

2021-2022 LG ELECTRONICS
SUSTAINABILITY REPORT

BETTER
LIFE
FOR ALL



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Report Overview

At LG Electronics, we expressed our commitment and are striving to change in order 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 storytelling way, and ESG FACT BOOK shows LGE's key activities and achievements. We plan to transparently disclose our sustainability management activities and performance through the publication of reports every year.

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.

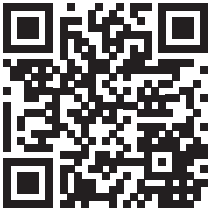
Third Party Assurance

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.60 of the report.

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

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

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LG Electronics, that has always been committed to providing innovative customer experiences through better products and services, is about to take another leap forward to expand its focus. From now on, we move forward not only for our customers, but beyond this to the Earth, nature, our employees and suppliers, for everyone around us.

LG Electronics sustainable growth is harmonious to 'Better life for All'. We safeguard our planet for a healthier future by reducing carbon emissions not only during the production of our products but also during their use, proactively using recycled plastics, and minimizing waste.

We build a stronger supply chain system by sharing our technology and know-how with our suppliers, ensure happier lives for our employees based on a non-discriminatory organizational culture, and develop better products and services that is convenient for everyone to use.

LG Electronics stands at the starting line of a virtuous cycle, where our innovation leads to better lives for tomorrow. Better Life for All.

* LG Electronics North American headquarters campus in Englewood Cliffs, New Jersey
The winner of 2021 USGBC Leadership Award for the company's LEED Platinum Certified

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



BETTER
LIFE
FOR
ALL



ESG is the Basis of Everything

CFO DOO-YONG BAE
EXECUTIVE VICE PRESIDENT

Until now, we understood the concept of “life” as daily living, and so we focused on enriching our own daily lives. Now, its meaning is expanding beyond just daily living. ESG is no longer mere action shown to the world, but an essential business practice for a company. True ESG may entail considerable initial costs, but we should not consider them from just a financial point of view. It should be evaluated by also including contribution to sustainable living for mankind in the scope of value creation. ESG management is essential for the survival of a company. It should be something that can fundamentally contribute to all life, not just visible profit. The basics of ESG management must not be forgotten by laying the groundwork for new growth and looking for a way to create profits. LG Electronics will continue to take ESG as the basis of all its operations and implement specific execution strategies through business internalization.

Technology Should not Cause Inconvenience

CTO BYOUNG-HOON KIM
VICE PRESIDENT

Technology should naturally permeate into customers' daily lives, improving everyday benefit and convenience without really being noticed. With that in mind, we are trying to integrate customers' ESG needs into the technology of LG Electronics. We go beyond mere kindness and endeavor to naturally understand customers and eliminating inconveniences in their lives. As part of these efforts, LG Electronics is attempting an eco-friendly approach by setting the direction for technology development that pursues a circular economy throughout the entire business value chain. As the number of consumers who express their values through product consumption or consumers who create “meaning out of their consumption” increases, we will develop new technologies that can contribute to our society while satisfying consumer needs. LG Electronics will continue to develop various technologies focusing on ESG and continuously research new ideas for this purpose.

We Will Create an Inclusive Organizational Culture

CHO WEON-BUM KIM
SENIOR VICE PRESIDENT

ESG starts by listening to the voices of employees and other various people in society. I think ESG management is about solving the problems identified by those voices in a positive way for society. LG Electronics strives to resolve value conflicts within the organization through an organizational culture based on flexible thinking. The company is actively resolving clashes and conflicts by accommodating various opinions, and is implementing inclusion tailored for each group by subdividing people into various groups. Specifically, the company extended the existing parental leave from one to two years and expanded the employment of the disabled by revitalizing the Hanuri workplaces. In recognition of these achievements, LGE received the Presidential Citation in 2021. LGE will continue to develop while flexibly reflecting changes for future generations. LG Electronics will put into action our authentic commitment to contributing to the development of our employees and society, our company's most important purpose, rather than merely serving the narrow purpose of achieving business results through ESG.



Recommendation for LG Electronics's Sustainability



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LGE demonstrates transparency in disclosure by providing its detailed ESG information Sustainability Report. Furthermore, developing and promoting diverse ESG management content will enhance its understanding. ESG management is a strategy for sustainable growth and development of the company and our society. Through intense efforts and contemplation by companies with the aim of realizing a sustainable society, we can achieve epoch-making carbon reduction, address serious social problems, and establish governance that can operate for more than a hundred years. We hope that this vision will make LGE's dream come true.

- Korean ESG Research Center A

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LGE's three ESG goals of 'positive environmental values, inclusive social values, and trusted management' at once encompass ESG and cover many parts of different strategic tasks. The international community is strongly demanding disclosure. Accordingly, since LG Electronics Sustainability Report boasts increased disclosure, its efforts to increase transparency are noteworthy. We hope that LGE will continue to discover and prioritize ESG activities that reflect stakeholders'opinion in the future.

- International ESG Assessment Institute B

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LGE faithfully discloses its environmental information through its sustainability report, etc., dealing with ESG in general. Implementing various safety and health activities for worker safety, LGE provides human rights protection education to employees and suppliers, develops fair trade guidelines, and provides education on anti-corruption. After evaluating the safety of products and services, especially for consumer safety, LGE demonstrates transparency in the disclosure of its results. LGE is building holistic understanding through communication with institutional investors by making connections between different ESG categories. I believe that a better LGE will be born through regularly communicating with major investors on how the company's growth strategy and ESG are linked together.

- Korea ESG Assessment Institute C

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LGE's Sustainability Report presents specific directions in the three categories of environmental, social, and corporate governance. The report assists you in predicting what activities LG Electronics will focus on in the future and what aspects stakeholders should keep an eye on. I applaud LGE, which consistently publishes a sustainability report every year and promotes improvement, and I expect LGE to share the status and sustainability of Korea's representative company as the world's number one household company for generations to come.

- International ESG Consulting Firm D

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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

VISION

No.1 LG is the ultimate goal of becoming a market leader in business performance as well as in management practice through Jeong-Do management based on people-oriented management and customer-value creation

Customers

LG, Trusted by Customers
Capture the hearts of customers with exceptional quality and brand value

Investors

LG, Preferred by Investors
Become a preferred investment option for investors by delivering high returns

Employees

LG, Coveted by Talented Professionals
Create a great workplace that inspires talented professionals to work with passion and drive

Competitors

LG, A Force to be Reckoned with and Respected by Competitors
Generate strong results by operating a world-class management and become a force to be reckoned with and respected by competitors

Management Principles

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

Customer-Value Creation

Customer first
Delivery of substantive value
Innovation-driven creation

People-Oriented Management

Self-management and creativity
Respect for human dignity
Capability development and actualization
Performance-based reward

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

Integrity

Work transparently according to principles and standards

Fair Transaction

Provide equal opportunities and fair treatment in every transactional relationship

Fair Competition Based on Merit

Improve capabilities with which one can fairly win the competition

2021 AT A GLANCE

Performance in Key Areas

Here are the key performances achieved by LG Electronics in 2021.

40%



Carbon Neutrality
40% compared to base year (2017)

100%



Renewable energy conversion
100% renewable energy used by subsidiaries in North America

3.52 million tons



Accumulated amount of recovered waste home appliances (2006–2021)

32%



Expanded use of recycled plastic
32% year-on-year increase

87%



Safety and health management system (ISO45001) certification acquired and maintained for production sites

200 billion won



KRW 200 billion won in a fund to provide loans to suppliers at low interest rates

Major Honors

May. 2022	Grand Prize for Sustainability at the 2022 Energy Star Awards United States Environmental Protection Agency (EPA)	
Apr. 2022	iF Product Design Award (total 20 honors) iF International Forum Design in Germany	
Mar. 2022	Gold Tier award at 2021 SMM Award US EPA	
Mar. 2022	Best Award at Red Dot Design Award 2022 (total 25 honors) Red Dot GmbH & Co. KG.	
Jan. 2022	Best of Innovation Award at CES 2022 Consumer Technology Association	
Aug. 2021	Best Company Award at the Green Products of the Year Korea Green Purchasing Network (KGPN)	
Jul. 2021	Energy Winner of the Year Award Consumers Korea	

Key Evaluation Results

1st
DJSI
Industry Leader for 8 consecutive years

Listed in DJSI World for 10 consecutive years,
Listed in DJSI Asia Pacific for 12 consecutive years,
Listed in DJSI Korea for 13 consecutive years

* Home appliances and leisure goods industry

A Grade
MSCI ESG Ratings

Grade **A** overall
KCGS

We are LG Electronics's key business units who protect the Earth

H&A
Home Appliance & Air Solution

Home Appliance & Air Solution introduces innovative appliances that reflect customers' lifestyle.

