

2020-2021 LG Electronics Sustainability Report

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LIFE'S GOOD

TOWARD A BETTER LIFE FOR ALL

2020-2021 LG Electronics Sustainability Report

Based on the management ideology of 'People-oriented Management' and 'Creating Value for Customers', LG Electronics pursues sustainable management that integrates the present and future in terms of environmental, social, and governance.



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REPORT OVERVIEW

At LGE, we have established our mid-to long-term ESG commitments with a view to demonstrating our commitment to sustainable growth and change, and working toward achieving these goals. This report has been prepared in order to share our major activities and achievements, as well as our efforts to achieve our mid-to long-term ESG goals, with our stakeholders. As material issues derived through our materiality assessment are now linked to our ESG commitments, the management approach (MA) for each material issue, management activities and performance, and goals and progress are described in detail throughout this report. We will continue to transparently disclose our ESG management activities and achievements to stakeholders by publishing our sustainability report.

REPORTING PRINCIPLES AND STANDARDS

The 2020-2021 LG Electronics Sustainability Report applies the Core option of GRI (Global Reporting Initiative) Standards, which is an international standard guideline for report preparation, and reflects the reporting standards and frameworks outlined by the SASB (Sustainability Accounting Standards Board) and the TCFD (Task Force on Climate-related Financial Disclosures). Further, this report was created in accordance with the 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 2020 to December 2020, in addition to covering some major activities from the first half of 2021 in order to thoroughly address the interests of our stakeholders. In terms of quantitative performance, data from 2018 to 2020 was used such that trends could be identified.

SCOPE OF REPORT

This report covers the activities of our headquarters, and South Korean and international production sites and sales subsidiaries operated by LG Electronics. Consolidated financial information has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS), and some financial information prepared on a stand-alone basis is presented in the form of 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 data is also outlined via footnotes.

THIRD PARTY ASSURANCE

In order to ensure the accuracy, objectivity, and reliability of the report and all of the data prepared for, we requested that an independent verification organization (Korea Foundation for Quality: KFQ) verify the report in accordance with international verification standards. The third-party verification results are detailed on p.122-123 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 the sustainability management activities of LG Electronics can be found here.

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



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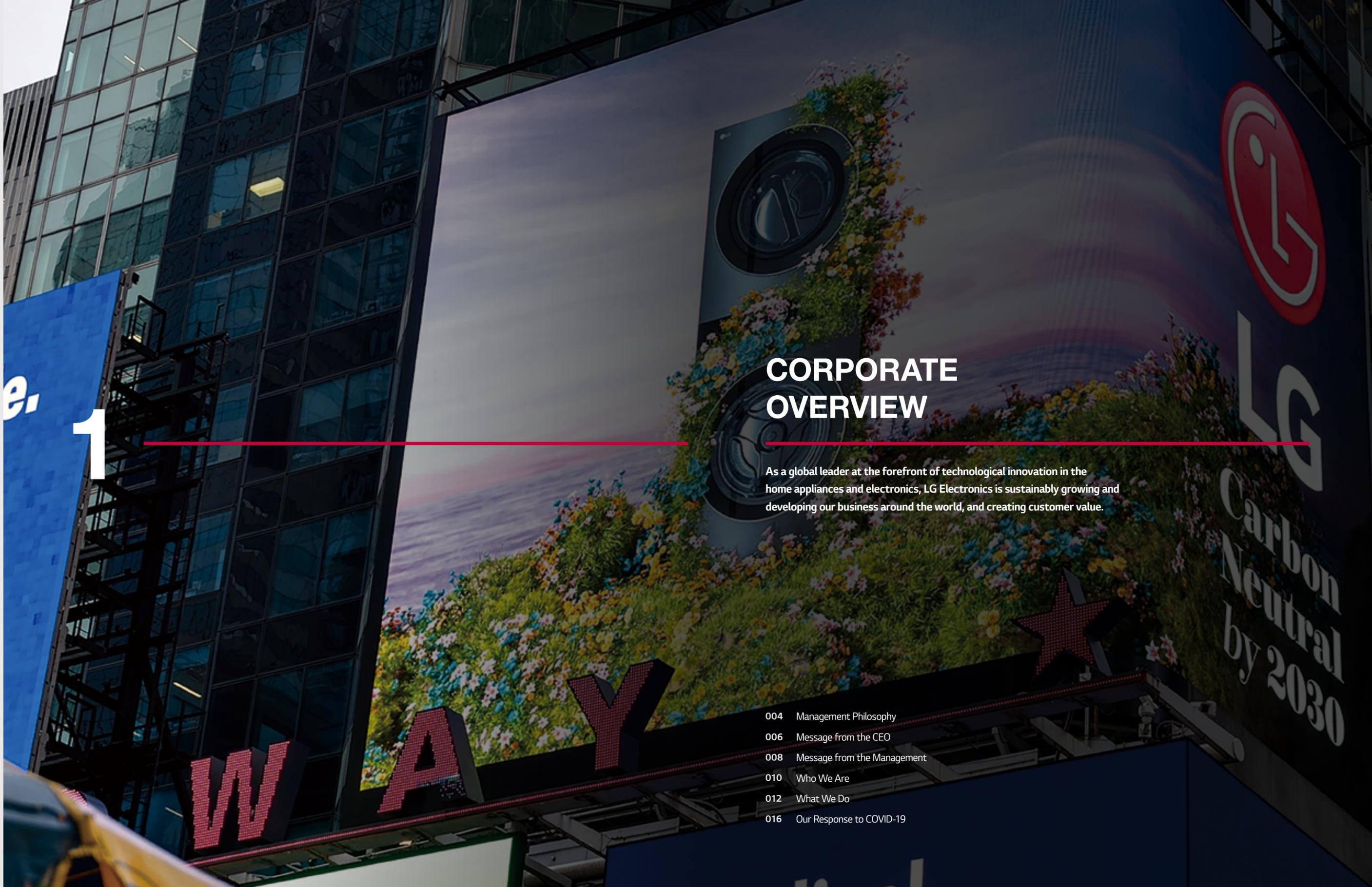
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As a global leader at the forefront of technological innovation in the home appliances and electronics, LG Electronics is sustainably growing and developing our business around the world, and creating customer value.

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MANAGEMENT PHILOSOPHY

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. These principles drive our business and through collective pursuit, we aspire to become the No.1 LG.

LG, Coveted by Talented Professionals

Create a great workplace that inspires talented professionals to work with passion and drive

LG, Trusted by Customers

Capture the hearts of customers with exceptional quality and brand value

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



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

LG, Preferred by Investors

Become a preferred investment option for investors by delivering high returns

How We Conduct Business

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

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

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MESSAGE FROM THE CEO

LGE VALUE FOR A BETTER FUTURE **BEGINS WITH CUSTOMERS**

Greetings stakeholders,

Due to the pandemic, the market continues to be unstable and the business environment, daunting. Even in the face of this unprecedented situation, we were able to achieve our best performance ever in 2020 through extraordinary business acumen and sheer effort, continuing to expand our position as a brand trusted by customers. We would like to express our gratitude to all our stakeholders whose interest and support have never wavered despite the difficulties, and to all our employees who have continued to put their best foot forward despite the challenges.

In 2021, we will focus our efforts as such:



First, we will create sustainable business results based on our fundamental competitive edge.

Going forward, we will deliver results based on the fundamental competitive edge of our company, not temporary advantages created by external factors. To this end, our goal is to enhance the competitiveness of existing businesses based on our understanding of customers and upgrade our business portfolio by preparing for the future. In particular, we will target results that go beyond everyday innovation through DX (Digital Transformation) activities based on cutting-edge technologies. And we will remain committed to our philosophy of “change through growth and growth through change” by better understanding the sensibilities and values of our customers.

Second, we will make every effort to exceed customer expectations.

At LG, customers are always at the center of everything we do. Prioritizing customer value begins by focusing on their pain points through which we are able to better understand our customers in order to create differentiated values through fresh methods. We strive to know our customers by knowing their lifestyles, values and aspects of their lives and needs. As one of the world's largest consumer electronics and home appliance brands in the world, LG has unique customer insights that have yet to be applied to all its products and services. Ultimate customer satisfaction will require everyone at LG to put ourselves in our customers' shoes and view things from their perspective in every aspect of our business, down to the smallest detail.

Lastly, we will expand ESG management for a more sustainable future.

We are fully committed to working with employees to create a more sustainable future by internalizing ESG management. This year we aim to boost positive environmental value beyond just educating our environmental footprint to expanding inclusive social values to more members of society. In addition, we will work toward building a rational and transparent ESG decision-making model in order to establish a culture of ESG management at LG.

We will continue to listen to and hear all our stakeholders, which includes customers, suppliers, investors, local communities and employees, with the aim of working with our stakeholders to create more enhanced life values going forward.

July 2021
CEO & President of
LG Electronics
Brian Kwon

A handwritten signature in black ink that reads "Brian Kwon". The signature is fluid and cursive, written over a white background.

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MESSAGE FROM THE MANAGEMENT



We will implement changes aimed at a better life by placing priority to people.

CFO
Doo-Yong Bae
Executive Vice President

Corporate ESG (Environmental, Social, and Governance) management is not merely a fad in the global market. It is emerging as a new paradigm in corporate management that affects capital raising and business relations, and acts as an important factor in decision-making of investment institutions.

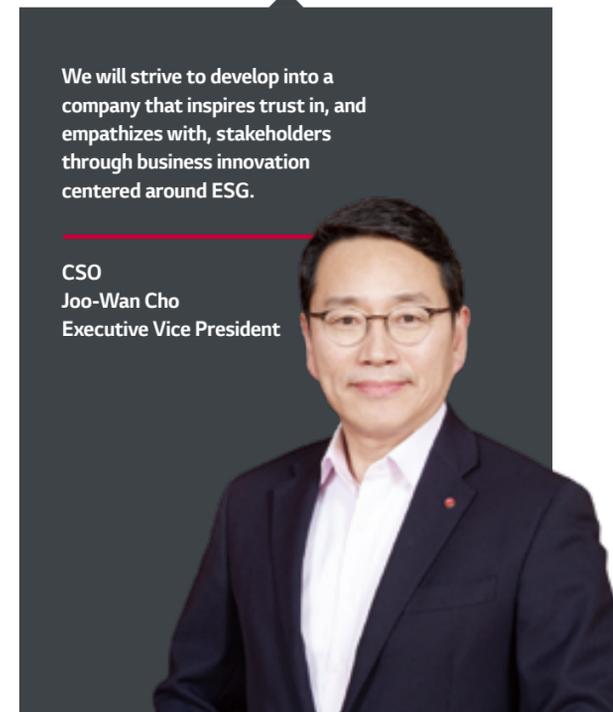
This is an important issue that goes beyond mere communication and is directly connected to a company's survival. Going forward, ESG management will continue to gain momentum and importance due to the uncertainty created by the COVID-19 crisis.

In the current market environment, we recognize the essential need for ESG management and thus we transparently disclose our economic, social, and environmental performances in an effort to reflect ESG values throughout our overall management. Going forward, we will continue our efforts to create social value, beyond mere compliance, throughout the entirety of the value chain. We will also strive to demonstrate ever greater transparency in communicating this to all of our stakeholders. ESG management is now an essential element for sustainability, not only for the short-term profits of a company, and people must always be at the center of ESG management. Looking forward, by keeping our focus firmly on people, we will continue to make every effort to be a company that contributes to a better life for both present and future generations.

The type of corporate behavior demanded by the global market is rapidly changing. Recently, these demands have changed from maximizing corporate profits and shareholder value, to being more concerned with what companies give back and how they contribute to society. Currently, emphasis is placed on voluntary efforts and actions as well as advanced systems of company management based on ESG.

In response to these changes, we have been operating our new CSO division since late 2019 to serve as a control tower which focuses on tasks such as integrating strategic functions throughout the organization and preparing for future business. In 2021, we will continue to reflect ESG values and principles in our overall business strategy in order to innovate customer value and strengthen our future business competitiveness. In an effort to achieve this, we will focus on core business through which we will be able to secure a competitive advantage via the principles of selectivity and focus, and accelerate the preparation of new business for sustainable future growth with a view to strengthening our business portfolio.

We will continue to inspire trust and empathize with our stakeholders even in the face of increasing uncertainty. To this end, we will always ensure that we listen to the voices of our stakeholders and reflect these voices in the overall management of our company in order to create diverse customer value. We hope you will continue to display a keen interest in our continued efforts to grow and develop.



We will strive to develop into a company that inspires trust in, and empathizes with, stakeholders through business innovation centered around ESG.

CSO
Joo-Wan Cho
Executive Vice President



We aim to grow into a lifestyle innovator that leads the way in this era of the "new normal" through platform innovations that shift the focus of customer value from product to experience.

CTO
Il-Pyung Park
President

As a lifestyle innovator that is leading the way in the era of the "new normal", we will take the lead in innovation through digital transformation aimed at overcoming the crises faced by humanity, and through presenting a new vision and life values.

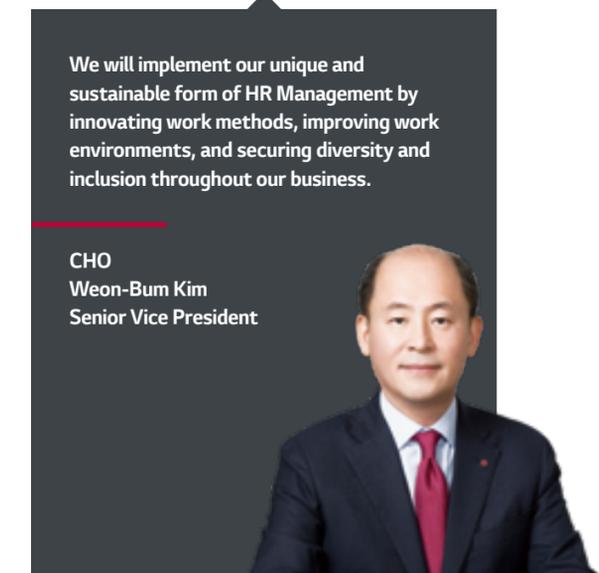
From rollable TVs to robots, the accumulation of wide-ranging technological capabilities and customer insights are the driving force behind our ability to be one step ahead when it comes to responding to rapidly changing customer needs. "System Thinking", which combines and utilizes various products and technologies, will be the key to a better life and a better future. As with LG ThinQ Home, where state-of-the-art energy solutions meet the best smart home appliances and home management systems in order to achieve optimal efficiency, we will continue to lead system innovation that creates a sustainable way of life through creative collaboration that crosses the boundaries between different fields. In this sense, the expansion of the LG ThinQ App partnership will be our first step toward completely shifting the focus of customer value from product to experience.

This is a change that begins by creating all devices to be smart via connectivity and artificial intelligence, and eventually results in everyday experience becoming smart via a 'digital lifestyle platform' that provides all the products, services, and content necessary for device use. We believe that WebOS, which is expanding its foundation from smart TVs to connected mobility, will also dramatically expand our customer value as a key axis of our platform strategy. Going forward, we plan to pursue a more active open innovation strategy and build an open innovation platform ecosystem by collaborating with the best partners across various fields.

At LG Electronics, we hold the opinion that nothing is more important than people. Accordingly, we will continue to strive to establish common industry standards for technical ethics and protect the rights and interests of users to the extent that people-oriented values can be firmly maintained as the basis of all technological innovation. We will do our best to create a better world for people and the environment, and for the next generation as well.

We are going through a period of uncertainty in which everyone talks about change, but no one can accurately predict it. In particular, the business environment in which companies find themselves is facing a huge wave of change in the form of ESG (Environmental, Social, Governance), which is directly connected to the survival of a company in a way that extends beyond current trends. Now, as members of society, companies must strive for the creation of value that goes beyond mere profit creation. In order to achieve this, consideration for people, which should be the foundation of any organization, must be prioritized above anything else.

We are constantly striving for talent-oriented growth and development. In particular, we continue to make concerted efforts to acquire skilled human resources, improve work environments, and secure the diversity and inclusion of human resources throughout our business. We are contemplating various methods for business innovation, such as the introduction of RPA (Robotic Process Automation) technology and the AI recruitment system, and are attempting to change our work methods through remote work. In addition, we are concentrating our capabilities on improving work environments in order to enhance the health and safety of our employees. "Inclusive and balanced growth," which is one of our company-wide mid-to long-term ESG-related goals, encapsulates the direction of our future endeavors. Skilled human resources equate to competitiveness in terms of business. Accordingly, companies can help to create a better future by implementing talent-oriented management, instead of merely using talented employees as resources. We will continue to do our utmost to become a sustainable company that can grow and develop through human resource management, and one that can further create social value.



We will implement our unique and sustainable form of HR Management by innovating work methods, improving work environments, and securing diversity and inclusion throughout our business.

CHO
Weon-Bum Kim
Senior Vice President

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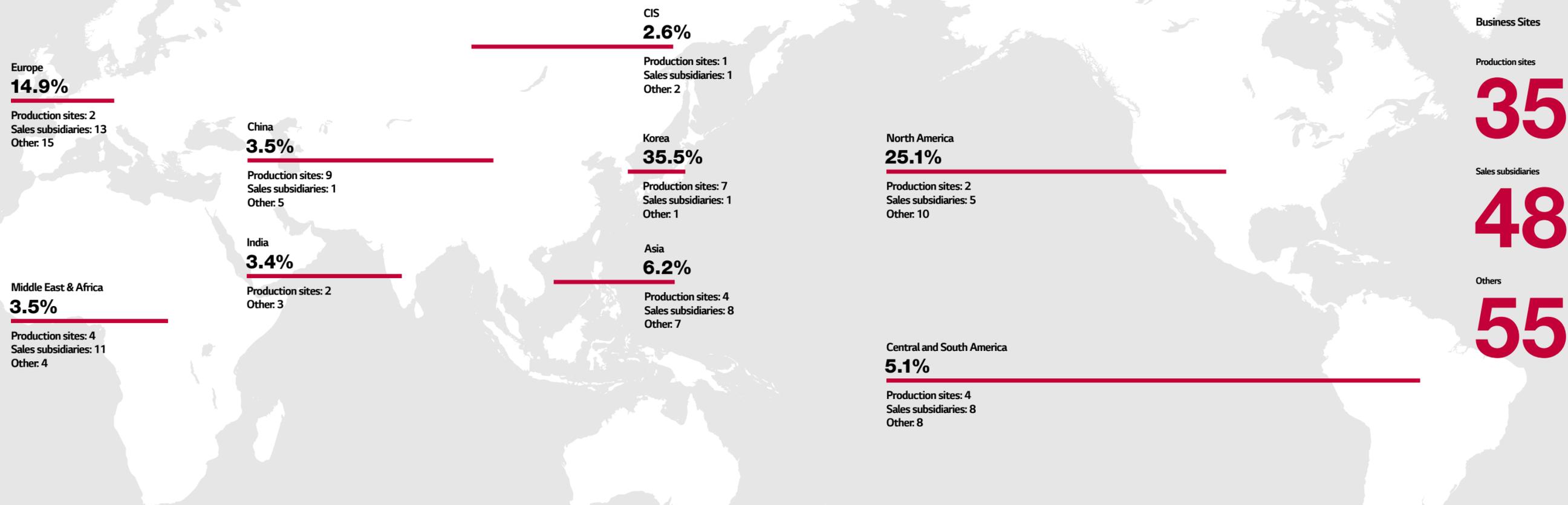
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Percentage of sales by region and number of business sites/subsidiaries*

* As of June 2021 (Number of production sites and sales subsidiaries changed due to withdrawal of MC Company)



As a global leader in the IT market, LG Electronics is leading technological innovation in the fields of home appliances and electronic devices. With around 140 production sites worldwide, we recorded USD 53.6 billion in sales and USD 2.7 billion in operating income.

As of December 31, 2020

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, Vacuum Cleaners, TVs, Monitors, PCs, Audio Sound Systems, Video Systems, Automotive Components, Solar Energy Systems, etc.
President	Brian Kwon, Doo-Yong Bae

Date Established	October 1, 1958
Credit Rating ¹⁾	S&P:BBB (Positive) / Moody's:Baa2 (Stable)
Number of Employees	75,890 (39,747 in Korea and 36,143 overseas)
Sales	USD 53.6 billion
Operating Income	USD 2.7 billion
Total Assets (Consolidated)	USD 40.8 billion
Total Liabilities (Consolidated)	USD 26.0 billion
Total Equity (Consolidated)	USD 14.9 billion

* Exchange Rate: USD 1 = KRW 1,180.5
 1) S&P: As of April 16, 2021
 Moody's: As of February 19, 2021

Shareholder Status

Status of Shareholders Holding More Than 5% Number of Voting Shares as of December 31, 2020

Shareholder	Number of Shares	Ownership
LG Corp ¹⁾	55,094,582 Shares	33.67%
National Pension Service	16,258,835 Shares	9.94%

1) 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% of stocks.

Largest Shareholders and Affiliated Persons As of December 31, 2020

Shareholder	Relationship	Number of Shares	Ownership
LG Corp	Holding Company	55,094,582 Shares	33.67%
Brian Kwon	Current CEO of LG Electronics	9,876 Shares	0.01%

Global Sales

As of December 31, 2020

Classification	Sales (Unit: KRW 100 million)	Sales (Unit: USD B)
Korea	224,819	190
North America	158,893	135
Europe	94,298	80
Asia	39,289	33
Central and South America	32,385	27
Middle East & Africa	22,401	19
China	22,388	19
India	21,508	18
CIS	16,639	14
Total	632,620	536

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WHAT WE DO

LG Electronics' key business units are Home Appliance & Air Solutions (H&A), which produces and sells major household appliances and commercial air conditioners, Home Entertainment (HE), which produces and sells digital media products, Vehicle Component Solutions (VS), which designs and manufactures automotive components, and Business Solutions (BS), which manufactures and sells displays and solar power materials to provide customized products and solutions.

H&A

Home Appliance & Air Solution

Our Home Appliance & Air Solution (H&A) Company is leading the global home appliance market via the introduction of innovative home appliances tailored to the lifestyles of our customers through products equipped with distinctive technology and design that reflect market trends and customer needs.



**Head of H&A Company
Executive Vice President**
Jae-Cheol Lyu

The H&A Company, which prioritizes customer value creation above all else, conducts research into potential customer needs and introduces innovative home appliances that provide new value. In addition, we are continuing to expand our business portfolio by focusing on products to which cutting-edge technology has been applied, specialized spaces, and home care services, etc. We also constantly research new business models centered on smart home appliances, and through this research, we aim to continue to release Only & Best products that lead the home appliance market. Going forward, in 2021 we will accelerate the expansion of our growth by utilizing our competitive edge, such as in the fields of steam and UV nano, by adapting our business in accordance with the increased hygiene and health concerns of customers due to the prolonged COVID-19 crisis and issues related to fine dust. Furthermore, we will establish sustainable home appliance business through the development of eco-friendly products, and by making products more accessible and creating a safe working environment.

HE

Home Entertainment

Our Home Entertainment (HE) Company delivers excellent results by providing customer-oriented solutions for multimedia video and audio equipment such as TV and audiovisual products, and the field of beauty through trend sensing based on customer value-oriented thinking and MI (Market Intelligence) activities.



**Head of HE Company
Executive Vice President**
Hyoung-Sei Park

At the HE Company, we concentrate our capabilities on providing products and services that solve customer pain points in order to achieve sustainable growth. We are proactively striving to grasp market trends and customer needs by enhancing our market intelligence (MI) capabilities in order to provide better products and services. In response to the recent growth in the online market and the diversification of the features of TVs, we are strengthening our online and digital marketing capabilities and continuously expanding outstanding TV-related services. In terms of our future business growth, we plan to expand our business areas such as personal devices, home beauty, and medical devices, and diversify our portfolio in line with market changes. In addition, we are making concerted efforts to transform into a sustainable business by establishing a mid-to long-term roadmap in line with the company's ESG direction, and by expanding eco-friendly certification and production methods.

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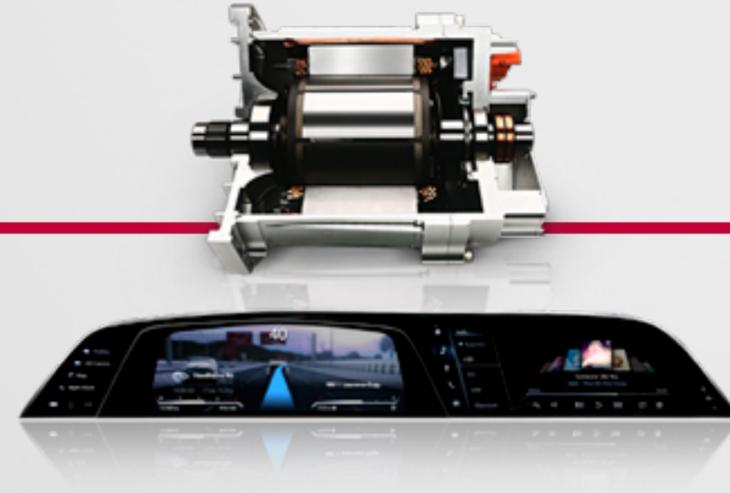
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VS
Vehicle component Solutions

Our Vehicle Component Solutions (VS) Company intends to fulfill the corporate vision of a sustainable profit structure and become an Innovation Partner for Future Mobility by producing and selling infotainment products for vehicles (such as AV navigation, display systems, telematics, and in-vehicle monitoring systems), driving parts for electric vehicles (such as motors, inverters, and converters), and automotive lamps.

Sales (consolidated)
4.9 USD billion

Portion of Sales (consolidated)
9.2 %



Head of VS Company
Executive Vice President
Jin-Yong Kim

At the VS Company, we share our growth via differentiated products and services with global automakers as our partners, based on our vision of becoming an Innovation Partner for Future Mobility. We are striving to re-establish our business portfolio and improve our revenue structure in order to achieve sustainable business growth. Based on our customer-oriented philosophy which outlines that customer growth leads, in turn, to the growth of our company, we are making concerted efforts to strengthen our product competitiveness and maximize customer value. In addition, we aim to create dependable business results by strengthening our market sensing and supply management capabilities in order to respond to unstable market conditions in a timely manner. The VS Company will not only contribute to LGE's transition into an eco-friendly company, but also develop our electric vehicle parts business into one of the future growth engines of the company by securing a solid position in the growing international eco-friendly automobile market.

BS
Business Solutions

Our Business Solutions (BS) Company provides innovative products and solutions that respond to customer needs in various areas based on the trust that we have accumulated from customers around the world. We continue to secure strong market positions via market-leading premium products across several fields, such as the IT industry which is centered around monitors and PCs, the information display (ID) industry which is centered around signage products, and the energy industry which is centered around solar panels. We are also focusing our capabilities on value-discovery activities in new growth fields, such as robot businesses.

Sales (consolidated)
5.1 USD billion

Portion of Sales (consolidated)
9.5 %



Head of BS Company
President
Soon-Hwang Kwon

As a business partner for business innovation and successful business execution for corporate customers, the BS Company prioritizes creating genuine customer value through the products and solutions of LG Electronics. In order to implement this, we are proactively identifying and integrating rapidly changing market trends and technologies in order to innovate our products and business methods, and we continue to communicate with customers in a reciprocal manner via digital marketing. In addition, we are continuously expanding new solutions that support the digital transformation of our customers in response to the needs of segmented markets. In line with the changes in the energy market, we are enhancing the competitiveness of our energy solutions, such as highly-efficient solar modules and electric vehicle batteries. Going forward, we aim to create future growth engines by expanding into the robot industry. The BS Company will enhance corporate value in accordance with trends and key changes in the global community, and proactively participate in an eco-friendly business transition to improve the quality of human life.

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OUR RESPONSE TO COVID-19

COVID-19 and Life's Good

Lessons learned from the fight against COVID-19

Many people are having a hard time due to COVID-19. However, mankind has always wisely overcome the crisis. Since people around the world, including quarantine authorities and healthcare professionals, are doing their best in their fields, one day we will be able to overcome COVID-19.

In the global pandemic of COVID-19, LG Electronics has thoughtfully contemplated its role as an electronics manufacturer and global corporate citizen. We have taken numerous measures to safeguard the health of our workplace such as adopting temperature screening at entry and enabling work from home, especially for employees at higher risk like pregnant women. Workplace counselors have reached out to employees to provide compassionate care and support. Our management has also listened to the voice of the employees collecting ideas on overcoming this crisis. In Korea, groups of employees took part in non-face-to-face volunteer activities by purchasing or making essential goods and delivering them to nonprofit organizations.

and, again for "Life's Good"

To express gratitude to medical workers on the frontline, we donated air purifiers, dryers and STYLERS (steam closets) to hospitals and public health centers. Electronic goods and infection control equipment including face masks were donated to over ten nations in response to their request. Together with local subsidiaries, we have provided support to countries in need of test kits. Like many businesses around the world, LG Electronics has experienced negative effects from the coronavirus. However, our business fundamentals remain sound, and we believe the overall impact from COVID-19 will be limited. By addressing global supply issues with our diversified production bases, expanding health-related product lineups and closely cooperating with distributors and customers, we expect to use this crisis as an opportunity to be a momentum for further growth.

The pandemic has demonstrated that the Earth, People and Living things are all interconnected. One confirmed case can rapidly lead to chains of infections among colleagues and family members. Therefore, without exception, everyone should take part in combating this dreadful virus. As an entity with influence on diverse aspects of production and sales, LG Electronics must take responsibilities in a befitting manner. We have continuously worked to reduce negative impacts to the planet by eliminating the use of toxic substances and developing energy-efficient products that can help address social issues and positively influence society, and we will remain committed to these efforts. Even if we succeed in overcoming COVID-19, as long as environmental issues including climate change persist, we will experience another risk. As a responsible global corporate citizen, LG Electronics will continue supporting employees, suppliers, customers, investors and all stakeholders to rise to the current challenge and return to normality, where "Life's Good."

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At LGE, we manage approximately 140 subsidiaries around the world. We prioritize the safety of our employees above all else, thus we have taken necessary measures such as allowing telecommuting and adjusting the operation schedule of production subsidiaries in accordance with local circumstances.

(As of December 31, 2020)
Efforts to Respond to the era of COVID-19

Operation of a Corporate-Level Consultative Body to Implement COVID-19 Response

In accordance with the corporate-level crisis response standards for the outbreak of infectious diseases, we implemented measures in the following stages: concern; caution; alert; and serious.

Activities:

- Distributing COVID-19 response guidelines company-wide
- Daily sharing of the status of our employees and those of our subsidiaries
- Providing guidance regarding global travel bans/restrictions
- Distributing masks and hand sanitizer
- Installing thermal imaging cameras at all business sites in order to prevent the entry of symptomatic persons
- Prohibiting the entry of visitors into all business sites and prohibiting employee visits to other business sites
- Providing self-quarantine guidelines to employees and their families returning from overseas
- Providing guidance regarding telecommuting standards and precautions for telecommuters
- Providing guidance on COVID-19 prevention rules and social distancing guidelines
- Banning the use of in-house employee facilities (gym, cafe, etc.)
- Installing screens in the company cafeterias, extending the operating hours of the cafeterias, and expanding the take-out menu to include lunch boxes, etc.

Supports for Overseas Business Sites

- Early days of the COVID-19: Hand sanitizer and protective gear provided by Korean business sites to our subsidiaries in China (approximately 300,000 masks were provided to employees in China subsidiaries).
- Introduction and spread of COVID-19 in Korea: Due to the government policy aimed at controlling the supply and demand of masks and securing public supplies first, it became difficult to supply masks in large quantities in Korea. Accordingly, we actively sought mask manufacturers from countries where our overseas subsidiaries are located, such as Poland, Mexico, and China, and supplied emergency response products, such as 60,000 masks, to business sites in Korea.
- Introduction and spread of COVID-19 to foreign countries other than China: All of our overseas business sites strategically cooperated with and supported each other through the diversification of emergency response product, procurement measures via China General Procurement, LG International, and SERVEONE (about 810,000 masks, hand sanitizer, disinfectant, and gloves were distributed to overseas business sites).
- In order to prepare for emergency situations that may occur involving our employees or their families, such as breathing difficulties caused by becoming infected with COVID-19, we provided oxygen supplies and oxygen masks to some of our overseas subsidiaries.

Supporting the Supply Chain (Suppliers)

- In 2020, we increased the value of interest-free loans offered to our suppliers to KRW 55 billion (about USD 47 million) the previous amount having been KRW 40 billion (about USD 34 million) and we provided the loans four months earlier than the previous year.
- We operated a win-win cooperation fund worth KRW 200 billion (about USD 170 million) for low-interest loans in partnership with the Industrial Bank of Korea and Korea Development Bank.
- We provided emergency support by delivering 120,000 masks and hand sanitizer to both domestic and overseas suppliers.

Telecommuting

- Made telecommuting compulsory for all pregnant employees as a precautionary measures against COVID-19.
- Encouraged employees who need to take care of their children, due to the closure of kindergartens, daycare centers, or schools, to telecommute.
- Implemented 'Flexible Working Hour' system which allows flexibility in terms of what time the employees start and finish the work under 8 working hours to minimize the use of public transport during rush hours.
- Increased the inspection of telecommuting-related equipment and networks to ensure smooth remote cloud access.

We carried out various support and donation activities for the quicker end to COVID-19

Korea



Donations in Korea

- Donation of home appliances such as air purifiers and dryers to major hospitals and public health centers in Pyeongtaek, Changwon, Incheon, and Gumi, where our production sites are located.
- Donation of 3,000 medical protective suits to the Daegu Medical Association.
- Donation of 6,000 tablet PCs (G Pad 2 8.0) for online education for children from low-income families in preparation of the start of online schooling.
- Loaned, free of charge, guide robots and cleaning robots that provide thermal checks and quick diagnosis functions to visitors of Seoul National University Hospital in order to minimize the risk of infection and the workload of hospital staff.
- Made a contribution (KRW 5 billion; about USD 4 million) to the Community Chest of Korea hosted by LG Group in order to contribute to supporting those infected with COVID-19, to preventing community transmission, and to helping local vulnerable and marginalized people.

Overseas (Africa)

Ethiopia

- Donation of 5,000 masks and 2,000 test kits.

Overseas (Oceania)

Australia

- Launched a campaign to publicly name and provide gifts to community heroes in Australia between May 8 and October 28, 2020. Through this campaign we were able to promote a message of hope and happiness to Australians facing an unprecedented crisis due to COVID-19, drought, and bushfires.

Overseas (Asia)

India

- In consideration of the severe impact that COVID-19 lockdown measures have on those with a low-income, including day laborers, LG Electronics India donated 1 million meals and delivered food to 1,000 vulnerable groups living or working in the vicinity of its manufacturing sites.
- Donation of 2,215 units of appliances such as air purifiers, water purifiers, TVs, medical monitors, and hygiene products such as masks to hospitals and quarantine facilities in India.

Vietnam

- Donated, in cooperation with other LG affiliates, USD 170,000 worth of COVID-19 test kits and protective gear to local governments.

Indonesia

- Donated, in cooperation with other LG affiliates, 50,000 COVID-19 test kits (worth USD 510,000) to the National Disaster Prevention Department.

Overseas (Europe)

UK

- Displayed a message on our outdoor billboard in Piccadilly, London to encourage participation in 'social distancing' using the UK government's anti-coronavirus campaign slogan, and to express our gratitude to the National Health Service (NHS).



