

ESG Strategy

Q&A with CRO

Bangsoo Lee,
CRO of LG Energy Solution



We are curious about the role of the CRO of LG Energy Solution. We also want to ask why LG Energy Solution focuses on risk management and ESG management.



The CRO (Chief Risk Officer) is responsible for managing risks associated with all of the company's activities, including safety, environment, quality, business, and finance.

I am in charge of preemptively managing overall business risks through establishment of a company-wide crisis management framework, operation of risk management specialized entity, and execution of regular compliance risk training. I am also responsible for crisis response, post-crisis management, and prevention of crisis recurrence. Since 2020, as the scope and impact of crisis has expanded indefinitely, including COVID-19 pandemic, natural disasters caused by climate change, and rising uncertainties in the global supply chain, I strongly believe that ESG management is the catalyst for innovation and challenge that can turn risks into opportunities to create a sustainable future. LG Energy Solution noted that stakeholders' demands for ESG management, namely, greenhouse gas reduction, renewable energy use, human rights and diversity issues, are increasing worldwide. As it has a significant impact on mid- to long-term company value, we have felt the need to tackle them. In order to establish ourselves as a "sustainable" company to customers, shareholders, members, and society in the global market, we intend to be transparent about ESG-related performance and plans.

What is LG Energy Solution preparing and planning to strategize ESG management?



In the first half of 2021, LG Energy Solution announced its vision "We CHARGE toward a better future," with a view to establishing global green battery ecosystem and contributing to sustainable development of future generations. We defined eight key areas, including climate action and circular economy, and identified 30 main tasks for implementation. In 2022, we redefined the strategic framework to set 18 main tasks by reorganizing the existing tasks, introducing additional tasks to manage water risk and biodiversity, and each specialized department is in the process of implementing them. Furthermore, in 2022, We encouraging our employees to internalize the idea of ESG in work through ESG campaigns and on-the-go training sessions. We, as the first mover in the global battery industry, will also strive to bring better outcomes from ESG management beyond global expectation of all walks of life, and thereby step forward to be an ESG trendsetter.

What issue is LG Energy Solution recently focusing on regarding the ESG management?



Recently, environmental and social issues such as renewable energy conversion, carbon neutrality, diversity and equity have become important, and areas of ESG management are being specified including natural capital management and circular economy. In line with these changes, the ESG department comprehensively analyzed the domestic and global industrial environment, emerging ESG initiatives and views of various stakeholders of the company, based on which it redefined our priority tasks. We aim to focus all of our employees' capabilities on the following four priority tasks: (1) Carbon Negative Strategy; (2) Perfect Closed Loop; (3) Supply Chain Sustainability; and (4) DEI (Diversity, Equity, and Inclusion).





Internal decision-making frameworks for ESG management seem to play pivotal roles in driving further changes in the future.



LG Energy Solution established an ESG Committee in June 2021 to systematically respond to important ESG issues. The ESG Committee defines keynote of the policies, strategies, as well as mid- to long-term goals of ESG management in the areas of environment, safety, CSR, customer value, shareholder value, and governance, and it deliberates on and makes decision relevant to the implementation of ESG strategic framework. Four of the five members are outside directors, and the ESG Committee convenes at least semiannually. The ESG Committee supports our company in fulfilling its environmental and social responsibilities and roles, and establishing a transparent governance to achieve sustainable growth in the long term.

An ESG department has also been established. What is the role of the department?



LG Energy Solution established ESG department, a dedicated entity to systematically respond to internal and external ESG issues and to strengthen its expertise. The ESG department is responsible for establishing the strategic direction of ESG management of LG Energy Solution and designing and implementing ESG tasks in close coordination with relevant departments. It also monitors and responds to ESG-related demands from various stakeholders. Taking into account the progress made in the implementation of ESG tasks, as well as stakeholder needs, it sets the agenda of the ESG Committee meetings. In addition, the ESG department designs and rolls out the companywide initiatives to promote ESG awareness and embeddedness. It proactively participates in global network and initiatives to preemptively respond to ESG issues and to communicate key achievements of our ESG management and engage with stakeholders.

In what direction will the ESG management proceed towards?



All of the members of LG Energy Solution aim to internalize ESG management and to make decisions that take ESG into account in the entire value chain from production to post-consumption. These efforts build upon each other so that LG Energy Solution can have a good influence based on its capacities and assets, and can create a sustainable world, thereby becoming a global top tier pioneer in ESG.

ESG Committee

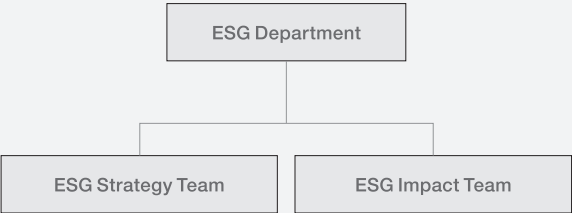
Outside director	Meenam Shinn(Chairperson)
	Meesook Yeo
	Seungsoo Han
	(Vacant)*
Inside director	Youngsoo Kwon(CEO)

* Following the resignation of Dukgeun Ahn as at May 10, 2022, a new outside director will be appointed

Major Matters for Deliberation and Resolution by the ESG Committee

- ① Mid- to long-term ESG strategy and roadmap
- ② Targets and programs of key tasks associated with mid- to long-term ESG strategy
- ③ Identification of ESG risks and measures to address them
- ④ Third-Party ESG ratings and ESG disclosure

Dedicated ESG Entity



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| <ul style="list-style-type: none">• Decide on strategic ESG direction• Manage the implementation of key ESG tasks• Engage in global ESG initiatives• Communicate with stakeholders and address their ESG-related needs• Serve as the ESG Committee Secretariat | <ul style="list-style-type: none">• Promote carbon negative strategy• Plan and implement global CSR programs• Promote employees' ESG internalization• Support suppliers' ESG risks management• Engage in external ESG communication |
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ESG Strategic Framework

ESG VISION

We CHARGE toward a better future

C	H	A	R	G	E
Climate Action & Circular Economy	Human Value Management	Advanced EH&S	Responsible & Impactful Business	Good Governance	ESG Disclosure & Communication
Climate action Achieve carbon neutrality by 2050	Human rights Build human rights risk-free business sites	Product stewardship Secure 100% green products by 2022	Responsible supply chain Secure over 90% ESG low-risk group by 2030	Compliance	Communication
Circular economy Build a closed loop by 2025	Human capital Promote diversity, equity and inclusion	EH&S Zero serious EH&S accidents	Shared growth with and impact on the local community Reinforce brand image for mutual growth and cooperation	Governance	ESG initiative

8 critical areas

4 major enablers

18 key tasks

① Management of the GHG reduction roadmap	⑩ Reinforcement of occupational EH&S management
② Management/improvement of energy efficiency	⑪ Reinforcement of critical materials due diligence
③ Reduction of carbon emissions (RE100 / EV100)	⑫ Support shared growth with and impact on local communities
④ Development of a perfect closed loop	⑬ Engagement in global social impact activities
⑤ Establishment of a water risk management system	⑭ Upgrade and certification of the company-wide compliance system
⑥ Establishment of a biodiversity risk management system	⑮ Improvement of the governance system and reinforcement of transparency
⑦ ESG risk management across the entire value chain	⑯ Reinforcement of the ESG committee's expertise
⑧ Promoting Diversity, Equity and Inclusion (DEI)	⑰ Increased transparency of ESG disclosure
⑨ Strengthening product stewardship	⑱ Strengthened engagement in global initiatives and networks