HE
Home Entertainment

Home Entertainment provides daily enjoyment through multimedia video and audio equipment such as TV and AV, and home beauty devices.

VS
Vehicle component Solutions

Vehicle component Solutions is growing as a partner for global companies, providing infotainment products for vehicles and driving parts for electric vehicles.

BS
Business Solutions

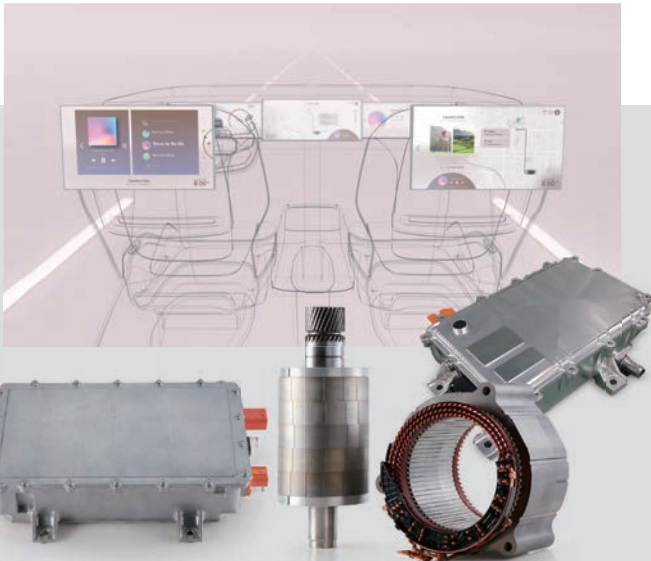
Business Solutions offers innovative products and solutions to meet customers needs, including monitors, PCs, signage products, robots.



- Refrigerator that reduces cold air loss by more than 41% through door-in-door
- Washing machine that reduces time and energy with turbowash
- Air conditioner with energy-efficient cooling and quitter operation



- OLED TV saving energy through resource-efficient technology development
- Sound Bar with Eco-friendly Materials and Packaging Materials



- Driving parts for electric vehicles that reduce carbon emissions
- High Power/High Efficiency Hairpin Motor and Inverter



- Monitor signage with reduced energy consumption
- Laptop with standby power reduction technology based on AI facial recognition technology

Let's Go Together for a Better World

LG Electronics Emploess Interview



ESG expertise is further being upgraded for sustainable LGE. LGE is concentrating its capabilities on sustainability management by uniting relevant departments under ESG Vision, 'Better Life for All'. LGE's ESG-related departments, which have incorporated ESG beyond work into their daily lives, are introduced here. Based on the understanding that ESG is the spirit of the times today, these departments strive to realize better lives through plans and strategies for everyone.

“ESG Is about Curiosity and Fun”

SE-RA PARK, SENIOR RESEARCH ENGINEER,
H&A CUSTOMER VALUE INNOVATION SHIL

What does the H&A Customer Value Innovation Shil do? | Based on data, my team breaks down the customer experience journey of LGE products from search and purchase to delivery and use, discovers and improves identified inconveniences and needs. In particular, I work to make LGE products more convenient for aged and disabled customers.

What are the strengths of the H&A Customer Value Innovation Shil compared to other companies? | In my opinion, one of our major strengths is in identifying the pain points and needs found closest to customers and delivering piecemeal improvements for them. To do this, we start with small ideas, implement them quickly, and improve them again to continuously increase customer value.

Are there any memories from work that you'd like to share? | There was the release a model of Sound UX with improved accessibility in 2022. Thankfully, UX Governance Task Team reflected many accessibility requirements in this model, making it easier for the customers who are hard to see the controls to use LGE products.

Please tell us about the background behind the development of audio/video manuals for the disabled. Also, what effects did the introduction of the specialized manual have? | I think audio manuals or sign language tutorials for accessibility have been making progress in baby steps. In a way, improving accessibility is very simple. The goal is to provide tactile and auditory information to customers who cannot see, and to make all signals visible to

the deaf. More and more customers are interested in what solutions LGE will provide. We are working to make our products more accessible so that those expectations do not turn into disappointments.

Your office is running a disability advisory group committed to accessibility. Please provide explain to us what they do in more detail. | Korean Disabled Consumers' Union(KDCU), accessibility experts, and customers with various types of disabilities work together to see how LGE products are used and what inconveniences and needs exist throughout the entire process. Focusing on accessibility indicators, we find inconveniences or improvements from the usability test for people with disabilities and apply the results to our products.

Is there anything you would like to promote regarding product accessibility in the future? | We are planning a “Home Appliance School” for students with developmental disabilities together with the ESG Department. In order to live independently in society or at home, I think it is important for them to use home appliances and do housework in their daily life. With the idea that “if we make content easier and educate people on how to use home appliances, people will have more opportunities to become independent than before,” we planned the Home Appliance School. LGE products are closely linked to our daily lives. People pour and drink water, store food, and wash clothes several times a day. We would like to help ensure that while using LGE products in our daily routine, customers do not experience inconvenience due to physical limitations, so that their lives can be happier.

“ESG Is Not Just an Unfamiliar Topic, but Represents Broad Compliance”

IN-KYOUNG LEE, PROFESSIONAL,
COMPLIANCE TEAM



What does the Compliance Team do? | When I make a business call to the field staff and say, “Hello, I am In-Kyoung Lee of the Compliance Team,” some people are sometimes confused. Our main task is to identify laws and social norms that companies and employees have to follow to minimize the risk of violations of laws that can be committed in various business operations at home and abroad, create policies and procedures necessary to comply with the law, and conduct related training tasks.

Compared to other companies, what do you think are the strengths of the Compliance Team? | It takes a considerable amount of time and resources for tens of thousands of executives and employees around the world to recognize that they have to voluntarily comply with the law, and furthermore, create a healthy organizational culture for compliance across companies. In the case of LG Electronics, it has been preparing for compliance by operating a law-abiding organization, and above all, it operates a law-abiding organization with understanding of the organization and long experience to focus on finding and improving specific pain points that the field feels in fulfilling social demands. Therefore, my greatest pride is each member of the Compliance Office, who is working together with a long breath and a sense of mission to create a healthier compliance culture and work environment.

The Compliance Team is a department committed to preventing problems in advance within the compliance risk management system. Which methods are you most actively trying to deploy for this end? | We share major legal and regulatory revisions and major violations every quarter with the Compliance Committee at each worksite and discuss countermeasures. People often break the law without guilt, either because they don't know the law, or because of local practices or for the sake of certain colleagues when they are not aware of the law. To correct this, we periodically review and supplement internal policies and procedures. Moreover,

we provide individual guidance to regions or specific organizations where acts that violate the principles are gratuitously performed so that the violations are not repeated.

What are the effects of online/offline compliance training? | The other day, I listened in on a compliance training seminar held in the United States, where compliance has developed. I heard something that stuck with me in a seminar on the operation of compliance education: “If there are few people who listen to education and it is not effective, it is a problem with the creator, not the person who listens to education. Education should be beneficial and enjoyable.” Since then, I have been trying to develop more interesting and fun education and provide various education differentiated by job and position rather than making boring education by including all the newly revised legal regulations. Not long ago, there was a case in which a foreign corporation violated a number of inter-company laws and thankfully, only our corporate managers have been wise to avoid sanctions. I feel proud of it and have a will for making better education in the future to help our members have a good sense of compliance.

Since you belong to a compliance team, I believe that you have no choice but to look at your employees with strict scrutiny. But please tell everyone that all these policies and activities are ultimately for the sake of our employees. | Without everyone's interest and participation, it is difficult to practice law-abiding management. We hope that everyone will readily seek advice from the Compliance Team whenever the interpretation of the law is ambiguous when performing work, when it is difficult to make a decision due to the restrictions of the law, or when risk prevention is difficult due to the somewhat incomplete management measures. If we practice ESG based on compliance management, I am confident that LGE will be able to establish itself as a more robust and sustainable company.