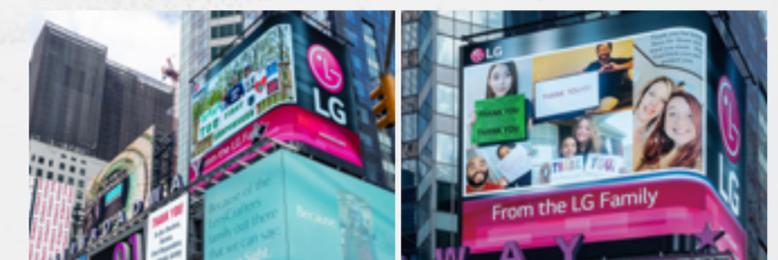
Billboard message displayed in Piccadilly, London

Italy, Poland, and Turkey

- Donation of home appliances such as TVs, refrigerators, washing machines, microwaves, and laptops to public hospitals and orphanages.

Taking actions against COVID-19

Overseas (USA)



Billboard message displayed in New York's Times Square

Donations

- Donated approximately 300,000 N95 masks and surgical masks to the governments of states in which our major business sites are located.
- Donated 50 medical monitors to the New Jersey state government.
- Donated 161 cell phones and tablet PCs to hospitals such that patients in hospice care and isolation wards could communicate with their families.
- Donated USD 300,000 via voluntary employee fundraising and the company's additional contribution
- Donated 5% of US online shop sales.

Other Public Interest Activities

- We showed our gratitude to New Yorkers who were practicing social distancing through our billboard in New York's Times Square, thereby promoting participation in, and supporting the continuation of, a campaign aimed at encouraging social distancing.
- We provided 5,000 low-income families with free tickets to participate in the LG Experience Happiness program, which has been running for several years with the goal in mind of bringing happiness to teenagers in the United States.

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Truly Smart Home

**ESG
COMMITMENTS**



Through our mid-to long-term ESG goals, which were reorganized in 2021, LG Electronics is striving to clearly communicate our ESG direction to our stakeholders. Accordingly, we have set detailed tasks and targets to promote a strategic objective of maximizing “positive environmental value” and “an inclusive society” under our ESG vision of “Life’s Good”. Moving forward, we will use our new ESG goals as a foundation to pursue sustainability between our company and society, and do our utmost to create economic and social value.

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LGE'S MID-TO LONG-TERM ESG COMMITMENTS



LGE's ESG Commitments for Sustainability

In 2018, LGE presented a direction for sustainable management and established major goals to achieve it. LGE has since continued to achieve the goals it has set, and transparently discloses its major activities and results to stakeholders through its annual sustainability report. In 2021, we established a new ESG-based direction by reviewing the performance from the past three years, with a view to reflecting the ESG trends in the international community and reorganizing the existing direction to maintain more effective communication with stakeholders. The reorganized orientation more clearly expresses LGE's aims to promote ESG management and secure sustainability. In consideration of internal and external issues, specific achievable goals were set to enable continuous performance management and communication with stakeholders.

LGE's ESG management has existed in different forms and expressions in the past, present and future, but its primary goal and essence remain the same. LGE will continue to strive for the sustainable development of the company and society by maximizing positive environmental values and pursuing inclusive growth for all under the ESG vision of Life's Good.

Major Revisions of LGE's ESG Commitments

Previous Sustainability Commitments (2018-2020)



- Establish sustainable management activities and performance management system
- Establish mid-to long-term goals
- Reflect the UN SDGs, standards required by the international community

New ESG Commitments (2021-)



- Reflect the global ESG trends in the industry
- Use intuitive messages for effective communication
- Set specific and quantitative goals

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TOWARD A MORE POSITIVE EXTERNALITY

E TOWARD A MORE POSITIVE EXTERNALITY

Zero Negative Environmental Impact

- Reduce carbon emissions in the production phase by 50% compared to 2017 by 2030
- Achieve carbon neutrality by expanding the areas of the CDM (Clean Development Mechanism) by 2030
- Complete transition to 100% renewable energy by 2050
- Complete transition to electric/hydrogen cars for business by 2030 (Korea)
- Achieve 95% in waste recycling rate at production sites by 2030

Product for the Next Generation

- Increase the ratio of Green 3 Star certified products up to 80% by 2030 as a part of internal eco-friendly product assessment
- Increase the reuse of product packaging materials (recovering 80% of air conditioners in Korea by 2030)
- Collect a total of 4.5 million tons of e-waste by 2030 starting in 2006
- Continuously develop a business reflecting future-oriented, eco-friendly and human values (solar power, electric cars etc.)

* New goal of eco-friendly products to be disclosed in the second half of 2021



Zero Negative Environmental Impact

Industrial and technological development has made convenient and abundant lives a reality for humans today. However, we are now approaching a stage where the negative environmental effects of this development, which have been pushed aside for the sake of progress, are not only impacting our quality of life, but also our very existence on this planet. A report released by the UN in 2021, titled "Making Peace with Nature", highlighted 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 awareness of environmental issues grows around the world, there is an increasing recognition that the top priority for humanity should be the pursuit of environmental value. LG Electronics, as a member of the international community, is naturally conscious of the seriousness of issues such as climate change and environmental pollution, and we are striving to actively participate in movements to respond to these issues. We will do our utmost to reduce the negative environmental impact of our activities and business sites to zero, and move beyond this to work towards expanding our positive impact, too.



- Reduce carbon emissions in the production phase by 50% compared to 2017 by 2030
- Achieve carbon neutrality by expanding the areas of the CDM by 2030

In order to achieve our goal by 2030 of reducing greenhouse gas emissions generated during production of our products by 50% in comparison with 2017 emission figures, we are expanding the introduction of energy-efficient facilities and carbon emission reduction devices throughout our production process. By actively participating in the Clean Development Mechanism (CDM) project, through which greenhouse gas emission reduction goals can be achieved through the investment of technology and capital in developing countries, we are continuously securing carbon credits. We are contributing to the reduction of greenhouse gas emissions by strengthening our solar power business to expand the use of renewable energy and by actively utilizing our B2B solutions such as high-efficiency refrigerators and energy management systems (EMS). In order to achieve carbon neutrality by 2030, we will continue to strive to actively reduce greenhouse gas emissions at each of our business sites and participate in resolving global issues caused by climate change by expanding our participation in the CDM project.

Implementation of strategies aimed at achieving carbon neutrality by 2030

In order to achieve carbon neutrality by 2030, we invest in technology, in addition to actively engaging in external carbon reduction activities such as securing carbon offset credits.

We will Achieve Carbon Neutrality in terms of Greenhouse Gas Emissions by 2030

Reducing greenhouse gas emissions in manufacturing processes	Implementing external greenhouse gas reduction programs
Cutting-edge emission reduction technology reduces direct emission sources generated during our production process and the indirect emission sources caused by electricity use.	We offset greenhouse gas emissions by securing carbon offset credits from a carbon-offsetting program that utilizes our high-efficiency home appliances and energy solutions.
Investment in SF₆ gas treatment facilities <ul style="list-style-type: none"> • Invested in facilities that treat SF₆ (sulfur hexafluoride) gas generated during the production of high-efficiency solar panels. • Expansion of introduction of SF₆ reduction technology is expected to reduce greenhouse gas emissions by more than 1 million tons per year. 	Implementation of external reduction projects <ul style="list-style-type: none"> • Implemented the CDM project in order to sell high-efficiency products and receive carbon credits in return for reduced power consumption. • The CDM business that sells high-efficiency refrigerators in India approved by UNFCCC¹⁾ in 2013 • Acquired additional 166,000 tons acquired as of February 2019²⁾

1) UNFCCC: United Nations Framework Convention on Climate Change

2) Reduction of greenhouse gas emissions in 2020 will be disclosed after certification in the second half of 2021

2020-2021 LG Electronics Sustainability Report

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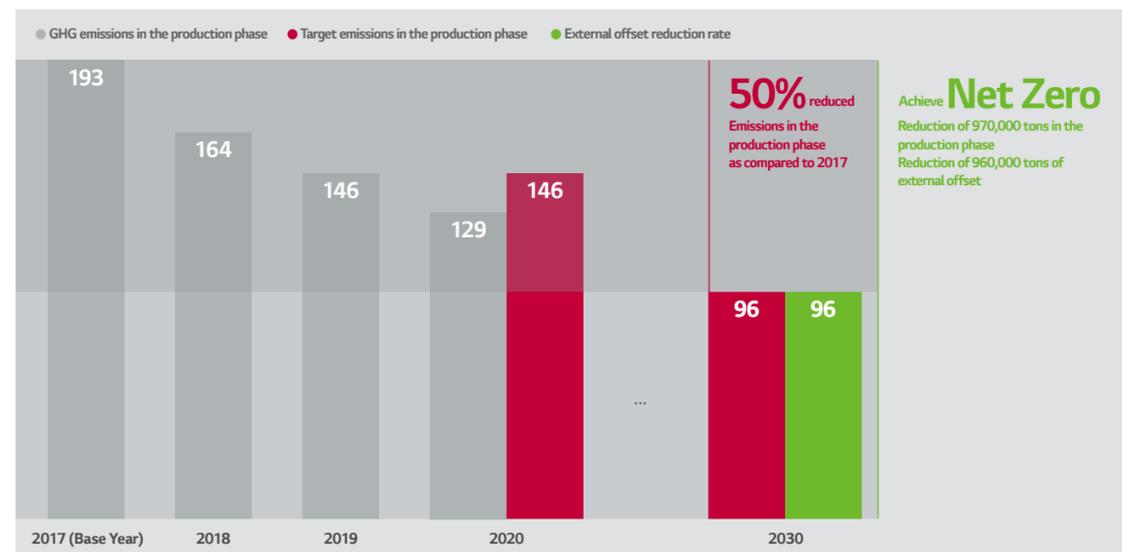
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Global Carbon Emission Status and Targets (Korea + Overseas)

(Unit: 10,000 tCO₂e)



Pursuing Carbon Neutrality throughout the Value Chain Focusing on the Phases of Procurement, Production and Customer Use

At LGE, we continue to differentiate ourselves in terms of our goals and our approach to carbon neutrality by establishing our own challenging targets. In 2021, we intend to advance toward the ultimate goal of carbon neutrality at our global production sites by achieving 30% of carbon neutrality.

Carbon Reduction in the Production Phase	UN Reduction Project	SF ₆ Reduction Activity
We conduct a process gas emission reduction test by improving the solar process. About 20% of SF ₆ usage in this process has been reduced, and an additional reduction of 150,000 tons per year is currently being targeted through the consideration of a new investment in solar process gas reduction facilities. In 2021, we will also conduct the carbon fund investment efficiency verification, such as high-efficiency UT facility investment, with a view to reducing carbon emissions in the production phase.	We are creating market average efficiency data in order to calculate carbon reduction, and we are carrying out the task of obtaining approval for the Indian air conditioner project from the Indian government. Going forward, we aim to obtain approval from the UN, and we are also considering the expansion of target products and countries.	We implement the SF ₆ (sulfur hexafluoride) reduction project in order to reduce greenhouse gas emissions and achieve carbon neutrality. In 2021, four new scrubber facilities will be added with a view to eliminating greenhouse gas emissions from the solar process gas handling facilities. A total of thirty-five scrubbers are being operated at the Gumi plant of our BS Company. The annual emission reduced by this project is about 400,000 tons, thus achieving an average annual treatment efficiency more than 90%.

Energy Management System (ISO 50001) Certification

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

Carbon Pricing

We apply an 'internal carbon cost' policy, which quantitatively determines the value of carbon for internal transactions by seizing business opportunities, related to energy saving and reducing greenhouse gas emissions and discovering risks. This approach allows accurate measurement of the environmental burden placed on our company in terms of financial value, thereby contributing to rational decision-making on future investments that seek to reduce greenhouse gas emissions.

Introduction of 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 domestic production sites, while also transparently disclosing information to various stakeholders. In addition, we have completed building a greenhouse gas inventory for our global production sites and disclose greenhouse gas emissions every year.

* Published a separate report on climate change response based on Task Force on Climate-related Financial Disclosures (TCFD) criteria (p.115-120)

Case. Creating a carbon-neutral cluster (Korea)

In March 2021, we entered into a MOU with the Korea Water Resources Corporation and POSCO aimed at establishing a new and renewable energy cluster in order to achieve carbon neutrality. This MOU is significant in that it activates a new and renewable energy cluster that plays a leading role in terms of energy transition policies such as the achievement of carbon neutrality, while also securing various technologies related to renewable energy. Based on innovative technology, we are actively practicing carbon neutrality by introducing various high-efficiency heat pump systems such as air conditioners powered with air, ground (underground) and water, and large-capacity refrigerators, in addition to high-performance building-integrated solar power systems, and energy management systems.



Business Agreement Ceremony to Achieve Carbon Neutrality and Create a New and Renewable Energy Cluster

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TARGETS

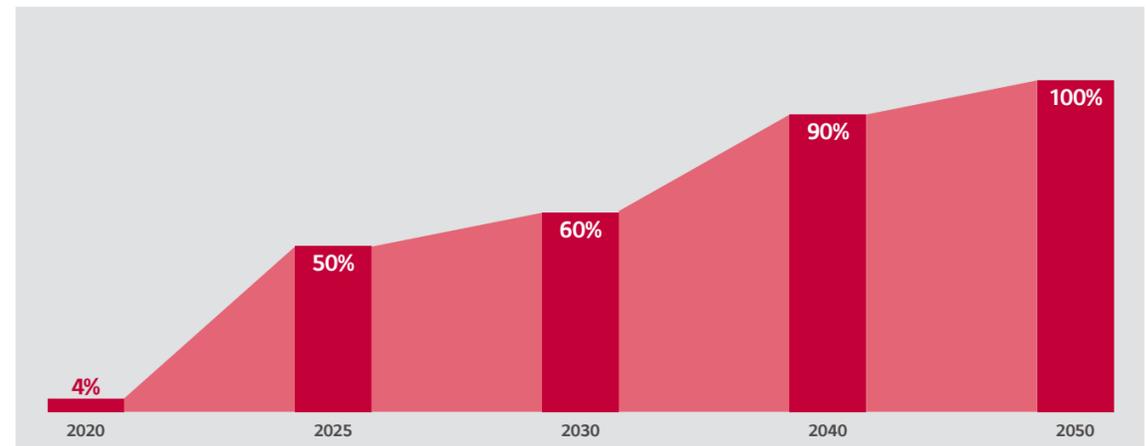
- Complete transition to 100% renewable energy by 2050
- Complete transition to electric/hydrogen cars for business by 2030 (Korea)

In addition to changing the energy sources used, the transition to renewable energy is dramatically changing the overall management of businesses within the industry. We are establishing the Global Renewable Energy Expansion Plan in order to achieve our transition to 100% renewable energy by 2050. Through this plan, we aim to lead the energy transition of the international society and actively respond to Korean and foreign policies related to renewable energy, as well as respond to the demands of stakeholders.

Expansion of Renewable Energy

RE100 stands for Renewable Energy 100 and refers to a global initiative aimed at replacing 100% of corporate electricity with renewable energy. A number of global companies have already publicly declared their participation in RE100, and recently these companies are also inviting companies in their business network to participate. Here at LGE, we are expanding the direct generation and use of renewable energy by using high-efficiency solar panels, and applicable options such as the green rate system for renewable energy purchasing, Renewable Energy Credit (REC) purchasing, and third-party Power Purchase Agreement (PPA). In addition, we are establishing a mid-to long-term plan with a view to achieving 100% renewable energy use by 2050. In accordance with this plan, we aim to continue our efforts to switch to renewable energy in consideration of the current laws and business conditions of the countries where our Korean and overseas production sites are located.

LGE's Global Renewable Energy Expansion Plan (Renewable energy ratio (%) = Annual renewable energy consumption ÷ Total electricity consumption)



K-EV100 Declaration and Implementation (Korea)

In April 2021, we participated in the 'K-EV100' campaign hosted by the Ministry of Environment and declared our commitment to transitioning all vehicles with zero-emission replacements that use electricity or hydrogen fuel cells by 2030. In line with the K-EV100 declaration, we plan to gradually increase the proportion of our vehicles that are eco-friendly. Going beyond simply converting our vehicles into eco-friendly vehicles, we will continue to explore and achieve potential changes aimed at establishing a carbon-neutral society throughout every facet of our corporate management.

Targets in Switching to Zero-Emission Vehicles

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



TARGETS

Achieve 95% in waste recycling rate at production sites by 2030

At LGE, we continuously invest in environmental facilities and improve our waste treatment processes with a view to being able to recycle 95% of waste generated at production sites around the world by 2030. In order to treat waste in an eco-friendly way and reuse it as resource for production, we manage the waste treatment performance of each of our production sites, and of the company as a whole, and then monitor the waste recycling process. Through an increase in the use of renewable raw materials, we have expanded our range of recyclable products while also minimizing the environmental impact of our products.

Expanding Waste Recycling at Business Sites

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 addition, in order to achieve zero recycling charges and zero issues, we promote a resource circulation program aimed at increasing the amount of collected e-waste and eliminating risks. Moreover, we continuously improve our production process and recycling system in order to reduce waste and expand the use of recycled materials.

Recycling Solar Power Generation Facilities

In order to reduce the negative environmental impact of solar power generation facilities, we intend to actively participate in Extended Producer Responsibility (EPR) System for solar panels, which will be introduced in 2023. As waste from solar power generation facilities has been forecast to increase exponentially from 2023, we are working to establish a collection, transportation, and recycling system. Accordingly, we have conducted research into disposal methods of solar modules and developed recycling technologies. In addition, some of our production sites located in Korea recycle solar power plant waste into raw materials such as glass, aluminum, and silicon.

CRC (Chilseo Recycling Center)

We comply with an Environmental Assurance System¹⁾ that seeks to induce the minimization of environmental pollution. We have been operating the CRC in South Gyeongsang province since August 2001, where home appliances are recycled and returned products are analyzed. CRC differs from other recycling centers in that it not only reduces resource usage but also treats harmful substances contained in e-waste in an environmentally friendly way during the recycling process. Through the operation of CRC, we are able to carry out eco-friendly design that not only handles the collection of waste appliances but also considers resource circulation in the product planning stage. Furthermore, we are continuing with our efforts to develop new technologies capable of utilizing renewable resources.

1) 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 Circulation of Electrical and Electronic Equipment and Vehicles)



CRC



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Product for the Next Generation

In 1987, the World Commission on Environment and Development (WCED) proposed the concept of sustainable development in a report titled “Our Common Future”. Highlighting the importance of ensuring the sustainability of future generations, it defined sustainable development as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’. Our products and services are carefully designed with the consideration of contributing to a sustainable future alongside our customers, society, and the environment.



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

In 2011, we introduced Eco-Index, an evaluation index unique to our company that seeks to evaluate the eco-friendliness of our products. Developed by LGE, 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, and Green 3 Star. We realistically operate and manage eco-index standards by analyzing and reflecting changes in the product development environment. In addition, we strive to increase the proportion of Green 3 Star products, i.e., products that are evaluated as being the highest level according to the Eco-Index. We will continue to conduct eco-friendly evaluation and performance management based on the Eco-Index in order to develop and expand upon green products with the ultimate goal of satisfying our customers.

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.)		

Achievements and goals in developing Green 3 Star products (Unit: %)

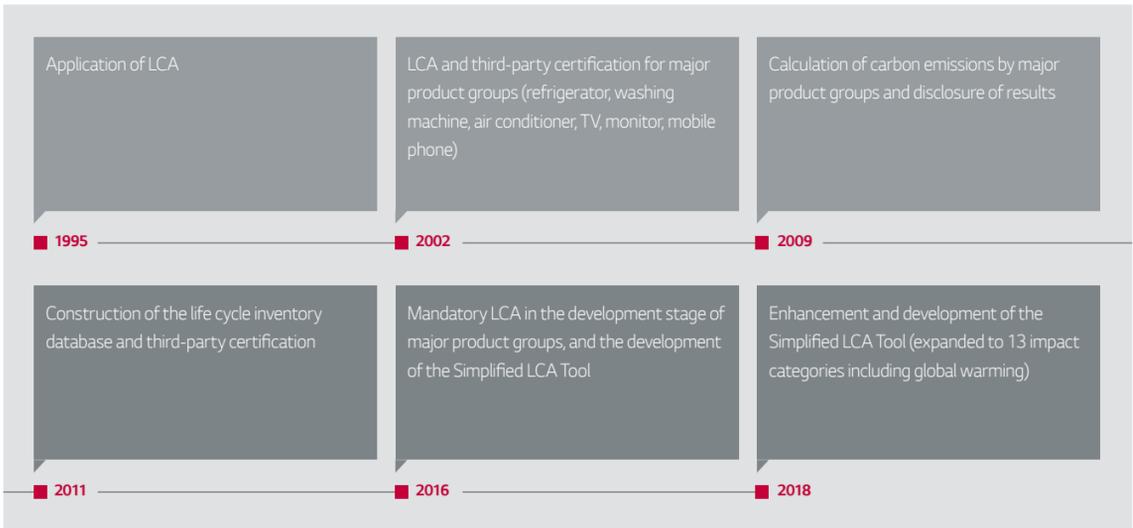
	2018	2019	2020
	48	41	46

* Based on the number of development projects

Conducting Product Life Cycle Assessment (LCA)

Here at LGE, we use the Life Cycle Assessment (LCA) to accurately analyze and manage environmental impact throughout the product life cycle. LCA is 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. Starting in 2002, LGE has quantified the environmental impact of major product groups, such as refrigerators, washing machines, air conditioners, TVs, monitors, and mobile phones, using the LCA method. In 2011, we established the Life Cycle Inventory (LCI) database for major product groups. We use this database to conduct the LCA on seven product groups each year, including TVs, monitors, washing machines, refrigerators, household and commercial air conditioners and mobile phones. In 2018, we developed a Simplified LCA Tool that can evaluate the environmental impact of products in thirteen impact categories, including global warming, resource depletion, and ozone layer depletion in the development stage based on life cycle evaluation experience and the LCI database. We are striving to use the Simplified LCA Tool to evaluate potential environmental impacts in advance during the product development stage, and then apply the results of these evaluations to the development of eco-friendly products. Moreover, we disclose the global warming impact and carbon emission data of our products to customers through our website and our 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. In addition, green technology that has been awarded the green technology certificate, which recognizes the eco-friendliness of products, by the Ministry of Trade, Industry and Energy of Korea, is applied to products such as laptops and monitors.

Progress of Product Life Cycle Assessment



Calculation of Carbon Emissions throughout the Product Life Cycle (Unit: %)

Stages of Life Cycle	Pre-manufacturing	Manufacturing	Distribution	Use	Disposal
Mobile	20.35	0.004	8.18	71.15	0.32
Washing machine	25.44	0.39	0.44	70.12	3.61
Monitor	10.97	0.04	0.34	88.27	0.38
Refrigerator	13.14	0.17	0.97	84.69	1.03
TV	16.26	0.03	0.39	82.47	0.85
SAC¹⁾	3.71	0.05	0.04	96.06	0.15
RAC²⁾	7.07	0.09	0.09	91.89	0.85

1) SAC: System Air Conditioner
2) RAC: Residential Air Conditioner

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

Name of Technology	Date of Certification	Valid Date
Power consumption reduction technology for monitors through backlight brightness adjustment	2016.03.10	2022.03.09
Standby power reduction technology for laptops	2016.02.18	2022.02.17
TV standby power reduction technology with X-capacitor discharge function inside Control IC	2018.05.17	2024.05.16

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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, etc.). 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. Though not currently subject to regulation, we are gradually replacing harmful substances such as polyvinyl chloride (PVC) and brominated flame retardants (BFRs) through safety and reliability tests. As a result, the use of PVC and BFRs was completely abolished in all of our mobile phone products starting in 2010, and we implemented the voluntary substitution of harmful substances such as phthalate and beryllium in 2011 and antimony trioxide in 2012. Moreover, we replaced PVC in the cables of UHD and OLED TVs, and from 2013, PVC-free noise reduction parts (skirt lower) were developed and applied to refrigerators, and further efforts are continually being made to develop and apply this technology and technical parts to replace hazardous substances while maintaining product quality to a number of other products. Meanwhile, in 2015, HBCD (hexabromocyclododecane), a type of brominated flame retardant, was removed from all of our products and packaging in a preemptive response to EU regulations on persistent organic pollutants (POPs). In addition, the supply chain management of the information of biocide used in the product has been carried out, and we are striving not to use toxic substances in the manufacturing process through thorough management.

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 other than EU RoHS)	LEVEL B (Substances subject to monitoring or reduction)
LEVEL A-I covers the top 10 hazardous substances outlined in the EU RoHS regulation. These include heavy metals such as lead, cadmium, and mercury, hexavalent chromium and its compounds, brominated flame retardants such as PBB and PBDE, and four types of phthalate (DEHP, DBP, BBP, DIBP).	LEVEL A-II covers the regulated substances prohibited by national or international agreements other than the RoHS regulation. It refers to chlorine-based compounds, asbestos, organotin compounds, formaldehyde, ozone-depleting substances, etc. (PCBs, PCNs, PCTs, VOC, HBCD, bisphenol A, nickel and its compounds, etc.).	Level B refers to polyvinyl chloride resin, phthalate, beryllium, palladium, bismuth, and other chlorine-based flame retardants, commonly known as PVC, as substances to be monitored or the use thereof to be reduced (substances stipulated in EU REACH SVHCs, California Proposition 65, etc., as well as PVC and PCP).

Replaced Hazardous Substances

Smartphone, Smart Watch, G Pad	OLED / Ultra HDTV	Laptop	Monitor
PVC/BFRs discontinued from all models from 2010	Applied PVC-free internal cables in 2013	PVC/BFRs-free laptops released in 2013 (excluding FPCB, BARE, PCB, battery, adapter, keyboard, cable, touchpad, thermal module, cable connector, mouse, and power cord)	PVC-free LCD modules applied to all models in 2011
Beryllium and phthalate discontinued from all models from 2011.	Applied mercury-free display panels		PVC/BFRs-free LCD modules applied to all models in 2013
Antimony trioxide discontinued from all models from 2012.			

Green Supply Chain Management (Green Program Plus)

We operate 'Green Program Plus (GP Plus)' with a view to laying a foundation for shared growth by enhancing the eco-friendly competitiveness of suppliers through the transfer of our eco-friendly technologies and know-how. In order to actively respond to regulations on the management of hazardous substances in products, GP Plus, an eco-friendly supply chain management program, has been upgraded by expanding the management categories to include eco-friendly areas such as the greenhouse gas management of suppliers based on the Green Program that has been in operation since 2005. Through this, we are continuing our efforts to secure green partnerships that further strengthen the eco-friendly management of our supply chain and improve the eco-friendly competitiveness of our suppliers through proactive compliance 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 in order to strengthen our green partnerships with the environmental managers of suppliers and our designated employees. In addition, a training course for 'hazardous substance measurement experts' was established with a view to enhancing hazardous substance management and measurement technology, and improving the reliability of data. This training course is provided to those in charge of measuring the hazardous substances of the equipment of our suppliers.

Resource: Improving Resource Efficiency

Structural Improvement of Materials

From the development stage, we conduct activities aimed at improving materials and structures in order to present products exhibiting improved performance and convenience, with minimal volume and weight. In 2020, the weight of one of our refrigerator models (model:K410MC19E) was reduced by about 2% through a change in materials, which is a 2kg reduction in comparison with the previous model. We also contributed to resource reduction by increasing the use of recycled materials by 6% for ten types of plastic, as compared with the data for the previous reporting period. In order to expand resource utilization and reduce waste, moving forward, we will lead the industry in terms of the recycling of e-waste by continuously discovering ways to improve the design of existing products, starting with product development that takes eco-friendly factors into consideration.

	Base Model - A	Test Model - B	Achieved Improvement - B/A
Model name	K419MC15E	K410MC19E	
Weight (kg)	127	125	2% (improved)
Volume (m³)	1.08	1.08	-
Number of plastic types (EA)	10	10	-
Amount of recycled plastics used (kg)	5.77	6.14	6% (improved)

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. As a result, recycled materials are currently being used in various products of LGE such as washing machines, refrigerators, air conditioners, smartphones, TVs, and monitors. The amount of recycled plastic that we used over the previous four years is as follows: 7,134 tons in 2017; 11,030 tons in 2018; 9,282 tons in 2019; and 11,149 tons in 2020. In addition, we continuously promote the development of alternative parts and technologies for all of our products, expand the field of application for recycled plastics for each of our product groups, and systematically manage performance in order to broaden the scope of the application of recycled plastics in the long term.

An Example of our Green Packaging Efforts

At LGE, we promote the miniaturization and weight reduction of packaging materials, including the application of eco-friendly packaging materials, with a view to minimizing the amount of resources used. In 2012, we created our Eco-friendly Packaging Design Guidebook and applied it to some of our product groups such as TVs and mobile phones and we expanded it to all products in 2013. By securing a database of the recycled content (pulp) ratio of paper packaging materials, we are continuing our efforts to contribute to the improvement of the recycling rate of paper packaging materials. Since 2014, we have been establishing goals for each of our business companies regarding the amount of packaging material used, the packaging volume, and the reduction rate of packaging space, and we have been consistently monitoring progress toward these goals twice a year. In 2020, we conducted an environmental assessment that applied a design improvement plan to our newly development model, and reduced the amount of packaging material used and the packaging volume by 8.6% and 2.8%, respectively. Moving forward, we will focus more of our efforts on discovering forms of improved packaging. In addition, we will continue to implement eco-friendly activities such as the efficient use of resources and the optimization of logistics through compact packaging design by means of each of our business companies achieving their green packaging development goals.

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Energy: Improving Energy Efficiency

Improving Energy Efficiency

Based on Technology Road Maps (TRM), we established and implemented detailed goals for the different stages of product groups. Thereby we continue our efforts aimed at increasing the energy efficiency of each of our products. Instead of merely settling for compliance with global energy directives, such as the Energy-related Products (ErP) directive, we reduce energy consumption and standby power via the establishment of our own energy-related goals and detailed strategies.



Reducing Greenhouse Gas Emissions

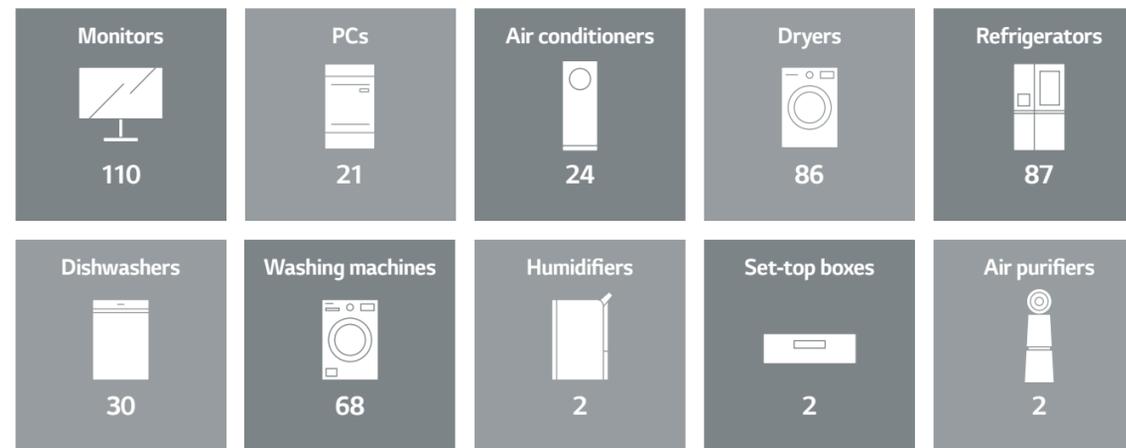
In order to enable consumers to be able to recognize the environmental impact of our products, we disclose information indicating the amount of greenhouse gas emissions and carbon emissions generated in the entire product life cycle of, primarily, our flagship products. By implementing activities aimed at enhancing the eco-friendliness of our products, such as reducing product weight and resource use, and improving energy efficiency, we are making concerted efforts to reduce greenhouse gas emissions in each stage of the product life cycle. In particular, we are developing and selling energy-efficient products in order to contribute to the reduction of greenhouse gas emissions during the consumers' use of these products. In 2020, we expanded the number of products to which high-efficiency energy technology was applied in order to reduce greenhouse gas emissions during the product use stage by approximately 73.8 million tons (when compared with 2007 power consumption data). Going forward, we will continue to implement enhanced energy improvement activities and contribute to reducing greenhouse gas emissions.

Energy Star

Energy Star is a program jointly hosted by the US Environmental Protection Agency (EPA) and the Department of Energy (DOE) aimed at certifying energy efficient products. A total of ten of our product groups, including monitors, air conditioners, washing machines, and refrigerators, received the Energy Star certification, and as of 2020, 432 of our products have been certified.

Energy Star Certified for Products Among Those Sold in the United States

(Unit: EA, as of 2020)



Increase the reuse of product packaging materials by 2030

We pursue business strategies that considers eco-friendly elements, and we implement activities in accordance with these strategies, thereby continuing to minimize waste generated during delivery to customers after production. Following the development of the Eco-friendly Packaging Design Guide, which contains guidelines for reducing packaging material use and volume, and expanding reuse and recycling, we have been steadily expanding the application of this guide to all of our products. In addition, we are actively participating in a pilot project aimed at evaluating the reusability of packaging materials with the ultimate goal of reducing the amount of waste we generate. Going forward, we will strive to minimize the burden placed on the environment via business activities that take eco-friendly factors into consideration, such as expanding the reuse of product packaging materials in order to reduce waste.

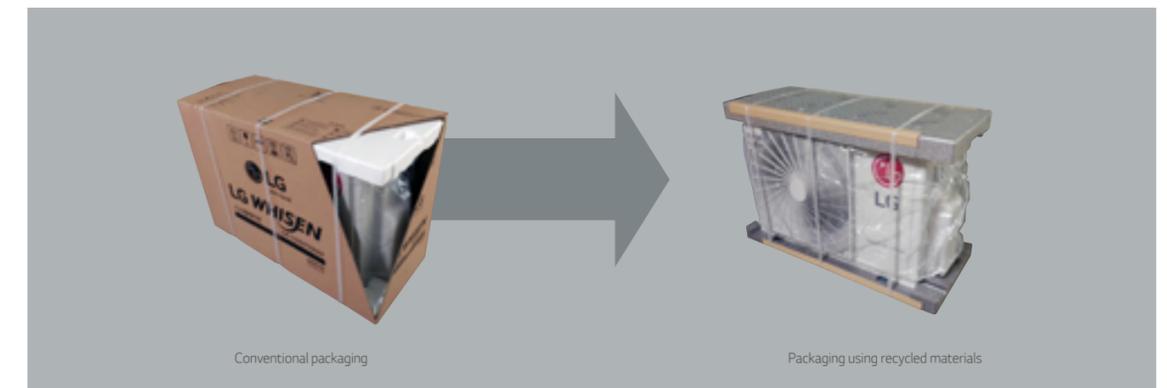
Eco-Friendly Activities for AV Products

We are striving to acquire eco-friendly certification for the products of our suppliers providing three areas of resin, jersey and manuals and our products in order to acquire eco-friendly certification logos for all of our SoundBar models. In addition, we contribute to the expansion of product packaging reuse by developing environmentally friendly products that utilize recycled materials and eco-friendly packaging materials. Eco-friendly packaging materials are being developed via the application of eco-friendly materials such as recycled resin, jersey, and paper to products, and by removing EPS (Expandable Polystyrene) from product packaging and applying pulp mold and corrugated board materials instead. Going forward, we will strive to extend these efforts to reach beyond our SoundBar products by gradually removing EPS from all AV products.



