

# LG Energy Solution's Global Environmental Policy

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## Our Commitment

LG Energy Solution is committed to minimizing any adverse impacts on the environment and upholding its social responsibility to foster a sustainable future.

## 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 achieve environmental goals.

## Our Principles

At LG Energy Solution, we are dedicated to:

- 1) Complying with applicable environmental laws and regulations and conforming to internal regulations that guide environmental performance at LG Energy Solution's global operations that go above and beyond global standards;
- 2) Protecting the planet by developing strategies and goals to address global environmental issues, including [climate change](#), [ecosystem restoration and biodiversity](#);
- 3) Reducing pollutant emissions through introducing environmentally friendly production process and best available technologies, and ultimately minimizing adverse impacts on the environment;
- 4) Contributing to a circular economy through recovery of resources from end-of-life batteries and scraps generated during production process, and to building sustainable battery ecosystem;
- 5) Collaborating and consulting with suppliers, partners and peers along battery value chain, civil society and local communities that work together to make progress toward our environmental goals; and communicating proactively with our stakeholders through transparent disclosure of information on environmental performance.

## Our Approach

### 1. Governance

We have established environmental governance to effectively identify and manage environmental impacts, risks and opportunities.

- 1) Environmental Management Officer & Relevant Departments:  
An executive officer, so-called Environmental Management Officer (EMO), and relevant

departments are responsible for the execution of this Policy and environmental management system. They set relevant indicators and targets, implement, and monitor the progress towards these goals. Further, key performance indicators of executives and responsible departments are aligned with environmental targets and performance.

2) Board of Directors and ESG Committee:

The Board of Directors and its ESG Committee is responsible for management and oversight of environmental risks and management system. It deliberates and resolves key issues by monitoring, discussing, and advising on the adequacy and effectiveness of environmental management system, processes, and programs.

## **2. Process**

- 1) Environmental management system: Our environmental management system is based on the ISO 14001 to ensure a systematic approach to advancing environmental goals and its effectiveness is reviewed periodically through a regular process of internal and third-party audits.
- 2) Management procedures: We have established and implement management procedures to ensure effective operation of the environmental management system. Key elements of procedures by focus area are as follows:
  - A. Air / Water / Land: We identify environmental aspects and assess the consequence and likelihood of environmental aspect through environmental impact assessment. The results of assessment, mitigation measures and implementation progress are documented and monitored at each operating site.
  - B. Waste: Using waste emissions monitoring system installed at each operating site, we manage the volume of waste discharged and recycled. In addition, an waste batteries information management and inventory system is in operation to manage the records of waste batteries generated, collected, recycled and discharged from operating sites.
  - C. Chemicals: We establish and implement internal chemical management standard and regulation to manage the use of hazardous chemicals. Information on any hazardous raw and auxiliary material used is collected, recorded and verified in the centralized system called Hazardous Substance Management System.
- 3) A set of policy instruments: A set of policy instruments support the implementation of the Policy, including company-wide regulation and standards by focus area – air, water, wastes, chemicals and land – and operating site-level manuals to guide compliance and continuous improvement of environmental performance.

## **3. Metrics, Targets and Performance monitoring**

Key environmental indicators are set to guide the development of environmental targets and programs at each operating site, and to monitor and measure the progress toward environmental goals. We consistently and continually assess the impact of our operations on the environment and

the communities, and regularly conduct environmental impact assessment to support continuous improvement of environmental performance. Key environmental indicators include, but not limited to:

- 1) Environmental indicators
  - A. Air pollutants: Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), particulate matter (PM);
  - B. Water pollutants: Biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen (TN), total phosphorus (TP) and suspended solids (SS);
  - C. Wastes: General and designated wastes generated, waste incinerated, landfilled, recycled;
  - D. Chemicals: Control of chemical hazards and toxic substances through substances registration, evaluation and management;
  - E. Land: Management of specified facilities subject to the control of soil contamination.

- 2) Environmental targets

Based on ISO 14001, we establish specific environmental targets (e.g. waste recycling rate increase) and strive for pollutant emissions and waste reduction by continuously monitoring the progress of implementation against relevant targets.

#### **4. Programs**

- 1) Emission reduction activities: A range of toxic emissions and waste reduction programs are in place to minimize any adverse environmental impact of our business operations.
  - A. Air / Water Pollutants: We actively promote pollutant emissions reduction activities by establishing and managing internal permissible emission standards for air and water pollutant that are more stringent than statutory emission standards. We install and maintain optimal prevention facilities and equipment to comply with such standards.
  - B. Wastes / Chemicals: At each operating site, waste recycling and raw material recovery facilities are in place; and technologies to significantly improve waste recycling and reduce hazardous raw material input are continuously developed and applied to manufacturing process. Further, Waste Disposal System and Hazardous Substance Management System facilitate effective management and reduction of wastes and hazardous substances at each operating site.
  - C. Land: We install and operate the facilities for preventing soil contamination and periodically conduct soil contamination inspection to thoroughly manage and prevent soil contaminants leakage.
- 2) Awareness Raising: Training and education programs are provided to all officers and employees to enhance awareness of environmental impacts of business activities and understanding of this Policy and relevant standards and regulations.

- 3) Supply Chain Programs: To maintain partnership for a sustainable future, we collaborate with our suppliers to manage environmental impacts along supply chains.
  - A. Suppliers of services, products or parts are requested to implement toxic emissions and waste reduction programs, which we shall manage and support in accordance with internal standards for environment management and Code of Conduct for Suppliers.
  - B. Suppliers are audited on a regular basis to evaluate their compliance with this Policy and relevant regulations and standards, as well as Code of Conduct for Suppliers.
  - C. When selecting suppliers in areas where environmental impact or risk is potentially high, their competence and capacity to manage environment impacts shall be considered.

## **5. Communication & Consultation with Stakeholders**

Stakeholder consultation is fundamental to determining and addressing key environmental issues. Key principles and procedures for communication and consultation with stakeholders are as follows:

### 1) Internal Stakeholders

- A. The EMO clearly communicates and disseminates relevant standards with all employees.
- B. Decisions regarding important environmental issues are communicated with employees as needed.
- C. Information on environmental targets, performance, and compliance activities is disseminated through online / offline bulletin board and meetings, etc.

### 2) External Stakeholders

- A. The EMO publicly discloses the Company's environmental policies, performance, and activities at least annually through ESG reports and corporate website, etc.
- B. Any issue or concern raised by stakeholders in relation to environmental impacts is handled by relevant environment teams at operating sites, and information on the results, including key decisions made and any mitigation measure, is documented and maintained.
- C. Stakeholder feedback on key environmental issues is collected and analyzed through surveys and analysis, which informs the continual improvement of our environmental management system.
- D. Other channels such as grievance mechanism are available for stakeholders to propose initiative(s), raise concern(s) or provide feedback on environmental issues, in order to work together to make progress towards our environmental goals.