“ESG is the Standard and Indicator of Business Operation”

YOON-HO CHO, SPECIALIST,
ENERGY/FACILITY TEAM

What does the Energy & Facility Team do? | My team’s main tasks are the management of energy use and carbon emission management, at LGE’s domestic worksites and overseas subsidiaries, and the operation and management of facilities (UT facilities, electrical facilities, and buildings).

What do you think are the strengths of LGE Energy & Facility Team compared to other companies? | Since LGE is a manufacturing company, it uses a lot of energy in its production facilities and UT facilities. Therefore, related experts work as a team to create synergy.

What has been the most fulfilling or meaningful memory from your ESG work so far? | It was when an ESG manager of another company mentioned in external carbon-related training that LGE was famous for its ESG management, and when a deal was cut to sell carbon credits. I felt a sense of achievement when I thought that my company was doing well enough to earn that kind of recognition in ESG management.

The goal of Carbon Neutral 2030 is being achieved step by step. How is the implementation of the energy-efficient facilities and greenhouse

gas reduction devices in the plant coming along? | My company has established a carbon fund with the proceeds from the sale of greenhouse gas emission rights and is reinvesting all of it in greenhouse gas reduction activities. Specifically, high-efficiency air compressor dryers and boilers were replaced at the Changwon plant, and high-efficiency refrigerators and heat pumps were installed and air conditioning was improved in the Pyeongtaek plant. At the Gumi plant, the scrubber system has been expanded and undergoes continuous management. (*scrubber: equipment for removing sulfur hexafluoride generated during solar manufacturing)

Having exceeded the national greenhouse gas reduction target (NDC), LGE has been selling carbon credits since 2017. LGE can be said to be ahead of other companies in terms of eco-friendliness. What is the primary contributing factor to this achievement? | Our greatest achievement is the SF6 gas (sulfur hexafluoride) reduction equipment, which is used in the etching process for photovoltaic manufacturing at the Gumi plant. Through operating a plasma scrubber, which is specialized equipment for reduction, more than 400,000 tons of greenhouse gas emissions are reduced annually.

JOON-SEOK YOON, PROFESSIONAL,
SHARED GROWTH TEAM

What does the Shared Growth Team do? | My team supports various activities and programs that are practically helpful in establishing the ESG management system of suppliers, such as securing supplier viability and checking and improving ESG risks that may occur in the supply chain. First, we manage risk items such as labor human rights, safety and health, environment, and business ethics of supplier workers in accordance with global RBA

“ESG as a Priority Promise”



“ESG Represents a Better Life for All”

YOON-JOO JANG, ASSOCIATE,
LABOR RELATIONS INNOVATION TEAM

What does the Labor Relations Innovation Team do? | It plans HR systems such as wages and employee benefits, and plans and operates overall matters related to labor relations and labor-management relations. All team members have a certified labor attorney’s license, and we perform our duties based on our professional knowledge and competency.

I’ve heard that you manage the employment of the disabled through Hanuri, a subsidiary of LGE. What are your duties in Hanuri? | As a subsidiary of LGE, Hanuri is a standard workplace for the disabled that provides stable jobs to people with disabilities who can’t quite participate in the labor market. From the establishment of Hanuri in 2013 until now, the Labor Relations Innovation team has been operating and managing the overall operations of Hanuri. From 2021, we have selected the expansion of employment of the disabled as one of the ESG tasks and are pursuing its implementation. In consultation with the general affairs team of each worksite, we are currently hiring additional disabled people by expanding the cafes, steam car washes, and cleaning services currently being handled by Hanuri. In the case of cafes and steam car washes, the response from employees is very good, so we plan to expand them to all the worksites in the future.

What are some of the most meaningful memories from your work so far? | When the Gasan A/B worksite and the Gumi A1 plant were sold

standards. Moreover, we conduct systematic inspection as a management process consisting of self-inspection, on-site inspection, and third-party ESG management conformity certification. In addition, we regularly conduct fire safety-related consulting for suppliers specialized in safety and health. Second, we support the improvement of hazardous processes and process automation so that suppliers can work in a safe environment. Recently, in order to respond to the SERIOUS ACCIDENTS PUNISHMENT ACT and the tightening of the 52-hour workweek system, we are supporting the leading role of suppliers in their management by providing preliminary training and consulting in cooperation with specialized organizations.

Are there any memories from your work that you’d care to share? | Based on our experiences and cases, we produced an ESG management manual so that the ESG managers of our suppliers and subsidiaries understand the management purpose and apply it to business. I felt rewarded with a sense of achievement from that experience in building an autonomous operating system related to ESG risks.



last year, the Hanuri disabled workers who worked in Gasan or Gumi were in danger of losing their jobs. I take pride in contributing to the solution for this crisis. I found new jobs at the Gasan campus and the Gumi A3 factory, and transferred the workers there, so that they could work stably.

Please explain how to create synergy between Hanuri’s employment for the disabled and LG Electronics | In accordance with the Employment Promotion and Vocational Rehabilitation Act for the Disabled, LG Electronics and Hanuri workers are added to calculate the employment rate for the disabled and support disabled workers to work stably in a better environment. In fact, Hanuri’s working environment and conditions are very good, and other companies are conducting case studies every year.

Could you please describe how to contribute to the employment of the disabled? | While promoting the expansion of employment for the disabled as an ESG task, LG Electronics tried to hire disabled workers directly from Hanuri, but in reality, I felt that there was a lack of opportunities for vocational education for the disabled. In addition to employment, I think we can consider how to support the education-related part of the company so that the disabled can engage in professional activities as members of society.

LGE is bolstering its supplier-led risk management capabilities through annual supplier CSR risk diagnosis and due diligence. What is the most important element of the Shared Growth Team? | I think it is important for the CEOs of our suppliers to serve as the main agents in improving the ESG management system so that all employees can participate autonomously.

Last year, LGE issued ESG management conformity certificates to suppliers through a third-party certification body. How effective was it? | Together with a professional RBA auditor, we objectively checked on the human rights of suppliers’ workforce, safety and health, environment, and business ethics, and addressed shortcomings through guidance. Also, I think it was positive that the certificate of conformity was issued to externally prove our management competency and raise the self-esteem of the employees. Going forward, we continue to strive to improve the ESG management capabilities of our suppliers by collaborating with a third-party certification body.



Better Life for All

LGE's ESG Footprint

To more actively engage in existing sustainability management activities, LGE set 2021 as the first year of its ESG management and laid the foundation for future ESG efforts, which has become an essential business requirement in the global market. The company re-defined its previous 'sustainability management direction', which presented its mid-to-long term direction for sustainable management, in line with ESG and established the direction of its ESG communication. In 2022, LGE has selected its ESG strategic tasks and created the 'LG Electronics ESG 6 key initiatives: Better Life Plan 2030' that includes specific targets and implementation plans so that the ESG management vision can go beyond its declared goals and be recognized and implemented as a specific management activity that pursues practical results. Through 'Better Life Plan 2030', LGE will provide its employees with a guide to ESG management practice, and demonstrate transparency in disclosing its ESG management commitment and specific action plan to external stakeholders to strengthen related communication.

Looking forward, LGE will strive to deliver meaningful results in various fields by aiming to realize a 'Better Life for All', thereby seeking sustainable development for the company and our society.

1

We strive for carbon neutrality
and use of renewable energy

**BETTER
EARTH**

3

We create products and services
that consider the environment

**BETTER
ECO
PRODUCTS**

2

We create a circular economy
by reusing resources from waste

**BETTER
CIRCULARITY**

4

We build a better supply chain
through enhanced ESG risk
management

**BETTER
WORKPLACE**

5

We unfold a healthy organizational
culture that embraces diversity

**BETTER
SOCIETY**

6

We develop products and
services that are convenient for all

**BETTER
ACCESS**

A small seed, sprouting a great forest

24



25

A forest is the source of life, and a drive for growth.
Its greatness is very difficult to replace.
Due to environmental pollution and the climate crisis,
There are growing concerns about food.
Soil that breathes, clear water, and sunlight.
Can they really be replaceable?

A new idea of LG Electronics which dreams of a better life-
How about bringing a vegetable garden into the house?
The smart indoor gardening appliance "LG tiun" makes it possible
to see and manage the vegetables from the moment they sprout
to when they are prepared for the mealtime table.
After planting seeds in the LG tiun,
the calendar shows the harvest dates of cherry tomatoes, basil leaves
and marigold.