Case. Implement 'Packaging Material Reusability Evaluation' as a Pilot Project (Korea)

In July 2020, we signed a business agreement with LG Display and the Ministry of Environment to reduce the amount of waste generated through the reuse of packaging materials for home appliances, and we are promoting the 'packaging material reusability evaluation' project accordingly. This pilot project is being conducted in order to evaluate and analyze the field applicability of reusable packaging materials. From among our products, the packaging material for the outdoor unit of system air conditioners has been selected as the target. Since packaging materials are discarded after product installation, the reuse of packaging materials can reduce not only disposal costs but also environmental pollution. The amount of paper used as a cushioning material for the outdoor unit of our system air conditioners will be drastically reduced from 2,950g to 300g. Through the pilot project, we expect to reduce the use of paper by about 85 tons and the use of expanded polystyrene by about 19 tons per year. Going forward, we will continue to actively carry out such waste reduction activities.



Structure of reusable packaging

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Case. 400 Large Packaging Boxes Donated to Seoul Grand Park (Korea)

Starting in 2021, to recycle the packaging materials of home appliances and to help the 'Animal Behavior Enrichment Program'¹⁾ in operation at Seoul Grand Park at the same time, we have been donating four hundred boxes per year which is used to package large appliances such as washing machines, refrigerators, and air conditioners. As the paper boxes used to package large home appliances we donate are thick and wide as they generally have to provide a high degree of protection, they are highly useful as play tools for animals such as lions, tigers and bears. In the past, we only recycled packaging materials collected after product installation through specialized companies. However, going forward, we will conduct upcycling of recyclable materials, such as paper boxes and other packaging materials, and provide them to places where they are needed, such as zoos.

¹⁾ Animal Behavior Enrichment Program: This program creates a living space for animals that is similar to nature such that they can naturally reclaim their instincts and relieve stress in order to lead healthier and more robust lives.



Boxes used in the animal behavior enrichment program at Seoul Grand Park



Collect a total of 4.5 million tons of e-waste by 2030 starting in 2006

Here at LGE, we are implementing policies aimed at ensuring compliance with regulations on the collection and disposal of discarded home appliances in different parts of the world, while also continuing our efforts to contribute to the creation of a better future environment by building infrastructure for waste collection. In order to achieve a cumulative collection of 4.5 million tons of e-waste by 2030, we are conducting various activities to collect discarded home appliances such as increasing the recycling rate of collected products and designing products in consideration of the proportionate use of raw materials and their recycling potential. Going forward, we aim to fulfill a resource circulation economy that takes into consideration economic feasibility and environmental factors throughout all stages of a product, from mining and procurement of resources to manufacturing, distribution, use and disposal.

E-waste Collection Policy and Programs

Compliance with E-waste Take-back and Recycling Regulations

In response to regulations on the take-back and disposal of discarded home appliances in countries where our production sites are located, we have established relevant policies and operate a collection and disposal service for e-waste. In addition, we continue to make concerted efforts to actively reduce the environmental impact of our products by, for example, expanding our services to include non-regulatory business areas. Furthermore, we disclose information regarding the management of e-waste, such as local collection facilities and systems, in addition to communicating with global stakeholders by disclosing our global e-waste take-back and disposal policy on our website.

Compliance with the Individual Producer Responsibility Regulations

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

Free Take-back Service for E-waste (Korea)

We actively 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. After receiving a request for collection from a customer, installation specialists visit the customer's home and collect large waste home appliances free of charge. Small discarded household appliance waste are collected through a designated take-back box at our service center. The collected electronic waste are recycled as raw materials after being disassembled and classified, thereby contributing to the creation of a resource recycling society.

E-waste Take-Back and Disposal Service (Overseas)

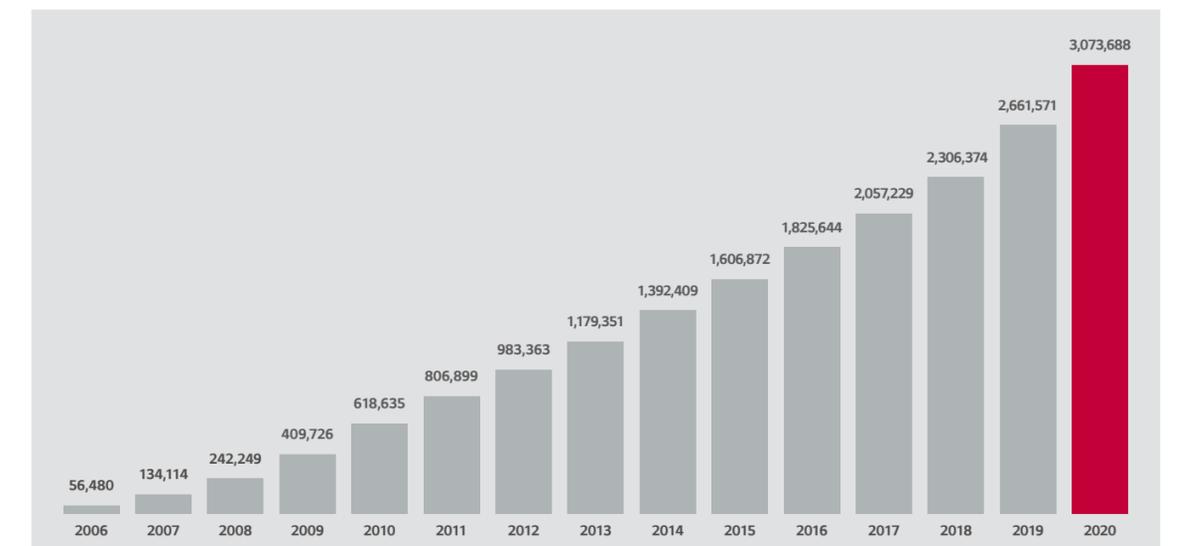
We provide an e-waste recovery service in 87 regions in 52 countries (as of late 2020). These services reflect the WEEE (Waste Electrical and Electronic Equipment) directive and the requirements of each country. With a view to expanding our voluntary recycling policy to new areas, we are striving to introduce these services following regulatory analysis and prior communication and discussion of countermeasures with the government and industry groups in the target countries.

Regional E-Waste Take-Back/Treatment (Unit: tons)

Region	2018	2019	2020
Europe ¹⁾	109,181	120,077	133,414
Korea	94,292	103,503	129,731
The U.S.	21,204	20,926	21,123
Asia ²⁾	15,767	95,303	106,338
CIS ³⁾	7,757	14,163	20,399
Central and South America ⁴⁾	945	1,225	1,112

1) Figures for some European countries are estimated
 2) Asia: Japan, India, Australia
 3) CIS: Russia
 4) Central and South America: Brazil, Colombia, Mexico, Peru

E-Waste Take-Back/Treatment since 2006 (Unit: tons)



* 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 report.

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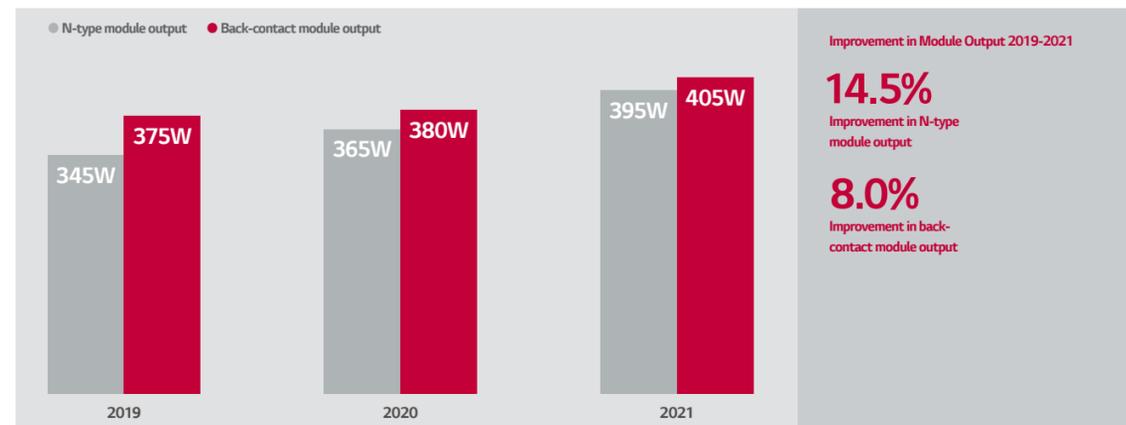
Continuously develop a business reflecting future-oriented, eco-friendly and human values

Diffusion of Photovoltaic Components and Solutions

Here at LGE, we are strengthening our competitiveness in the solar industry by providing high-performance and high-quality solar modules and diversifying our business portfolio, and continuously providing customers with value for their energy use. In particular, we are continuously improving the output of modules in order to strengthen product competitiveness, and are reducing total costs through various activities aimed at reducing product cost. In addition to these efforts, we are also expanding our forays into the solar power generation component market for homes (high-power black module/AC module) and for small and medium-sized businesses (P-type/N-type module). Moreover, we are strengthening our remote sales capabilities by expanding our concierge service and online marketing efforts. Moving forward, we will continue to expand our business in terms of solar power generation parts and solutions, in addition to diversifying our business portfolio by entering the market for applicable products.

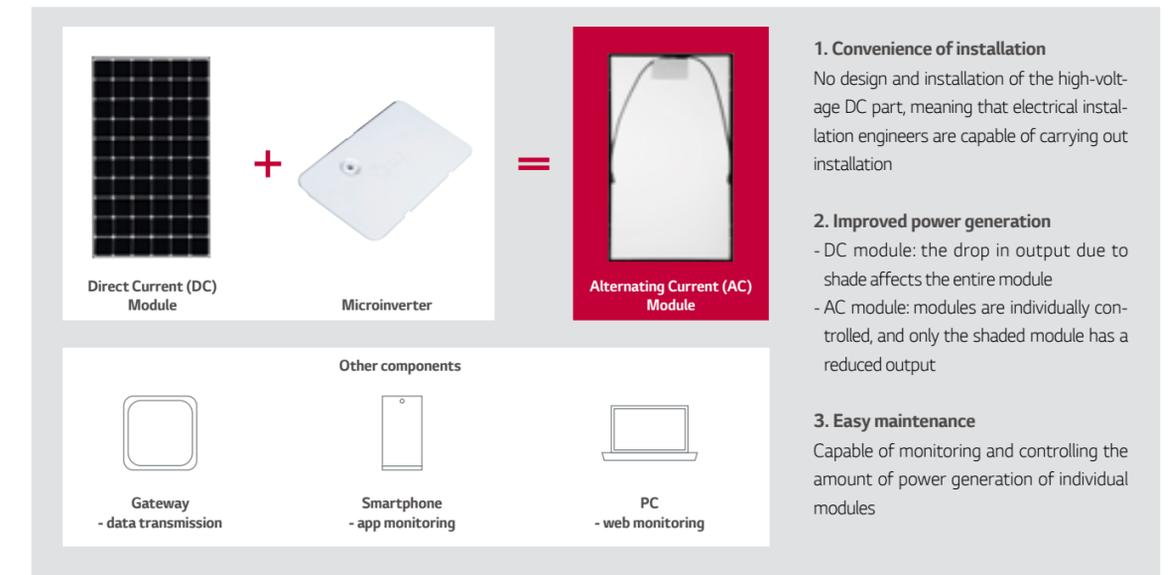


Improving power generation through the development of a high-power module



* Based on high-power output of 60 cell module

Alternating Current (AC) Module Composition and Advantages



Development and Commercialization of Building-Integrated Photovoltaic Module (BIPV)

With the implementation of the Korean government's zero-energy building policy in 2020, the emphasis placed on the energy independence rate of buildings continues to increase. In response to this government policy and in order to increase the energy independence rate of buildings by overcoming past limitations in installing solar power generation devices on the roofs of buildings, we developed a building-integrated photovoltaic module (BIPV) that can be applied to an entire building. Our BIPV sets itself apart from other solar modules by essentially functioning as an exterior finish, and it can be applied in various colors. The module provides high reliability and fire resistance through the application of double-sided glass structure, and we are on course to commercialize it with the official launch at the end of 2021. Along with BIPV, we are providing an AC-mode 'microinverter' that has an improved power generation efficiency in comparison with the existing DC-mode. In particular, it enables improvement in design with free wiring between modules when applying microinverters, and increases safety and construction convenience. Furthermore, by using an individual inverter that does not need separate inverter space, the use of the dedicated area of a building can be optimized.

Development and Mass Production of Solar Roofs for Vehicles

In 2019, we started mass-producing solar roofs for Hyundai Motors Group's electric vehicle and hybrid vehicle models, and in 2020, we newly developed solar roofs for the electric vehicle models. Solar roof for a vehicle is a solar module having an excellent appearance to fit the roof of the vehicle, capable of charging the batteries of electric vehicles and hybrid vehicles through high power generation performance with an output of 200W or more. Through the development and mass production of solar roofs, we are creating sustainable value via the improvement of vehicle fuel efficiency, reducing vehicle CO₂ emissions, and increasing user convenience through the ability to charge power while parked.



Solar Car Roof

Hyundai hybrid

Kia hybrid

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'LG ThinQ Home', a Home of the Future Where Innovation Becomes a Part of Daily Life

LG ThinQ Home, located in Pangyo, Bundang district of Seongnam city in the Gyeonggi province, was completed over a period of about three years from solution planning to solution development, land purchase, concept and detail design, construction, and zero energy building certification. It was designed reflecting our vision of 'Life's Good at Home' which enables customers to enjoy a safe and convenient life at home. The ThinQ Home implemented 'LG ThinQ Home Integrated Solution' in the actual housing space combining innovative products such as TVs and home appliances, IoT space solutions, and differentiated energy solutions from production to storage and management. LG ThinQ Home is next generation future housing that helps customers use energy efficiently (Zero Energy) and focus on the value of daily life with little effort (Zero Effort) and without stress (Zero Stress). In addition, it goes beyond providing energy-saving solutions, and intelligently manages energy-related major appliances at home. Going forward, we plan to use the LG ThinQ Home as a venue for introducing innovative products and home integrated solutions to our global customers.

* LG ThinQ Home introduction video: <https://www.YouTube.com/watch?v=Dv8ppuZwsbc>

Certified as a Grade 1 Zero Energy Building

LG ThinQ Home was certified as a Grade 1 zero energy building by the Ministry of Land, Infrastructure, and Transport. Grade 1 is the highest grade among the zero-energy building grades and is given to buildings that have an energy independence rate of 100% or higher.

- BIPV** LGE's Building Integrated Photovoltaic (BIPV) module is an eco-friendly module, which is installed by replacing the exterior wall finishes unlike the conventional solar modules. It is effective in improving energy independence by using self-produced solar energy.
- V2H** The electric car charger installed in the parking lot of LG ThinQ Home has a Vehicle to Home (V2H) system that can supply power charging for the vehicle but also to the house if necessary.
- HEMS** The Home Energy Management System (HEMS) enables real-time management of energy production, use, and storage, and control of interlocked devices through smart mirrors or mobile devices in the home.

The Three Values of LG ThinQ Home

Through innovative products and solutions installed throughout the LG ThinQ Home, we present three values that customers can experience in their daily lives: **Entertainment, Convenience, and Safety**

3F Communication and Harmony: A space where families can meet and talk

Signature Kitchen & Dining: A clean and refined kitchen space composed of kitchen appliances from the LG Signature Kitchen Suite, and equipped with a hood and automatic air vent that helps to manage air quality when cooking food. Families can gather in the dining space to talk and have meals together.
Floor-to-ceiling EC Glass windows & transparent OLED: Floor-to-ceiling windows with EC (Electrochromic) technology that enables switching between transparent and opaque, without having to open or close the windows. To maximize synergy, customers can play the media contents of their choice through LG's transparent OLED technology.

2F Immersion and Rest: A space for self-focus

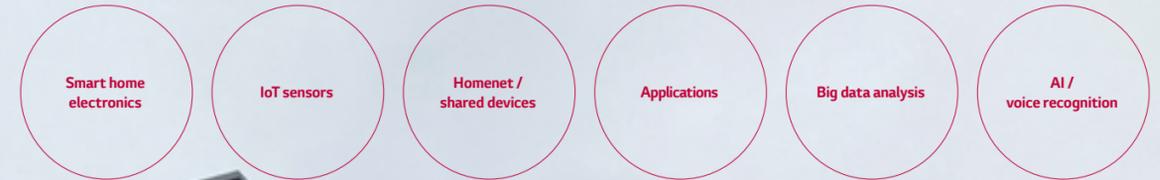
Home Office: A space optimized for the era of working from home. Immersion in work is enhanced through the use of ergonomically designed products such as the Ergo monitor, curved monitor, and Gram PC.
Bedroom: A bedroom for focused sleep and a cinematic experience. Easily control of the "Start Sleep Mode" voice mode, which enables voice commands to close the curtains and turn off the lights, amongst others, and enjoy a cinematic experience before falling asleep through the projector installed on one of the walls.
Powder Room: A space configured as a powder room combined with the bathroom. Installed within the powder room is a smart mirror that can act as a personal assistant (schedule management, traffic/news/music, etc.), as well as future products such as a body dryer and health management solutions.
Smart Wall: An installed smart wall that can be moved to best fit the space, and which includes an internal 77-inch OLED TV that can be easily controlled using a remote control or the smart mirror.

1F Safety and Purity: A space that connects with the outside world

Smart Front Door: A facial recognition technology implemented for entering and leaving the home, and recognizing visitors.
Entrance Clean Zone: A space to remove external pollutants solutions such as the sink, shoe sterilizer, styler, and air purifier.
Smart Mirror: Installed on every floor and enabling control of multiple devices, including home appliances, lights, and curtains, as well as providing diverse capabilities such as monitoring internal air quality and calling family members.

LG ThinQ Home

LG ThinQ Home offers integrated control with a single app and artificial intelligence devices by connecting home appliances, home net, information tailored to specific apartment complexes, and online daily services.



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EMBRACING AN INCLUSIVE SOCIETY

S EMBRACING AN INCLUSIVE SOCIETY

Sustainable Workplace for All

- Establish a safety culture at the highest level throughout the manufacturing process (Independent stage) by 2030
- Reduce high-risks with supplier self-assessment 1.5% to 0.5% by 2030
- Maintain full membership in the Responsible Business Alliance (RBA) by 2030 (Conduct third-party CSR audits, close non-conformances 100%)

Balanced Growth

- Develop products that can be easily used by anyone by applying accessibility and universal designs
- Ensure a customized and healthy lifestyle by combining future-oriented technologies that considers the society and the environment
- Promote social contribution activities at all LGE business sites by 2030

* New goals of diversity and inclusiveness to be disclosed in the second half of 2021



Sustainable Workplace for All

As a member of the international community, LGE fulfills its responsibilities and promotes sustainable growth so that we can provide quality jobs in a manner that does not harm the environment. We strive to achieve employee satisfaction by creating a working environment where there is a work-life balance. By stabilizing a safety culture that can operate independently, we are striving to build a sustainable workplace. In addition, we continuously assess and manage risks that may occur in our supply chain and conduct training and support activities for our suppliers to prevent supply chain risks.



Establish a safety culture at the highest level throughout the manufacturing process (Independent stage) by 2030

Here at LGE, we established a goal of implementing a culture of safety where its employees focus on their own safety as well as that of their colleagues. We have implemented various activities and systems aimed at achieving a safety culture capable of operating independently and at the highest level throughout the manufacturing process by 2030. In addition, we evaluate our safety culture index through interviews with the executive and employees as well as company-wide surveys, where we develop and manage items for improvement based on the results. We plan to increase our safety culture index from 3.3pts (out of 5.0pts) to 3.4.pts in 2021. We will continue to establish a safety culture of the highest level in the manufacturing sector by pursuing various activities including 'leadership in action', 'increased employee participation', and 'enhanced risk management system'.

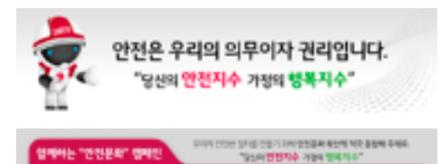
Leadership in Action

LGE's organizational managers and heads of departments are actively taking the lead in spreading a culture of environmental safety. Starting in 2021, agenda items related to safety and the environment have been regularly discussed at the ESG Committee meetings held under the CFO. The discussed items undergo the decision-making process and are directly reflected in our management tasks. In addition, a Safety Talk is conducted before the start of the meeting in the form of an ice-breaking session on major issues surrounding safety and the environment at the monthly management meetings held by each company. Moreover, we have designated the first Tuesday of each month as 'Safe Environment Day' where organizational managers of Korean business sites as well as overseas suppliers conduct assessments based on our safety checklist which covers our six fundamental principles. They also derive risks related to safety environments focused on each business site and carry out improvement measures, contributing to the prevention of safety-related accidents and the expansion of a safety culture.

Increased Employee Participation

Safety Culture Campaign

We conduct various campaigns that involve employee participation in order to raise the safety awareness of our employees. To contribute to the expansion of a safety culture throughout the daily lives of our employees, we held a photo exhibition under the theme of safety at workplaces and lives for our employees. In addition, to promote the participation of employees, we conducted a safety slogan contest and utilized the winning submission 'Ensuring your safety, Ensuring your family's happiness' in our safety promotion materials. Moreover, various content such as animations, cartoons, and brochures were produced and widely used in publicity campaigns in order to promote the six safety principles that must be prioritized by all of our employees.



Safety Culture Campaign

Interactive Safety Education (Korea)

We conduct interactive safety training that enables our employees to autonomously recognize and prevent risks. We are also making concerted efforts to increase awareness in issues related to safety by installing safety experience centers at our business sites including in Seoul and Gumi, as well as at the Production Engineering Research Center and the Science Park. By providing experience-centered safety education directly related to the safety risks present at the workplace through VR training, facility safety, CPR practice and fire evacuation drills, we are strengthening our response capabilities to facilitate a rapid response in the occurrence of emergencies. Moreover, we have responded to risks by improving our emergency response scenarios for safety environment at business sites and developing complex training scenarios. We also executed training sessions in partnership with fire stations.

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Operation of Counseling Centers (Korea)

We operate psychological counseling centers with experts in the field so that we can address various concerns and psychological difficulties that our employees experience in their daily lives. In addition, we are enhancing job value with increased job productivity as a result of strengthening the psychological stability of our employees. We are also contributing to enhancing productivity and revitalizing the organization by conducting consulting activities related to interpersonal relationships, communication, stress management, the promotion of sound leadership, as well as personal grievances throughout the organization. For employees with a lot of family-related concerns and issues, various family programs such as couples counseling and child counseling are provided in order to promote a healthy work-life balance.

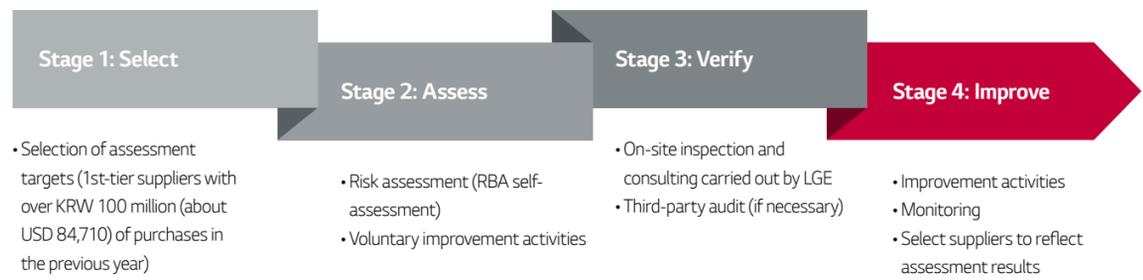


TARGETS

Reduce high-risks with supplier self-assessments 1.5% to 0.5% by 2030

In order to enhance the sustainability of the entire supply chain, LGE identifies risk factors in advance and continuously strives to manage these factors and mitigate risks. With the goal of assessing CSR risks of all 1st-tier suppliers and reducing the proportion of high-risk suppliers, we established a supplier CSR assessment process and continuously operate this for systematic CSR risk management. In addition, self-assessments are carried out by our major suppliers with an assessment sheet covering labor, human rights, safety, health, environment and ethics. For our high-risk suppliers, we offer improvement measures through on-site assessments and consultations. Furthermore, CSR management training is provided for suppliers and overseas subsidiaries in order to strengthen operational risk management capabilities so that suppliers can diagnose and manage CSR risks autonomously.

CSR Risk Management Program for Suppliers



Risk Management for Supply Chain

Supplier Code of Conduct

We created a Supplier Code of Conduct based on the RBA Code of Conduct and we require all of our suppliers to comply with it. In order to encourage the voluntary compliance of our suppliers with our Code of Conduct, we ensure it is reflected in our purchase contracts and provide suppliers with a guide.

Supplier's Agreement to Comply with Code of Conduct

Our company promises to implement the following

1. We received a copy of the LG Electronics Supplier Code of Conduct on (month), (year). In addition to the supply contract concluded between LG Electronics and our company, our company promises to faithfully implement the principles and requirements outlined in the Supplier Code of Conduct.
2. Our company will faithfully respond when LG Electronics or a third party designated by LG Electronics requests evidence in order to evaluate our degree of compliance with the Supplier Code of Conduct, and we agree visits to our site for diagnosis upon receiving seven days' written notice.
3. Our company will do its best to disseminate the LG Electronics Supplier Code of Conduct to our suppliers and their employees and ask them to abide by the Code of Conduct.
4. Our company will not object to any actions taken by LG Electronics against us due to any violations of the LG Electronics Supplier Code of Conduct.

Supplier Code of Conduct Incorporated in Purchase Contracts

Supplier Self-Assessments

LGE conducts supplier self-assessments once a year. An in-depth evaluation sheet that we developed by applying the RBA guide is used during the assessments. We conduct assessments based on the CSR self-assessment system we established in order to enhance the convenience of our suppliers in conducting self-assessments and to enhance the fidelity of improvement activities aimed at addressing nonconformities. In 2020, CSR self-assessment was conducted by 1,416 of our suppliers, and for 20 suppliers including those at high-risk, we conducted on-site consultations. Potential issues with suppliers such as issues related to labor, human rights, safety, health, environment, and ethics are identified accordingly. Also, improvement tasks that are derived for nonconformities are registered in the CSR management system. We provide support for immediate improvement of issues that can be improved on-site and we monitor the improvement progress of issues that take more time such as process and infrastructure construction, in accordance with the plans established by our suppliers. Starting in 2021, we plan to pursue on-site assessments of suppliers, provide consultation on improvement tasks and provide training for the employees of our suppliers in partnership with an RBA-certified institution so that we can enhance the objectivity of the assessments. Moreover, we will continue to reduce the proportion of high-risk suppliers by improving and applying the risk-assessment process for our suppliers. In the future, we have plans to support suppliers so that they can autonomously carry out assessments.



On-Site Inspection of one of Suppliers

CSR Risk Assessment and Audit for Suppliers

LGE manages the suppliers' CSR risks by having all suppliers conduct self-assessments for risks and conduct on-site assessments for high-risk suppliers. We also carry out audits for subjects with potential CSR risks in the sectors of labor, human rights, safety, health, and the environment that may occur at production sites. The risks that are derived are classified into low-risk, unstable, and high-risk groups. In the mid-to long-term, we plan to expand self-assessments for CSR risks for our 1st-tier suppliers from once a year to twice a year. Also, by reviewing their compliance with the Supplier Code of Conduct as well as the results of self-assessments for CSR risks and on-site audits in purchase evaluations, we are strengthening the obligation of our suppliers to comply with CSR principles. Going forward, we will continue to strive to manage the CSR risk assessment process of our suppliers with the aim of reducing the proportion of high-risk suppliers to less than 0.5%.

Results of Suppliers' CSR Self-Assessments

(Unit: Suppliers)

Classification	2018	2019	2020
Number of suppliers that performed self-inspection	1,684	1,665	1,416
Number of high-risk suppliers	103	40	26
Proportion of high-risk suppliers	6.1%	2.4%	1.8%

Details of CSR Self-Assessments of Suppliers (by region)

(Unit: Suppliers, as of 2020)

Region	High-Risk	Unstable	Low-Risk	Completed
Korea	1	202	317	520
China	7	69	342	418
Southeast Asia	10	97	170	277
Central and South America/North America	6	40	76	122
Europe/CIS	1	21	36	58
Central Asia	1	11	9	21
Total	26	440	950	1,416

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Results of Suppliers' On-site Assessments

(Unit: Suppliers, as of 2020)

Classification	Korea	Overseas	Total
On-site Assessment of Suppliers	8	12	20

Improvement of the Self-Assessment System

We seek to enhance user convenience in terms of self-assessment and enhance the fidelity of improvement activities through the constant improvement of our CSR self-assessment system.

User	Suppliers	LGE
Items	<ul style="list-style-type: none"> Attach evidence document for key management items Differentiate the areas of assessment by the scale of suppliers Provide the CSR manual and best practice to suppliers 	<ul style="list-style-type: none"> Support multiple languages for self-assessment (11 languages)

Types of Non-conformities in On-site Assessments

(Unit: %, as of 2020)

Classification	Description of Non-conformities	Percentage
Labor/Human Rights	Prohibition of forced labor and contract details (No forced labor practice)	9
	Prohibition of child labor and age verification procedure (No serious violation of child labor)	5
	Grievance handling process	5
Safety/Health	Firefighting facilities/emergency evacuation guidance/emergency evacuation drills	13
	Control procedure, record and MSDS management of chemical substances	9

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

Support for Improving the CSR management Capabilities of Suppliers and Overseas Subsidiaries

By providing education to our suppliers, we help them identify and mitigate their own supply chain risks. Every year, CSR management education is provided for purchasing managers at our overseas subsidiaries. In 2020, we conducted this education online in light of the current environment brought about by the COVID-19 crisis. We also conduct safety and health education twice a year for suppliers in Korea. Since 2021, we have been working to enhance our management of the working environment in the supply chain through the addition of labor rights education in partnership with an RBA accredited agency.



Supplier Education

TARGETS **Maintain full membership in the Responsible Business Alliance (RBA) by 2030**

CSR Risk Management at Production Sites

LGE is managing the risks of labor, human rights, environment, ethics, and suppliers at all production sites on an ongoing basis. After joining the RBA in 2010, we established a 5-step CSR risk management process using RBA's self-assessment tool. In particular, LGE manages CSR risk management processes in all production sites under the supervision of the CSR team at the headquarters, and designates personnel responsible for CSR at each business site. In 2020, LGE conducted in-depth online self-assessments on 38 all production sites instead of on-site assessment due to COVID-19. CSR risks are continuously managed by reflecting the identified common risks in each corporate system and operation.

5-step CSR Risk Management Process and Assessment Results



STEP 1 Target Selection

LGE All production sites (38)

Suppliers 1st-tier suppliers with over KRW 100 million (about USD 84,710) of purchases in the previous year (1,416 suppliers from 31 countries)

Contractors Suppliers with over KRW 100 million (about USD 84,710) of purchases in the previous year and potential business dealing for next 2 years (26 suppliers)

STEP 2 Self-assessment

Since 2011, we have conducted CSR risk assessments using the RBA SAQ (Self-Assessment Questionnaire) for all of our production sites in Korea and overseas. The potential risks identified through the assessment are registered to encourage the business site to make improvements. Each business site can be provided with guides including improvement plans based on the results of self-assessment through the in-house IT system (PU-SRM).

i-SAQ (In-depth Self Assessment Questionnaire)

To improve the reliability of the self-assessment, we developed i-SAQ (In-depth Self-Assessment Questionnaire) based on the RBA's on-site assessment manual. In particular, in order to enhance the effectiveness of self-assessment in 2020, 50 out of 92 questions were required to submit evidence and apply strict standards to improve reliability. The i-SAQ consists of 37 labor questions, 28 health and safety questions, 16 environmental questions and 11 ethical/supplier questions, and the survey items are updated annually to meet the revision of the RBA Code of Conduct and field conditions.

2020 Self-Assessment Results (Unit: Business site)

Number of business sites (38)	Stable	Poor	Unstable
Labor/Human Rights	18	20	0
Health and Safety	32	5	1
Environment	35	2	1
Ethics/Suppliers	29	7	2
Total (average)	35	3	0

Stability Rating of LGE Production sites: **88%** (35/38 Companies)

Completion of Major Objectives at Production sites: **74%** (71/96 cases)

2020 Self-Assessment Risk by Classification/Region

	All	Labor/Human Rights	Safety and Health	Environment	Ethics/Suppliers	No. of business sites
Korea	○	○	○	○	○	7
China	○	○	○	○	○	10
America	●	●	●	●	●	8
Europe/CIS	○	○	○	○	●	3
Middle East/Africa	○	●	○	○	○	4
Asia	○	●	○	○	○	6

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

STEP 3 On-site assessment and consultation for improvement

LGE identifies business sites with high risks based on the results of self-assessment and conducts on-site assessment and consultation for improvement by analyzing the impact and the seriousness of the risks on business.
* Not conducted in 2020 due to COVID-19

STEP 4 Third-party audits

After self-assessment and on-site audits, we conduct independent third-party audits to ensure the objectivity of the assessment and improve the CSR risk management capabilities of each business site. In 2020, 87 issues were identified through a total of 8 third-party audits including RBA third-party evaluation, for corresponding 7 business sites in Korea and overseas.

Result of Third-party audits in 2020 (Unit: Case)

Classification	Detailed items for review	No. of cases
Labor	Working hours	20
	Underage workers	2
	Humane treatment	2
	Wage and welfare	6
	Freedom of association	2
	Anti-discrimination	2
	Emergency preparedness	12
	Safety of mechanical facilities	1
	Health and safety communication	2
	Industrial disaster and disease	5
SHEE ¹⁾	Food, hygiene and residence	1
	Occupational safety	12
	Physical labor	1
	Air emission	3
	Water management	1
Ethics	Hazardous substance	1
	Employee feedback and grievance handling	1
	Whistleblower protection	1
	Suppliers' responsibility	5
	Screening and evaluation	1
Mgmt	Monitoring of relevant laws and customer requirements	1
	Manager responsibility for labor and ethics	1
	Employee feedback and grievance handling	1
	Communication	3

1) Safety, Health, Environment, Energy

STEP 5 Progress monitoring and improvement activities

We take prompt measures to improve any non-conformance issues identified through self-assessments, on-site assessments, and third-party audits while monitoring the progress on a regular basis. When it comes to consistent or common issues or non-conformities that are difficult to deal with at a business site, we take a corporate-wide approach through cooperation with relevant teams and establish policies and guidelines.

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Balanced Growth

In order to contribute to the creation of an inclusive society, LGE pursues growth that promotes the coexistence of society and business and conducts various activities with this aim in mind. In particular, we create social value based on our technologies and solutions and improve product accessibility through various products and services to enable customers to use our products more conveniently. We develop products that can be easily and conveniently used by anyone including people with disabilities, the elderly, children and pregnant women by applying accessibility and universal designs. In addition, as awareness around the themes of 'eco-friendliness' and 'health care' continue to increase among various social and environmental issues, we are expanding our line of health care-related home appliances and developing product solutions. Accordingly, we are able to provide eco-friendly products that combine our existing products with future-oriented technologies, ensuring a healthy lifestyle for our customers. In addition, we continue to carry out various social contribution activities centered on the themes of 'Circular Economy' and 'Future Generation: Youth' aimed at promoting a balanced growth of our community.



Develop products that can be easily used by anyone by applying accessibility and universal designs

Here at LGE, we carry out various activities to ensure that socially disadvantaged people, such as people with disabilities, the elderly, children, and pregnant women, are able to use our products more conveniently. By considering accessibility from the product development stage, we ensure that they do not experience any inconvenience when using our products. In partnership with an advisory group consisting of organizations for people with disabilities, accessibility experts and law firms, we have held an advisory meeting every year aimed at improving accessibility since 2013. In 2021, we contributed to improving product accessibility by producing audio manuals and braille stickers for people with visual impairments. We develop technology for accessibility in TVs that is specific to various types of disabilities, making it more convenient for people with limitations to use these products. We will continue to do our utmost to enhance product accessibility so that all customers are able to use our home appliances with ease.

