internal audit body.	√		There is one accounting expert	Items 9-1
	14. The internal audit body holds a meeting with external auditors without the presence of management at least once a quarter.**	√		The body discusses and reports to the auditor on a quarterly basis.	Items 10-2
	15. The internal audit body can access important business information.	√		There is one accounting expert	Items 9-1

\* The items are based on the general meeting of shareholders held right before the submission of the report.  
\*\* The items determine the performance within the disclosure period.  
<sup>1</sup> There is no plan to introduce a concentrated voting system, as there is a risk that management will deteriorate due to private interests, such as the possibility of seizing the board of directors through speculative capital.





I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership/Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	<b>Independent Assurance Statement</b>

# Independent Assurance Statement

## To readers of 2021-2022 LG Electronics Sustainability Report ESG FACT BOOK

### Introduction

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

### Scope and Standards

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

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

- **GRI Sustainability Reporting Standards**
- **Universal standards**
- **Topic specific standards**
  - Management approach of Topic Specific Standards
  - GRI 201: Economic Performance
  - GRI 302: Energy
  - GRI 305: Emissions
  - GRI 306: Effluents and Waste
  - GRI 401: Employment
  - GRI 403: Occupational Health and Safety
  - GRI 404: Training and Education
  - GRI 405: Diversity and Equal Opportunity
  - GRI 413: Local Communities
  - GRI 414: Supplier Social Assessment
  - GRI 416: Customer Health and Safety

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

### KMR's Approach

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

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

### Limitations and Recommendations

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

### Conclusion and Opinion

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

### Inclusivity

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

### Materiality

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



# Independent Assurance Statement

- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership/Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement**

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

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

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

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

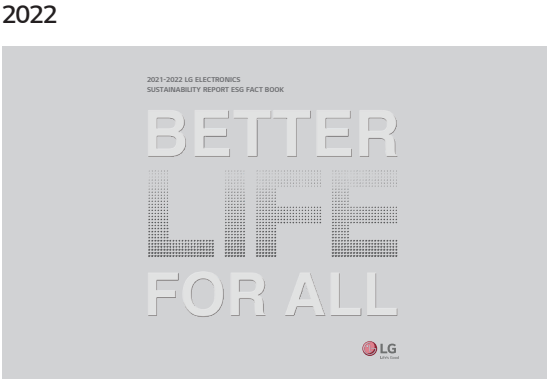


July 2022 Seoul, Korea  
CEO E. J. Hwang



# History of sustainability reports publication 2006-2022

- I. Corporate Overview
  - Management Philosophy
  - Message from the CEO
  - About LG Electronics
  - Business Status
- II. Environmental
  - Carbon Neutral
  - Circular Economy
  - Product Stewardship
- III. Social
  - Supply Chain Management
  - Safety and Environment
  - Customers
  - Employees
  - Social Contribution
- IV. Governance
  - Corporate Governance
  - Jeong-Do Management
  - Compliance Management
  - Information Protection
- V. Appendix
  - Sustainability Management Performance Data
  - SHEE-Quality Certification Status
  - Membership/Awards & Recognition
  - Materiality
  - GRI Standards Index
  - SASB Index
  - TCFD Report
  - Governance Index
  - Independent Assurance Statement



2021-2022  
LG Electronics Sustainability Report  
ESG STORY BOOK, FACT BOOK  
(July 2022)

- Disclosure of mid-to long-term ESG 6 Key Initiatives and KPIs
- Apply GRI(Global Reporting Initiative) Standards



# Contributors to Sustainability Report Preparation

I.	Corporate Overview
	Management Philosophy
	Message from the CEO
	About LG Electronics
	Business Status
II.	Environmental
	Carbon Neutral
	Circular Economy
	Product Stewardship
III.	Social
	Supply Chain Management
	Safety and Environment
	Customers
	Employees
	Social Contribution
IV.	Governance
	Corporate Governance
	Jeong-Do Management
	Compliance Management
	Information Protection
V.	Appendix
	Sustainability Management Performance Data
	SHEE-Quality Certification Status
	Membership-Awards & Recognition
	Materiality
	GRI Standards Index
	SASB Index
	TCFD Report
	Governance Index
	Independent Assurance Statement

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