It feels free to leave for anywhere, anytime.
Because you can temporarily suspend the cultivation of LG tiun
or change the schedule after harvest.
There are no worries about the plants dying,
even if you are away from home for a long time.
Before, it might have been difficult to know
whether the food you were choosing is truly eco-friendly or not.
But now, there is a true sense of relief.

1 BETTER EARTH

BETTER LIFE PLAN 2030

LGE will achieve its carbon-neutral goal by 2030 by continuously reducing greenhouse gas emissions at the production stage through process improvement and the introduction of energy-saving technologies. Furthermore, the company aims to convert to 100% renewable energy by 2050 by purchasing new and renewable energy and expanding the installation of solar power.

Achieve carbon neutrality(50%1 reduction in emissions in the production phase + 50% of external offset by 2030)



Complete transition to renewable energy



We strive for carbon neutrality and use of renewable energy

So that it is more beneficial for the planet and humankind

Average of 1°C higher since pre-industrial times, and unprecedented heat waves and floods. The planet we are inhabiting is facing bigger crisis, sooner than we expected.

Remembering that this planet will no longer be sustainable without our self-led efforts, we hope to continue taking notable actions for a better future.

We will reflect on our course of action for a clean global environment. We pledge to protect the present moment we are living in by reducing carbon emissions and using renewable energy.

Through sustainable actions, instead of mere declaration, LGE will stand at the starting line with a long-term perspective in pursuit of our vision for a better planet.

LG SMART PARK

LGE Gets the Job Done! Changwon LG Smart Park

Every year since 2018, the World Economic Forum (WEF) has selected an innovative manufacturing plant that will lead the future with the core technology of the 4th Industrial Revolution as a “Lighthouse Factory.” March 2022 is meaningful for LG Smart Park, located in Changwon, since it was recognized as a lighthouse factory, a first for the home appliance industry. We can only imagine the combined efforts of LGE, the local community, etc. in earning such a global achievement. Some describe LG Smart Park as a dream factory.

Why? This is because the factory mobilizes all of LGE’s manufacturing know-how. All the latest innovative technology buzzwords, such as AI, big data, simulation, digital twin, intelligent process system, and virtual factory, can be used to describe LG Smart Park. Take digital twin technology as an example. This technology refers to making a virtual space that is identical to a real system. It also simulates congestion or future situations, such as backup or stoppage on a production line. This is done by issuing instructions like “Congestion is expected here in 10 minutes, so fix the problem right away.” Furthermore, data is collected by sensors installed throughout the factory. Logistic losses are reduced by detecting defective

products and possible equipment failures in advance through deep learning in data analytics. This reduced downtime in material supply and production. That’s not all. Hazardous or harmful processes are performed by AI robots, thanks to the completed transition from the existing one-dimensional operation to a more advanced and automated guided vehicle control system (ACS/AGV). Lifting heavy refrigerators or even very difficult tasks such as putting hinges on refrigerator doors with a tolerance of maximum 0.5mm are performed by robots quickly and efficiently. The construction of LG Smart Park shortened the refrigerator production period by 30% and increased productivity by 20%. Now, as many as 58 types of refrigerators are made simultaneously on one line. In addition, energy efficiency was improved by about 30% with eco-friendly energy technology and facilities called ESS (Energy Storage System). LGE plans to build intelligent autonomous factories at its domestic and overseas worksites by 2025. Don’t such efforts and practices for innovation highlight the future of manufacturing plants and what a lighthouse factory should be?



Dangerous, tricky tasks are performed by robots while humans work smart

Hae-Jin Jang, Team Leader, Kitchen Appliance Safety & Environment Team,
Sang-Beom Jeon, specialist, Changwon Energy Facility 1 Team,



Changwon LG Smart Park
170, Seongsanpaechong-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do

As you work there, please describe why LG Smart Park is drawing attention for those who don't know what it is all about.
LG Smart Park is a mother factory that leads product development and manufacturing, and all technologies deployed for it are grounded in the 4th Industrial Revolution. LG Smart Park obviously draws attention not only for being the first lighthouse factory in the home appliance industry, but also for its corporate competitiveness and sustainability of ESG management.

We wonder what differences you have found between the factories you worked in before and the smart factory.
There are essential differences. To put it simply, workers had to manually perform dangerous and difficult processes in the previous factory, whereas robots handle them in the smart factory. I think innovation starts with thinking. It started when we asked, "Isn't it possible to make multiple products at the same time on a line that 'normally' produces only one product?" Since it is possible to produce completely different types of products without having to move to another line from the place where one product has been manufactured, this enables customized production of multiple products. As the core processes required here are automatically performed by robots, the work environment and the quality of life for workers and suppliers can be improved. Through this process automation, we've maximized production efficiency. We also increased production while using less energy than before. Improved working environment, wonderful places to rest, and respect for workers are also essential benefits that we've managed to realize. Overall, I would like to describe it as a "top-tier" factory. We all take great pride in working here.

ONE-LINE DESCRIPTIONS OF LG SMART PARK AS A DREAM FACTORY

In September 2021, the first refrigerator line began operation / Intelligent production automation in a virtual factory based on data analysis / Aerial logistics system with high-altitude conveyors reduced logistics space by 30% and material loss by 80% / MAVIN (Machine Learning-based Vision Inspection) Cloud established as an inspection system developed by LGE / A 5G-dedicated AGV robot with AI and cameras automated heavy logistics tasks involving fire hazards / Safety and production efficiency increased! / Productivity increased by 20% and line development and construction period reduced by 30% / Carbon emission reduced by 30% improvement in energy efficiency and application of beacon technology / The target for 2025 has risen from 2 million to 3 million units! / Contributing to the development of the local community by building a safer environment and creating jobs for suppliers

What makes LG Smart Park an eco-friendly facility, and how are you implementing ESG strategies such as carbon neutrality and conversion to renewable energy?
A typical example is the tapping of waste steam from waste incineration plants. The conversion of heat from incinerators into steam involves the generation of very high pressure. This high pressure is instantly supplied to the LG Smart Park production building, greatly reducing carbon emissions. About ten years ago, waste steam from an incinerator in Changwon started to be supplied there. Our factory planned it first, suggested the idea, and has built lines with three factories near Changwon to participate in low-carbon emissions. In many other ways, we strive to be carbon neutral. Meanwhile, we are building solar facilities to fulfill our renewable energy transition. We plan to fully implement the Power Purchase Agreement (PPA), passed by the National Assembly in March of last year. In addition to supplying about 15% of our electricity from solar power, we will complete the establishment of an Energy Storage System(ESS) within this year.

LG Smart Park designed an eco-friendly factory that reduced carbon emissions by applying the Beacon technology, and enhanced the safety in the worksite with an automated process. What is particularly emphasized in this regard?
Safety sensors that meet global standards, automated robots, and real-time dual monitoring have increased stability. Mechanical processes and product-oriented operations will lead to dangerous situations in factories. The worksites have been made safer by establishing a system with dual monitoring in the control center that does not necessarily require workers to physically access the site for making sure that safety devices are working properly and checking the production line.



(Left) Sang-Beom Jeon, specialist (Right) Hae-Jin Jang, Team Leader

What kind of synergy do you think LG Smart Park will bring to the local community and ESG management in the future?
LG Smart Park is a very symbolic building in Changwon. When most factories and research centers are moving to Seoul these days, LGE has decided to continue doing business in the city without leaving. This decision was made by looking forward to the next 50 and, even 100 years. Thankfully, the news of the plant's selection as this year's lighthouse factory has also arrived. The positive response from Changwon City was also helpful. As energy efficiency and productivity improve and sales increase, collaboration with suppliers is required, which naturally requires a bigger workforce. More jobs will be created and the company's global competitiveness will inevitably be strengthened. We will strive to infuse healthy energy into the community and be a beacon of ESG management. Having started with LG Smart Park, we plan to go forward and expand the intelligent autonomous factory to our worksites around the world. We hope that everyone will appreciate how innovative this factory is, which incorporates various technologies of the 4th Industrial Revolution. Last but not the least, I hope that LGE will be remembered for a long time as a company that lives up to our belief that its products are "worth buying" and "LG will get the job done."

2 BETTER CIRCULARITY

BETTER LIFE PLAN 2030

LGE will build a circular economy by recycling waste generated at production sites to create worksites with zero waste for landfilling, and by recovering 8 million tons (cumulative 2006 to 2030) of e-waste and recycling them.