Major Activities for Accessibility Improvement throughout the Past Three Years

2018	
<ul style="list-style-type: none"> • Mobile App Accessibility Improvement Task (Mar. 2018 – Jul. 2019) • 7th LGE Accessibility Advisory Board Meeting (Washington D.C., Oct. 2018) 	<ul style="list-style-type: none"> • Sponsored and participated in the Korea Information Accessibility Technology Conference (Nov. 2018) • 18th Ergonomic Design Award (Code Zero Cordless Vacuum Cleaner T9, LG Pra.L, 4K UHD Projector HU80K, 34GK950 Gaming Monitor) (May 2018)
2019	
<ul style="list-style-type: none"> • 19th Ergonomic Design Award (Code Zero Cordless Vacuum Cleaner Power Drive Wet Mop Kit, LG Signature OLED TV R9, LG gram 17Z990) (May 2019) 	<ul style="list-style-type: none"> • The Accessibility Improvement Task for LGE website (Mar. 2019 – Dec. 2020) • 8th LGE Accessibility Advisory Board Meeting (Washington D.C., Nov. 2019)
2020	
<ul style="list-style-type: none"> • 20th Ergonomic Design Award (LG DIOS Steam Dishwasher, Monitor-LG Ultrafine Display Ergo, Air Conditioner-Remote Control PUI¹⁾) (June 2020) <p><small>1) PUI: Interaction between the product and the body part such as the operation of the product's buttons, switches and handles.</small></p>	<ul style="list-style-type: none"> • The Accessibility Improvement Task for LGE website (USA, Canada, France, Mar. 2021) • 9th LGE Accessibility Advisory Board Meeting (Virtual, Dec. 2020)

Operation of an Advisory Group Including People with Disabilities and Accessibility Experts

Since 2013, LGE has been operating a U.S.-based advisory group of accessibility experts (an organization of groups for the disabled, institutions specializing in accessibility (NCAM) and law firms). To enhance accessibility across our entire product range, we began operating an advisory group on accessibility for the disabled within Korea starting in May 2021. The advisory group consists of seven accessibility experts selected by the Korean Disabled Consumers' Union (KDCU) and six consumers who have various types of disabilities such as visual, hearing, and physical disabilities. This advisory group contributes to the development of indicators by personally and directly using our home appliances and sharing their thoughts and opinions with accessibility experts on the inconveniences that customers may potentially feel. In addition, we regularly communicate with the advisory group and conduct activities aimed at enhancing accessibility-related functions and design for our products that are in development.



Partnership Agreement Ceremony for the Operation of the Advisory Group for People with Disabilities

Home Appliances Made More Accessible through Introduction of Voice Manual and Production of Braille Stickers

In April 2020, we entered into an MOU with KDCU to produce audio manuals of our home appliances for people with visual impairments. Also in 2021, we introduced a specialized voice manual for visually impaired customers who use the TROMM Wash Tower, a washer dryer combo. Through the voice manual, users are able to easily figure out the direction of the opening of the door and the locations of buttons on the control panels. In addition, when the power button and the washing/drying selection button are pressed, a sound for each operation is generated in order to enhance the convenience of users. We also provide stickers in braille to enable people with visual impairments to more conveniently operate the buttons. These stickers are attached to the front panel of the control unit of the TROMM Wash Tower, enabling users to locate the power button, the washing and drying selection button, and various other buttons and their location. Going forward, we will continue to expand the production of voice manuals and braille stickers for all of our home appliances, including the Code Zero M9 ThinQ and Dios steam dishwasher.



Braille Stickers for Home Appliances

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Products with Enhanced Accessibility



Type of Disability	LG Signature Air Conditioner / LG WHISEN Air Conditioner	LG OLED / QNED / NanoCell / UHD / FHD AI&Smart TV	LG Signature Refrigerator (J842ND79)	LG TROMM Wash Tower (W17KT) / LG TROMM ThinQ (F21VDD) / LG AI Washing Machine (TS22BVD)
For people with visual impairments	<ul style="list-style-type: none"> Air conditioner operation through voice recognition without the need for a separate controller Operations checked through voice guidance Remote control and monitoring through the ThinQ app 	<ul style="list-style-type: none"> Description of screen content through on-screen voice commentary Understandable and comfortable voice guidance due to speed, volume and pitch adjustment High Contrast: Improving shading ratio by adjusting brightness and darkness so that low vision customers can easily recognize letters on TV menus Gray Scale: Changing colors into black-and-white tone to clarify ambiguous boundaries for customers that have difficulty distinguishing colors Color Inversion: Improving visibility by reversing background and letter colors for low vision customers to see TV menus better 	<ul style="list-style-type: none"> Alarm sounds when the door is opened Notification of the door being open for a long period of time by way of an alert via sound or vibration through the ThinQ app View display status and check time, weather, etc., through voice recognition 	<ul style="list-style-type: none"> Remote control, and energy/product status monitoring through the ThinQ app Washing machine start/finish sound
For people with hearing impairments	<ul style="list-style-type: none"> LCD display of operations Remote control and monitoring through the ThinQ app 	<ul style="list-style-type: none"> Closed captioning Allows to move the subtitle position to the desired position with 4 direction buttons on the remote control Provides consistent voice levels through Auto Volume Leveling when viewing other contents 	<ul style="list-style-type: none"> Push notification of display changes such as door opening, turning on/off of quick freezing, and temperature control through the ThinQ app 	<ul style="list-style-type: none"> Energy/product status monitoring and push notification of washing completion through the ThinQ app
For people with physical disabilities	<ul style="list-style-type: none"> Intuitive use of modes and representative functions through remote control Frequently-used states can be saved via remote control memory Replaced turning interactive parts with press-operated parts Voice recognition applied to the main unit 	<ul style="list-style-type: none"> Intuitive operation through a wheel and pointing Intuitive icon design User-optimized UI for effective editing Remote control enhanced through voice recognition ThinQ service accessible by voice, through remote voice recognition, without the need for a remote control Efficient control of peripheral devices through Home IoT setting 	<ul style="list-style-type: none"> Two quick-knocks Door Open Hologram (Automatic Door) Automatically opening drawer system Door opening, dispenser function setting, status inquiry, etc., through voice recognition 	<ul style="list-style-type: none"> Overall product height lowered for ease of use (for front-loader) Combined laundry control (for front-loader) that can operate both washer and dryer with one panel Dual pocket door handle is applied to the dryer to make opening the door more convenient, and the handle is attached to the upper right corner of the washing machine in consideration of the person's height (for front-loader) Ease in loading additional laundry with low opening (for front-loader) Soft safety door designed to close smoothly (for top-loader) Intuitive icon design (for top-loader)
For people with cognitive/other disabilities	<ul style="list-style-type: none"> Automatic power saving by detecting user activity/absence Air-conditioning by distinguishing between customer activity spaces and non-residential spaces Fast cooling/comfort mode/power saving with one smart care equipped with artificial intelligence such as space/situation/pattern learning 	<ul style="list-style-type: none"> Adjustable menu transparency Adjustable remote control pointer size and speed Quick Access: Allows direct access to desired services and content with one click on the remote control number buttons 	<ul style="list-style-type: none"> Voice recognition button Wi-Fi Power saving and fresh storage by predicting consumer usage patterns Temperature control and quick freezing 	<ul style="list-style-type: none"> Optimal washing pattern based on AI DD (Deep Learning) Drying programs recommended through smart pairing and based on data from previously used washing programs (for front-loader) Wi-Fi

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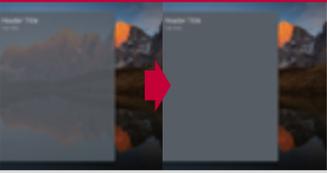
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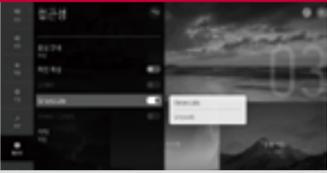
Development and Application of Accessibility for TVs according to various Types of Disabilities

At LGE, we divided disabilities into the following categories of visual, hearing, physical, developmental and cognitive, and developed technologies for accessibility and applied them to TVs according to each type of disability. Our TVs come with a variety of accessibility features, including audio guides and audio description broadcasts for those with visual impairments, closed captioning and closed-caption location changes for those with hearing impairments, and magic remote control and remote voice recognition for those with developmental and cognitive disabilities. In addition, LGE provides functions for changing subtitle location, high-contrast, gray scale and color inversion to offer accessibility to TVs.

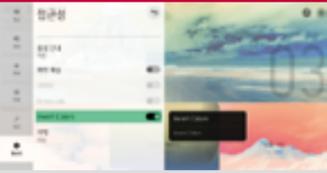
For people with visual impairments



High Contrast
Improving shading ratio by adjusting brightness and darkness so that low vision customers can easily recognize letters on TV menus.



Gray Scale
Changing colors to black-and-white tones to clarify ambiguous boundaries for customer who have difficulty in distinguishing colors.



Color Inversion
Improving visibility by reversing background and letter colors for low vision customers to see TV menus better.

Voice Guidance
Voice recognition is available as part of the TV menu and the UI for customers with visual impairments, and users are able to adjust voice speed, volume, and pitch.

Audio Description
In order to help users understand exactly what is appearing on the screen, the situation or scene is explained by voice (excluding dialogue).

For people with hearing impairments



Closed Captions
Closed captions available for the program content or dialogue.



Closed Caption Repositioning
Allows to move the subtitle position to the desired position with 4 direction buttons on the remote control.



Auto Volume Leveling
Provides consistent and clear voice levels when viewing contents.

For people with physical, developmental, and cognitive disabilities



Magic Remote Control
Enables intuitive operation of the pointer (which is similar to operating a mouse), convenient scrolling via the wheel, voice control, and allows direct access to desired services and content with one click on the remote control number buttons.



Home IoT
Customers can efficiently control peripherals via settings.



Remote Voice Recognition
Allows customers to use the ThinQ service with just their voice, without the need for a remote control.



Ensure a customized and healthy lifestyle by combining future-oriented technologies that considers the society and the environment

Here at LGE, we are constantly developing various health care products aimed at improving the health of our customers. In addition, we carry out various activities with a view to promoting the health of our customers by recognizing and sympathizing with social and environmental problems they are facing. Going beyond simple product development, we support customers in developing healthy lifestyles through our continuous management and care services. Going forward, we will expand upon the central value of convenience with which we developed our existing products, by actively pursuing the value of establishing healthy living and working spaces while presenting a future-oriented, customized healthy lifestyle that takes into consideration both society and the environment.

Expanding the Home Health Care Appliance Market

As awareness of social and environmental issues such as fine dust, water pollution, and food hygiene continues to spread around the world, the number of customers striving to develop a healthy lifestyle and the demand for home health care appliances are increasing. We are developing enhanced home health care appliances by reflecting these customer needs and social and environmental issues throughout our product development. Moreover, we are continuously striving to expand our share of the home health care appliance sector not only in South Korea, but in overseas markets such as North America, Asia, Europe, and South America, increasing our home health care appliance sales markets.

Health Care Appliances that Reflect the Opinions of Stakeholders

We are currently developing products that take the health and convenience of our customers into consideration based on the opinions of various stakeholders. The Water Science Research Center holds a symposium twice a year to share technology and come up with projects aimed at industry-university cooperation. In addition, the Air Science Research Center appoints advisors to conduct quarterly workshops and annual research tasks. Finally, the Food Science Research Center operates a food science and technology advisory group and collaborates with the food industry to identify industry trends and discover products.

Developing Technology for Home Health Care Appliances

We develop various technologies which allow us to provide home appliances and solutions in order to enable our customers to lead healthy lifestyles. In addition, we operate individual research organizations in the fields of water, air, and food, and conduct R&D activities for each of these fields. We develop next-generation technologies and solutions through collaboration with various organizations including academia and research institutes, and apply the technologies developed to all of our products. Going forward, we will go beyond researching products and solutions, and will continually invest in building diverse infrastructure and environments in order to establish a sustainable R&D environment.

Case. Research on Eco-Friendly Products Featuring Core Technologies for Next-Generation Air Solutions

Our Air Science Research Center has been officially recognized as a national microbiological and fine dust tester by the Korea Laboratory Accreditation Scheme (KOLAS). The Air Science Research Center was established in 2018 as an organization dedicated to the research and development of next-generation air solution core technologies and has been in continuous operation since then. The innovative technologies developed by the Air Science Research Center are being applied to all of our air solution products, including Puricare air purifiers, WHISEN air conditioners, and WHISEN dehumidifiers. In addition to establishing the Air Science Research Center, we also established the Water Science Research Center and the Food Science Research Center, which are specialized organizations that conduct research into water and food, respectively. Accordingly, we are able to thoroughly verify and manage our health-related home appliances during research into fundamental technology in order to introduce eco-friendly products that provide differentiated value to customers.



Air Science Research Center

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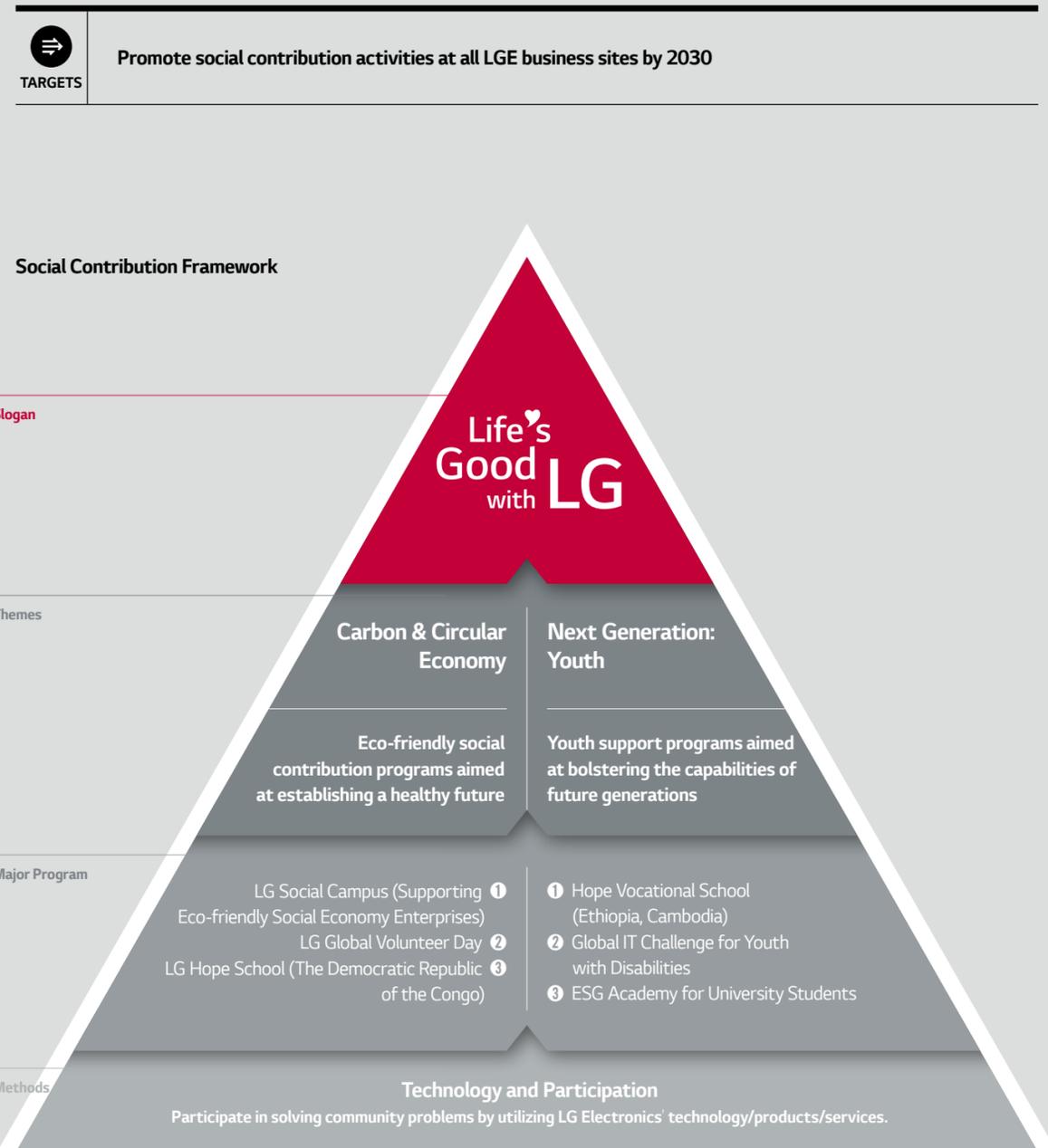
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LG Electronics Health Care Appliances for Customer Health

 <p>LG TROMM Wash Tower</p> <p>The first ever South Korean washer and dryer combo. This product sterilizes 99.9% of harmful bacteria and also 100% of house dust mites through steam sterilization during the drying process.</p>	 <p>LG TROMM Styler</p> <p>With the patented TrueSteam and the moving hanger, you can remove fine dust from clothes. This product ensures cleanliness by sterilizing 99.9% of harmful bacteria, removing 99.9% of various viruses, and killing 100% of dust mites.</p>	
 <p>LG TROMM Dryer</p> <p>The steam sterilization mode not only sterilizes 99.9% of harmful bacteria, but also removes 99.9% of six types of viruses and 100% of dust mites, giving customers peace of mind.</p>	 <p>LG Dios Dishwasher</p> <p>This product is the only 100°C TrueSteam in Korea that removes 99.9% of twenty kinds of harmful bacteria and viruses from tableware.</p>	 <p>LG Dios Microwave</p> <p>With the support of 17 safety features, customers are able to enjoy safe and healthy cooking without worrying about gas odors.</p>
 <p>LG Puricare 360° Air Purifier Pet</p> <p>The 'photocatalyst' filter provides a 55% increase in deodorization and intensive cleaning of pet hair on the floor with the maximum of 35% increase in inhalation strength in 'pet mode'</p>	 <p>LG Puricare Dual Water Purifier</p> <p>Food materials as well as tableware are thoroughly washed with clean water, and the water pipe is annually replaced free of charge such that the product can constantly operate in its optimal state</p>	



In response to the public demand for ESG, we broke from our previous focus on SDGs as established in 2017 and reorganized our social contribution framework for 2021. This framework consists of social contribution activities that seek to address social and environmental issues by utilizing LGE's technology-based products and services. These activities are classified under the main strategic themes of 'Circular Economy' and 'Future Generation: Youth', wherein 'Circular Economy' consists of eco-friendly social contribution programs aimed at establishing a healthy future for all stakeholders, and 'Future Generation: Youth' consists of programs that support young people in their efforts to strengthen their capabilities.

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Carbon & Circular Economy

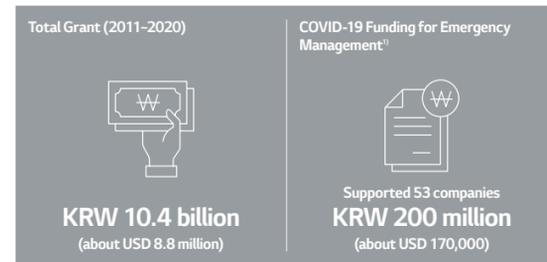


LG Social Campus

LG Social Campus: Supporting the Eco-friendly Social Economy Enterprises (Korea)

Since 2011, LG Electronics has been operating 'LG Social Campus', an integrated support platform for financial support, spatial support, growth support, and human resources development for the sustainable growth of social economy enterprises in eco-friendly sectors. In particular, we provide financial support and acceleration to social economy enterprises in the eco-friendly sector to help strengthen their business capabilities. In addition, experts from our labor union provide customized consultations to improve corporate productivity by visiting social economy enterprises directly. As well as supporting social economy enterprises, we are also spreading awareness within the general public by operating various talent development programs on LG Social Campus, such as "1 minute 1 second Film Festival", "Local Value Up" and "SoMeme School."

Financial support



¹⁾ LG Social Fellows funding for management support to overcome the COVID-19 crisis

2020 Environmental and Social Performances



LG Hope School (The Democratic Republic of the Congo)

We utilized a solar-powered charging system in order to create an environment in which children in the Democratic Republic of the Congo, who had previously been unable to attend school due to child labor, could go to school. On the outskirts of cities, national power infrastructure is often under-established the value of electricity is high. As a result, children are sent to work instead of schools to pay for the cost of electricity. In response to this situation, we collaborated with a local 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. These batteries can be used at home to charge cell phones and lights, etc. The electricity provided through these solar systems is almost equivalent to the labor value of the local children, thus we have contributed to the creation of an environment in which children can go to school instead of work.



LG Hope School in DRC

Future Generation: Youth



ESG Academy for University Students

ESG Academy for University Students (Korea)

Since 2014, LGE has been operating the CSR Academy "Love Genie," which fosters talent in the CSR field for university students, and has recorded more than 200 students who completed the curriculum. In 2020, the CSR Academy was not operated due to COVID-19, and starting from 2021, it will be reorganized into the ESG Academy for university students under the theme of ESG. The purpose of this academy is to raise awareness of ESG among university students and to foster talent in the field of ESG. 32 students selected through applications and non-face-to-face interviews in 2021 will complete the education and mentoring on ESG activities for about 5 months starting from June to November, and will carry out ESG activities that they have planned in each field of environment, society, and governance.

LG-KOICA Hope Vocational Training School (Ethiopia)

The LG-KOICA Vocational Training School was established in 2014 in cooperation with the Ethiopian government, KOICA, and NGOs, to support youth independence through technical education. In 2020, it was difficult to hold classes because schools in Ethiopia were closed from March to November due to COVID-19. In response, we established an online lecture platform with the help of the Dubai Service Corporation that advises schools, and thereby laid the foundation for school instructors to implement theoretical education online - excluding practical education. As a result, 228 out of 239 students completed the curriculum in 2020, representing 80% of the beginner courses (Level 1, 2) and 95% of the intermediate courses (Level 3). As the first online platform in Ethiopia, the local media paid keen attention to LGE providing technology transfer and benchmarking sources to other universities, the Ministry of Education, and the TVET agency. After its opening in November 2020, theoretical classes conducted through the online platform allowed students to switch directly to hands-on education. Through the National Certificate acquisition tests, graduates achieved over a 98% certificate acquisition rate, and more than 75% of graduates succeeded with respect to employment and start-ups. In addition to the online platform, LG Electronics conducted an Income Generation Activity (IGA) for the sustainable operation of the school even when it was closed due to COVID-19. The IGA was run as a pilot at the end of 2019 as a project to provide technical education for residents and students from nearby areas as a for-profit project. The 2nd class (46 students) was held in early 2020 and the 3rd class (67 students) is being held in 2021. Moving forward, LGE is planning to continuously expand this profitable project in order to improve the school's independence and differentiation from other vocational training schools.



LG-KOICA Hope Vocational Training School



Global IT Challenge for students with disabilities

Global IT Challenge for Youth with disabilities

We have held the Global IT Challenge (GITC) for Youth with disabilities since 2011. This program is 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. GITC is the world's only IT festival for young students with disabilities, and it transcends the barriers of disability, religion, culture and nationality. Adolescents with various types of disabilities (physical, hearing, visual, or developmental) from twenty countries participate in four individual events at the IT Paralympics. In 2020, the competition was canceled due to COVID-19 but the 2021 competition will be held online in October.

LG IT Library

Since 2017, LGE has endeavored to drive real change through IT education by improving the educational environment of children and youth facilities that lack digital infrastructure in Vietnam, Myanmar, and Nepal. In 2020, the 7th anniversary of the launch of the LG Gram laptop was held under the theme of "1g lighter". This involved collaboration with brands popular with the MZ generation to produce "LG Gram Goods", which were sold through crowdfunding. The event ended early as more than 1,600 customers participated, and all profits were donated to build the "LG IT Library" and to support IT education for the underprivileged. LGE has also established an IT education environment in the Seongnam and Chuncheon Youth Shelters, and is supporting IT vocational education for teenagers. We will continue to work organically with various departments such as product planning, service, and marketing, to discover problems in the local community and contribute to creating a better society by utilizing innovative products and technologies to solve them.



LG IT Library

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Other Social Contribution Activities

Promotion System of Social Contribution

Creation and Operation of the Executive Social Contribution Fund

The Executive Social Contribution Fund, founded in 2004 via the voluntary participation of our executives, is operated by executives contributing 0.5% of their salary. Since 2019, overseas executives have also participated in the fund, accounting for more than 82% of the total number of executives. LGE conducts various activities both domestically and overseas by matching 50% of executive donations with grants. In order to provide support to various causes, the fund meets twice a year to determine the appropriateness of activities through the Steering Committee (1 chairperson and 5 members). In 2020, we provided support including: donations to assist with the aftermath of the Beirut port explosion in Lebanon; emergency COVID-19-related support to Iran and Ethiopia; supplying solar-powered portable batteries to the Democratic Republic of the Congo; providing free laundry rooms in Nigeria; supplying Ethiopia with cholera vaccines; and the LG Ambassador challenge project.

The Creation of the Social Contribution Fund

(Unit: USD)

Classification	2018	2019	2020
The Executive Social Contribution Fund	282,931	308,344	322,745
The Employees Social Contribution Fund	205,845	309,191	245,659

Employee Volunteer Group

Since 2010, our employee volunteer group has carried out activities aimed at giving back to local communities by tapping into the talents of our employees. We carry out talent donating activities such as product inspection and free repairs for social welfare facilities, and the development of interactive chatbots for non-profit organizations. Even now, when the ability to conduct certain activities is limited due to COVID-19, the volunteer group is still active in the form of donating items needed by volunteer organizations. In 2020, a total of 71 employee volunteer groups participated in volunteer activities and practiced sharing.

Number of Employee Volunteers Participated by year

(Unit: Person)

Classification	2018	2019	2020
No. of Volunteers	843	692	708

Types of Social Contribution Cost

(Unit: USD million)

Classification	2018	2019	2020
Community Investment	11.8	4.7	11.8
Charitable Donation	3.6	11.3	2.3
Commercial Marketing	1.7	5.3	8.0

* Support project related to government, academic, suppliers is reclassified from 'Charity' in 2019 to 'Community Development' in 2020

Participation in Voluntary Activities

(Unit: Person)

Employees in Korea	Employees in Overseas Countries	Employees Supporting the Use of Workday Volunteer Program
1,845	2,470	45

Cause Promotion Campaign

LG ComeHome Challenge

As lockdowns and telecommuting continue in many parts of the world due to the COVID-19 crisis, time spent at home is increasing, and the importance of homes in terms of maintaining a safe and healthy life has increased. We 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. As part of this campaign, participants film and share short videos displaying a daily pleasure they feel while staying at home and, in response, we build new homes for low-income families in India, Vietnam, and Kenya, where residential facilities are often inadequate. In addition, we built community centers for communal living (with communal kitchens, communal toilets and drainage facilities) together with Habitat for Humanity Korea and conducted a campaign to provide hygiene education. Consumers who participated in the campaign can receive confirmation of their participation as issued by Habitat for Humanity Korea from our website and can see the improvements made to the living environments of people suffering from difficulties on the other side of the world. This campaign attracted more than 446 million views, 2 million social media actions (likes, comments, shares), and 2,000 hashtags. Furthermore, more than 180 domestic and foreign news stories were published about the campaign. We plan to continue this campaign in order to emphasize the importance of the home as the COVID-19 crisis continues this year. In addition to the existing three countries, we plan to extend the program to include conducting social contribution activities in Mexico.

Community Support Programs (Overseas)



MOU for Cholera vaccinations in Ethiopia

Cholera Vaccinations in Ethiopia

We participated in a cholera vaccination campaign (conducted by International Vaccine Institute (IVI)) in Ethiopia from 2010 to 2015. Upon the reemergence of cholera in Ethiopia in late 2019, we signed an MOU with IVI to inoculate 40,000 people within three years, starting in 2021, using inexpensive and easy-to-carry oral vaccines.

Residential Improvement Project for the Ethiopian Veterans Village (Hope Village)

We, in collaboration with Community Chest of Korea and Habitat for Humanity Korea, started a residential improvement project in the Ethiopian Veterans Village. From 2021 to 2023, we will use a budget of KRW 700 million (about USD 593,000) to renovate homes for veterans and low-income families, build community kitchens and toilets, install drainage facilities, and build communal shower facilities. In addition, we are conducting a project to create toilets, drinking water facilities, and IT facilities for the schools that the descendants of the veterans attend. Moreover, in connection with the local LG-KOICA vocational training school, we provide vocational education for ICT jobs in order to enable younger people and women to become self-reliant. We anticipate that household income will be created via the in-demand courses on repairing electronic devices which include education on CCTV and camera repair and maintenance.



Ground-breaking ceremony of the residential improvement project



LG Ambassador (Sri Lanka)

LG Ambassador Challenge

Beginning with Bangladesh, LG Electronics has been running a contest program since 2017 to support 'Resolving Local Social Issues'. Through this program, LGE selects 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. In particular, we are working hard to provide solutions and hope by supporting residents that are well aware of the community's concerns and have solutions but are having difficulties implementing them directly. In addition, we have expanded our LG Ambassador program to five countries in 2020, providing opportunities to more residents across the world.

Community Support Programs (Korea)

One Company, One Village Sisterhood for Farming and Fishing Villages

We contribute to regular country-city exchanges and the vitalization of rural areas by contemplating ways in which we can grow together through sisterhoods with farming or fishing villages. In 2020, we purchased kimchi made from cabbage grown in Yeongyang, Gyeongsangbuk-do and Haenam, in South Jeolla province and donated it to local social welfare facilities and 800 households in the disadvantaged neighborhoods of Jongno and Namdaemun in Seoul. Furthermore, we support the remodeling of community facilities and supply home appliances to underprivileged neighborhoods, in addition to delivering laptops to underprivileged college freshmen living in sister villages. Also, we actively participate in recovery work following disasters such as earthquakes and floods, as well as volunteer work during busy farming seasons or when labor is needed. Going forward, we will continue to expand the One Company, One Village sisterhood in connection with our places of business located across the country, thereby enabling the continuation of our mutual cooperation with rural communities.

One Company, One Post

In 2015, we formed a sisterhood with the 3rd ROK Special Forces Brigade, and every year we deliver consolation funds and necessary products to them as a token of our gratitude and encouragement for the hard work of our soldiers. In the future, we will continue to actively participate in the One Company, One Post campaign aimed at sustainable collaboration and will continue to take the lead in terms of cooperation and exchange with the military.



Delivering consolation funds

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TRUSTWORTHY MANAGEMENT

**G TRUSTWORTHY
MANAGEMENT**

Strengthening ESG Compliance

Zero Controversy Issue

Establishing an ESG Decision-Making System to Drive Diversity, Rationality, and Transparency

Stakeholders > Business Departments >
ESG Council > Management Meeting >
ESG Committee > Board of Directors

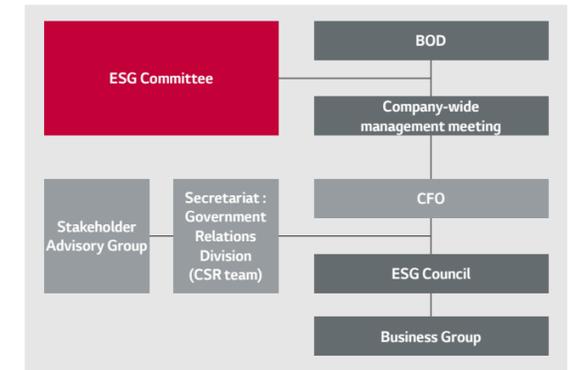
Fostering a Culture of Internal ESG Management

Improvement of Constitution, Internalization of ESG

Through the reorganization of our ESG goals in 2021, LGE has set its key strategic direction as the promotion of positive environmental value and inclusive social value for a better life for all and has established detailed tasks necessary to realize this. In particular, our target system promotes a foundation to achieve our ESG goals based on three factors: strengthening ESG compliance, establishing an ESG decision-making system to drive diversity, rationality, and transparency, and fostering a culture of internal ESG management for the successful implementation of these tasks in accordance with our strategic direction. Corporate ESG management and the creation of social value should form the basis for an organization's robust ESG management system. Accordingly, LGE is continuously managing and improving all factors for ESG management within our organization and is constantly making the following efforts to realize our ESG vision of Life's Good.

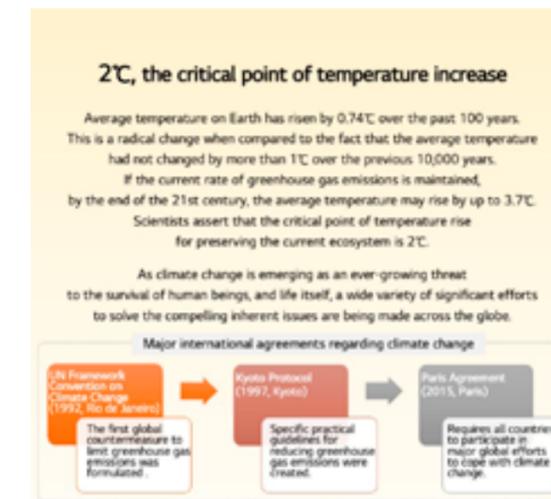
Newly established ESG Committee under the BOD

In accordance with Article 33 of our Articles of Association and Articles 13 and 14 of our BOD Regulations, LGE established an ESG Committee in April 2021. This committee that is currently in operation is independent of existing committees under the BOD (Audit committee, Management committee, Independent director nomination committee). This committee will supervise items related to establishing fundamental ESG policies and strategies, setting mid-to long-term goals, managing plans and performance of ESG management activities as well as the responding to the occurrence of material risks.



Establishment and Expansion of an ESG Culture

LGE is putting forth various efforts to leap forward as a trustworthy corporation and to lead autonomous ESG management by providing its employees with awareness and understanding of ESG. In particular, by upgrading the CSR Letter, we started providing our employees with a monthly CSR Talk that selects the latest ESG-related issues and introduces related information and the latest industry trends in 2020. Further, through our internal intranet (LG LIFE), we are establishing channels through which our employees can routinely access the company's ESG-related information through newsletters and lectures. In addition to this, our CFO directly presented to our executives LGE's direction and the importance of ESG at our quarterly meetings in 2021. We are constantly striving to increase our executives' awareness on ESG by proposing ways for LGE to improve from an ESG perspective.



CSR Talk

ESG Compliance & LGE's Future Direction

In line with social and environmental changes, ESG-related legal risks are increasing and becoming ever more important. Research by MSCI (Morgan Stanley Capital International) surveyed the number of ESG-related regulations introduced in 101 countries between 2010 and 2019, and found that 858 regulations were introduced over the 10-year period – with the number introduced in the past 3 years alone accounting for 61% of the total. In South Korea, ESG related legislative bills have recently been on the rise, and a National Assembly ESG Forum was established in March 2021 with the key aim of discussing ESG legislation, systems, and policy. Today, ESG is no longer a recommendation as it was in the past. It is gaining awareness as a mandatory factor that not only has an impact on a company's trading relationships and economic performance, but also on its very survival. Consequently, LGE is implementing processes to identify and mitigate ESG-related risks across the entirety of our production sites and suppliers on an annual basis. Going beyond simple compliance, we have reorganized our ESG goals and consolidated our plans and direction for the promotion of ESG management in 2021. Moving forward, LGE will continuously strive to promote mature ESG management through an independent and proactive organizational culture that steps beyond the concept of ESG as legislation, systems, and regulations.

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ESG FACT BOOK

LG Electronics is not only creating economic value but also performing the corporate social responsibilities through various activities in social and environmental aspects. In the “ESG FACT BOOK”, our activities and performances in each group are introduced that the current value is created based on the skills and assets accumulated through the business activities in the past and sustainable future of the stakeholders is ensured.

