

LG Energy Solution's Biodiversity Protection and Deforestation Prevention Policy

April 2024

Our Commitment

LG Energy Solution is committed to going beyond merely protecting biodiversity and preventing deforestation by striving to achieve a No Net Loss (NNL) and Net Positive Impact (NPI), and No Gross Deforestation (NGD) and No Net Deforestation (NND). We are dedicated to making our best efforts to realize such goals, aiming to minimize any adverse effect that the company may cause, contribute to or is directly linked to through its business activities.

Applicability

This Policy applies to all our operating sites, including the headquarters, manufacturing, R&D and sales subsidiaries. We expect all our stakeholders, such as suppliers and business partners, to comply with this Policy and implement action plans to address biodiversity and deforestation risks.

Our Principles

1. We manage biodiversity conservation as one of our core priorities and strive to take a leading role in preserving biodiversity and protecting local ecosystems and environments.
2. We acknowledge the important role of forests as they harbor most of the Earth's terrestrial biodiversity and provide a broad variety of environmental, economic and social benefits, and we ensure to make decisions aimed at avoiding and minimizing deforestation in our business activities.
3. We recognize the urgent need to address, in a comprehensive and synergetic manner, the interlinked global environmental crises such as climate change, water shortage and biodiversity loss in the broader context of achieving the Sustainable Development Goals, and strive to protect, conserve, restore, and sustainably use nature and ecosystems for effective and sustainable action to solve the global environmental crises.
4. We strive to achieve the implementation goals set forth by global agreements and initiatives for biodiversity and forest conservation and sustainable land use, such as the Convention on Biological Diversity (CBD), Glasgow Leaders' Declaration on Forests and Land Use, the Science Based Target Network (SBTN), and the Task Force on Nature-related Financial Disclosures (TNFD).
5. We respect the Biodiversity Conservation Targets (2030 Targets) set forth in the Kunming-Montreal Global Biodiversity Framework (GBF) at the 15th meeting of the Conference of the Parties to the CBD. We make efforts to regularly monitor, assess, and transparently disclose our risks, dependencies and impacts on biodiversity throughout our value chains.

Our Approach

1. Governance

We have established and organically operate a management system to effectively identify and manage risks and opportunities related to biodiversity and deforestation.

- 1) **Executive Management & Relevant Departments:**
The executive management and relevant departments are responsible for the execution of this Policy. They establish and implement strategies and processes for biodiversity and forest conservation; operate management programs; set relevant indicators and targets; and monitor progress towards those goals.
- 2) **Board of Directors and ESG Committee:**
The Board of Directors and its ESG Committee is responsible for management and oversight of risks related to biodiversity and forests. It deliberates and resolves key issues by monitoring, discussing, and advising on the adequacy and effectiveness of risk management systems, strategies, processes, and programs related to biodiversity and forest conservation.

2. Process

We strive to assess and identify environmental impacts throughout our business activities, supply and value chains, including biodiversity and deforestation-related impacts. We adhere to the mitigation hierarchy, by avoiding key biodiversity areas (KBA), minimizing any negative impact, and, when environmental impact is unavoidable, pursuing restoration and offsetting projects.

- 1) **Identification of Risks and Opportunities:** We collaborate with experts to identify factors that influence biodiversity and deforestation, and implement site-specific conservation activities aimed at preserving biodiversity and preventing deforestation in the vicinity of our operating sites and local communities.
- 2) **Mitigation Hierarchy (Avoid – Minimize – Restore/Compensate – Offset):** We strive to avoid protected areas, minimize, restore/compensate and offset any negative impact, considering IUCN protected area management categories (Category I ~ IV) and relevant domestic and international biodiversity-related laws and regulations.

3. Metrics, Targets and Performance Monitoring

We select natural capital indicators including environmental indicators (i.e. air pollutants, water pollutants, wastes, chemicals, land use and land use change) and establish reduction targets for each facility to manage. Additionally, in the case of a new site establishment or expansion of an existing one, we assess the impact on biodiversity and forests through environmental impact assessments. If any negative impact is identified, we establish relevant protection plans and monitor their implementation.

4. Program

We identify factors influencing biodiversity and deforestation in the vicinity of our operations and local communities, and collaborate with local environmental agencies, municipalities, habitat conservation organizations, and local residents to implement site-specific prevention and mitigation measures aimed at preserving biodiversity and preventing deforestation. Additionally, we strive to raise awareness among

all employees and business partners about the importance of biodiversity and forest conservation, and make efforts to improve the understanding of employees, including key management personnel, so that relevant aspects are considered in major decision-making processes.

5. Communication & Consultation with Stakeholders

We value consultation and collaboration with all stakeholders, including partner companies, other businesses in the battery value chain, civil society organizations, and local communities. We make efforts to actively communicate with stakeholders and prioritize collaboration. And we disclose related information through our ESG reports, website, and other channels, ensuring transparency on performance.

Change log

Version	Date	Comments	Author/Undated by	Approved by
1	2024.04	First publication April 23, 2024	ESG Department	ESG Committee

References

The below serves as a non-exhaustive list of organizations, frameworks, and guidelines that have informed or served as a reference for the content of this Policy:

1. Convention on Biological Diversity (CBD);
2. Kunming-Montreal Global Biodiversity Framework (GBF);
3. Science Based Targets Network (SBTN);
4. Taskforce on Nature-related Financial Disclosures (TNFD);
5. Glasgow Leaders' Declaration on Forests and Land Use;
6. United Nations Framework Convention on Climate Change (UNFCCC);
7. EU Regulation on Deforestation-Free Products;
8. International Union for Conservation of Nature (IUCN);
9. IUCN Protected Area Management Categories;
10. Global Standard for the Identification of Key Biodiversity Areas.