Increase waste recycling rate at production sites

Achievement(As of 2021)

2030 Target

92%

95%

Expand a cumulative collection amount of e-waste(2006 to 2030)

Achievement(As of 2021)

2030 Target

3.52 million tons

8 million tons

We create a circular economy by reusing resources from waste

So that everything we create, use, and discard can be passed on to the next generation as practical resources

Proactively using eco-friendly materials from the manufacturing stage, eliminating unnecessary procedures to minimize environmental pollution, delivering eco-friendly experiences to customers through ECO packaging...

LGE creates a virtuous cycle of resources and energy.

By dismantling discarded products, and reusing them to continue the virtuous cycle, we are protecting a healthy planet by expanding energy-efficient products.

From manufacturing, to use, and disposal, our efforts are aimed at one goal, the goal of a more sustainable planet.



We Care for the Environment from Cradle to Grave

CHILSEO RECYCLING CENTER

Chilseo Recycling Center (CRC)

Sustainable development, from the design of home appliances to their use, recovery, and disposal, becomes a company's responsibility. Have you ever wondered where the appliances we throw away go? Here is the site created by LGE that kills two birds with one stone: the environment is protected and resources are obtained. This is the Chilseo Recycling Center, which helps LGE build an eco-friendly resource circulation system.

Chilseo Recycling Center (CRC)
Address_ 11, Seo4 gil, Chilseo Industrial Complex, Chilseo-myeon, Haman-gun, Gyeongsangnam-do
Tel_ 055-586-0420

Would you please give a brief description of CRC?

CRC handles the volume of waste appliances coming from the western part of South Gyeongsang Province. It processes 75 refrigerators, 50 washing machines, and 50 small appliances and air conditioners per hour. Since its operation is entrusted under the supervision of LGE Environment Team, all resources recycled through the process are owned by LGE. The output in 2021 is 85% recycled and 15% incinerated or placed in landfills. The legal standard for refrigerator recycling is a minimum of 70%, but CRC's recycling performance is about 80%.

Compared to other recycling centers, CRC focuses on environmentally friendly disposal of hazardous substances. Please provide your detailed explanation on this.

Most of the refrigerators entering our center are old-fashioned since they used CFC as a refrigerant. When the center was first created, CFC was treated with an injection method that involved punching of holes and suctioning through them, which sometimes broke the fins or leaked gas. We have developed the piston method for our technology and are using it by filing for a related patent. The toxic gas recovered by the piston method is liquefied, collected, and then sold for recycling. As for hazardous gases, we think it is far preferable to use alternative substances in production rather than managing them at recycling centers.



‘Waste’ Is a Term Soon to Go out of Use

JIN-DONG HWANG, MANAGER

WHAT DOES CHILSEO RECYCLING CENTER DO?

Chilseo Recycling Center (CRC) in Haman-gun, South Gyeongsang Province was created in 2001 with 100% investment from LGE. CRC collects and recycles waste household appliances generated in the same province. The facility does not screen home appliance brands in regenerating consumer electronics products into about 40 different raw materials such as plastics, iron, and non-ferrous metals through crushing, pulverizing, and sorting. CRC, which systematically manages the entire life cycle of electronic products from design and production to disposal, is doing its best to reduce environmental pollution and bring active publicity to the effort in pursuing philosophy of social responsibility.

Since its establishment in 2001, CRC seems to have accumulated extensive know-how in waste recycling. What is the biggest merit of CRC?

What sets it apart from other recycling centers is that LG Smart Park, which is in Changwon, handles waste from those worksites that do not qualify under the recycling responsibility system. If a consumer returns a product due to poor performance or a change of heart, then LGE decides to scrap it. When such products come to our center, we engage in its disposal. In addition, small appliances are sent for disposal to nearby social enterprises.

Have you actually felt any changes in customer engagement and perception?

Various changes have occurred since we started our free collection of home appliances. In the early days of our work, we visited local government officials and explained the recycling process, but there were limitations in what we did as a small business. However, with the cooperation of LGE's relevant department, related government offices, and the Jinhae-based ROK Navy, we were able to conduct a large-scale publicity campaign. Through our visits to the islands in South Sea, we collected old home appliances piled up in the open air and informed the local residents about the importance of recycling, which has changed many customers' perceptions. Also, we feel rewarded in our efforts to contribute to ESG practice. Our center does not just work in disposal. Because it also actively promotes recycling, many environmental groups and students come to our center for field trips. The center provides education on the ESG practice process so that visitors can directly see and experience the process of pre-treatment of waste appliances and resource circulation.

From an ESG point of view, what changes do you think CRC has brought to the community? If you have experienced any reactions or perceive any palpable changes around you, please share them.

In the early days, the completion of CRC was not received as good news by local residents. However, we put all our hearts into reaching out to the community and residents. Launching a campaign to help people understand that recycling would now become a necessity for the sake of ESG and that words like garbage and waste would disappear down the road, we also created educational content for local elementary schools. In particular, there was a strong perception that it was impossible to handle used appliances originating from islands. However, our center has not neglected to promote recycling by voluntarily operating vehicles for over two years. We even signed an MOU with Ulsan Metropolitan City, which highly appreciated our efforts.

What kind of synergy do you expect CRC to bring to ESG management in the future?

Every year, LGE invests in the equipment and facilities for our center. Through consultation with the Environment Team, we plan to replace the compressor and old equipment in the second half of this year. We believe that this will make ESG practices sustainable. Recycling is our duty to the environment. If the recycling rate of consumer electronics increases in the future through the promotion of waste utilization, then wouldn't ESG become a natural part of life rather than just a difficult task that must be done?

3 BETTER ECO PRODUCTS

BETTER LIFE PLAN 2030

LGE will reduce carbon emissions from the use of its seven major products (*) by 20% compared to 2020 by 2030 through energy efficiency improvement, etc., and expand the application of recycled plastics by 2030 (cumulative 600,000 tons). In addition, we will fulfill our ESG management goals through innovation by increasing emphasis on ESG in existing products and launching new ESG-oriented products.

Reduce carbon emissions during use of 7 major products(compared to 2020)

Achievement(As of 2021)

2030 Target



Expand a cumulative use of recycled plastics(2021 to 2030)

Achievement(As of 2021)

2030 Target



* TV, Refrigerators, Washing Machines, Dryers, Residential Air Conditioner(RAC), System Air Conditioner(SAC), Monitors

We create products and services that consider the environment

So that all customers can enjoy an eco-friendly lifestyle

We will continue to make a positive impact on our planet by applying eco-friendly technology to all newly developed products as well as products that have already been launched.

By reducing carbon emitted during product use through advanced technology development and expanding our product portfolio that uses eco-friendly materials, LGE will lead better lives through technology until all of the products we release are eco-friendly products.

As an 'innovative company' that creates innovation through products, we hope to fulfill ESG management in the best way we can.

Environmentally Friendly Era with LGE

In line with the global movement to protect the environment and planet, LGE strives to reduce the amount of carbon generated through the life cycles of products, from their development to production, use, and disposal, through product innovation.



Knock! Knock! Knock! Knocking to Wake up for the Environment

LG Dios Door-in-Door

This refrigerator allows you to see what's inside without opening the door. What enables us to call this refrigerator eco-friendly?

Door-in-Door is special feature of LG refrigerators since it allows you to check the food inside without opening the refrigerator door. A couple of taps on the upper right door will turn on the interior lights, allowing the user to see what food is inside and how much is left. The feature first installed in the LG Signature Refrigerator, which was launched in Korea in March 2016, continues to be loved as part of the current Objet collection.

This feature was developed to solve the problem of power being wasted from cold air leakage caused from opening and closing the refrigerator door. After a customer survey showed that about half of the number of times the refrigerator was opened and closed was simply to keep track of what's inside the refrigerator, we have developed a technology to address this problem.

Door-in-Door minimizes the exposure of food to room-temperature air, reducing the loss of cold air by more than 41% and saving up to 32% of energy consumption. Knock-on Magic Space is a feature that provides convenience to consumers and delivers a more eco-friendly experience in daily life. LGE will continue to realize a sustainable home appliance business by developing eco-friendly products as part of its ESG endeavors and enhancing the accessibility of products.