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Corporate Governance

Here at LG Electronics, our BOD (Board of Directors) functions so as to be able to identify the demands and expectations of our global stakeholders in terms of transparent governance, while also ensuring, by operating the Board Committees and establishing the direction appointment process that the core values of expertise, independence, and transparency are constantly present. By strictly complying with our BOD Regulations, the BOD ensures that checks and balances are in place, in addition to protecting the rights of stakeholders and facilitating our sustainable growth by directly facilitating responsible management.

BOD-centered Responsible Management

(As of May 31, 2021)

Classification	Name	Gender	Position / Major Career Experience	Last Appointed in	Note
Non-executive Director	Young-Soo Kwon	Male	• COO of the Holding Company	March 2019	• Chairman of the Board • Management Committee • Chairman of the Independent Director Candidate Recommendation Committee
	Brian Kwon	Male	• CEO	March 2020	• Chairman of the Management Committee • ESG Committee
Executive Directors	Doo-Yong Bae	Male	• CFO	March 2021	• Management Committee • Internal Trading Committee
	Dae-Hyung Kim	Male	• Former CFO of GE Plastics China • Former CFO of GE Plastics Asia/Pacific	March 2019	• ESG Committee • Internal Trading Committee • Chairman of the Audit Committee • Independent Director Candidate Recommendation Committee
Independent Directors	Yong-Ho Baek	Male	• Former Chairperson, Fair Trade Commission • Professor, Graduate School of Policy Sciences, Ewha Womans University	March 2020	• ESG Committee • Audit Committee
	Sang-Gu Lee	Male	• Professor, Department of Computer Science and Engineering, Seoul National University	March 2019	• ESG Committee • Internal Trading Committee • Independent Director Candidate Recommendation Committee
	Su-Jin Kang	Female	• Former Public Prosecutor, Seoul, Suwon, Daejeon Prosecutor's Office • Professor, Korea University School of Law	March 2021	• ESG Committee • Internal Trading Committee • Audit Committee

Composition of the BOD

- The BOD is composed of seven members in order to facilitate efficient decision-making and the efficient operation of meetings.
- The external directors account for the majority (57%) of BOD members
 - two executive directors, one non-executive director, and four independent directors.
- The BOD comprehensively evaluates independence, professionalism, and diversity when appointing directors, and does not discriminate in terms of gender, race, religion, political views, culture, etc.

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.
- The BOD explores new growth engines and measures aimed at corporate growth with a broad perspective, while the management focuses on its professional roles such as product and strategy development. Accordingly, major management roles are suitably and appropriately separated.
- Independent directors are given the opportunity to participate in the business operations of the company by serving as objective outside experts in terms of monitoring and checking management.

Appointment of BOD Chair

- BOD Regulations: The Chair of the BOD may be appointed from among the executive directors including the CEO, other 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 Chairperson who is separate from the CEO.
- The Chairperson of the BOD leads the deliberation and resolution of matters approved by the AGM¹⁾, the approval of financial statements, revisions to the Articles of Association, financing, and other major business matters.

1) AGM: Annual General Meeting

Activities of the BOD

(Unit: Times, Cases, as of 2020)

Number of Meetings Held	Approved Agenda Items	Briefed Agenda Items
9	32	10

Attendance Rate

(Unit: %, as of 2020)

Average Attendance Rate	Attendance Rate of Executive Directors	Attendance Rate of Independent Directors
90.5	77.8	100

Expertise of the BOD

- Independent directors are appointed based on their professional knowledge and experience in relevant industry sectors in order to ensure expertise and efficiency in terms of business management.
- Currently, the four independent directors have expertise in management/accounting, policy/administration, electronics/electricity, advanced equipment, and legal field.
- We provide independent directors with an overview of our company 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 our company.
- 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.

Committees under the BOD

(As of May 31, 2021)

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

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Independence of the BOD

- We delegate decision-making rights to the BOD and business execution rights to the top-tier management in order to ensure that the appropriate checks and balances are in place throughout the operation of our company.
- 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 other 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 company for which directors, executive directors, and employees of the company serve as directors and executive directors

Evaluation of Management Performance

- The performance of the management is evaluated using financial 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
Financial	Sales, operating profit, etc.
Non-Financial	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.

(Unit: USD as of 2020)

Classification	Remuneration	Bonus	Total Amount	Average per Person
CEO Brian Kwon	1,241,000	278,695	1,519,695	-
CFO Doo-Yong Bae	483,693	114,358	598,052	-
Independent directors	-	-	284,625	71,156

Jeong-Do Management

Jeong-Do Management is our unique way of conducting business and, at its core, is a commitment to fair competition in the market. This principle of management is embodied in our declarative code of ethics and practice guidelines, thereby forming the foundation of the thinking and behavior of everyone associated with our company. All of our employees and suppliers make diverse and concerted efforts to internalize Jeong-Do Management and fulfill their corporate social responsibilities as global corporate citizens, through counseling, education, and carrying out awareness activities etc.

Code of Ethics

- In 1994, we established our Code of Ethics, which details the fundamental principles of Jeong-Do Management that all employees ought to adhere to.
- 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>).
- As of 2020, the Code of Ethics has been amended six times, through which related regulations and sub-guidelines were strengthened.
- The LGE Code of Ethics is distributed to 140 global subsidiaries in order to enable all employees to be fully versed on their ethical and professional responsibilities.

Chapter 1. Responsibilities and Duties to Customers	1. Respecting Customers 2. Creating Value	3. Providing Value
Chapter 2. Fair Competition	1. Pursuing Free Competition 2. Complying with Laws and Regulations	
Chapter 3. Fair Transactions	1. Equal Opportunity 2. Fair Transaction Process	3. Pursuing Mutual Growth
Chapter 4. Basic Ethics for Employees	1. Basic Ethics 2. Accomplishing Missions	3. Self Development 4. Fair Handling of Job 5. Avoiding Conflict of Interests with the Company
Chapter 5. Corporate Responsibilities for Employees	1. Respecting Humanity 2. Fair Treatment	3. Promoting Creativity
Chapter 6. Responsibilities to the Nation and Society	1. Rational Business Operation 2. Protecting Stockholders' Returns	3. Contributing to Social Development 4. Conservation of the Environment

Whistleblower System

- We have established a whistleblower system as a means of reporting violations of Jeong-Do Management by our employees, thereby further strengthening transparency and a sense of responsibility in the course of the performance of duties.
 - 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, and any matters related to corruption and illegalities are subject to disciplinary action in accordance with the seriousness of the violation, as determined through investigation.

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Number of Cases Reported (Unit: Case)

2018	2019	2020
402	656	457

Types of Cases Reported in 2020

Inquiry	No. of Cases	Ratio (%)
Complaints (Customer complaints, supplier grievances etc.)	350	76.6
Corruption & Irregularities	52	11.4
Other (HR issues, unfair trade etc.)	55	12.0
Total	457	100

Jeong-Do Management Risk Prevention System and Process

- We have established a Jeong-Do Management risk diagnostic system with the aim of preventing risks and instilling the spirit of Jeong-Do Management in our employees.
- We implemented a two-track process whereby both the business department and the audit department can jointly manage issues relating to receivables, expenses and purchasing, and sales promotion cost reflected in price.
- Through the introduction of cutting-edge technologies, such as machine learning and AI, we have established monitoring systems for each type of risk.

Diagnostic Measures Taken in 2020

Classification	No. of Cases	Ratio (%)
Severe disciplinary action	58	50.0
Light disciplinary action	45	38.8
Disciplinary Dismissal & Resignation	13	11.2
Total	116	100

Jeong-Do Management Counseling Center

- 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.
 - Online system using intranet (chatbot, etc.)
 - Counseling via telephone
 - Counseling via e-mail
- 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: Frequently asked questions (FAQ) are compiled and shared with all employees through online channels or during training programs held in Korea and overseas.

Types of Inquiries Made at the Jeong-Do Management Counseling Center in 2020

Inquiry	No. of Cases	Ratio (%)
Interpretations of the Code of Ethics	30	22.6
Cash gifts for congratulatory or condolatory events	4	3.0
Procedures for receiving gifts or conflicts of interest	24	18.0
Business expenses	37	27.8
Other	38	28.6
Total	133	100

Jeong-Do Management Training and Activities Aimed at Increasing Awareness

- We emphasize our belief that a commitment to the principles of 'Jeong-Do Management' is not a choice, but rather a non-negotiable requirement that permeates our company. We provide regular training and conduct activities aimed at increasing awareness of the principles of Jeong-Do Management such that employees can be fully versed on these principles.
- Training: We provide collective and online training for our employees in Korea and overseas with a view to prevent recurrence of violations of the principles of Jeong-Do Management, we share cases of non-compliance on company bulletin boards or the Jeong-Do Management Portal.
- Going forward, in 2021, we will strive to diversify education channels by developing videos, webtoons, and online textbooks for international readers to enable employees to understand Jeong-Do Management more easily.
- Awareness: We continuously conduct activities aimed at raising the awareness of all our employees in terms of Jeong-Do Management by regularly distributing information regarding issues related to Jeong-Do Management and other related articles through the 'Jeong-Do Management Newsletter'.
- Survey: In order to assess the level of awareness regarding relevant issues with a view to preventing irregularities and developing improvement measures, we conduct regular surveys on the participation of our suppliers and employees in terms of Jeong-Do Management.

2020 Participation in the Online/Offline Jeong-Do Management Training

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

Jeong-Do Management Online/Offline Training

(Unit: Person)

Classification	2020
Online Training	15,715
Offline Training	3,506
Total	19,221

Expansion of Workplace Harassment/Sexual Harassment Prevention Education

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

Workplace Harassment/Sexual Harassment Prevention Training

(Unit: Person)

Year	Number of Trainees
2020	2,292

* Targets for new and vulnerable organizations

Protection of Informants and Reward System for Reporting Irregularities

- At LGE, we strive to eradicate corruption by enacting and complying with informant protection regulations and operating a reward system for reporting corruption.
- Informant Protection as a Top Priority: We do not disclose any information that reveals or suggests the identity of the informant without consent, and investigations are carried out by a limited number of people who have committed to adhering to strict principles of confidentiality.
- Our reporting system is protected by a safe security system, and if it is recognized that an informant suffered any negative consequences as a result of submitting a report, measures are taken to redress these consequences or equivalent compensation is provided.
- Reward System for Reporting Irregularities:
 - In order to further strengthen employee compliance with the principles of Jeong-Do Management and eradicate irregularities that undermine customer value, we implemented a reward system for reporting on the corruption of our employees and the general public.
 - Informants must submit documents that support the claims of misconduct that they are reporting. Irregularities that require immediate attention may be reported without the submission of supporting documents.

Voluntary Reporting System

- In accordance with our ethics regulations, we prohibit the reception of gifts or other valuables. Any employees who unavoidably receive such gifts must submit a report, and then the company handles the issue in accordance with the relevant guidelines and regulations.

Reporting and Returning of Items	Items that Cannot Be Returned
<ul style="list-style-type: none"> Gifts or other valuables unavoidably accepted by employees should be self-reported and returned. 	<ul style="list-style-type: none"> 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. Items that cannot be donated are put up for in-house auction, all proceeds of which go toward social contribution causes.

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Compliance Risk Management

At LGE, 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. We provide various programs to our employees, such as compliance surveys and training, in order to help them internalize compliance management while operating reporting channels with a view to creating a sound and transparent corporate culture.

Compliance Risk Management System

- We reorganized and reinforced the personnel of the Compliance Bureau operating under the CEO, thereby contributing to spread a culture of responsible management.
- 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 Monitoring Team: Prevention and mitigation of compliance risks through compliance program design and operation, emerging risk sensing, risk level monitoring, work process improvement, and compliance awareness activities.
- Compliance Investigation Team: Minimizes the possibility of compliance risks through ongoing and periodic investigations both domestically and internationally.

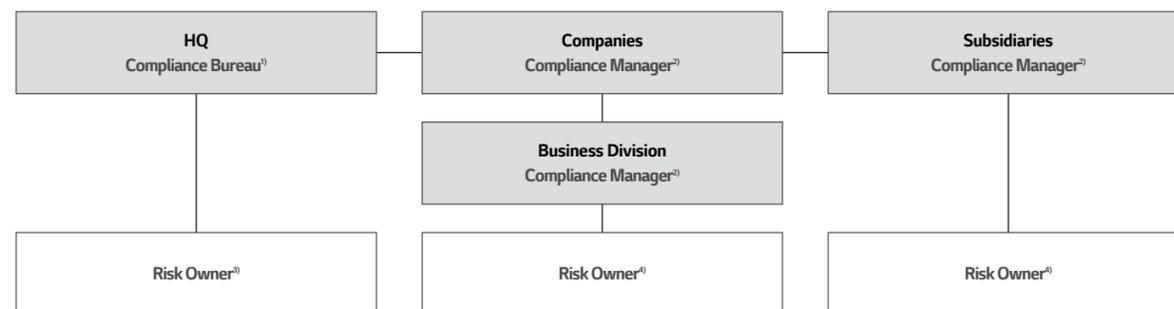
Goals and Plans for Compliance Risk Management

Mid-to Long-Term Goals	Implementation Plans
<ul style="list-style-type: none"> • Early identification of compliance risks and establishment of a preemptive response system • Upgrading compliance coverage and operations • Establishment of worksite-oriented autonomous management systems 	<ul style="list-style-type: none"> • Strengthening of monitoring and responses to internal and external issues such as laws and regulations, international standards, and stakeholder requirements. • Evaluation of performance in terms of on-site risk mitigation and customized compliance consulting.

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



1) Manages compliance matters at the corporate level
 2) Operates and supports compliance programs at each business site level
 3) Department representative at the corporate level who is in charge of each risk
 4) Responsible for managing risks at each business site level

Personnel in Compliance Organizations

(Unit: Person, as of 2020)

Compliance Managers	Risk Owner
139	555

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, quality

(Unit: Person, as of 2020)

Classification	All	Korea	Overseas
Survey targets	48,105	29,304	18,801
Survey participants	45,574	27,531	18,043

Online Compliance Training Adapted for Employees

- In order to provide education optimized for the various working environments of our employees, we organize training into courses subdivided by job group (general, sales and marketing, management, and head of organization). Moreover, specialized courses reflecting local issues are operated in North America and the UK.
- We develop the training course with external compliance training agencies.
- Training is provided in six languages: Korean, English, Chinese, Spanish, Portuguese, and Japanese.
- 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).

Advanced Fair Trade Compliance Training Course

- We are operating an online intensive training course for domestic and overseas sales staff for fair trade compliance risk.
 : Completed by a total of 1,628 people (1,249 domestic workers in international sales; 290 overseas project managers; and 89 head of organizations of overseas subsidiaries)

Online Compliance Training Courses

(Unit: Person)

Classification	2018	2019	2020	
Korea	Number of people subject to training	29,715	29,845	29,304
	Number of recipients of training	27,342	27,578	27,531
Overseas	Number of people subject to training	18,253	18,417	18,801
	Number of recipients of training	15,807	16,389	18,043
Total	Number of people subject to training	47,968	48,262	48,105
	Number of recipients of training	43,149	43,967	45,574

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Offline Compliance Training (Unit: Person)

Classification	2018	2019	2020
Training for New Team Leaders	140 (7)	148 (9)	201 (5)
Leadership Training for Expatriates	210 (6)	165 (6)	154 (5)
New Business Leader Training	-	32 (1)	31 (2)
Onboarding Training for Expatriate Managers	-	8 (1)	24 (2)

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

Operation of Compliance Reporting Channel

- An integrated hotline operated through LG hotline (<http://ethics.lg.co.kr>)
 - Reporting corruption, illegal acts, acceptance of money or favors, entertainment and wining and dining, and sexual harassment
 - Types of report: accepting gifts from stakeholders, improper equity participation in the companies of suppliers, lack of transparency in supplier selection, illegal/unfair use of company assets, manipulation of documents/numbers, and false reporting, etc.

Compliance Advice on Laws and Regulations

- Analyze major domestic and overseas laws and regulations 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

Compliance Key Performance Indicator (KPI)

- Key performance indicators in 2020: adherence to implementation of compliance risk prevention activities, online training completion rate, compliance committee meeting fidelity, risk mitigation action plan, and progress report

Strengthening of Anti-Corruption Compliance Activities

- All employees conduct business fairly and transparently in accordance with the relevant principles and standards. Moreover, any corruption related to acquiring or maintaining business by illegal means, such as bribery, is prohibited.
- Efforts to raise anti-corruption awareness among employees and prevent violations of related laws and regulations are as follows:
 - Conducting voluntary assessments of risk likelihood and impact at each place of business
 - Conducting self-check of employees' compliance with the relevant codes of conduct
 - Online training for all employees and collection of pledges outlining employees' commitment to practicing compliance

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 occasionally share progress

Corporate-Level Compliance Committee Meetings
<ul style="list-style-type: none"> • Members of top management meeting at HQ • Department representative at HQ who is in charge of each risk

Business Site-Level Compliance Committee Meetings
<ul style="list-style-type: none"> • Head of organization and CFO • Compliance managers • Risk management officers and other employees

Fair Trade

As a global company, we fulfill our social obligations, comply with the principles of fair trade, and continuously operate related compliance programs aimed at win-win growth through mutual cooperation with our suppliers. We actively monitor and manage fair trade risks and ensure fairness in competition through promotional and educational activities aimed at preventing unfair trade practices.

Promoting an Awareness of Fair Trade

- We create customer value by developing a strong sense of trust with customers and suppliers around the world through fair competition and transactions.
- A commitment to practicing fair trade is not only our duty to society, as prescribed by our stakeholders, but also a basis for our competitiveness as we pursue the implementation of Jeong-Do Management.
- We prevent monetary and non-monetary losses, such as reputational damage and a decrease in corporate credit rating, through establishment of a fair trade culture.

Fair Trade Compliance Program

- We continuously operate the 'Fair Trade Compliance Program' in order to fulfill our responsibilities in terms of fair trade and build trust with our stakeholders.
- In accordance with this 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.

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 & 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.
- In order to prevent the occurrence of unfair labelling and advertising, we thoroughly review labelling and advertising from the product planning and R&D stages to the final stage when advertising is exposed to the general 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.

Cartel Prevention

- Under our 'Anti-Cartel Principles', contact with competitors is prohibited in order to prevent the formation of cartels. In unavoidable cases, employees are permitted to contact competitors after a prior report is submitted and provided that approval procedures aimed at preventing any suspicious activities are adhered to.
- Internal control procedures for preventing the formation of cartels are properly implemented through the enactment and amendment of laws, improvements and training in line with changes in the business environment, monitoring through our system, self-administered surveys conducted by heads of organizations prone to cartel formation, on-site inspections without prior notice, etc.

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 measures to relevant 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.

Fair Trade Compliance Newsletter

- We strive to enhance awareness in terms of fair trade by distributing the monthly Fair Trade Compliance Newsletter to all employees at both our domestic and international worksites.
- At least once a year, the newsletter carries a message from top management including the CEO in order to make it clear that fair trade is a central principle of ours that cannot be compromised.

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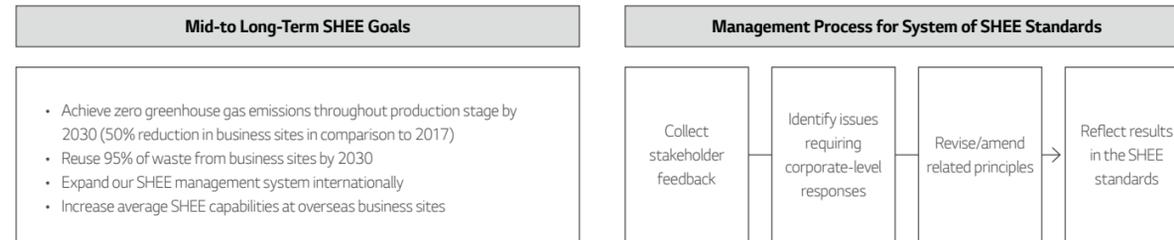
Safety and Environment

At LG Electronics, we have established an integrated management system for safety, health, energy, and environment (SHEE), while also striving to implement eco-friendly management and comply with our safety and health principles. Through the establishment of SHEE policies and mid-to long-term goals, we aim to ensure a culture of safety that is in line with international standards is firmly established at both our Korean and overseas business sites. At the same time, we continue to make concerted efforts toward minimizing the environmental impact of our business by ensuring thorough management of water resources as well as waste such as chemical substances.

SHEE Management

Integrated SHEE Management System

- We established corporate-level SHEE policies and regulations in 2009. Since then, we have made continuous improvements such that these policies and regulations meet global standards.
- We operate an integrated system of SHEE standards at the company level, and this system is centered on our SHEE management regulations.



SHEE Policy

- We established and distributed our 'Safety, Health, and Environment Management Guidelines', which are centered on our strategies and guidelines for responding to risks related to safety, health, and the environment.
- We carry out various activities based on our SHEE policy, including the optimization of energy efficiency, the operation of eco-friendly processes, the development of eco-friendly products, and promoting safety and health at our business sites along with the health of our employees.
- In order to assist our employees in implementing our SHEE policy and a culture of safety throughout their work, we provide mandatory safety and environment training for each job grade, while also enhancing professional training for safety and environment personnel with a view to strengthening their professional competence and their ability to fulfill their duties.
- We make various efforts to acquire additional certifications for our integrated SHEE management system at overseas production sites.
 - Environmental management system (ISO 14001), safety and health management system (OHSAS 18001, ISO 45001), and energy management system (ISO 50001).

Improvement of safety and Environment IT System

- We integrated safety and environment management channels into the SHEE Portal in order to increase efficiency.
- We added safety training for our suppliers' employees to help them manage and monitor issues related to safety and environment.
- We integrate company-wide databases and references through the SHEE portal and promote their use thereof by monitoring the monthly usage of a total of twenty-seven modules.
- In order to jointly respond to the issues related to safety and environment and to spread a culture of safety, we aim to use the SHEE Portal as a channel for data sharing between the head office, companies, and overseas subsidiaries.
- Reinforce and computerize the management and supervision of issues related to the safety and work environment of employees through the SHEE Portal.

Safety and Environment Evaluation System

- In an effort to proactively identify safety and environment-related risk factors at our business sites and thus prevent accidents and keep our work environments safe and healthy, we established GEARS (Global SHEE Audit Rating System), our LGE's unique safety, environment, and energy evaluation system.
- By improving GEARS 4.0 in 2021, we have enhanced our safety and environment evaluation standards by making them centered on on-site risk identification. In addition, we continue to improve and upgrade the evaluation system.
- The head managers at each of our business sites and subsidiaries receive reports on issues that are deemed to require improvements as identified by the SHEE audit, and these managers continuously monitor the process of implementing for risk factors.
- We operate a safety assessment system that takes into account the degree of difference in terms of the standard level of safety and environment management at our various business sites located in Korea and overseas. In 2019, all overseas subsidiaries strengthened their internal safety and environment management capabilities by carrying out voluntary evaluations based on GEARS.

Reporting to the BOD

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

Strengthening our Accident Reporting System

- Establishment/revision of standards and guidelines for accident reporting in order to quickly respond to accidents and establish effective follow-up measures to prevent accident reoccurrence.
- The entire reporting process, from the occurrence of accidents to the establishment of suggested improvements, is performed by the departments involved in the accident through the SHEE Portal, and the departments involved reach an agreement with the safety and environment organization.
- In the event of an accident, the departments involved must enter the accident on the SHEE portal within six hours, investigate the accident within two weeks, establish measures to prevent reoccurrence of the accident, confirm improvements within six months, and then register the incident as being closed.
- In case of non-compliance with the accident reporting procedure, penalties are reflected in the SHEE Classification when evaluating the executive KPI.
- In case of compromised reporting or a cover-up is detected, the KPI is entered as 0 points and the situation is reported in line with Jeong-Do management.

Establishing Crisis Response Process

- In order to minimize safety and environmental risks and damage, such as human injury and disruption to production, through an immediate response in the event of a crisis, our crisis response processes, which were operated differently at each business site, were unified and the process of establishing/reviving safety and environment standards was established.
- A crisis response manual is being established for each crisis response situation by organizing company-wide crises into five categories: death, fire/explosion, infectious disease, environment (chemical substances, air/wastewater), and UT supply interruption.
- Nine Smart Working Committees (Common, Firefighting, Safety, Health, Chemicals, Water Quality/Air, Waste, Electricity/Building, Energy/UT) are in operation, and standards and manuals are newly established/revised throughout the company through these committees every month.
- SWC committees are held every month and the standards therefor are reflected in the GEARS evaluation system. In 2020, thirty-eight manuals were created, and SHEE standards were created twice and revised forty-nine times.

Water Resource Management

- At our production sites and laboratories in Korea and overseas, we undertake various initiatives to manage water reuse and wastewater discharge, as well as to reduce water consumption.
- We established a water inventory, undertake regular evaluation of various water risks such as a lack of water resources, the degradation of water quality, and increasing water consumption, and monitor the amount of water consumption at all of our production sites.
- We introduced a zero discharge system with a view to enhancing the efficiency of water usage by recycling used water for watering plants or as industrial water.
- We contribute to improving wastewater recycling and saving water resources by establishing wastewater treatment facilities and recycling systems.
- We manage the 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 our water supply.

Wastewater Discharge in Korea

Business Site	Secondary Treatment Facilities	Body of Water Affected by Discharge
Yangjae R&D	Tancheon Water Reuse Center	Tancheon
Magok 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

Flow of Water Resources (Korea)

Water Intake			Water Discharged		
Water Source	Tons	Ratio (%)	Discharged from	Tons	Ratio (%)
Groundwater	1,091	8.6	Water reused	541	2.05
Municipal water	6,554	51.8	External treatment facilities	11	0.04
Industrial water	4,999	39.5	Internal treatment facilities	25,839	97.9

* Based on business sites in Korea with internal waste water treatment facilities

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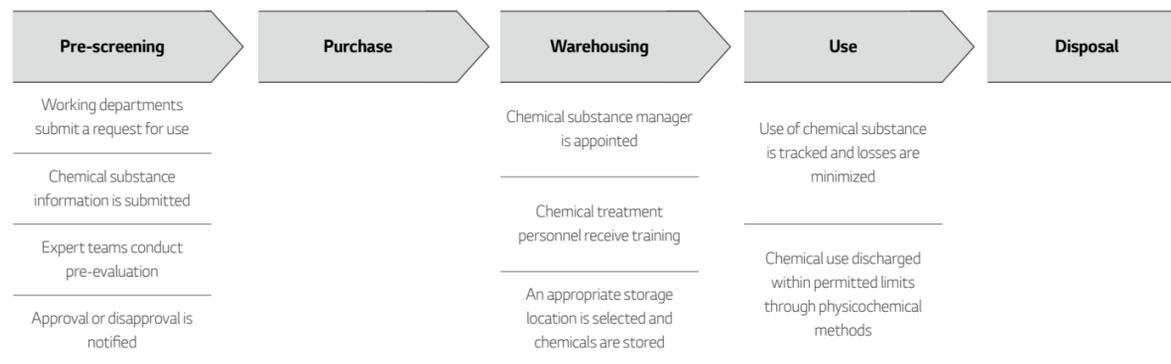
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Chemical Substance Management

- Our chemical substance management practices have been based on LG Chemical Management System (LGCMS) since 2013.
- All chemical substances for production and R&D purposes stored or used at any production site in Korea and those procured from suppliers undergo preliminary screening.
- In order to ensure the safe storage of chemical substances, we regularly examine chemical storage facilities at each of our production sites and install chemical leakage prevention facilities.
- We carry out hazardous substance risk assessments to enforce chemical management standards and emergency response procedures.
 - Level 1: Ban on the use of the chemical substances in question
 - Level 2: Reduction of the use of the chemical substances in question
 - Level 3: Monitor the chemical substances in question
- We developed methods to analyze new chemical substances that are of social concern and conducted two precision analyses in 2019.
- We developed an IT system to track the entire process of chemical substance management.

Chemical Substance Management Process



Training on Chemical Substance Management

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

Response to the Regulations on Chemicals

Analysis of regulations	Supply chain	R&D	Production quality	Business operations
<ul style="list-style-type: none"> • Review laws on chemicals and prepare countermeasures • Handle external affairs related to chemical substances 	<ul style="list-style-type: none"> • Comply with chemical substance handling standards and operate facilities • Prepare and maintain MSDS, component statements, etc. 	<ul style="list-style-type: none"> • Risk check for substances to be used for research and development 	<ul style="list-style-type: none"> • Review of the chemical composition of materials used in the production phase 	<ul style="list-style-type: none"> • Operation of information management system related to chemical substances • Preliminary review of new chemicals

Compliance with Environmental Laws

- In order to eliminate risks of non-compliance with environmental laws, we conduct environmental assessments at production sites, take measures to correct issues identified in these assessments, and monitor progress.
 - We comply with environmental laws by installing and operating pollution prevention facilities, and by continuously improving our environmental management procedures.
 - We plan to establish legal compliance monitoring systems by region, area of concern, and business site, in addition to organizing regular meetings with a view to sharing developments regarding environmental regulations.
 - In 2020, we did not run into any litigation or receive any fines in relation to violations of environmental laws and regulations.
- * Cases of violation of environmental laws and regulations area aggregated with fines of more than KRW 10 million (about USD 8,471, based on DJSI criteria)

Higher Standards for Environmental Pollutant Emissions

- The concentration of air and water pollutants discharged from our business site is maintained at 50% of the legal discharge limit. We continuously strive to reduce pollutant discharge and maximize the efficiency of pollutant disposal.
- Each business site operates its own pollutant discharge reduction system taking into account the characteristics of the major chemicals and the principal and raw materials handled at the site.
- In 2020, there was no leakage of pollutants exceeding legal standards, and no damage was incurred.

Suppliers

By focusing on philosophical elements such as trust, communication, change, innovation, and a sense of a community brought together by fate, we strive to build a new future with our partners by achieving sustainable growth together, based on activities aimed at Win-Win Growth cooperation and voluntary compliance with fair trade standards. We implement support activities that aim to bring real help to suppliers by selecting 5 implementation tasks with a view to achieving win-win growth through unwavering trust.

Strategy for Implementing Win-Win Growth Cooperation with Suppliers

Win-Win Growth Cooperation Strategy

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

5 Major Tasks for Win-Win Growth

Strengthening competitiveness	Support for next-generation technology	Support for training and manpower	Infrastructure improvement	Proving financial support
Support automation, informatization, and RPA	Support the development of components for domestic production	Win-Win Growth Academy	Supplier Grievance Hotline	Interest-free funds
Support quality and productivity enhancement	Technology escrow and brainstorming ideas	Free consulting from improvement specialists	Support employee welfare	Win-Win Growth Fund
				Win-Win Payment System

Support for Achieving the Highest Level of 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.
- As a result, we contributed to increasing the overall productivity (output per person/hour) and sales of our suppliers, as well as creating new jobs.
- From 2020, we extended our support to second-tier suppliers to help them enhance their manufacturing competitiveness.
- Going forward, in 2021, we plan to improve business productivity by supporting the establishment of RPA (Robotic Process Automation) with a view to accelerating the digital transformation of our suppliers.
- Throughout the entirety of the RPA process, from task discovery to detailed project-specific programs and maintenance, our experts will stay with suppliers and share with them the accumulated expertise.

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 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 while we cover the full cost of this 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 parts, or enhancing design, quality, and packaging, and applying these improvements to production lines.
 - Idea Proposal System is being actively implemented as the Early Supplier Involvement (ESI) process involved from the product development stage, is established.

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Funding

Zero-Interest Direct Financing

- Provide suppliers with interest-free funds necessary for productivity and quality improvements, expansion of facilities, overseas expansion, and development of advanced technologies.
- Starting in 2020, we increased financial support from a yearly amount of KRW 40 billion to KRW 55 billion (about USD 33.9 million to USD 46.6 million) in order to help our suppliers set up their automated production lines and deal with the damage caused by the COVID-19 crisis. In addition, the funding schedule was also brought forward.

Win-Win Growth Fund

- Operate a Win-Win Growth cooperation fund worth KRW 200 billion (about USD 169 million) that provides loans at low interest rates through joint contributions with financial institutions in order to bolster the financial soundness of primary and secondary suppliers that have entered into a fair trade agreement with our company (as of 2021).
- Starting in 2021, the eligibility for the Win-Win Growth Fund was expanded to include third-tier suppliers, thereby helping suppliers in need and contributing to building a healthy ecosystem for win-win growth.

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 primary suppliers are safely delivered to secondary and tertiary suppliers.
- Based on the belief that the Win-Win Growth payment system is of practical help to second-tier suppliers and lower-tier suppliers, the participation of first-tier suppliers in the system was encouraged, and accordingly, additional points were awarded through regular evaluations to suppliers that adopted the system.
- In addition, the performance of companies in terms of Win-Win Growth payments was reflected in the requirements for joining our Win-Win Growth Cooperation Fund, thereby enabling such more partners to receive benefits.
- Selected as 2021 outstanding company in Win-Win Growth Payment: The amount of Win-Win Growth payments made between our primary and secondary suppliers was the largest in Korea, and for this reason, we received recognition for our contribution to spreading Win-Win Growth payment to suppliers from the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs and the Korea Commission for Corporate Partnership.

Supporting Talent Cultivation

- Win-Win Growth Academy: We established the Win-Win Growth Academy, which offers free training courses exclusively for employees of our supplier.
- We provide special technical training in collaboration with local universities (Kyungnam University and Korea Polytechnics).
- In 2020, training programs were primarily carried out online due to COVID-19. Going forward, in 2021, differentiated training courses on topics such as RPA and AI are being provided in order to secure new technology capabilities for suppliers.

Infrastructure improvement

- 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 by fact-checking and appropriate measures.
- Support for Supplier Employee Welfare: In order to promote the welfare of our suppliers' employees, we offer a reward program called the Win-Win Growth Performance Sharing Fund, provide support for the use of leisure facilities, offer incentives and tickets to sporting events, and operate an online shopping mall exclusively for the employees of our suppliers.
 - Efforts to promote employee welfare, including providing masks and hand sanitizers to suppliers experiencing difficulties due to COVID-19

2020 Selection of LGE's Excellent Suppliers

LGE Best Supplier Award

- In 2020, twelve companies that engaged in innovation activities such as production line automation were awarded with the Best Supplier Award and were each given about KRW 50 million (about USD 42,355).
- Thermal imaging cameras were provided to more than a hundred major suppliers so that they could conveniently measure body temperature when employees enter and exit business sites. These thermal imaging cameras were offered with a view to offering encouragement to suppliers who have continued to make every effort to supply parts to our company despite the COVID -19 crisis.

Support for Suppliers' Management of Working Environments

- In 2018, with a view to systematically managing on-site fire safety consulting and prevention activities, we established LG Group's first ever fire safety management system for our suppliers.
- We conduct on-site assessment and improvement consultations once a year.
- The results of on-site inspections are registered in the system, and we manage improvement tasks for nonconformities by conducting activities aimed at supporting these improvements, in addition to monitoring progress.
- We offer guidance to suppliers so that they can voluntarily carry out prevention activities through efforts such as carrying out special robot safety inspections aimed at preventing major disasters, disseminating safety management manuals and best practice guides, and monitoring the use of chemical substances.

Communication with Suppliers

- In order to facilitate effective communication with our suppliers, our CEO or procurement executives visit them regularly to hear their opinions on expanding technology exchange and difficulties related to management.
- Various information sharing channels such as a website for shared growth and a newsletter are operated so as to periodically share information with suppliers on human rights, labor, safety, and health.
- In an effort to prevent major disasters, we send an official letter requesting that our suppliers manage major risks related to the working environment, safety, and health in order to raise the awareness of our suppliers regarding these issues and ultimately prevent supply chain risks.
- We operate a grievance resolution channel that can be used by all of our suppliers. Furthermore, when suppliers report difficulties related to management etc., the results of the handling of these difficulties are fed back in order to strengthen communication between our company and suppliers.

Conflict Minerals

LG Electronics is inspecting and assessing suppliers and smelters to address social issues that may arise in the production and procurement of major raw materials and minerals as well as evaluating and managing risks in the supply chain. In addition, we are providing training to suppliers on improving awareness of the use of responsible minerals and making efforts to establish a sustainable supply chain through the use of certified smelters.

Work with only RMAP-conformant smelters 100% (by 2021)

- We prohibit the use of minerals mined in conflict areas or those that violate labor/human rights or cause environmental damage during the mining process.
- We monitor the origin of the four major conflict minerals (tantalum, tungsten, tin, and gold) used in our products and components, and require RMAP (Responsible Mineral Assurance Process) certification for and refiners in our supply chain.
- As a member of the Responsible Mineral Initiative (RMI), which is a global industry standard for conflict minerals, and the PPA (Public-Private Alliance for Responsible Mineral Trade), and in which the US government and NGOs participate, we provide information to support the conflict mineral tracking system.
- In addition, we provide education for our suppliers to improve awareness of responsible mineral use and jointly recommend our suppliers to use RMAP-certified smelters with LG Chemical and LG Display.
- Aside from the four major conflict minerals, we are also participating in global activities to trace the origin of minerals, such as cobalt and mica, that may be associated with issues including forced labor and child labor.
- The use of non-RMAP conformant smelters was issued in 2021 according to the supply of new components, and 100% RMAP-conformant smelters will be used for Tantalum, Tungsten and Tin smelters by August 2021. Gold aims to complete 100% certification by December 2021.

RMAP¹⁾-Conformant Smelter Management

Tantalum		(Unit: EA)		Tungsten		(Unit: EA)	
Target: Achieve 100% use of RMAP-conformant smelter in 2021				Target: Achieve 100% use of RMAP-conformant smelter in 2021			
	2018	2019	2020		2018	2019	2020
Conformant	36	36	34	Conformant	40	39	40
Active	0	0	0	Active	0	1	1
Non-conformant	0	0	1	Non-conformant	2	0	4

Tin		(Unit: EA)		Gold		(Unit: EA)	
Target: Achieve 100% use of RMAP-conformant smelter in 2021				Target: Achieve 100% use of RMAP-conformant smelter in 2021			
	2018	2019	2020		2018	2019	2020
Conformant	72	73	53	Conformant	99	102	103
Active	1	0	6	Active	3	0	1
Non-conformant	6	10	24	Non-conformant	26	11	7

1) RMAP (Responsible Mineral Assurance Process): a due diligence and assurance program by the RMI for smelters not using conflict minerals

Conflict Mineral System

Conflict Mineral Management Policy

- LGE conducts due diligence on materials supplied by 1st-tier suppliers to ensure our responsible mineral sourcing criteria.
- All our 1st-tier suppliers are required to document their conflict mineral screening and grounds and submit information to the LGE Conflict Mineral Management System
- We also check whether 2nd-tier or lower-tier suppliers use or supply conflict minerals and raw materials are included conflict minerals.
- We require all smelters in our supply chain to be RMAP-conformant or certified by other industry accepted mechanism, and maintain close communication with our suppliers and partners to promote the certification process.

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Conflict Minerals Management Standards

- LGE has established a conflict minerals management standard to implement the requirements and processes of the conflict minerals management in accordance with the reporting standards of the US SEC (Securities and Exchange Commission) and the OECD Guidance.
- The conflict mineral management standards apply to all products solely developed, produced, sold, and supplied by LG Electronics, all products and raw materials developed and produced by our suppliers, and all products and raw materials developed by LG Electronics but produced by our suppliers.
- LG Electronics regularly reviews and revises the standards and provides training to LG Electronics members and suppliers to guide the requirements of the standards.

Conflict Minerals Managing System

- LG Electronics operates a global unit responsible for complying with policies and standards concerning responsible minerals, fulfilling social responsibilities, purchasing and procuring minerals.
- LG Electronics taking the following measures to ensure that programs for responsible mineral procurement are effectively implemented:
 - Global communication via the website and email (conflict-mineral@lge.com)
 - Analysis of external status including customer requests, regulatory compliance, use of RMI tools, international forums, NGO and media requirements
 - Conflict Minerals Management System (HSMS/CMMS) operation regularly to manage changes concerning our suppliers and to maintain/improve information on certain smelters
 - Internal report and request for support to improve the effectiveness of the conflict minerals management program, and response to customer requests and risks
 - Participation in the RMI working group (conflict mineral due diligence, smelter participation requests, and disclosure of information on minerals) to support inspection activities and the identification of mineral origins, as an RMI members

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

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

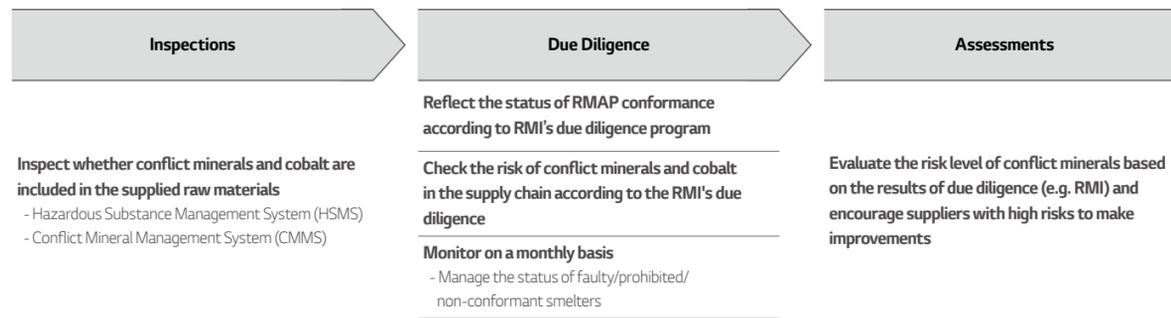
Inspection and Due Diligence of Conflict Minerals and Risk Assessment

Inspection and Due Diligence of Conflict Minerals

- LGE uses the HSMS (Hazardous Substances Management System) and the CMMS (Conflict Minerals Management System) to collect information about conflict minerals in its materials
- All our suppliers, smelters, and refiners are required to submit information on the production and procurement of conflict minerals.
- Since 2019, we have also collected the origin of cobalt/mica in addition to the four major conflict minerals
- When suppliers or others submit information about conflict minerals contained in raw materials, we cross-check the information with our conflict minerals management system. Then, we use the HSMS to check whether conflict minerals or cobalt are included in the raw materials.
- We collect information about suppliers that use conflict minerals through the results of RMI's RMAP due diligence and its certifications, RCOI (Reasonable Country of Origin sourcing Information), and other available data, based on which we check the origin of the conflict minerals and identify major risk factors.

Risk Assessment of Conflict Minerals

- LGE assesses the level of risks in the procurement of conflict minerals and cobalt, based on the data about their raw material, origin, and smelter or refiner RMAP validation status, and presents the process and ways to respond according to the level.
- Since May 2020, we have conducted monthly monitoring on information concerning conflict minerals and cobalt submitted by our suppliers.
- Through such monitoring, we are inspecting components and suppliers using prohibited smelters, faulty smelters, and non-conformant smelters.
- We are requesting and checking for accurate information on the origin of conflict minerals and cobalt products from 1,886 suppliers whose origin and distribution channels are registered, and are taking necessary measures such as suspending transactions for suppliers, smelters, and refineries that are deemed to be at high risk or have no potential for improvement.



Customers

At LG Electronics, we manage our organizational structure and our management system from a customer perspective in order to achieve the enhancement of our brand value through the creation of customer value. These changes are aimed at establishing a one-view, in-house system capable of representing 'One LG', through the integration of all data distributed by various customer contact points and the establishment of a customer-centered response process. In addition, we will continue to fulfill customer value by introducing this system through customer service activities aimed at solving the pain points in the overall experience of our customers by flexibly and diversely responding to rapid social change.

Services for Customer Satisfaction

Customer-Centered Management Goals

- Achieve superior service competitiveness through customer satisfaction management
- Improve service quality to solve issues from the customers' perspective
- Achieve qualitative growth: establish a customer-oriented customer service system and diversify customer access channels

Mid-to Long-Term Goals

Establishing the One LG system

- Establish a system that can solve customer problems at once and at all customer contact points
- Establish a channel for consistent customer response through the One LG system

Diversify Customer Access Channels

- Acquire content for customers and strengthen management
- Improve call center operations according to customer needs
- Establish an interactive channel geared toward customers through the expansion of consultation service

Innovate the Structure of Our Response to Customers

- Enhance service quality through the strengthening of networks
- Provide and expand differentiated network service experiences through a cleaning service for home appliances
- Establish a dedicated two-person service system in order to respond to the upsizing and premiumization of goods and the invisible inconvenience, complaints, and anxiety of customers

Diversifying Customer Access Channels

- Telepresence:
 - Consultation service for customers using video
 - Video and photo capture allows clear identification of the problems that customers are trying to describe and is also useful in helping customers understand issues
- Global Messenger:
 - Enhance customer access by establishing a customer-oriented chat service through various external mobile messengers
 - Respond to customers at a time and method of their preference
 - Promptly resolve the inconveniences of customers by providing them with useful content during real-time consultation
- Cloud Call Center:
 - Photos and videos of products can be sent via text message while consulting with customers.
 - It is easy to provide clear guidance as the actual issues can be checked visually.
 - If a quick consultation is required, customers can be consulted through their preferred messenger platform or the chatbot.

CSR Activities at Customer Contact Points

- Flood recovery activities and free laundry rooms for flood victims
- Online blood donation campaign: customers directly participate in a donation by sending supporting messages
- Creating Kimchi Refrigerator Sales Matching Fund for delivering kimchi to the underprivileged

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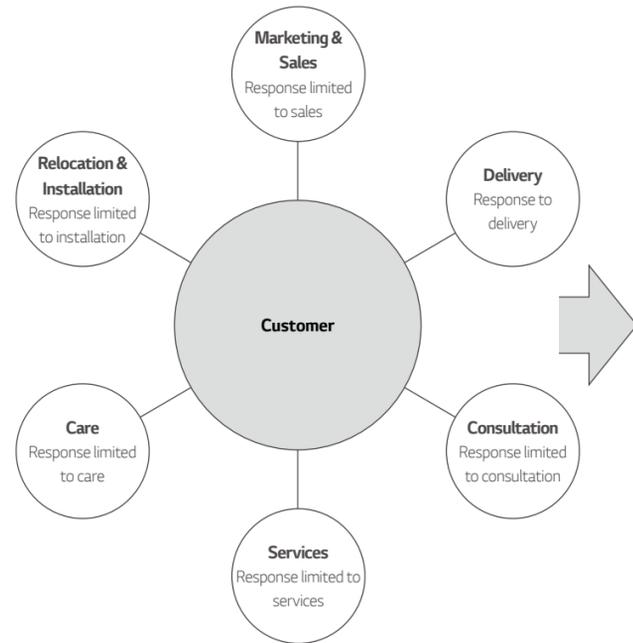
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Integration of the 'One View', In-House Customer System

- Establishment of an integrated system that shows, in one place, a consumer's history about their experience with our products and services, such as product purchase and delivery, membership, services, and after-sales support.
 - Systematize responses to customer issues across all contact points and share information of customer issues between contact points via the company-wide integration of customer journey: Limited information by phase of customer journey → provides history of all phases of the customer journey
 - Establish a solution process that facilitates immediate resolution of customer issues through the activation of contact point communication and sharing of customer issues: On-site receipt of requests and management and resolution of to-do list between contact points
 - Strengthen the customer response system for each customer problem, and enhance response capabilities for each contact point

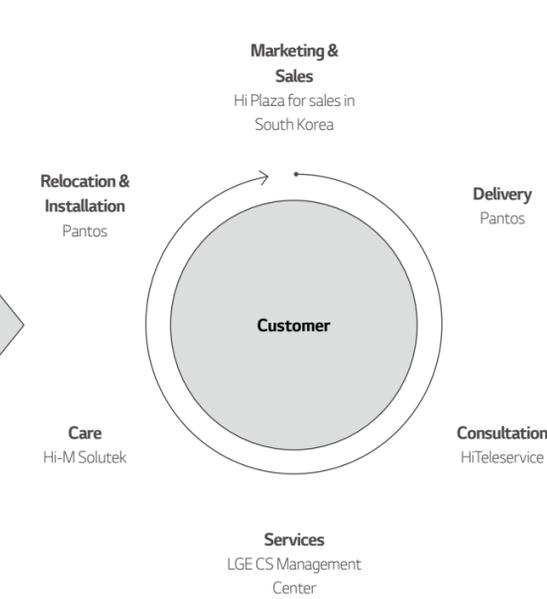
Customer-Oriented Change

Contact Point-Oriented



Response from the customer's perspective is impossible as contact-point specific information cannot be shared

Customer-Oriented



Company-wide integration of customer journey map (from sale to services) enables all employees to respond to customers

Training Aimed at Upgrading the Capabilities of Service Engineers

- Five nationwide service academies were integrated into one place, and thirteen service training centers were established.
- In order to provide systematic education tailored to the needs and capabilities of our engineers, we reorganized and customized our educational content such that it is adjusted to various job levels and roles.
- LG Learning Center: We launched an education platform that allows service engineers to watch service-related content and live broadcasts anytime and anywhere through the web or a mobile app in order to expand on our platform of contactless education that minimizes spatial constraints in line with the increase in demands for remote training.

Engineers' e-Tech Olympics

- Conducted online due to the impact of COVID-19
- This was a fresh attempt at overcoming the limits of space and time by securing a large number of contest participants and a large number of global viewers by holding an online contest along with the YouTube live awards ceremony.
- Recording the largest number of participants from various countries to date, eighty-one people from twenty-seven countries participated, and 23 winners were honored across a total of five events (HE, HA, RAC, ID, B2B, CIC counseling).

Service Technology Research Group

- We supported and shared the development of customer content and consultation content for remote services in Korea and overseas
 - Developing our standard repair guide
 - Developing, updating, and optimizing the management of self-repair content for customers
- We verified the efficiency of the produced content and reviewed it such that customers could smoothly have their products repaired throughout the new product development stage.
- Inexpensive, easy, and quick repair content was developed in order to improve field service productivity and contribute to operational efficiency.
- Discover BP cases of service content of Korea and overseas subsidiaries, and promoting mutual sharing

Customer Satisfaction Survey

- Korea: satisfaction surveys were conducted and managed by sending text messages to customers who had used our services and then receiving replies to those messages.
- Overseas: we conducted over-the-phone surveys regarding the level of service satisfaction with customers who used our services, and thus were able to maintain contact with satisfied customers.

(Unit: %)

Classification	2018	2019	2020
Korea	92.9	93.0	95.2
Overseas	68.3	68.4	64.1

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

Major Honors in 2020

Country	Month	Host	Description
South Korea	Jul	Dong-A Ilbo	Korea Consumer Awards in the Classification of post-sales support for home appliances
	Aug	Chosun Ilbo	Korea New Lifestyle Awards in the Classification of post-sales support for home appliances
	Sep	The Institute for Industrial Policy Studies	National Service Awards for post-sales support for home appliances
	Oct	JoongAng Ilbo	The Best Brand Chosen by Consumers in terms of post-sales support for home appliances
	Dec	KS-CQI	Selected as an excellent call center for home appliances and cell phones in Call Center Quality Index
US	Jan	CES	①LG SIGNATURE OLED TV RX Best of Innovation Award ②LG ProactiveCustomerCare (CES Editors' Choice Awards)
Brazil	Feb	ReclameAQUI	Highest customer rating received on the complaint handling site
Indonesia	Aug	CCSL	'Diamond', the highest grade in service quality evaluation
US	Aug	Twice	2020 Twice VIP Award
Russia	Oct	Russia Consumer Agency	Customer Rights and Service Quality
Peru	Dec	Peru Consumer Agency	A customer-first program

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Information Protection

Due to the diversification of IoT products and services, in addition to constant changes in the business environment, there is an increased demand for companies to be more responsible in terms of personal rights and privacy data protection. Accordingly, we protect the rights of our employees and customers by identifying risk factors related to cyber security compliance, and by ensuring transparency in disclosing the handling of privacy data both in Korea and overseas.

Privacy Data Protection and Product Security

Basic System for Privacy Information Protection

- In response to the implementation of the EU GDPR (General Data Protection Regulation), and the strengthening of consumer privacy protection regulations in the 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, and safe disposal) in order to meticulously manage the privacy information of our customers.
- 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

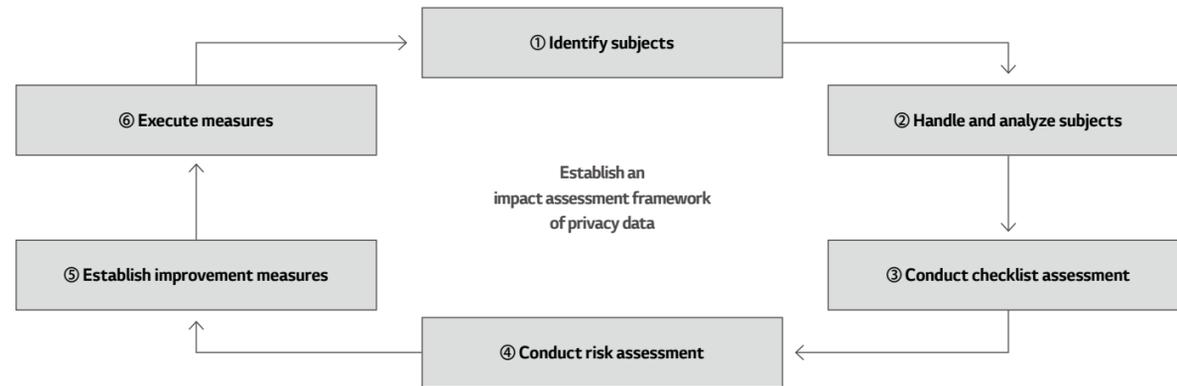
Privacy Information Protection Measures

Technical Measures	Managerial Measures	Measures to Protect Customer Rights
<ul style="list-style-type: none"> • SSL¹⁾ • Access control measures • One-way encryption storage • Minimization of printing privacy information • Prior approval by privacy manager 	<ul style="list-style-type: none"> • Limited personnel with access privileges • Controlled entry into Information Security Office • Manage access privileges • Security of information processing PCs • Documentation of the purpose of collecting information • Separation of privacy information servers 	<ul style="list-style-type: none"> • Measures enabling search/change of privacy information and cancellation of membership • Inquiries by phone or e-mail • Observance of the information usage period • Response to request for revocation of consent

1) SSL: A 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 proactively evaluate and mitigate risk factors, and make improvements to the adequacy of our privacy protection measures, which enables us to launch products and services with reinforced privacy protection features.
- 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.

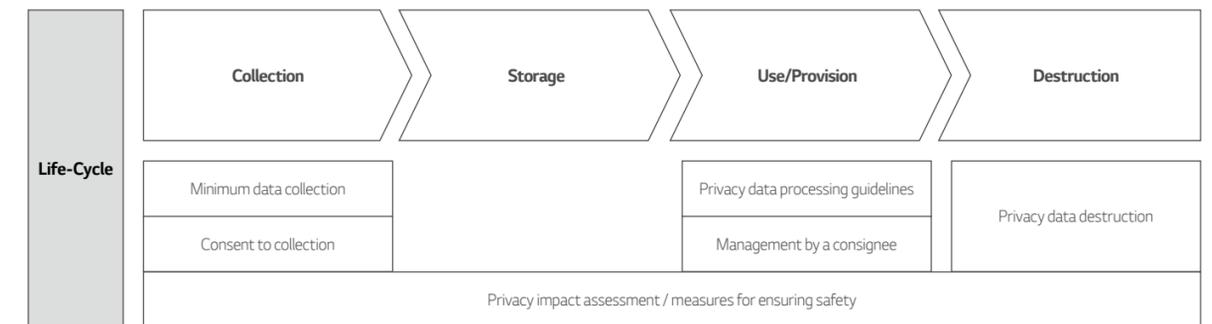


Integrated Information Security Management System

- 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 domestic and international certifications for our privacy information protection system, thereby certifying the security of data protection.

Framework for Privacy Protection Assessment

Management System	Policy	Company-wide Regulations on Information Security	Diagnostics/Audit/Certification	GSI ²⁾	TSS ⁴⁾
		Privacy Protection Rules		Diagnostics	ISMS ⁵⁾
Organization		CPO ¹⁾	Training/promotion	Company-wide employee training	
		Dedicated privacy protection team		Collective training for suppliers	
Response to privacy data breaches			Protection of rights of data subjects		



Protective measures	SSL ⁶⁾	PC encryption	Database access control	Document shredder
		Database encryption	Server access control	
			Print-i	Complete erasure solution
			Privacy-i	
			WAS access control	
Integrated monitoring				

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	Domestic Certification
ISO 27001 ISO 27018 ISO 29100 ISO27701	ISMS

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Basic Principles of Product Security

- We monitor global security regulations in effect around the world, such as the EU Cybersecurity Act and UNR No.155, and continuously reflect them in our standard security requirements and guidelines in order to ensure that security is considered throughout the lifecycle of product development.
- We obtain the status of global local regulatory information through a unified collaboration system for security regulation response, and we conduct a preliminary inspection and response such that technical, administrative, and physical protection measures suited to the characteristics of our products can be applied.

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.
- We operate LGE ISAC (Information Security Analysis Center), an organization specializing in mock hacking, with a view to checking the vulnerabilities of our IoT products and our internal and external server systems.
- Security vulnerabilities in product software are reported externally and rewards for such reports are provided through the Bug Bounty system.
- We establish proactive and preemptive security incident prevention measures and improve product security by asking internal and external security experts to diagnose security vulnerabilities.

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

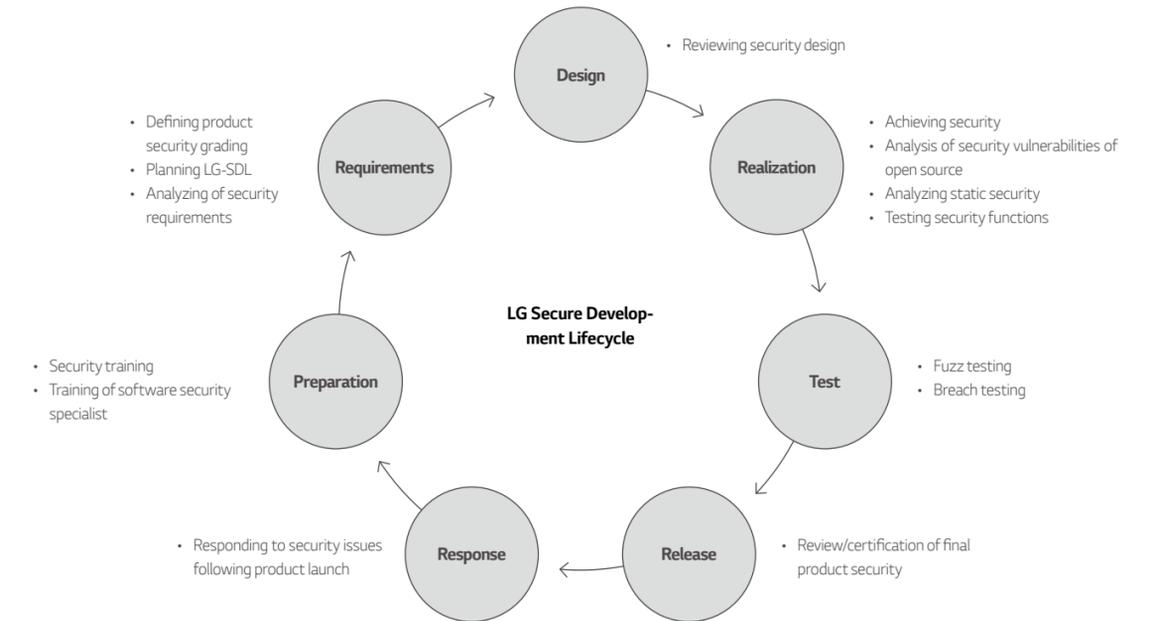


Reference standards	NIST Cybersecurity Framework ¹⁾	NIST 800-53 ²⁾
	ETSI EN 303 645 ³⁾	ISO/SAE 21434 ⁴⁾

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

LG Electronics Product Security Activity Standard: LG-SDL

- In 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. Thus, 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.
- LG-SDL evaluates the characteristics of each product and promotes differentiated security activities according to the degree of importance in terms of security designated to each product.
- Finally, after reviewing the results of LG-SDL activities before mass production and checking whether the related activities are being performed adequately and following related criteria, we issue a Product Security Certification (PSC).



Nurturing Software Security Specialist

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

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Employees

In pursuit of the "LG Way", which embodies our corporate philosophy and manner of conducting business, we strive to create value for customers and implement a management system based on respect for people. We make continuous and concerted efforts to improve our HR management system in order to ensure a fair evaluation system and compensation, while supporting our employees to develop their job capabilities and achieve personal growth through various programs. Additional efforts include promoting a healthy labor-management relationship through communication between employees and the company, as well as creating a corporate culture built on mutual trust and respect.

HR Management

Key Initiatives for 2021

Here at LGE, we encourage innovation in the way we work and throughout our systems in order to achieve sustainable growth even in new business environments. We operate a HR management and training system with a view to enabling every employee to be able to maximize their professional capabilities.

Evaluation and Compensation	We constantly enhance our HR system in order to facilitate creativity and strong business performance. We ensure objectivity and impartiality in employee evaluation by adopting a system of absolute evaluation in addition to a peer group evaluation system. At the same time, we use the 'Work Talk' system, a performance management tool, which encourages employees to voluntarily manage their job performance. In addition, we are strengthening our performance-based compensation system through ongoing incentives paid to employees who have achieved outstanding results.		
	Ensured objectivity of evaluation through the introduction of an absolute evaluation system	Active use of 'Work Talk', an ongoing evaluation system	Strengthened our performance-based compensation system
Types of Job Position	In 2017, with a view to promoting a horizontal, creative, and open corporate culture, we changed our job position system to a three-tier system centered on roles, capabilities, and performance. Through this simplification of our job grade system, we enhanced the speed, efficiency, and execution of work. In addition, we select and promote employees who have displayed an outstanding performance in order to foster a self-driven and challenge-oriented work environment.		
	A horizontal/creative culture built by simplifying the job position system	Created a self-led and self-driven work environment through promotion by selection	
Talent Development	In order to foster business leaders and key talents who will lead our company in the future, we continue to strengthen activities aimed at securing strategic business fundamentals and early capability building. We focus on discovering and rotating talented employees with a view to supporting our new growth projects while enhancing training tailored to individual and organizational needs, which is necessary to fulfill varying roles.		
	Strengthened the development of key talents	Enhanced personalized training	
Work-Life Balance	In order to create a corporate culture that values a healthy work-life balance, we are in the process of stabilizing a 'flexible work system' consisting of a 40-hour work week and increased productivity. We also strive to enhance efficiency by making fundamental changes to the way we work. In addition, we have developed and are operating a 'voice mail and consultation system' aimed at promoting the prompt handling of work, while also enhancing employees' focus at work and encouraging a creative and autonomous culture by improving 'meeting/reporting culture' and introducing 'casual attire' policies. Furthermore, we help our employees achieve a healthy work-life balance by operating 'LG Daycare Centers' and implementing policies such as parental leave, shortened working hours, and non-paid leave during pregnancy in order to lessen the burden of pregnancy, childbirth, and childcare for our employees.		
	Improved meeting/reporting culture	Implemented casual attire policy	Implemented the 'Refresh' system to encourage employees to take vacations
		Managed working hours through a flexible work system	

Respect for Diversity

- All of our employees and partners have the right to pursue happiness about 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 other disadvantages on account of gender, race, education, religion, etc.

LGE Global Labor Policy

Respect for Humans: Personal Treatment	Compliance with Working Hours	Prohibition of Forced Labor	Improvement of Wage and Welfare System
Prohibition of Child Labor	Freedom of Association	No Discrimination	Compliance with Labor Laws and Regulations

Labor-Management Relations

- We have established our own concept of 'labor-management relations', creating common value based on mutual trust and respect.
- We established various channels for labor and management to engage in joint discussions on major labor issues.
- The duty of fair representation is faithfully adhered to for the multiple labor unions.
- Major changes to business operations are discussed in depth by labor and management as soon as they take place.
- Regular discussions of issues and non-dispute negotiations regarding wages and collective bargaining prevent the occurrence of lost opportunities due to labor-management disputes, and lay the foundation for utilizing all workforce capabilities in a drive toward growth.

Labor-Management Relations at Business Sites (Korea)

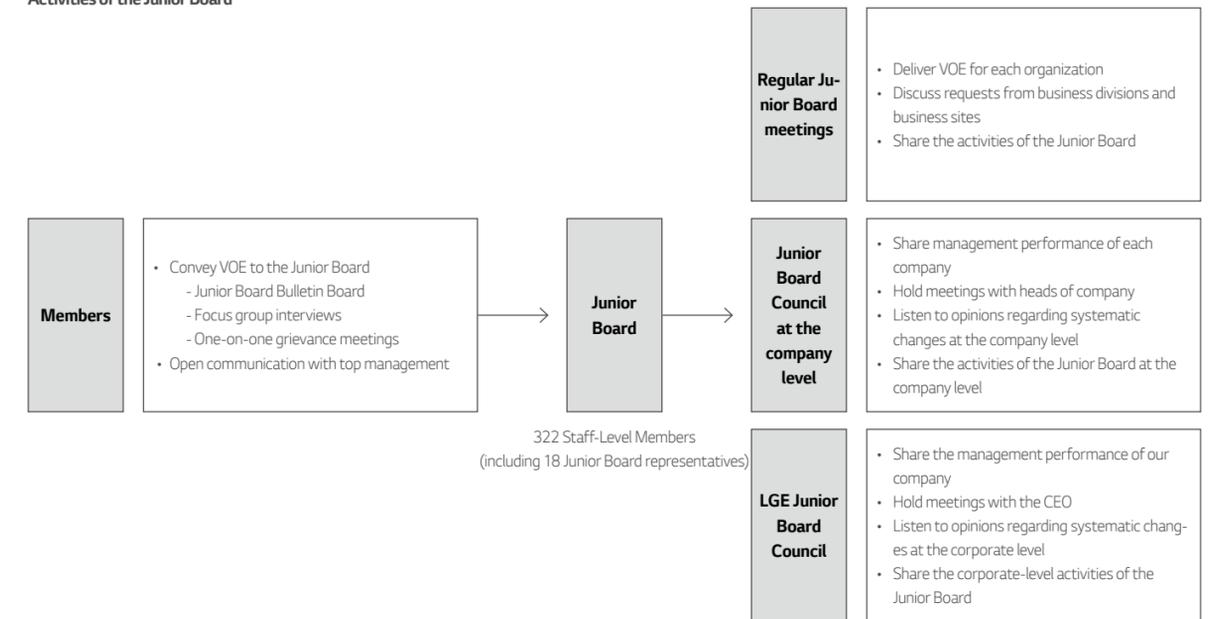
(As of January 2021)

Members of Labor Union	Dispute-Free Period Agreed by Labor and Management for Wage Negotiations and Collective Bargaining
10,034 persons (28% of all employees)	32 years

Junior Board

- Junior Board is an organization that represents staff-level administrative workers and aims to enhance communication between management and employees.
- Through joint meetings with management, the Junior Board conveys the VOE (Voice of Employees) and discusses relevant agenda items.
- At meetings, the Junior Board members share best practice cases of organizational culture in addition to promoting a sound organizational culture throughout the company.
- The Junior Board carries out various social contribution activities, such as promoting donations for charitable causes and volunteering using our products.

Activities of the Junior Board



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Principles of Organizational Culture

- At LGE, we carry out a wide variety of activities aimed at creating an organizational culture centered on the belief that the happiness of employees creates a sustainable growth for the company.
- The fundamental direction and goal of our organizational culture is to become a company that promotes the happiness of our employees through the establishment of a culture that all of our employees can be proud of and in which individuals can grow, employees can enjoy their work at the company, and where values and diversity are respected.
- Going forward, we plan to create a sustainable organizational culture through a virtuous cycle in which the happiness of our employees leads to 'creating value for customers', which is the foundation of the LG Way.



Establishing an Organizational Culture which Centers the Perspective of Customers

- Through the creation of customer value, we focus our energy and efforts on the LG Way in order to become the No.1 company in the market.
- The fundamental competitiveness and long-term goals of our business are based on creating a company that is truly loved by customers on account of the realization of customer value through various innovations.
- We create customer-centered systems and standards by directly conveying and reflecting the customer-centered notion that the voice of the customer is the 'last gift' given to us by our customers in our work processes through employee meetings and visits to production lines.
- We reward customers and employees who have contributed to innovatively enhancing customer value by operating the 'Customer Value Award' and the 'LG Electronics People Award'.

Facilitate Interactive Communication and Make New Changes

Active Management-Employee Communication

- We internalize our goals and management strategies into the work of each of our employees through active communication between top management and employees, and we continuously listen to opinions from various groups.
- We hold the 'CEO Talk' program in which the CEO freely communicates with employees about the direction of changes in business, leadership, and culture, while listening to new ideas and encouraging our employees.
- The CFO shares our quarterly performance with employees through the 'Management Story with Employees' program, and carries out activities aimed at increasing our employees' general understanding of management through Q&A sessions.
- By continuously strengthening communication between top management and employees, we continue to strive to establish a horizontal hierarchy in which diverse opinions and suggestions can flow freely, regardless of position within the company.

Heart-to-Heart Communication with the MZ Generation

- We operate a shadow committee that reflects the opinions of the MZ (millennial-Z) generation, which has rapidly emerged as a new consumer group.
- We encourage the growth of younger employees by promoting customer value-oriented decision-making and offering them the opportunity to participate in decision-making processes.
- When brainstorming ideas generally and when generating ideas through product planning and design groups, we listen to the opinions of MZ generation employees and reflect them in our products and services.
- The activities of the shadow committee have been favorably evaluated. These evaluations found that the shadow committee induces interest from our employees in areas they had not previously considered and expands their perspective in terms of products.

Strengthening Online Communication Channels

- Due to COVID-19, real-time online communication activities using video conferencing systems, live studio, and open chat rooms are thriving.
- We conducted online communication activities such as a LAN meeting with the head of H&A company, a Heart-to-Heart Talk at our Korea Sales Headquarters, a CTO All-Hands Meeting, and an Open Community program for each company.
- Our online communication activities and programs received a positive response, with many employees citing that communicating online allowed for more open and honest conversations. Accordingly, we plan on further expanding the use of online communication activities going forward.

LG IdeaPot, a Crowdsourcing Platform for Employee Ideas

- LG IdeaPot is a crowdsourcing platform through which all employees, both domestic and overseas, are welcome to suggest ideas regarding solving various technical difficulties and developing new products and services that reflect customer value.
- The LG IdeaPot is in constant operation in the form of idea contests (Challenge) on specific topics, and suggestions of ideas (Idea Box) for products and services.
- In actual fact, the LG IdeaPot is being used as a place to gather the collective intelligence of employees in order to develop innovative products and services through idea contests like the LG Gram laptop idea contest, the wireless earphone idea contest, and the COVID-19 products and services idea contest.