- “
1) A self-lit product without a backlight, which is a component that emits light from the rear of the screen
”
- “
2) With its small number of parts and simple structure, it boasts excellent resource efficiency. (The amount of plastic required to produce a new 65-inch model is 40% compared to the previous LCD TV.)
”

The lighter the home appliances, the lighter the Earth

LG OLED evo

LGE is fundamentally reducing the use of plastics in its television manufacturing and continuously increasing the portion of recycled materials in its products. In particular, LG OLED evo is a product that packs the high performance expected of LG televisions while incorporating eco-friendly technology.



- “
3) The 2022 LG OLED evo is made lighter by applying a new material that combines fiber and metal(65-inch standard stand is more than 40% lighter than last year's model C1) CO2 emissions reduced during transport
”
- “
4) Eco-friendly materials are applied. (The back cover of the product is recycled plastic, a back of the remote control is made of bio material, and even the packaging uses corrugated cardboard.)
”

※ All 2022 OLED evo models have obtained eco-friendly certifications from the world's three major certification bodies (SGS Eco Product, UL Environmental Claim Validation, Carbon Footprint from Carbon Trust)

A world without discrimination, starting from the fingertips



Let's think back on our childhood for a second.

As children, we stood tiptoe to reach things in high places, and sometimes broke things because we didn't know how to use them. The inconveniences of the world that we experienced in our childhoods naturally dissolve as we get older. But this isn't true for everyone.

Discrimination does not only exist among people.

Some are left out from convenience, simply because they are physically challenged.

Because they are unable to read simple manuals, they grieve and even give up using the products.

These products are created to help us live better lives, so is it possible for everyone to use them comfortably?

LG Electronics designs universal products by dreaming of a world where no one is left out due to inconvenience.

Let's look at an example.

Robot vacuum cleaners, air conditioners, or refrigerators can recognize users' voices and explains its functions out loud.

The products have braille stickers so people with visual impairments can read with their fingertips and use the products.

At the sign language counseling centers, people communicate without sounds.

For a better life,

LG Electronics makes sure no one is left behind.

Because home appliances should be convenient for anyone to use.

4 BETTER WORKPLACE

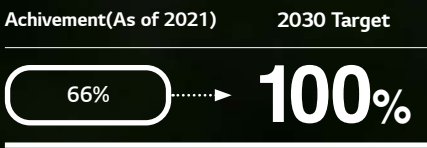
BETTER LIFE PLAN 2030

LGE will increase the inspection of production sites and foster experts at each worksite to maintain the management standards required by international norms. By bolstering the ESG risk management of its suppliers, the company will establish a safe and systematic supply chain system

Acquire/Maintain safety and health management system(ISO45001) certification for production sites



Ratio of Production sites with no critical non-conformance (based on RBA² audit requirements)



Keep the proportion of high risk at 0.5% or lower for suppliers' self assessment factors



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

We build a better supply chain through enhanced ESG risk management

So that we can all be together in a better environment



An African proverb says, "If you want to go fast, go alone. If you want to go far, go together". This is the reason why we need to walk together to save the planet and to live better lives.

LGE believes that the value of ideas on sustainability maximizes when they are shared with people around us. The company also knows that growing together with our suppliers is the right path we need to take.

As a global company, we pursue symbiosis with the suppliers, rather than partnership, by continuously managing potential risks that may arise in the supply chain and creating safe working environments.

For 'better us' LGE will establish the strictest standards and move forward together so that every member within the supply chain can grow.



Good Things Will Happen to You

Shinsung Delta Tech

Companies that help each other and work together for win-win outcomes are called partners. Genuine cooperation involves sharing future values and social responsibility beyond merely exchanging technology and capital. One such company has consistently achieved mutual growth over the past thirty-five years and have shared in the ESG management philosophy: Shinsung Delta Tech, a major supplier to LGE.

SHINSUNG DELTA TECH IS A GOOD COMPANY WHERE GOOD PEOPLE WORK TOGETHER

Shinsung Delta Tech, which has maintained a close relationship with the LG Group for over thirty years, is a company specializing in injection molding and metal stamping. As LGE's top EMS (Electronic Manufacturing Services) supplier for H&A business unit, it manufactures plastic parts and products used in washing machines, refrigerators, air conditioners, vacuum cleaners, and air purifiers. In May, the Ministry of SMEs and Startups selected and announced the 2022 K-Smart Lighthouse Factories as models to lead innovation in the country's manufacturing industry. One of them, Shinsung Delta Tech, is a home appliance manufacturer. The company establishes an optimal production plan that reflects customer orders in real time, and builds simulation-based product design and solutions. With the belief that good people gather together to create a good company, the company aims to become the World No. 1 provider of total manufacturing solutions. Through continuous R&D and innovation, the company has been honored with the prize of workplace of worth, the excellent Innovation Leading Company Award, the New Labor-Management Culture Presidential Award, the Silver Tower Order of Industrial Service Merit, the Grand Prize at the Accounting Transparency Awards, and the Changwon Commerce and Industry Award in Regional Contribution. Shinsung Delta Tech is growing toward becoming "a better company" through other various donation activities and volunteer activities.

A Shift in Perception Precedes Real Change

JI-HUN KANG, TEAM MANAGER, SHINSUNG DELTA TECH

Your company has been LGE's partner for a long time. Please tell us about your company and how the relationship between LGE and Shinsung Delta Tech started.

In 1987, Takaki Delta Co., Ltd. and Shinhung Co., Ltd., the precursor of Shinsung Delta Tech, jointly invested in Shinsung Delta Industry Co., Ltd. At that time, there was no injection technology in Korea, but Japan had the best technology in Asia. We acquired the injection molding technology and started supplying washing machine parts to LG Electronics for the first time. So, this partnership goes back to the days of Goldstar. Since then, we have been growing together as a supplier of LG Electronics for thirty-five years. Maybe it's because of the deep relationship that our company's Chairman Ja-Cheon Koo is currently serving as chairman of the LG Electronics Cooperative Association. We have established local subsidiaries in China, Thailand, Vietnam, Indonesia, Poland, Mexico, and the United States. Shinsung Delta Tech is growing into a global company and cooperates through the entire business sections in LG Group from appliances to vehicles (second batteries).

Since ESG management is a hot topic in recent years, LGE, in partnership with a global ESG management certification company, supports the verification of ESG management suitability of its suppliers. Please tell us how LGE's ESG support has helped your company attain RBA certification last year. Perhaps you can compare what things were like before and after the support so that we can understand.

Previously, our company had its own evaluation of workplace risks, employee training, and social insurance, among others. Frankly, evaluation from an internal perspective lacks objectivity, so it is difficult for us to be active enough in recognizing and solving problems. Thanks to LG Electronics' support for CSR evaluation last year, we were able to more objectively understand the achievements of our company compared to others. Also, as executives including the top management have become more focused on ESG following the service implementation, employees naturally started to have an increased awareness of ESG. This awareness led to the recognition of areas that needed to be improved, which led to the establishment of a plan. This three-step process of awareness-planning-execution has become natural to us.

Based on these standards, please give your assessment on how far you think Shinsung Delta Tech has gone for its own development.

As our company's ESG management practices were covered in news stories, we could see that our company was actually gaining more recognition. The company achieved about KRW 450 billion in sales in 2020 and about KRW 750 billion in 2021. This year, we project about KRW 1 trillion in sales. I believe that we have been able to achieve steady growth both financially and non-financially, thanks to LG Electronics' support for its suppliers.

What efforts does your company make to develop workplace safety management capabilities? Are there specific examples such as accident prevention and follow-up measures?

Our company received support for safety management from LG Electronics. From an ESG point of view, we need to be part of that endeavor so that we can really work in a safe environment. This activity is about each factory and team checking and reporting in advance about whether there are any risk factors in the working environment on a monthly basis. We check the extent to which risk factors have been reduced. If we do find new risks, we investigate what should be done and how much it will cost.

For those who have to be objective and be strict with themselves, it doesn't seem like it will be easy to perform such inspections. What do you consider most important and pay attention to during self-inspection?

The most difficult part is maintaining objectivity in self-examination, so it is also the aspect to which we pay the most attention. We use the self-assessment index created by the company's employee association, which puts employee safety first. When employees detect risk factors, they post their opinions on an anonymous bulletin board, conduct business evaluations through meetings at affiliates, and share good and bad practices. The evaluation criteria are handled by the HR Team and the Safety Management Team. Our executives are basically not allowed to participate in the evaluation process, and the evaluation results are fully disclosed to the senior management to identify desired improvements.