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

- LGE Adventure (LGE+VENTURE) is our in-house venture fostering system that aims to tap into the diverse ideas of employees as a resource for new growth engines, and to promote an organizational culture committed to initiatives.
- Since September 2020, ideas for new future business, products, and services have been gathered through the LG IdeaPot platform, and through document screening and interviews, five teams were selected from a total of 256 ideas. Two final in-house venture teams were then selected through an employee vote and online pitches.
- We supported the two selected teams by providing them with external office space, flexible work schedules, subsidies for project implementation, and 'accelerators' aimed at accelerating growth, and we allowed them to focus on project development for one year.
- Following this process, if a project is deemed to have business potential and if the in-house venture team agrees with it, the team will be given the opportunity to proceed with commercialization within our company or to go independent as a start-up.
- We intend to continue our efforts to establish a positive and creative organizational culture by promoting innovation and encouraging our employees to come up with fresh initiatives through LGE Adventure.

Continuous Innovation in the Way We Work: a Work Culture Centered on Autonomy, Self-Leadership, and Performance through Remote Work

- Since the beginning of the COVID-19 outbreak in March 2020, we have prioritized the safety of our employees and implemented a system of remote work that enables employees to safely work without worries. Moreover, we have continued to coordinate remote work in line with the government's social distancing levels.
- In particular, we continue to provide our employees with necessary information, such as 'LG's Smart Remote Work' guide, and training entitled 'Remote Work – How to Successfully Manage an Organization'. The provision of this information and training facilitates the ability of employees to clearly recognize and fulfill the purpose of remote work.
- We are continuing to strengthen our 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.
 - Through the establishment of video conferencing (Webex, ZOOM, G-Screen) and collaboration tools (Collab, WorkTalk), all types of work can be conducted without physical contact.
- The results of our internal surveys suggested that the implementation of remote work is bringing positive changes to the handling of meetings (64%), work dinner (57%), and reporting (54%), and about 63% of respondents said that we should continue to implement a system of remote work as a new way of working.
- Through remote work, we are creating opportunities to move away from conventional ways of working with a view to 'maximizing employee autonomy and self-leadership' and establishing 'a truly performance-oriented work style'. In addition, even when the COVID-19 comes to an end, we will continue to improve and implement our system of remote work in order to continue to change the way we work and enhance productivity.

Happy Employees and an Enjoyable Workplace

Care Programs for Various Stages of the Employee Lifecycle

- We operate care programs tailored to different job positions and age groups in order to enhance job satisfaction and increase happiness in the workplace
- We provide gifts of congratulations and encouragement and messages from senior management to employees who have children entering elementary school or taking college entrance exams

Care Programs and Other Contactless Programs for Business Travelers in times of COVID-19

- Although business trips are limited due to the COVID-19, we provide a special care program for employees who have to travel for unavoidable work.
- We provide individual counseling before business trips and supply our employees who must travel and their families with red ginseng, masks, hand sanitizer, first-aid kits, and thermometers in order to prevent infection and protect their health.
- For individuals returning from business trips, we provide a gift card for dining, a Korean beef set, and a daily necessities set so that employees can enjoy a meal at home with their families. Furthermore, our healing program enables business travelers to enjoy some downtime with their families.
- We run contactless care programs that are specifically tailored to the environment created by the COVID-19 pandemic.
- We provide meal kits to our employees to enable them to easily cook and eat healthy food with their families.
- We provide various counseling programs ('a day to face stress', 'a day for healing with aromatherapy') and programs aimed at helping employees manage stress and their emotions ('making candles at home', 'remote volunteer activities', 'a class for handling uncomfortable emotions') with a view to improving the mental health of employees and their families in the era of the 'Corona Blues.'

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Directions of Talent Cultivation

- In order to achieve continued business success and create future growth engines, we aim to provide optimal learning solutions and nurture future leaders who are creative and capable of embracing challenges.
- Accordingly, we are making concerted efforts to foster future business leaders and key talents, establish digital assessment systems, achieve transformation in Learning & Development (L&D), strengthen our global business and Digital Transformation (DX) capabilities, and strengthen our system of autonomous on-site learning.
- Creation of Digital Evaluation Center in 2020, Creation of Design Thinking Center in 2021

Cultivation of Future Business Leaders and Key Talents

- In order to develop future business leaders that can take us forward within the next 10 to 15 years, we identify young and talented employees who display great entrepreneurial potential and, for a specified period, we support their growth based on 'Individual GROW map' (each individual's roadmap to growth) with a focus on experience, exposure, and education.
- To ensure the systematic and continued growth of key talents, we provide a track-specific training system. Additionally, we operate a development center aimed at assessing the qualities necessary for becoming a leader in a digital business environment.

Introducing our Design Thinking Program and Providing Creative Spaces

- In order to select core positions and foster future talents, we operate an Assessment Center that scientifically identifies individual competencies and inner characteristics. Through our Virtual Assessment, we are able to remotely identify competencies of employees in both real-time and non-real-time.
- We introduced and are currently operating design thinking workshops and consulting programs with a view to creating future sustainable business models and services by newly identifying problems based on user empathy in order to continue to innovate business in the digital era, and by realizing ideas using cutting-edge technologies.
- In addition to the introduction of these programs, we established, outside of the existing office, a space for Innovation Design Thinking Center that will lead to a change in thinking based on diversity, empathy, and agility. Moreover, we continue to support the internalization of customer-centered working methods by cultivating in-house facilitators who display a high understanding of products.

Boosting Global Business Capabilities

- We support diverse cultivation activities by responding to changes in the overseas business environment in a timely manner and establishing a locally-driven and headquarters-led support process. We provide contents from internal experts and leading companies in the relevant fields in a timely manner so as to systematically secure and reinforce our ability to implement our business strategies.
- In addition, we built a global learning platform that enables data-based personalized learning, networking between learners, and meta-learning.

Ensuring Digital Transformation Capabilities

- In order to cultivate R&D DX experts, we implemented industry-academia programs and practical projects aimed at strengthening the understanding and application of the latest technology trends. Through the introduction of a certification process based on the Expert Certification Committees (with the participation of internal/external experts), we are making concerted efforts to strengthen our company-wide DX capabilities.
- For non-R&D, we established and are operating the 'DX Competency Enhancement Package', which covers the whole spectrum from basic DX knowledge to training linkage at the level of R&D experts, in order to ensure the technical competence of the personnel performing DX tasks in the field in accordance with business needs.
- In addition, our DX Insight Seminar/Literacy Improvement Program is in progress for leaders (organization managers/executives) who are responsible for taking the lead on implementing changes.

Regular On-Site Learning

- We operate a variety of regular learning systems that enable employees to partake in prior learning and/or repetitive learning at any place and any time to enable them to acquire the competencies required in their field of work.
- A platform-based learning system is being operated with a view to providing digital learning material in modules classified by competency or level. In-house experts in leadership and technology are the main players in actively leading online/offline lectures and coaching activities aimed at enhancing the capabilities of our employees.

Suppliers' Consortium for National Human Resource Development (Korea)

- Since 2006, through the Consortium for National Human Resource Development, we have been conducting educational support activities for our suppliers in order to encourage social contribution and shared growth.
- We conduct a variety of training programs aimed at improving the leadership and job skills of the employees of our suppliers. Our employees visit suppliers in order to support their efforts to increase work productivity by introducing robotic process automation (RPA), and in order to practice Win-Win Growth cooperation.

**Selected 11 times as an excellent training organization
(by Ministry of Employment and Labor)**

Supporting suppliers' training design	Implementing leadership/job skill training
790 committed suppliers	Approx 1,800 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	
MVP ¹⁾ -V	New 'Shil' Leader/ Division Leader	Design	My LG, My Life	Global Biz. Leader		Global CEO Conference
MVP-IV		Product Planning				
		R&D				
MVP-III	Team Leader Enhancement	SW	Design Happiness (50s)	Manager Enhance- ment	Global Core Talent	EndP ²⁾
		Procurement				
		Materials				
		Quality				
		SCM				
MVP-II	First-Time Team Leader	Manufacturing	Dream Happiness (30s)	New Manager		New Business Leaders
		Marketing				
		B2B				
MVP-I	Product/Part Leader	Customer Service	Self-Reflection (from fourth-year employees)	New Employee		New Division Leaders
		Finance				
Entry-level employee		HR	Self-Development (from second-year employees)	Global New Hire Onboarding		Entrepreneur Candidates
Marketing/Sales						MBA
Production/Quality/SCM						
Business Management (Finance/HR)						Expatriate Employee Candidates
GLP ³⁾						EIP ⁴⁾

1) MVP: My Vision Planning
 2) EndP: Entrepreneurship Development Program
 3) GLP: Global Leadership Pool
 4) EIP: Early Identified Pool

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LG Electronics continues to communicate with stakeholders through transparent disclosure of ESG management activities and performance, including external evaluation results and performance in each field of environment, society and governance.

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Business Status

FINANCIAL PERFORMANCE AND DISTRIBUTION

Net Sales (as of 2020)

52,827 USD million

Economic Value Distributed (Korea) (as of 2020)

27,641 USD million

Financial Performance (Consolidated)

Classification	Unit	2018	2019	2020
Net sales		51,962.5	52,779.5	52,826.8
Cost of sales		39,187.3	39,788.7	39,767.1
Gross profit		12,775.1	12,990.8	13,822.0
Selling and marketing expenses		10,485.2	10,927.1	11,115.6
Operating income		2,290.0	2,063.6	2,706.5
Financial income	USD million	412.9	361.0	557.5
Financial expenses		674.8	604.8	983.0
Other non-operating income		1,060.2	1,165.6	2,195.6
Other non-operating expenses		1,321.5	1,646.4	2,413.6
Profit (loss) before income tax		1,701.5	447.8	2,080.1
Income tax expense		453.9	295.4	332.0
Profit (loss) for the year		1,247.6	152.4	1,748.2

Economic Value Generated Distributed and Retained (Separated)

Classification	Unit	2018	2019	2020
Sales		25,397.7	24,273.2	24,087.5
Non-operating income and financial profits		(356)	(275.4)	462
Economic value generated		25,041.8	23,997.8	24,549.5
Operating expenses		25,021.2	24,132.6	23,454.7
Wages & Fringe benefit expenses	USD million	3,297.1	3,741	3,754
Capital costs		319.9	325.8	390.8
Taxes & Dues		16.1	31.5	33
Donations		6.4	12.4	7.9
Economic value distributed		28,660.7	28,328	27,640.5
Economic value retained		(3,618.8)	(4,245.5)	(3,091)

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ECONOMIC DATA

Summary of Consolidated Statements of Income

Classification	Unit	17th year (2018)	18th year (2019)	19th year (2020)
1. Net sales		51,962.5	52,779.5	53,589.1
2. Cost of sales		39,187.3	39,788.7	39,767.1
3. Gross profit		12,775.1	12,990.8	13,822.0
4. Selling and marketing expenses		10,485.2	10,927.1	11,115.6
5. Operating income		2,290.0	2,063.6	2,706.5
6. Financial income		412.9	361.0	557.5
7. Financial expenses	USD million	674.8	604.8	945.3
8. Gain (loss) from equity method		(65.4)	(891.2)	(20.5)
9. Other non-operating income (expenses)		(261.2)	(480.9)	(217.9)
10. Profit (loss) before income tax		1,701.5	447.8	2,080.1
11. Income tax expense		453.9	295.4	332.0
12. Profit (loss) for the year		1,247.6	152.4	1,748.2

Summary of Consolidated Statements of Financial position

Classification	Unit	17th year (2018)	18th year (2019)	19th year (2020)
I. Current Assets		16,402.3	16,733.2	19,686.1
Trade receivables		5,397.4	5,387.8	6,060.9
Inventories		5,100.7	4,966.9	6,308.5
Other current assets		2,114.8	2,331.6	2,321.9
II. Non-current assets		21,148.3	21,267.6	21,147.6
Investments in jointly controlled entities and associates	USD million	4,690.9	3,849.6	3,787.9
Tangible assets		11,295.2	12,286.5	11,837.4
Intangible assets		2,542.3	2,280.4	2,659.1
Other non-current assets		2,540.1	2,849.8	2,863.0
Total assets		37,550.6	38,000.7	40,833.7
I. Current liabilities		14,515.1	14,958.0	17,117.7
II. Non-current liabilities	USD million	9,221.9	9,129.0	8,856.1
Total liabilities		23,737.0	24,087.0	25,973.8
I. Paid-in capital		3,381.9	3,381.9	3,381.9
Capital stock		766.0	765.9	765.9
Share premium		2,616.0	2,616.0	2,616.0
II. Retained earnings		10,229.1	10,044.3	11,565.3
III. Accumulated other comprehensive loss	USD million	(1,359.3)	(1,109.5)	(1,692.4)
IV. Other components of equity		(177.7)	(177.7)	(177.7)
V. Non-controlling interest		1,739.6	1,774.8	1,782.8
Total equity		13,813.6	13,913.8	14,859.9
Total liabilities and equity	USD million	37,550.6	38,000.8	40,833.7

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ECONOMIC DATA

Financial Assistance Received from Government (Korea)

Classification	Unit	2018	2019	2020
Tax relief and tax credits		27	129	806
Investment grants, R&D grants, and other relevant types of grant	USD million	7,399	6,311	5,807

Defined Benefit Plan Obligations and Other Retirement Plants (Korea)

Classification	Unit	2018	2019	2020
Expected amount	USD million	2,021	2,196	2,446
Expected ratio	%	97	96	99.8
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	1,956	2,100	2,440
Percentage of salary contributed by employee or employer	%	100	100	100

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

Classification	Unit	2018	2019	2020
New Male Employee	Office Position	181	169	166
	Technical Position	117	103	106
New Female Employee	Office Position	181	169	166
	Technical Position	117	103	106

Amount of Direct Purchase from Local Suppliers

Classification	Unit	2020
Korea		9.6
Asia		6.3
China		4.2
Americas	USD billion	3.9
Europe, CIS		1.7
MEA		0.1

Percentage of Direct Purchases by Classification

Classification	Unit	2020
Display Components		28.1
Mechanical Parts		30.2
Circuits	%	20.3
Semi-Conductors		11.6
Raw Materials		6.6
Others		3.2

Amount of Local Purchases by Key Subsidiaries by Product

Classification	Unit	Total Purchase of 2020	Local Purchase of 2020
Korea		10.9	7.5
Nanjing, China	Monitor	1.2	0.7
Taizhou, China	Refrigerator	0.7	0.6
Nanjing, China	Washing Machine	0.5	0.5
Hai Phong, Vietnam	Washing Machine	2.0	0.7
Cibitung, Indonesia	TV	0.7	0.3
Reynosa, Mexico	TV	1.9	0
Mexicali, Mexico	TV	0.6	0.1
Mlawa, Poland	TV	2.0	0.7

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ENVIRONMENTAL DATA

Energy Consumption within the Organization

Classification	Unit	2018	2019	2020	
Non-renewable sources	LNG (Korea)	1,243	827	879	
	LNG (Overseas)	538	772	741	
	Coal (Korea)	0	0	0	
	Coal (Overseas)	TJ	0	0	0
	Others (Korea)	117	72	74	
	Others (Overseas)	441	534	658	
Subtotal		2,339	2,205	2,352	
Renewable Energy	Solar power	0.7	5.4	5.5	
	Wind power	0	0	0	
	Biomass	TJ	0	0	
	Others	16.7	62	79	
	Subtotal	17.5	67.4	84.5	
Energy purchased	Electricity (Korea)	3,902	2,946	3,239	
	Electricity (Overseas)	TJ	2,315	2,664	
	Steam (Korea)	450	395	394	
	Steam (Overseas)	35	6	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)
 * Applicable energy usage: Combustion facilities in business sites, and external electricity and heat usage
 * Energy consumption was calculated based on the net caloric value steam includes the consumption of steam recovered from waste heat generated at our locations in Korea
 * Verification status: Third-party assurance was completed on all Korean and overseas production sites (verification of fugitive emissions from refrigeration is excluded)
 * Disclosing correction of confirmed 2019 overseas data in 2021 due to delay in verification

GHG Emissions (Scope 1, 2)

Classification	Unit	2018	2019	2020
Direct GHG emissions (Scope1)	Korea	650	466	294
	Overseas	135	137	146
Indirect GHG emissions (Scope2)	Korea	1,000 tCO ₂ eq	385	382
	Overseas	461	481	472
Total (Scope1 + Scope2)		1,637	1,469	1,294
GHG emissions intensity (Unit: USD)		1,000 tCO₂eq / USD 100 million	2.50	2.42

* 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
 * Disclosing corrections of the original unit due to data revisions in third-party overseas emission verification process in 2019

GHG Emissions (Scope 3)

Classification	Unit	2018	2019	2020
Other indirect GHG emissions (Scope3)	Business trip	60,853	58,337	20,692
	Use of sold products	tCO ₂ eq	36,185,980	33,290,000
	Internal suppliers (Korea)	6,319	9,137	5,067

* 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

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Air Emissions

Classification	Unit	2018	2019	2020
NOx (Nitrogen Oxide)	Korea	20.9	29.7	37.2
	Overseas	ton	34.5	58.5
	Total	55.4	88.1	59.0
SOx (Sulfur Oxides)	Korea	5.8	0.2	0
	Overseas	ton	32.5	12.8
	Total	38.3	13.0	3.4
VOCs (Volatile Organic Compounds)	Korea	18.0	8.9	265.5
	Overseas	ton	3.7	106.5
	Total	21.7	115.4	452.5
Dust	Korea	7.5	7.6	11.0
	Overseas	ton	57.9	61.9
	Total	65.4	69.5	46.0

Waste by Type and Disposal Method

Classification	Unit	2018	2019	2020
Total weight of hazardous waste (Korea)	Recycling	1,060	1,102	2,870
	Incineration	ton	927	633
	Landfill	66	853	-
Total weight according to treatment methods (non-hazardous)	Korea	40,919	41,406	52,906
	Overseas	ton	91,489	103,410
	Total	131,908	144,816	195,333
Total weight according to treatment methods (non-hazardous)	Korea	8,160	7,197	6,776
	Overseas	ton	2,437	1,436
	Total	10,597	8,633	13,972
Total	Korea	400	202	174
	Overseas	ton	31,312	11,833
	Total	31,712	12,035	8,546
Total	Korea	48,979	48,805	59,856
	Overseas	ton	125,238	116,679
	Total	174,217	165,484	217,851

* All the wastes generated from the business sites of LG Electronics are treated by a local certified waste treatment service provider
 * Starting from 2019-2020 report, it additionally states that the total amount of waste discharged by the disposal method is general waste

Significant Spills

Classification	Unit	2018	2019	2020
Number of Spills	Cases	0	0	0
Volume of Spills	Ton	0	0	0

Non-compliance with Environmental Laws and Regulations

Classification	Unit	2018	2019	2020
Total monetary value of significant fines	USD	0	10,928	0
Total number of non-monetary sanctions	Cases	0	0	0

* Summary of violations of regulations subject to fines over KRW 10 million (about USD 8,471, in accordance with the annual report)

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Water Withdrawal by Source

Classification	Unit	2018	2019	2020
Surface water		N/A	N/A	N/A
Ground water		1,433	1,162	1,091
Water reused in the workplace		223	207	198
Municipal water supplies or other public or private water	1,000 Tons	10,850	11,031	11,553
- Municipal water		4,487	4,635	6,554
- Industrial water		6,363	6,396	4,999
Total		12,506	12,400	12,842

* 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	2018	2019	2020
Water reused		223	175	541
Internal Treatment Facility	1,000 Tons	6,256	4,978	4,863
External Treatment Facility & Others		10.6	8.7	11.0

* 2019 Internal treatment facility: Unit error in Science Park data
* 2019 External treatment facility: Gumi A1 data calculated in duplicate
* 2018 External treatment facility & others: disclosed correction due to unit error

Water Pollutants Emissions

Classification	Unit	2018	2019	2020
Water drainage (Limited to treatment facilities at the company)	Korea	5,437,589	4,978,806	4,794,068
	Overseas	818,768	1,640,443	1,841,194
	Total	6,256,357	6,619,250	6,635,262
COD	Korea	48.9	44.8	32.0
	Overseas	141.0	444.0	265.0
	Total	189.9	488.8	297.0
SS	Korea	24.6	26.4	21.0
	Overseas	59.0	51.0	46.0
	Total	83.6	77.4	67.0
Wastewater quality	Korea	141.7	116.2	82.0
	T-N	2.9	9.3	11.9
	Total	144.6	125.5	93.9
T-P	Korea	1.3	2.1	1.0
	Overseas	0.8	3.1	3.9
	Total	2.1	5.2	4.9

* Correction of overseas data on wastewater emissions in 2019: Correction of data on business sites in Tennessee and Taizhou
* 2019 Wastewater quality overseas data correction
- COD: Taubate data calculation error
- SS/T-N/T-P: Disclosing correction of production volume (increased data which was not reflected) in Tianjin, Tennessee production sites

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The Number of Employees by Region

Classification	Unit	2018	2019	2020
Korea		37,700	40,110	39,745
China		7,671	6,588	6,060
Asia		6,059	6,702	8,219
CIS		1,638	1,475	1,507
North America		3,052	3,370	3,350
Europe	Employees	4,483	4,286	4,488
India		4,317	4,230	4,431
Japan		266	259	268
Central and South America		6,135	5,727	6,550
Middle East & Africa		1,291	1,224	1,270
Total		72,612	73,971	75,888

Total Number of Employees by Employment Contract

Classification	Unit	2018	2019	2020	
The number of employees by employment contract and gender	Permanent	Male	56,657	58,682	59,106
		Female	15,047	14,420	14,864
	temporary	Male	515	569	1,544
		Female	393	302	374

New Employee Hires and Employee Turnover

Classification	Unit	2018	2019	2020
Number of newly hired employees by age group	Below 30	5,506	5,722	7,869
	30-50	3,927	6,444	3,210
	Over 50	358	786	371
Ratio of newly hired employees by age group	Below 30	56.2	44.2	68.7
	30-50	40.1	49.8	28.0
	Over 50	3.7	6.1	3.3
Total number of newly hired employees by gender	Male	7,017	10,124	8,709
	Female	2,774	2,828	2,741
Ratio of newly hired employees by gender	Male	71.7	78.2	76.1
	Female	28.3	21.8	23.9
Number of employees who turnover by age group	Below 30	4,827	4,401	4,468
	30-50	5,691	6,234	3,884
	Over 50	538	981	1,134
Turnover ratio of employees who turnover by age group	Below 30	43.7	37.9	47.1
	30-50	51.5	53.7	40.9
	Over 50	4.9	8.4	12.0
Number of employees who turnover by gender	Male	7,806	7,984	7,254
	Female	3,250	3,632	2,232
Ratio of employees who turnover by gender	Male	70.6	68.7	76.5
	Female	29.4	31.3	23.5

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Total Number and Percentage of Voluntary Resignation (Korea)

Classification	Unit	2018	2019	2020
Below 30	Employees (%)	206 (6.3)	225 (7.5)	191 (8.3)
30-50		818 (3.4)	750 (3.1)	627 (2.6)
Over 50		17 (1.0)	20 (1.0)	15 (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	2018	2019	2020
Gender ratio of the BOD	Male	100	100	100
	Female	0	0	0 ¹⁾
Number of employees by gender	Male	57,172	59,251	60,652
	Female	15,440	14,722	15,238
Number of employees by age	Below 30	12,161	11,142	14,521
	30-50	54,310	55,858	52,322
	Over 50	6,141	6,971	9,047

1) Appointed one female independent director in 2021

Workers with Disabilities

Classification	Unit	2018	2019	2020
Number of disabled workers in Hanuri ¹⁾	Employees	212	219	221
Number of disabled workers	Mild	345	393	375
	Severe	53	57	56
	Total	398	450	431
Employment rate	%	2.16	2.2	2.19

1) 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

Parental Leave (Korea)

Classification	Unit	2018	2019	2020
Total number of employees who took parental leave	Male	194	224	280
	Female	491	383	338
Total number of employees who came back to work after parental leave	Male	142	180	206
	Female	414	410	319
Ratio of employees who came back to work after parental leave	Male	73.2	92.8	92.0
	Female	84.3	83.5	82.5
Total number of employees that returned to work after parental ended that were still employed 12 months after their return to	Male	59	121	146
	Female	307	310	316
Ratio of employees that returned to work after parental ended that were still employed 12 months after their return to	Male	30.4	62.4	65.2
	Female	62.5	63.1	82.5

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Average Hours of Employee Training

Classification	Unit	2018	2019	2020
Korea	Female	65.0	63.7	48.1
	Male	70.2	62.5	47.4
Overseas	Female	15.4	16.3	12.7
	Male	15.3	15.6	13.3
Total	Female	33.4	33.0	24.9
	Male	46.1	42.9	32.7

Average Hours of Training by Age

Classification	Unit	2018	2019	2020	
Korea	26-30	138.6	133.1	113.1	
	31-35	83.2	79.0	67.4	
	36-40	69.3	65.1	55.6	
	41-45	66.3	64.3	52.7	
	46-50	54.2	52.6	45.2	
	51-55	45.2	42.5	36.5	
	56-60	35.3	32.8	28.6	
	Other	150.3	147.3	135.5	
	Overseas	26-30	21.3	21.7	20.3
		31-35	22.1	22.6	20.4
36-40		21.8	22.3	21.4	
41-45		20.2	20.6	19.2	
46-50		20.2	19.0	16.5	
51-55		18.1	17.0	14.5	
56-60		16.1	15.2	13.2	
Other		23.2	20.1	18.2	
Total		26-30	77.2	76.7	59.7
		31-35	58.9	56.9	48.1
	36-40	50.1	46.9	40.8	
	41-45	52.7	50.7	41.6	
	46-50	43.5	42.3	36.4	
	51-55	35.2	32.9	28.7	
	56-60	27.2	25.7	21.8	
	Other	54.1	48.4	34.0	

Average Hours of Training by Program (Offline)

Classification	Unit	2018	2019	2020
Korea	Leadership	33.0	16.7	33.2
	Job Duty	20.6	17.7	18.1
	Other	5.2	29.9	22.4
Overseas	Leadership	12.9	10.5	2.5
	Job Duty	20.8	22.6	5.0
	Other	7.0	8.3	8.4
Total	Leadership	45.9	14.9	23.3
	Job Duty	41.4	17.7	18.1
	Other	12.2	14.1	12.8

Average Hours of Training by Job Type

Classification	Unit	2018	2019	2020
Korea	Office	78.4	68.6	56.5
	Technical	12.2	28.5	19.7
Overseas	Office	21.9	23.9	20.8
	Technical	5.2	3.1	1.7
Total	Office	55.2	50.4	41.3
	Technical	7.7	13.7	9.5

Average Hours of Training by Position

Classification	Unit	2018	2019	2020
Korea	P3	67.6	64.7	55.7
	P2	76.8	68.5	58.4
	P1	181.0	148.0	84.1
	Other	52.0	56.4	43.2
	G4	20.1	17.7	14.6
Overseas	G3	22.5	24.1	21.3
	G2	22.8	23.8	21.9
	G1	20.0	27.3	22.3
	Other	16.1	15.2	15.4
	P3	67.6	64.7	55.7
Total	P2	76.8	68.5	58.4
	P1	181.0	148.0	84.1
	G4	52.0	17.7	14.6
	G3	22.5	24.1	21.3
	G2	20.8	23.8	21.9
Total	G1	16.0	27.3	22.3
	Other	34.5	33.6	25.9

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

Average Hours of Training by Program (Online)

Classification	Unit	2018	2019	2020
Korea	Leadership	3.0	3.9	3.9
	Job Duty	3.8	4.3	3.6
	Other	1.5	2.1	2.3
Overseas	Leadership	3.8	3.7	8.5
	Job Duty	2.4	1.1	1.1
	Other	0.9	1.5	1.4
Total	Leadership	3.4	3.9	4.5
	Job Duty	3.3	4.3	3.6
	Other	1.4	2.0	2.1

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Incidents of Violations Involving Rights of Indigenous People

Classification	Unit	2018	2019	2020
Incidents of violations involving rights of indigenous people	Cases	0	0	0

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

Classification	Unit	2018	2019	2020
Number of business sites	Sites	107	104	106
Ratio of business sites	%	99	100	100

Communication and Training about Anti-corruption Policies and Procedures

Classification	Unit	2018	2019	2020	
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		27,342 (92)	27,520 (92)	27,531 (94)
	Number and ratio of suppliers who received a notice or training	Suppliers (%)	1,684 (100)	1,665 (100)	1,416 (100)
Overseas	Number and ratio of members who received a notice or training	Employees (%)	15,807 (87)	17,004 (90)	18,043 (96)

Confirmed Incidents of Corruption and Actions Taken

Classification	Unit	2018	2019	2020
Number of Corruption Cases		0	0	0
Confirmed incidents in which employees were dismissed or disciplined for corruption	Cases	0	0	0
Confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption		0	0	0

Business Sites that have been Subject to Human Rights Impact Assessments

Classification	Unit	2018	2019	2020
The number of business sites where the company operates	Business sites	37	38	38
The number of businesses subject to the assessment of human rights impact		37	38	38
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	2018	2019	2020	
The number of hours of training on the Human Rights Policy and procedures related to the business	Hours	3,175	2,059.5	487.5	
The number of employees who received training on the Human Rights Policy and procedures related to the business	By position	1,519	909	433	
	By job type	Employees	480	151	0
	Online		492	176	433

* Training for each job type is purchasing university, marketing university, expatriate leadership, corporate head-training, etc. which was not implemented due to COVID-19 in 2020

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

Classification	Unit	2018	2019	2020
Security personnel trained in human rights policies or procedures	Employees (%)	475 (100)	475 (100)	472 (100)

Incidents of Discrimination and Corrective Actions Taken (Korea)

Classification	Unit	2018	2019	2020
The number of cases of discriminatory incidents	Cases	0	0	0

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

Classification	Unit	2018	2019	2020
Complaints received from outside parties and substantiated by the organization		0	0	0
Complaints from regulatory bodies	EA	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	2018	2019	2020
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	2018	2019	2020
Incidents of non-compliance with regulations resulting in a fine or penalty		1	0	0
Incidents of non-compliance with regulations resulting in a warning	Incidents	0	0	0
Incidents of non-compliance with voluntary codes		0	0	0

Non-compliance with Laws and Regulations in the Social and Economic Area

Classification	Unit	2018	2019	2020
Total monetary value of significant fine	USD	126,599	15,921	38,032
Total number of non-monetary sanctions	sanctions	0	0	0

* Summary of violations of regulations subjected to fines and penalties over USD 10,000 (Based on annual report), as of exchange rates at the end of each year

Impact Assessment of Local Community

Classification	Unit	2018	2019	2020
Ratio of business sites subject to social impact assessments (including gender impact assessments) based on participatory processes	%	None	None	None
Number of community development programs based on community needs		160	None	None
The number of countries which held stakeholder consultation on CSR		2	2	1
The number of local community consultation committees and processes that include vulnerable groups	EA	2	2	1
The number of representative bodies to deal with impacts		None	None	None
Ratio of formal local community grievance processes	%	None	None	None

* Held Accessibility Stakeholder Advisory meeting in 2020 related to accessibility

New Suppliers that were Screened Using Social Criteria (Korea)

Classification	Unit	2018	2019	2020
Percentage of new suppliers that were screened using social criteria	%	100	100	100

Percentage of Employees receiving Regular Performance and Career Development Reviews

Classification	Unit	2018	2019	2020
Male		100	100	100
Female		100	100	100
Office position	%	100	100	100
Technical position		100	100	100

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Local Personnel at Major Business Sites

Classification	Unit	2018	2019	2020
Number of local employees	Employees	6,858	6,908	7,744
Senior management		126	134	114
Ratio	%	1.8	1.9	1.5

* Senior employees: Personnel who have been assigned duties

Negative Social Impacts in the Supply Chain and Actions Taken

Classification	Unit	2018	2019	2020
Number of suppliers assessed for social impacts (Suppliers that have performed self-assessment by year)	Suppliers	1,684	1,665	1,416
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	2018	2019	2020
The number of suppliers	Suppliers	281	349	562
The number of participating employees	Employees	2,121	1,610	1,201

Amount of Funding for Suppliers (Korea)

Classification	Unit	2018	2019	2020	
Direct Funding	The number of funded suppliers	Suppliers	35	30	29
	The amount of fund	USD million	21	23	29
Win-win growth fund	The number of funded suppliers	Suppliers	127	174	122
	The amount of fund	USD million	89	97	92
Win-win payment	The number of funded suppliers	Suppliers	1,574	1,564	1,552
	The amount of fund	USD million	6,614	6,385	6,055

Safety Data

Classification	2018	2019	2020
LTIFR ¹⁾	0.65	0.75	0.67
OIFR ²⁾	0	0	0
Fatality (No. of case)	0	0	0
Lost-time Injuries (No. of case)	91	106	92
Total Hours Worked	140,129,484	141,987,149	138,173,948

1) 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.
2) OIFR: Occupational Injuries Frequency Rate (Number of occupational illness cases x 1,000,000)/(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 contracted occupational diseases for the period between 2018-2020.

* 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

SHEE-Quality Certification Status

As of June 2021

Region	Subsidiary	Country	Environmental Management	Health and Safety	Energy	Quality
North America	LGETN (Tennessee)	USA	-	-	-	-
	LGEUS (Huntsville)	USA	-	-	-	-
South, Central America	LGEMM (Monterrey)	Mexico	ISO 14001	ISO 45001	-	ISO 9001
	LGERS (Reynosa)	Mexico	ISO 14001	-	-	ISO 9001
	LGEMX (Mexicali)	Mexico	ISO 14001	-	ISO 50001	ISO 9001
	LGESP_M (Manaus)	Brazil	ISO 14001	-	-	ISO 9001
Europe-CIS	LGEMA (Mlawa)	Poland	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGWVR (Wroclaw)	Poland	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGERA (Ruza)	Russia	ISO 14001	ISO 45001	-	CIG-023 Certification
Central Asia	LGEEG (10th of Ramadan)	Egypt	ISO 14001	ISO 45001	-	ISO 9001
	LGESA (Johannesburg)	South Africa	-	-	-	ISO 9001
	LGESR (Riyadh)	Saudi Arabia	ISO 14001	ISO 45001	-	ISO 9001
India	LGAT (Istanbul)	Turkey	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGGEIL_N (Noida)	India	ISO 14001	ISO 45001	ISO 50001	ISO 9001
Southeast Asia	LGGEIL_P (Pune)	India	ISO 14001	ISO 45001	-	ISO 9001
	LGETH (Rayong)	Thailand	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGEVH (Haiphong)	Vietnam	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGECIN_C (Cibitung)	Indonesia	ISO 14001	ISO 45001	-	ISO 9001
China	LGECIN_T (Tangerang)	Indonesia	ISO 14001	ISO 45001	-	ISO 9001
	LGEPN (Nanjing)	China	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGENT (Nanjing)	China	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGENV (Nanjing)	China	-	-	ISO 50001	ISO 9001
	LGETR (Taizhou)	China	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGETA (Tianjin)	China	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGEQH (Qinhuangdao)	China	ISO 14001	ISO 45001	-	ISO 9001
	LGQA (Qingdao)	China	ISO 14001	ISO 45001	-	ISO 9001
	LGHEZ (Huizhou)	China	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	LGHEHN (Hangzhou)	China	ISO 14001	ISO 45001	ISO 50001	ISO 9001
Korea	Changwon1	Korea	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Changwon2	Korea	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	GumiA1	Korea	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	GumiA3	Korea	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Pyeongtaek	Korea	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Incheon	Korea	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Cheongju	Korea	ISO 14001	ISO 45001	ISO 50001	-
	Pyeongtaek (Chiller)	Korea	ISO 14001	ISO 45001	ISO 50001	ISO 9001
	Production Engineering Research Institute	Korea	ISO 14001	ISO 45001	ISO 50001	-
	Magok	Korea	ISO 14001	ISO 45001	ISO 50001	-
	Seocho	Korea	ISO 14001	ISO 45001	ISO 50001	-
	Yangjae	Korea	ISO 14001	ISO 45001	ISO 50001	-
	Gasan	Korea	ISO 14001	ISO 45001	ISO 50001	-
Gangnam	Korea	ISO 14001	ISO 45001	-	-	
Headquarters	Korea	ISO 14001	ISO 45001	ISO 50001	-	

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Membership Awards & Recognition

Memberships

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

Awards & Recognition

Date Awarded	Awards & Recognitions	Awarded by
2021.04.	Main Prize at the IF Design award (28 models)	International Forum Design GmbH of Germany
	Red Dot Design Award 2021 (31 models)	Reddot of Germany
	Honored with 2021 CES Innovation award (Total of 139 awards)	Consumer Technology Association
2021.01.	Technology and Engineering Emmy Award (LG OLED TV)	US National Academy of Television Arts and Science (NATAS)
2020.12.	2020 Prestigious Good Design Award in the Kitchen and Appliances Classification (LG Signature Wine Cellar)	Japan Institute of Design Promotion
2020.11.	2020 Good Design Awards (15 products including LG PuriCare)	Ministry of Trade, Industry and Energy
2020.10.	2020 Top Consumer Recommended Brand Awards	Chosun Ilbo
	2020 Ergonomic Design Award (LG DIOS Dishwasher)	Ergonomics Society of Korea
2020.09.	2020 Korea Green Product of the Year (2 products including LG DIOS Dishwasher)	Korea Green Product Network
2020.08.	2021 Energy Winner (Refrigerator, Humidifier)	Consumers Korea, Ministry of Trade, Industry and Energy
2020.04.	Awarded as "Excellence in Sustainability" by the Energy Star Award 2020	U.S. Department of Energy
2020.03.	2020 Best Washing Machine Award (3 models)	U.S. Consumer REPORT
	Red Dot Design Award (18 models, 1 model won Best of the Best)	Reddot of Germany
2020.02.	Main Prize at the IF Design Award (19 models)	International Forum Design GmbH of Germany
	Performance Award (6 air conditioning line)	American Society of Heating, Refrigerating and Air Conditioner Engineers

Materiality

MATERIALITY ASSESSMENT PROCESS

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



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 the trend in the sustainability practice.