I think that the manufacturing industry, by nature, requires eco-friendly efforts. Please describe your eco-friendly practices and improvement plans.

With the support of LG Electronics, we are continuously implementing upgrades to increase the energy efficiency of existing equipment. We are carrying out activities such as replacing the vehicles used for transportation inside the factory with electric vehicles.

Lastly, please tell us about your future plans as a partner of LGE.

Our company will continue to strive to meet the needs of our customers and grow together in line with LG Electronics ESG management standards.

SINSUNG DELTA TECH

Shinsung Delta Tech Co., Ltd.
Headquarters: 39, Gongdan-ro 271beon-gil,
Seongsan-gu, Changwon-si, Gyeongsangnam-do
Phone: 055-260-1000



“As a major supplier of LG Electronics, we will actively participate in LG Electronics ESG management, helping them lead the world so that we can share in its growth.”

5 BETTER SOCIETY

BETTER LIFE PLAN 2030

LGE will expand recruitment to bolster the nurturing of female talent and train female leaders and experts. We will advance from there to provide more opportunities for the disabled through the standard workplace for the disabled (Hanuri) and the expansion of the company's employment of the disabled.

Ratio of disabled persons in employment (Korea)

Achivement(As of 2021)

2.3%

2030 Target

3.5%

Ratio of female employees (Korea)

Achivement(As of 2021)

13.4%

2030 Target

20%

We unfold a healthy organizational culture
that embraces diversity

So that members of various backgrounds can learn and grow together

Our employees that have gathered to achieve LGE's vision of 'No.1 LG' are well-aware that everyone's uniqueness that comes from a variety of tastes and choices leads to diverse thought processes and rich innovative experiences.

LGE employees understand and embrace each individuals' differing and distinctive characteristics, and learn and grow together.
Such flexibility in thinking serves as a foundation for a creative and innovative organization culture.

The organizational culture of LGE, that is based on diversity and inclusivity is evolving into a better work environment for the employees.
We look forward to seeing this evolve back into a strong driving force for the growth of LGE.

LG Electronics declares

Diversity and engagement for all

“

We firmly believe that a culture of respecting individual diversity is key to promoting flexible thinking as well as developing insight and capabilities of our members. We respect uniqueness and diversity of our employees whether that be age, ethnicity, gender, gender identity, native language, race, nationality, country of origin, family, disability, color of skin, or any other **distinguishing characteristic or trait**. We also support and do not discriminate based on individual choices or preferences of our employees such as marital status, pregnancy, religion, belief, sexual orientation, social or economic class, education, political orientation, union activity, and military service. Everyone at LG Electronics must recognize and respect each other’s differences, where everyone can work freely as themselves. In this culture of diversity and engagement, we will be able to propose innovative solutions from diverse perspectives to create outstanding performance. Innovation based on diversity and engagement is very much in line with our management philosophy of “Respecting Human Dignity” and “Creating Value for Customers”. The culture of embracing differences and going further to learn from such differences will promote sustainable growth of our company and help us achieve the goal of creating a better life for all.

”

We develop products and services that are convenient for all

So that not one user
of our products is
excluded

When developing new products,
LGE listens to various opinions from a diverse group of people,
including the elderly and children,
as well as the disabled and non-disabled to advance our technology.
Even in the service environment where our products and customers meet,
we try to eliminate blind spots in service by considering various situations
and circumstances.

Universal design that everyone can easily use—
LGE will continue to build itself as a company with products
that are convenient for everyone
through people-centered and in-depth contemplation
on inclusive designs.

6 BETTER ACCESS

BETTER LIFE PLAN 2030

LGE will equip all product groups with accessibility features and universal design so that anyone will not feel any discomfort during their use, and will implement a specialized manual for the disabled. The company will advance from there to provide a more authentic customer experience by building a barrier-free service environment from the customer's point of view.

Incorporate accessibility features and universal design into all product lines

Achivement(As of 2021)2025 Target

Identifying status and planning in progress100%

Apply the manuals for use by people with disabilities for all products

Achivement(As of 2021)2030 Target

H&A products100%

Is there another home appliance that's so easy and convenient?

LGE pursues a symbiotic relationship between our community and businesses to realize an inclusive society and carries out various activities. LGE strives to realize greater convenience for customers with products and services based on its technologies and solutions. One of these efforts is the disabled advisory group, which includes accessibility experts.

“ Disabled Advisory Group works to improve accessibility so that anyone can use products easily

Together with the Korean Disabled Consumers' Union(KDCU), LGE operates the Disabled Advisory Group made up of accessibility experts and people with various disabilities such as visual impairment, hearing loss, and physical disabilities. Customer evaluators with various disabilities are instrumental in identifying pain points while using home appliances from start to finish and deciding upon desired improvements. We regularly conduct product accessibility evaluation and review the suggestions from the advisory group so that they can be applied from the product planning stage. In addition to producing the existing Braille stickers and voice manuals, we carry out various activities to improve the accessibility-related functions and design of products while continuously communicating with customers. LGE considers your needs so that you can choose a variety of products without any inconvenience in using them.



Here are the representative product with accessibility features that show consideration for all customers.

Based on innovative technologies and solutions, LG Electronics is striving to create social value and provide a more convenient life for its customers. Considering accessibility from the development and planning stage, we apply accessibility features and universal design to the product so that it is not inconvenient for everyone to use it.



Voice Recognition

A simple voice command will activate the product, making it easier for everyone to use it.



Voice Guide

The voice guidance for the button name or selected option, along with the function's description or the product's current status, is provided each time the button is pressed. This helps ensure that everyone can use the home appliance with ease and comfort.



The Cogwheel that Moves the Future

When you think of sustainable living, a round wheel may come to mind.

It is similar to round tables, where people get together to solve a problem.

For all the cogs to turn properly,

they all have to be interconnected with each other.

In the same way, LG Electronics creates dynamic energy with well-rounded minds rather than pointed edges by valuing and listening to everyone's voices.

Through LG Electronics' independent and transparent decision-making system,

we will drive the future with creative ideas that turn risks into opportunities

and solidarity that works both independently and together.

For the sake of better lives for all,

we turn our wheels for a powerful leap forward through a virtuous cycle of simplehearted integrity.

We will find the joy of work and harmony through consensus and shared hearts,

and set our eyes higher for a sustainable future

Seeking Empathy in the Norm



Independent Director Soo-Jin Kang on the LGE BOD

Please introduce yourself.

Hello. My name is Soo-Jin Kang, a professor of Criminal Law at Korea University School of Law and an Independent director of LG Electronics. I passed judicial examination in 1992 and worked as a prosecutor for nine years since 1995. Then, I worked as a lawyer at the law firms of Logos and Yulchon. I also worked for two years as a litigation officer for the Fair Trade Commission. And since 2011, I have been teaching and researching.

I wonder how you felt when you were first offered the position of Independent director at LG Electronics.

In March of last year, I was appointed as an Independent director of LG Electronics. When I was a lawyer, I handled litigation related to the Fair Trade Act, breaches of trust, and embezzlement. Since then, I have been interested in business management. When I was offered the position of Independent director of LG Electronics, I had no reason to hesitate.

Was there a reason you developed interest in running a business?

Regulating corporate activities from the perspective of fair trade requires a deep understanding of the nature of a corporate enterprise. We need such understanding to come up with the right answers for problems by judging whether the application of the law is justified and whether the pros and cons of the regulation are reasonable. Third-party opinions have limitations in them. This is why I wanted to experience more of the world of business management.

As an Independent director of LGE, please tell us what kind of company LGE is and describe the atmosphere on its BOD.

LG Electronics is not just a leading South Korean economy, but it is a leading global company that makes products with advanced technologies. Transparency should be essential for a globally renowned company. So, what is needed to ensure internal transparency? Objectivity. In other words, Independent directors who literally stand independently from the company are important members that bring transparency into the company. Strictly speaking, I am an Independentr at LG Electronics, but LG Electronics Board of Directors boasts about openness, which enables me to perform my

role as an Independent director. First, sufficient explanations and data necessary to understand the management agenda provided. Because of this, the directors can review the agenda faithfully and in depth. In addition, free discussions are held among the inside and Independent directors. I would also like to mention the prompt feedback on revisions to the agenda. I think this is possible because of LG Electronics' open and flexible perspective.