A pool of 52 issues have been created in line with sustainability management based on industrial standards, assessment, trends, internal practice and perspectives of external stakeholders.

A pool of 52 issues have been created in line with sustainability management based on industrial standards, assessment, trends, internal practice and perspectives of experts.

Through prioritization of issues, 18 material issues have been identified and shared through the sustainability report.

Sustainability information disclosure standards
GRI, SASB, TCFD

Sustainability management assessment systems
DJSI, FTSE, KCGS

Sustainability management progress
Directions set by LGE

Areas of interest of external stakeholders
Media, RBA

Interview Overview	
Period	2021.02.01 ~ 2021.02.28
Respondents	Sustainable management experts
Method	Form of a written interview
Content of Interview	<ul style="list-style-type: none"> · Sustainability Level Diagnostics · LG Electronics' Sustainability Commitments · Current status and direction of ESG information disclosure by LG Electronics

We conducted a written interview on our sustainability report with the sustainable management experts to collect and reflect their feedback in the 2020-2021 LGE Sustainability Report.

Results of Inviting Expert Opinions

Inviting expert opinions
To realize sustainable development, LG Electronics continuously listens to the opinions of key stakeholders such as our customers, local communities, and suppliers, and we reflect these opinions in our business. We identify key opinions and needs through stakeholder briefings and discussions, as well as key issues through the collection of 9 experts' feedback relating to ESG during our sustainability report publication process. In 2021, we collected opinions on our directions for improvement and information disclosure with respect to our mid-to long-term commitments goals, and applied these opinions to our 2020-2021 Sustainability Report.

Key feedback by sector	
Environmental	<p>Propose detailed objectives and scenarios, active publicity required</p> <ul style="list-style-type: none"> · Detailed objectives and scenarios on climate change are required · Disclose efforts of overseas business sites concerning achieving carbon neutrality and water waste management · Proposal of a more detailed strategy and mid-to long-term roadmap required in terms of new and renewable energy
Social	<p>Establishment of plan to expand disclosure of key information required</p> <ul style="list-style-type: none"> · Disclosure of diversity-related statistics (e.g. locals, the disabled, and the vulnerable) · Enhancement of results and improvements regarding human rights training required
Governance & Other	<p>Global-standard internal discussion system for diversity and ESG risks required</p> <ul style="list-style-type: none"> · Official discussion of mid-to long-term ESG risks and opportunities required at the BOD level · Strengthened link between sustainable management and ESG required

Results of Sustainable Management Level Assessment



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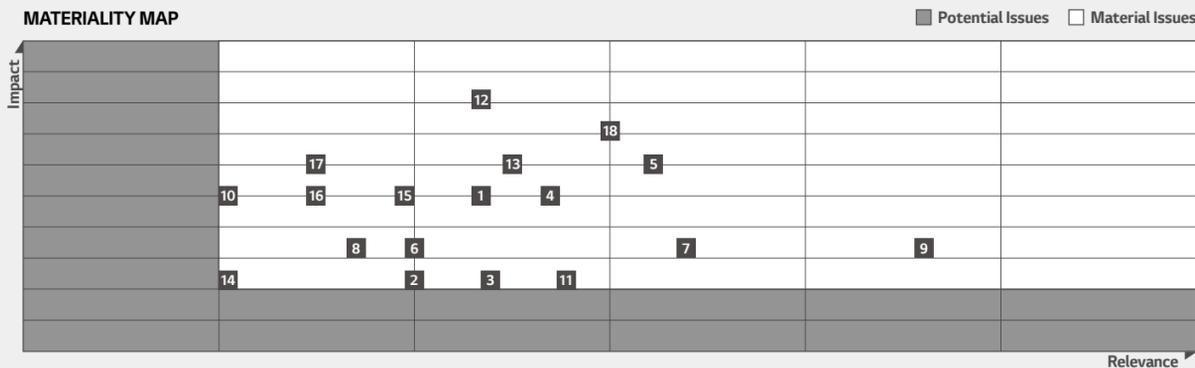
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Materiality MATERIALITY ASSESSMENT PROCESS



Classification and Reporting of Material Issues

Material Issue	GRI Standard Topic	Report Content	Page
1 Governance Independence/Transparency/Expertise	Non-GRI	Corporate Governance	64-66
2 Global Market Development and Diversification	Non-GRI	Who We Are, What We Do	10-11, 12-15
3 Internalization of Ethical Practice/Code of Conduct	Non-GRI	Jeong-Do Management, Compliance Risk Management, Fair Trade	67-69, 70-72, 73
4 Customer Privacy Protection	[418] Customer Privacy	Information Protection	84-87
5 Infrastructure for Connecting Products/Solution	Non-GRI	Product for the Next Generation, Health Care Appliances	30-41, 53-54
6 Access to Products/Solutions for Vulnerable Population	Non-GRI	Balanced Growth	48-59
7 Equality and Diversity in Workplace	[405] Diversity and Equal Opportunity		
8 Human Rights and Risk Management	[412] Human Rights Assessment	CSR risk management	44-47
9 Risk Analysis and Assessment in Supply Chain	[414] Supplier Social Assessment		
10 Support and Investment for Talent Development	[404] Training and Education	Employees	88-93
11 Work-life Balance and Organizational Culture	Non-GRI		
12 Safety and Health Management System and Culture	[403] Occupational Health & Safety	Sustainable Workplace for All, Safety and Environment	43-47, 74-76
13 Strategic Social Contribution	[413] Local Communities	Social contribution framework and activities	55-59
14 Conflict Mineral Flow and Smelter Management	[414] Supplier Social Assessment	Conflict Minerals	79-80
15 GHG Emissions Reduction	[302] Energy, [305] Emission	Zero Negative Environmental Impact	25-29
16 Efficient Use of Raw materials and Resources	[301] Materials	Improving resource efficiency	33-34
17 Safe Disposal of Hazardous Substances and Wastes	[306] Effluents and Wastes		
18 Product Stewardship	Non-GRI	Product for the Next Generation	30-32

Other Reporting Issues

Fair Governance Assessment and Compensation	Financial/Non-financial Risk Management	Protecting and Exercising Shareholders' Rights	Compliance with Laws and Regulations
Active Disclosure of Sustainability Management Information	Product/Solution Labeling and Disclosure	Transparent Tax Compliance	Service Quality Management System
Customer Input	Job Creation	Product/Solution Quality and Safety Management	Compliance with Labor Standards
Brand Identify and Reputation Management	Fair Performance Evaluation and Rational Compensation	Cooperative Labor-Management Relationship	Increase in Safety Investment
Transparency in Donations and Contributions	Measuring Effectiveness and Impact of Social Contribution	Building Cooperation Systems in Local Community	Sustainability Goal and Progress Management
Supplier Code of Ethics and Obligations	GHG Emissions and Energy Consumption	Climate Change Risk Assessment	Use of Renewable Energy
Water Resource Management and Water Source Protection	Tracing Hazardous Substance and Development of Alternatives	Pollutant Emission Reduction (Air/Water Quality)	Biodiversity Protection
Governance and Management's Ownership			

GRI Standards Index

Universal Standards

Disclosures	Standard Indicators	Reporting	
		Page	Note
102-01	Name of the Organization	10	
102-02	Activities, brands, products and services	12-15	
102-03	Location of headquarters	10	
102-04	Location of operations	10-11	
102-05	Ownership and legal form	10-11	
102-06	Markets served	11	Annual Report
102-07	Scale of the organization	10-11	
102-08	Information on employees and other workers	10-11, 101-102	
102-09	Supply chain	10-11, 44-47, 77-78	
102-10	Significant changes to the organization and its supply chain	-	Withdrawal of MC Company (April 2021)
102-11	Precautionary Principle or approach	46-47, 67-72	
102-12	External initiatives	108, 114-120	
102-13	Membership of associations	108	
102-14	Statement from senior decision-maker	6-7	
102-16	Values, principles, standards, and norms of behavior	4-5, 67-69	
102-18	Governance structure	64-66	
102-19	Delegating authority	64-66	
102-40	List of stakeholder groups	109-110	
102-41	Collective bargaining agreements	89	
102-42	Identifying and selecting stakeholders	109-110	
102-43	Approach to stakeholder engagement	109-110	
102-44	Key topics and concerns raised	109-110	
102-45	Entities included in the consolidated financial statements	95-96	Annual Report
102-46	Defining report content and topic Boundaries	Report Overview	
102-47	List of material topics	109-110	
102-48	Restatements of information	-	No restatements
102-49	Changes in reporting	-	Withdrawal of MC Company (April 2021)
102-50	Reporting period	Report Overview	
102-51	Date of most recent report	-	LGE website*
102-52	Reporting cycle	Report Overview	
102-53	Contact point for questions regarding the report	125	
102-54	Claims of reporting in accordance with the GRI Standards	Report Overview	
102-55	GRI content index	111-113	
102-56	External assurance	122-123	

* <https://www.lg.com/global/sustainability-reports-communications>

Topic Specific Standards

Topic	Standard Indicators		Reporting	
	Disclosures	Title	Page	Note
Economic Performance	201-1	Direct economic value generated and distributed	95	
	201-2	Financial implications and other risks and opportunities due to climate change	115-120	
	201-3	Defined benefit plan obligations and other retirement plans	97	
	201-4	Financial assistance received from government	97	

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GRI Standards Index

Topic Specific Standards

Topic	Standard Indicators		Reporting	
	Disclosures	Title	Page	Note
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	97	
	202-2	Proportion of senior management hired from the local community	106	
Procurement Practices	204-1	Proportion of spending on local suppliers	97	
	205-1	Operations assessed for risks related to corruption	104	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	104	
	205-3	Confirmed incidents of corruption and actions taken	104	
Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	67-69, 73	Annual report
Materials	103	Management Approach	33-34	
	301-3	Reclaimed products and their packaging materials	33-34	
Energy	103	Management Approach	25, 28	
	302-1	Energy consumption within the organization	98	
Water and Effluents	303-1	Interactions with water as a shared resource	100	
	303-3	Water recycled and reused	100	
	103	Management Approach	25	
Emissions	305-1	Direct (Scope 1) GHG emissions	98	
	305-2	Energy indirect (Scope 2) GHG emissions	98	
	305-3	Other indirect (Scope 3) GHG emissions	98	
	305-4	GHG emissions intensity	98	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	99	
Effluents and Waste	103	Management Approach	35-37	
	306-3	Waste Generated	99	
306-4	Waste diverted from disposal	99		
Environmental Compliance	307-1	Non-compliances with environmental laws and regulations	99	
Employment	401-1	New employee hires and employee turnover	101	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	90-91	
	401-3	Parental leave	102	
Occupational Health and Safety	103	Management Approach	43	
	403-1	Workers representation in formal joint management-worker health and safety committees	74-76	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	106	
	403-4	Health and safety topics covered in formal agreements with trade unions	74-76	
Training and Education	103	Management Approach	88	
	404-1	Average hours of training per year per employee	103	
	404-2	Programs for upgrading employee skills and transition assistance programs	92-93	
404-3	Percentage of employees receiving regular performance and career development reviews	105		
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	102	
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	104	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	44-47	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	44-47	
Security Practices	410-1	Security personnel trained in human rights policies or procedures	104	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	104	

GRI Standards Index

Topic	Standard Indicators		Reporting	
	Disclosures	Title	Page	Note
Human Rights Assessment	103	Management Approach	104	
	412-1	Operations that have been subject to human rights reviews or impact assessments	104	
412-2	Employee training on human rights policies or procedures	104		
Local Communities	103	Management Approach	55	
	413-1	Operations with local community engagement, impact assessments, and development programs	105	
	413-2	Operations with significant actual and potential negative impacts on local communities	105	
Supplier Social Assessment	103	Management Approach	44-47	
	414-1	New suppliers that were screened using social criteria	105	
414-2	Negative social impacts in the supply chain and actions taken	106		
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	105	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	105	
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	105	None incident occurred in 2020 (see Annual report)
	417-3	Incidents of non-compliance concerning marketing communications	105	None incident occurred in 2020 (see Annual report)
	103	Management Approach	84-87	
Information Protection	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	105	
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	105	

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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	84-87
Employee Diversity & Inclusion	Percentage of gender and ratio/ethnicity in (1) executive officers, (2) engineers, and (3) others			TC-HW-330a.1	Sustainability Performance Data	101-102
	Percentage of the sales of products containing IEC 62474 flammable substances		%	TC-HW-410a.1	-	-
Product Lifecycle Management	Percentage of the sales of products that meet EPEAT requirements or equivalent			TC-HW-410a.2	Product for the Next Generation	34
	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		Ton, %	TC-HW-410a.4	Product for the Next Generation	31, 33, 35-37
Supply Chain Management	Percentage of 1st-tier supplier facilities audited in (a) all facilities and (b) RBA VAP (Validated Audit Process) as high-risk facilities or equivalent			TC-HW-430a.1	Sustainable Workplace for All	46-47
	Percentage of 1st-tier supplier's (1) RBA VAP (Validated Audit Process) or non-conformity with other companies and (2) (a) priority non-conformities and (b) other corrective actions for non-conformities		%	TC-HW-430a.2	Sustainable Workplace for All	46-47
Materials Sourcing	Description of risk management related to the use of important raw materials	Discussion & Analysis	n/a	TC-HW-440a.1	Sustainable Workplace for All	44-46, 79-80

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 increase, climate change is increasingly being 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 the ongoing COVID-19 pandemic, as the most threatening global issues facing the world in 2021.

Following the signing of the climate change agreement at the 1992 summit in Rio de Janeiro by various heads of state, the international community has continued to have discussions and reach agreements on climate change over the past few decades while emphasizing the importance of the agreement itself. Through the Paris Agreement adopted in December 2015 at the United Nations Climate Change Conference, specific reduction targets were established aimed at keeping the global average temperature rise to below 2°C, and preferably to 1.5°C, compared to pre-industrial levels. The Intergovernmental Panel on Climate Change (IPCC), 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 below 2°C.

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 society's energy use, industrial production, and transportation methods. In order to respond to these changes and overcome the climate change crisis, governments around the world are introducing various policies and systems. In line with this, companies are 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 we, not anyone else, must take responsibility for and address, and we are thus striving to do so through the establishment of strategic directions. Starting in 2021, we disclosed climate-related information that meets the TCFD¹⁾ guidelines in accordance with the demands of the international community through our sustainability report, and we plan to continuously supplement this information and transparently disclose it.

1) 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.



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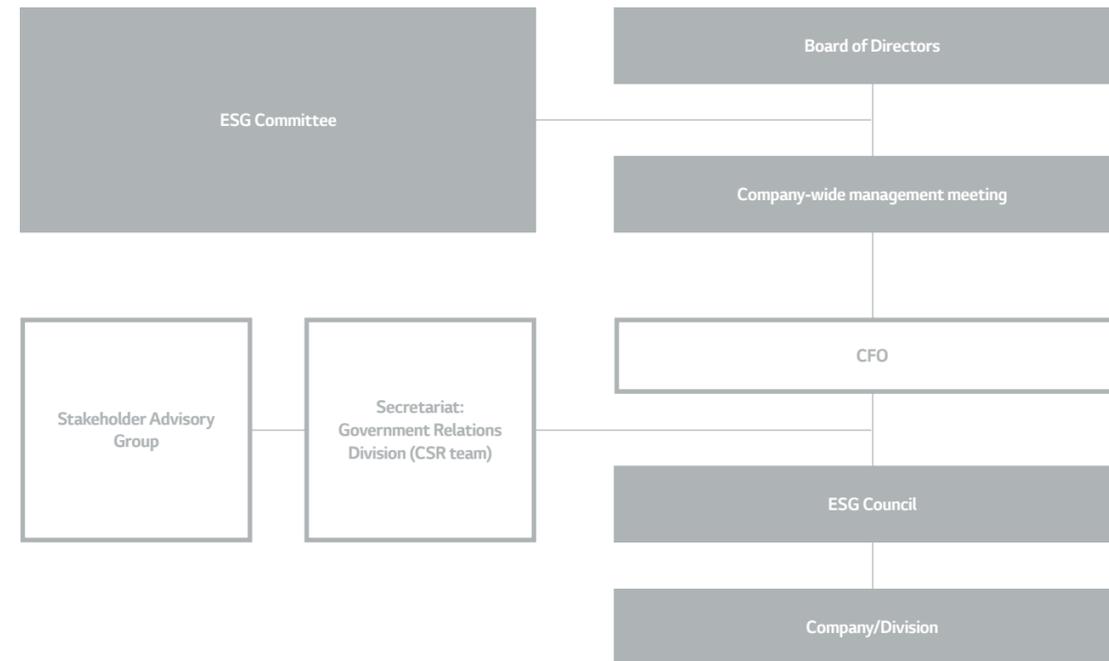
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TCFD Report

1. Governance

In April 2021, we established an ESG Committee which operates under the BOD with a view to supervising and reviewing overall ESG management activities and the direction of strategies, including those related to climate change.



BOD Oversight of Climate-Related Risks and Opportunities

The ESG Committee is responsible for reviewing and making decisions about the overall direction of environmental, social, and corporate governance, including climate change, and other related goals. The ESG Committee, which consists of four outside directors and one executive directors, handles issues related to the environment and safety, including our response to climate change, as one of its key areas. Regular meetings are held once every six months, with extraordinary meetings being convened if and when necessary, and the outcome of discussions will be reported to the BOD regularly. Going forward, the committee will continue to manage and supervise ESG management activities carried out by the executive.

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

Our senior management recognizes that climate change is an important issue that can affect the international community and overall management of our company, and, accordingly, is constantly reviewing risks and opportunities related to climate change. In particular, the CFO reviews the safety environment and climate change issues of the company through the ESG Council and reports them to the company-wide management meeting and ESG Committee. In addition, the committee inspects and reviews on major climate-related issues, such as establishing mid-to long-term greenhouse gas reduction targets and making investment decisions for major large-scale emission reduction projects. Decisions made through the company-wide management meeting of reviewed matters and the ESG Committee reporting are reflected in and implemented as corporate policies.

TCFD Report

2. Strategy

We divide the impact of climate change into business impact, and reputational impact in terms of social awareness. Business impact is defined as the risk that climate change may financially impact our company such that projects are disrupted. We manage these risks by establishing a proactive response strategy for different scenarios such as possible financial loss and human casualties.

Reputational risk is defined as the risk of financial loss caused by damage to the image of a company and by legal sanctions and conflicts related to climate change. Here at LGE, as a company specializing in consumer goods, we regard reputational risk as a major issue because corporate image tarnished by legal sanctions or disputes can lead to sluggish or dwindling sales.

Classification of Risks	Risk Description	Financial Impact	Classification	Direction of LGE's Response
Regulation	Current Increased cost of purchasing emission permits Increase in greenhouse gas emissions debt	High	Short-term	As a company that participates in national carbon credit trading, we comply with our obligation to report on our greenhouse gas emissions and energy use in order to achieve our greenhouse gas emissions reduction target. Business departments and facility management teams assess the risks that climate change poses to their assets. The Safety Environment Manager at HQ reviews and manages company-wide policy risks through evaluation results.
	Emerging Risks posed to business operations due to a lack of response to new policies	High	Short-term	Domestic and international climate-related regulations are continuously being tightened. As we operate a number of overseas business sites, the publication of new regulations foreign countries can pose a great risk to our business strategies or operations. Accordingly, the ESG Committee monitors new policies that may affect our business in order to enable us to continuously review and manage these policies.
Transition Risk	Legal Brand image damaged by non-compliance with laws 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. In order to meet legal requirements, we enable the ESG Committee to lead discussions on major legal risks related to climate change.
	Technology Increased spending due to technology transfer and failed 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. We monitor risk factors that may arise from technology transfer or the failed development of new technologies related to climate change.
Physical Risk	Market Transactions negatively affected by failure to meet customer demands	High	Mid-term	Lately, an increasing number of customers and purchasers demand 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 conducts related risk assessments, and risk factors are managed at the corporate level through the ESG Committee.
	Reputation Reputational decline leads to failed investment attraction and negatively affects business deals	High	Long-term	Damage to our 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.
Physical Risk	Acute Expenses due to property 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 other 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 Causing the cost of running the business to rise.	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.

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To understand the potential impact that climate change-related risks may have on LG Electronics, we have analyzed two different global warming scenarios, to limit global warming to 2°C or 4°C respectively by 2100 and have established strategies to respond appropriately to each scenario.

Classification	2°C Scenario	4°C Scenario
Details	This scenario limits atmospheric CO ₂ 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 ¹⁾ is proposing that the international community adopts prompt and innovative reduction methods. From a regulatory perspective, emissions trading has been introduced for OECD countries including South Korea, with the expectation that other key countries outside of the OECD will also join this scheme. Further, investment in carbon reduction is expected to increase across a wide range of sectors, and the availability of power generation sources that can replace fossil fuel energy is predicted to continuously expand.	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, and thoroughly and preemptively reviews 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. The enhancement of capabilities will require significant commitment of resources.
LG Electronics Impact & Response	<ul style="list-style-type: none"> - Regulatory risks facing LG Electronics' production sites, located globally across 15 countries, are expected to increase (e.g. carbon tax, carbon border adjustment mechanism, emissions trading system, etc.) - Risk of an increase in the price of raw materials used in LG Electronics' products, which are manufactured through a global supply chain, is expected to arise. - With an increasing need for energy efficiency, continuous investment in R&D and new product launches are necessary to ensure the competitiveness of LG Electronics' home appliances. - Seize the opportunity to boost LG Electronics' solar cell business as demand for renewable energy increases. - By 2030, LG Electronics shall achieve our target of reducing GHG emissions by 50%, and we expect to confirm whether this goal is aligned with the IEA 450 scenario through a review by the SBTi²⁾. 	<ul style="list-style-type: none"> - Review of our business portfolio and changes to business strategy for improved response to environmental changes, and to ensure the sustainability of our global production sites and supply chain. - Increase investment to improve capability of responding material risks arising from major environmental disasters. - Additional efforts necessary beyond Net Zero by 2030 (target by LG Electronics) - Enhance external communication that can contribute to social change, such as changes to policy and improvements to customer awareness.

1) IEA: International Energy Agency
2) SBTi: Science Based Targets initiative

TCFD Report

3. Risk Management

Our climate-related risks are identified through top-down and bottom-up approaches under the supervision of the corporate-level Safety & ESG Council and are integrally managed by the corporate-level risk management process.

Top-Down Risk Identification and Assessment

ESG Council identifies and evaluates short-term risks related to climate change regularly, and long-term risks via a 10-year analysis. For example, our CEO and chief executives discussed the results of an analysis of the compliance risks and financial risks in terms of the Korea ETS¹⁾, and discussed risk mitigation measures according to the proposed report. In order to establish a more systematic and sustainable strategy, the Council established a mid-to long-term strategy aimed at reducing greenhouse gas emissions from 2018 to 2030. Major issues discussed by the Council are reported to the CEO and the Chief Executives for further guidance and final decision-making.

1) ETS: Emissions Trading Systems

Bottom-Up Risk Identification and Assessment

We conduct monthly inspections at each of our production sites in order to identify and evaluate climate-related risks at the asset level. The energy environment management teams for each department, in order to achieve their ultimate goals, establish annual goals related to energy use reduction and greenhouse gas emissions in accordance with internal safety and environmental standards. Monthly energy consumption and emissions are calculated, and performance evaluation is conducted through target review and implementation results.

4. Metrics and Targets

In response to climate change, we continuously manage energy consumption and greenhouse gas emissions. Moreover, we set mid-to long-term goals and strive to achieve them.

Energy Consumption

Classification	Unit	2018	2019	2020
Non-renewable fuel	LNG city gas (Korea)	1,243	827	879
	LNG city gas (overseas)	538	772	741
	Coal (Korea)	0	0	0
	Coal (overseas) TJ	0	0	0
	Other (Korea)	117	72	74
	Other (overseas)	441	534	658
	Subtotal	2,339	2,205	2,352
Renewable energy	Solar power	0.7	5.4	5.5
	Wind power	0	0	0
	Biomass TJ	0	0	0
	Other	16.7	62	79
	Subtotal	17.5	67.4	84.5
Energy purchase	Electricity (Korea)	3,902	2,946	3,239
	Electricity (overseas) TJ	2,315	2,664	2,643
	Steam (Korea)	450	395	394
	Steam (overseas)	35	6	3

* Business Sites Subject to Verification
- Korea: Business sites in South Korea under our operational control
- Overseas: Our overseas production sites (30)

* Energy subject to verification: Use of combustion facilities and use of 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)

* Disclosing correction of confirmed 2019 overseas data in 2021 due to delay in verification

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Greenhouse Gas Emissions (Scopes 1 and 2)

Classification	Unit	2018	2019	2020
Direct GHG emissions (Scope1)				
Korea		650	466	294
Overseas		135	137	146
Indirect GHG emissions (Scope2)				
Korea	1,000 tCO ₂ eq	391	385	382
Overseas		461	481	472
Total (Scope 1 + Scope 2)		1,637	1,469	1,294
GHG emissions intensity (Unit: USD)	1,000 tCO ₂ eq / USD 100 million	3.16	2.50	2.42

* Business Sites Subject to Verification
 - Business Sites Subject to Verification
 - Overseas: Our overseas production sites (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
 * Disclosing corrections of the original unit due to data revisions in 2019 third-party overseas emission verification process

GHG Emissions (Scope 3)

Classification	Unit	2018	2019	2020
Other indirect GHG emissions (Scope3)				
Business trip		60,853	58,337	20,692
Use of sold products	tCO ₂ eq	36,185,980	33,290,000	58,976,000
Internal suppliers (Korea)		6,319	9,137	5,067

* 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

Goals for 2030 Carbon Neutrality

1. 50% absolute reduction of emissions, in comparison to 2017, by 2030

- Continue to invest in reduction facilities in order to reduce process gas (we first invested in 2015, and investment has been increasing every year since)
- Plans for continued investment in facilities in response to a future increase in SF₆ usage
 - Currently, SF₆ (F gas) reduction efficiency is maintained at over 90% every year

2. Reduction of greenhouse gas emissions through participation in the UN CDM project

- 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
- We continue to acquire authentication and certificate in the form of recognition of our reduction performance from the UN

3. Expansion of renewable energy

- Aiming to completely switch to renewable energy by 2050
 - Switching to 100% renewable energy for all of our operations in North America by the end of 2021, and switching to 100% renewable energy for global production subsidiaries by 2025 (except for those in Korea)

Governance Index

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 2020 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

(As of June 2021)

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

1) The items are based on the general meeting of shareholders held right before the submission of the report.
 2) The items determine the performance within the disclosure period.
 3) 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.

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Independent Assurance Statement

Dear Stakeholders of LG Electronics

KFQ has been requested by LG Electronics to conduct an independent assurance on the 2020-2021 Sustainability Report for LG Electronics (further 'the Report'). KFQ has responsibility to provide an opinion of independent assurance in accordance with scope of assurance, based on standard, methodology and limitations stated in this Assurance Statement.

KFQ was not involved in the process of preparing the Report and the information and presentation of data within the Report is the responsibility of LG Electronics.

Standard and Scope of Assurance

The assurance was planned and conducted in accordance with AA1000AS v3 and AA1000APS (2018), international standards developed by AccountAbility for the purpose of verifying corporate activities and performance disclosed in reporting. The assurance team implemented a Type 1 assurance engagement (Type 2 was implemented for water consumption, air emissions, waste generated, and work-related injury rates) at a "moderate" level, based on limited evidence gathering, to assess compliance with the four Accountability Principles (Inclusivity, Materiality, Responsiveness, Impact). We also assessed whether the GRI Standards reporting principles, Universal Standards, and Topic-Specific Standards were applied such that the report was prepared in accordance with the Core option of the GRI Standards.

Topic-Specific Standards–Disclosures

Material Topic	Disclosures
Economic Performance	201-1, 201-2, 201-3, 201-4
Market Presence	202-1, 202-2
Procurement Practice	204-1
Anti-Corruption	205-1, 205-2, 205-3
Anti-Competitive Behavior	206-1
Materials	301-3
Energy	302-1, 302-5
Water and Effluents	303-1, 303-3
Emissions	305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7
Effluents and Waste	306-1, 306-2, 306-3, 306-4
Environmental Compliance	307-1
Employment	401-1, 401-2, 401-3
Occupational Health and Safety	403-1, 403-2, 403-3
Training and Education	404-1, 404-2, 404-3
Diversity and Equal Opportunity	405-1, 405-2
Non-Discrimination	406-1
Child Labor	408-1
Forced or Compulsory Labor	409-1
Security Practices	410-1

Material Topic	Disclosures
Rights of Indigenous Peoples	411-1
Human Rights Assessment	412-1, 412-2
Local Communities	413-1, 413-2
Supplier Social Assessment	414-1, 414-2
Customer Health and Safety	416-1, 416-2
Marketing and Labeling	417-1, 417-2, 417-3
Information Protection	418-1
Socioeconomic Compliance	419-1

Methodology

In order to assess credibility of sustainability performance of the Report, we reviewed process and system for preparation of the Report, as well as available data and information. Non-financial information was reviewed based on internal data of LG Electronics, such as latest sustainability report, disclosed Business Report and compared with information from media and the internet. Financial information was investigated whether data in the Report are correctly reported from DART (Data Analysis, Retrieval and Transfer System), an Electronic Disclosure System managed by Financial Supervisory Service. Validity of report descriptions and processes for materiality assessment, data collection and management, and report preparation are assessed through interview during on-site verification. It was confirmed that the findings from above steps such as error, inappropriate information and ambiguous expressions are properly complemented by LG Electronics.

Competency and independence

The assurance team was organized in accordance with KFQ's internal regulations. KFQ has no conflict of interest which could threaten the independence and impartiality of verification, other than providing third-party assurance services in the LG Electronics business.

Limitations

The completeness and responsiveness of sustainability performance in the Report has inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. In accordance with the terms of the contract, assessment is conducted based on provided data and information without verification for original data of specified performance information which is out of assurance scope.

Independent Assurance Statement

Findings and Conclusions

As a result of the above assessment, we confirm that the content of this report fulfills the requirements of the 'Core option' of GRI Standards and secured reasonable basis to assurance level of Type 1 (applied Type 2 assurance for Water, waste, work-related injuries and Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions) in accordance with AA1000AS v3. Within the scope of the assurance activities above, we could not find further significant error or inappropriate information from the final Report against the following principles:

- **Inclusivity:** Whether LG Electronics is actively identifying stakeholders and enabling their participation in establishing an organization's material sustainability topics, and the developing strategic countermeasures.
 - LG Electronics is collecting opinions from various stakeholders including Customers, Suppliers, Employees, Industry, Academia Opinion Leaders, Government Local Media, NGO International Organizations, Stockholders Investors through communication channels such as Meeting, Intranet, Web page, Campaign, Customer satisfaction survey, Training, Media. Omission of major stakeholders was not found.
- **Materiality:** Whether each topic is considered in overall sustainability management activities by identifying and prioritizing the most relevant sustainability topics in consideration of impact on the organization and stakeholders.
 - LG Electronics conducted a materiality assessment in terms of social (stakeholders) impact and business relevance. They identified important issues, derived priorities, and reported sustainable management activities and performance without omission of major issues.

- **Responsiveness:** Whether LG Electronics has established a communication process with stakeholders to respond to the needs, interests, and expectations of stakeholders that affect sustainability performance
 - LG Electronics has been reporting activities and performance that addresses needs and concerns of stakeholders which were identified from materiality assessment process and responds to their opinion by taking into consideration for its overall management.

- **Impact:** Whether LG Electronics has considered sufficient aspects of the impact of material topics based on its understanding of related stakeholder concerns.
 - KFQ confirms that LG Electronics is identifying and monitoring for impact of material topics of stakeholders such as services and research activities and reporting them to the extent possible.

Recommendation for improvement

KFQ recommends following developmental approaches in order to systematize sustainability management in the future and to disclose results of the report effectively.

- As a member of the UN Global Compact, we look forward to continuance in disclosing practice achievements related to the 10 principles of UNGC, including Human Rights, Labor, Environment, and Anti-Corruption.
- In the future, we anticipate LG Electronics actively discloses mutual impact between newly established ESG committees and key stakeholder groups. The action allows stakeholders to fully understand LG Electronics's efforts for ESG Management.



July, 2021
Seoul, Korea
Ji Young Song, CEO
Korean Foundation for Quality (KFQ)

Ji Young Song

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HISTORY OF SUSTAINABILITY REPORTS PUBLICATION 2006-2021



2020-2021 LG Electronics Sustainability Report (July 2021)

- Disclosure of established mid-to long-term ESG commitments and progress
- Apply GRI (Global Reporting Initiative) Standards

2021

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3	Corporate Audit Center	Byeong-Heon Yoo Senior Vice President	Ethics Bureau Team	Woo-Hyeon Kim
4	Data Protection Division	Kang-Seok Chung Division Leader	Security Planning/ Overseas Information Security Team	Min-Kyu Lee
5	CS Business Management Division	Sang-Wook Woo Division Leader	CS Strategy Management Team	Jae-Won Choi
6	Customer Quality Reserch Lab	Seung-Hyoun Ji Research Lab Leader	Product Compliance Team	Sang-Yong Lee, Ji-Yong Lee, Sang-Hyuk An, Jin-Hyoung Oh
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