What is your most memorable agenda issue on the LGE BOD?

The first thing that comes to mind is the approval of the company's financial statements during the pandemic. When everyone faced difficulty, LG Electronics surpassed its competitors and came first in sales. As I looked into it, LG Electronics' smooth supply chain was the reason. When demand for home appliances increased during the pandemic, customers were satisfied because the company experienced no hitch in its logistics and supply chain. I have confirmed that no matter how difficult it may be, adversity can be overcome if you prepare thoroughly with an extraordinary mindset. Second, there was the change to the Articles of Incorporation. LG Electronics's commitment to pursuing social value beyond profit while considering the impact on its suppliers and competitors, even with respect to one minor agenda issue, has affirmed that this is the direction the company should go in the future. I was really impressed by that.

As the only female Independent director, what would you suggest about LG Electronics's development of female talent, diversity, and inclusion?

Talent development is especially important for women in science and engineering, which are relatively few in number. Perhaps LG Electronics can come up with some good ideas? For example, we could have programs such as internships for job-seeking students, a female talent development program for science and engineering high schools, and childcare support. I hope that these will not be viewed as just privileges for women. These are solutions that will help all of society come together. In the long run, these sorts of efforts will ultimately benefit the development of businesses and the country.

“ In the future, companies will be evaluated based on their non-financial value rather than by their pursuit of profit. Companies that only pursue profit will be weeded out. This is because norms and ethics become more important in business management.

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Please share your opinion on the direction of LG Electronics ESG management.

In the future, companies will be evaluated based on their non-financial value rather than by their pursuit of profit. Companies that only pursue profit will be weeded out. This is because norms and ethics become more important in business management. The previous view of corporate management was based on ex-post and passive norms that reflected the idea that "Everything's fine if you can avoid the long arm of the law." ESG management today doesn't work like that. Are LG Electronics ESG's norms, such as positive environmental values, inclusive social values, and trusted management legal regulations, established from the beginning, or are they items that were merely enforced to obey the law? They started with a commitment to discovering and solving existing problems. These may be described as ex-ante and active norms. I believe that this attitude is conducive for creativity. More than ever, we need to study what norms are necessary and set agendas for the creative development of companies. Currently, LG Electronics employees with diverse job descriptions communicate and establish specific normative strategies to continue various collaborations, so I see a brighter future for the company.

Last but not the least. Is there anything you would like to achieve in the future as an Independent director serving on the LGE BOD?

As a female Independent director, I want to demonstrate my understanding of people and business and initiative to take action. I have so far tried to think from other people's perspectives, regardless of age, gender, or job position, and as a result, I see that what has affected my identity formation and expansion is "empathy." Since I am an Independent director as a lawyer, I will keep myself engaged in "oversight and inspection." I will use my experience and knowledge to participate in LG Electronics's decision-making, and I will not lose the courage and confidence to express my opinion if something goes wrong. I will do my best to contribute to LG Electronics with all my heart. Thank you.

Better Life For ALL

Responding to the social demands for ESG, LGE reorganized its CSR system in 2021, breaking away from the UN SDGs-centered social contribution system established in 2017. Thus, LGE participates in solving social and environmental problems by utilizing its technology-based products and services. Social contribution activities are planned by classifying themes. They are represented by the theme of "Circular Economy", an eco-friendly social contribution program that promotes a healthy future for all our stakeholders, and the theme of "Future Generation: Youth" that helps young people with the aim of enhancing the competencies of future generations.

Circular Economy

For the green world, Let's go together

Propping up Social Enterprises LG Social Campus

Since 2011, LGE has been operating 'LG Social Campus', an integrated support platform for financial support, space support, growth support, and talent development for sustainable growth of social economy enterprises in eco-friendly fields. It selects eco-friendly social economy companies, gives incentives to businesses, and provides accelerating programs for capacity building of selected companies. Furthermore, it provides stable working spaces to social economy ventures with growth potential. Moreover, it is nurturing key talent and prospective leaders so that the social economy ecosystem may remain healthy in the local community by creating a local-centered social innovation culture in which local activists define local community problems and suggest their solutions. Through ESG management, LG Social Campus aims to go beyond innovation for the current generation and provides better lives for the next generation.

Support for social economy ecosystem creation: KRW 1 billion (KRW 500 million from LG Electronics and KRW 500 million from LG Chem)
LG Social Campus eco-friendly and social performance (in 2021)

Sales increase by	employment increase by	CO ₂ decrease by	reduction of plastic usage	jobs created through space provision
216.4%	46.6%	144.3tons	5,171kg	143employees



Future Generation: Youth

Students who will save the Earth in the future

Future Generation: Youth ESG Academy for College Students

The 'ESG Academy for College Students' is a program that LGE has been offering every year since 2014 to nurture ESG professionals, and about 230 students have completed it. In 2021, LGE selected a total of 32 college students (4 students per group) through document screening and interviews for the 7th term of ESG Academy for College Students. From June to November, they enjoyed lectures and mentoring from incumbent ESG staff, carrying out missions to plan and engage in the ESG activities. They performed various missions: "Introducing the ESG project of my life," which selected projects and created content conveying ESG messages, "World-changing LGenie Photo Exhibition," a photo exhibition for recognizing and addressing social issues, "Introducing ESG to 'My Friend'" as a simple and easy way to explain to people around you who do not know ESG, "Introducing Excellent ESG Companies," which investigated ESG management activities of overseas companies and featured excellently performing companies and excellent cases, "Creating a Sustainable World," which sought out various environmental issues, selected and analyzed one of them, and suggested solutions and action plans, "Creating a World Where We Live Together," which finds and analyzes social issues, and suggests solutions and action plans, "Tell Me about Social Economy Companies" that analyzes social enterprises responding to ESG issues and promotes corporate values, and "32-Second ESG Film Festival" that can bring wide publicity to ESG. Through these missions, the Academy raised ESG awareness among college students and provided them with the opportunity to practice ESG for a better society. LGE will always help develop future talent through "ESG Academy for College Students."



To readers of 2021-2022 LG Electronics
ESG STORY BOOK

Introduction

Korea Management Registrar(KMR) was commissioned by LG Electronics to conduct an independent assurance of its ESG STORY BOOK 2021-2022(the "Report"). The preparation of the Report is the sole responsibility of the management of LG Electronics. KMR's responsibility is to issue an assurance statement over the limited scope of data and information specified below.

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 assurance standard SRV100 of KMR's Global Management Committee to provide a limited assurance. We evaluated the adherence to the principles of materiality and understandability

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 assurance engagement.

- Reviewing the overall Report;
- Reviewing the procedure and methods of materiality assessment;
- Reviewing the strategies and objectives of sustainable management;
- Reviewing the activities engaging stakeholders; and
- Interviewing people in charge of preparing the Report.

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, nothing has come to our attention to suggest that the Report was not prepared in accordance with the principles described below. We did not find any evidence that the data included in the scope defined above is not properly described.

• Materiality

The reporting boundaries of the LG Electronics' Report include all of its operating sites. The Report provides detailed long-term sustainability strategies and targets. LG Electronics relies on its own materiality assessment process to decide the materiality of issues identified by stakeholder communication channels. We could not find any material issue or stakeholder group that was not covered in the process.

• Understandability

The Report was prepared in the context of sustainability to provide targets for sustainability issues identified by the materiality assessment and the background of the selection and the management approach. It is our opinion that the metrics are specific and easy to compare.

• Reliability

The Assurance Team identified errors in the data and information provided, which LG Electronics subsequently corrected before issuing the final version of the Report. We believe the data and information included in the Report are accurate and reliable. Nothing has come to our attention to imply that the Report does not provide a fair representation of LG Electronics' responses to material stakeholder issues.

Recommendations

We expect that the LG Electronics' Report can be utilized as a means of communications with stakeholders. The following recommendations are provided for further improvements:

- LG Electronics is striving to convey the authenticity of LG Electronics' ESG management to stakeholders through ESG STORY BOOK and ESG FACT BOOK. LG Electronics expresses the main points of seven strategic tasks through intuitive tables, so it is highly appreciated that it can confirm the strategy of ESG that LG Electronics is pursuing. In the future, we recommend reporting the status of LG Electronics to stakeholders through a comparison of overseas initiatives.

Independence

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 19, 2022

CEO 

C R E D I T S

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