

Human Value Management

LG Energy Solution’s core value emphasizes “people-oriented management.” The company embeds its commitment to respect human rights into policies and procedures, adheres to fundamental human rights and labor principles and standards, and respects national-level labor laws. LG Energy Solution believes that its fundamental competitive edge comes from its people and is committed to promoting diversity and ethics.

Human Rights Management

Human Rights Management Policy

LG Energy Solution, under the corporate management principle, “People-Oriented Management,” fulfills its basic responsibility to uphold human rights and the right for freedom and happiness. To that end, we support human rights and labor-related international standards, including Universal Declaration of Human Rights, Human Rights and Labor Principles of UN Global Compact (UNGC) UN Guiding Principles on Business and Human Rights (UNGPR), and International Labor Organization (ILO) Declaration of Fundamental Principles and Rights at Work, and is in compliance with the laws of the countries we operate in. LG Energy established Global Human Rights and Labor Policy and plans to apply it to across global business sites. We also plan to continuously monitor and mitigate any potential risks regarding human rights. Moreover, we will share the Policy with all the stakeholders that are directly affected by LG Energy Solution’s business activities, including employees, customers and suppliers, and contribute to improving and raising their awareness of the policy.

Global Human Rights & Labor Policy	
Principles	Contents
Respect for Human Dignity	LG Energy Solution respects all employees and strives to create a safe and secure working environment by prohibiting workplace violence, including abusive language, psychological or physical coercion, etc.
Avoidance of Forced Labor	LG Energy Solution prohibits all forms of involuntary labor, including forced labor and restriction of psychological and physical freedom of employees. Original copy of identification, passport, and work permits is not requested upon hiring
Prohibition of Child Labor	LG Energy Solution complies with the local labor laws on minimum age of employment and prohibits the child labor below the age of 16. Employees under the age of 18 will not be permitted to tasks that jeopardize their health or safety, including night shifts and overtime.
Non-Discrimination Policy	LG Energy Solution provides equal opportunities for hiring, promoting, remunerating, and training. We strictly prohibit all forms of discrimination including gender, age, race, religion, disability, marital status, pregnancy, labor union activities, and social status.
Working Hours	LG Energy Solution complies with local laws on working hours (regular/overtime hours, holidays) and shall not force employees to work overtime. Employees are to be paid based on labor laws when working overtime.
Wages and Benefits	All employees are to be paid above minimum wage prescribed by local laws.
Freedom of Association	LG Energy Solution respects the employee’s freedom of association and collective bargaining in accordance with local labor laws. Employees can communicate with management regarding their working conditions without any fear of discrimination or retaliation. Employees will not be disadvantaged for joining, participating, or organizing labor unions.

Implementation of Human Rights Management

Human Rights Impact Assessment

In 2019, LG Energy Solution conducted human rights impact assessment on employees of Ochang Plant in Korea and LGESNJ in China through survey, interview and desk review, drawing recommendations to mitigate human rights risks.

In order to manage human rights issues of subcontractors, Ochang Plant has rolled out the trainings for its employees on subcontractor management (e.g., prohibition of abuse of authority). Furthermore, consultation with the executives and managers of subcontractors takes place on a monthly basis to identify any issue or risk in a timely manner.

Going forward, the impact assessment will be carried out in more business sites and enhanced as part of the ESG strategic framework.

Human Rights Management in Supply Chain

All suppliers of LG Energy Solution are part of the responsible supply chain, and therefore are requested to comply with fundamental principles stipulated in the Code of Conduct for Suppliers, including human rights, terms and conditions of employment and environmental health and safety of workplace. All suppliers should sign the agreement of Code of Conduct for Suppliers when entering into a contract with LG Energy Solution and every year thereafter.

Further, with a view to managing any ESG risks in the battery supply chain, such as child labor issues in Democratic Republic of Congo, LG Energy Solution established a responsible supply chain management policy, including responsible sourcing. The policy outlines a variety of requirements for raw material suppliers. In addition, we are operating a grievance handling system to respond to supply chain issues swiftly. Through the responsible supply chain management policy, we aim to run a sustainable, responsible business by proactively addressing supply chain issues and preemptively eliminating any root cause to supply chain risk.

Grievance Handling Process

In order to minimize grievances that employees may experience, LG Energy Solution has put in place a reporting process on sexual and workplace harassment. The Corporate Culture Team is operating a reporting center on sexual and workplace harassment, engaging in the investigation of the reported case and closure of it. Each business site designates a staff member who can initially consult and direct the person raising grievance to the grievance handling system.

Human Rights Program

Human Rights Education

LG Energy Solution provides the employees with education and training programs on human rights through various platforms, including virtual learning platform. The trainings focus on issue areas such as disability awareness and sexual harassment. It is mandatory for the employees to complete human rights related training courses every year.

Prohibition of Employee Discrimination

LG Energy Solution provides all employees with equal opportunities for employment, promotion, compensation, and training in accordance with the Global Human Rights & Labor Policy. The policy prohibits all types of discrimination against sex, age, race, religion, labor union activities, disabilities, pregnancy, marital status, social status, etc.

In addition, the HR Management Principles & Employment Rules stipulate that talented individual should be employed regardless of race, nationality, gender, religion, disabilities, region of origin, affiliation, etc. We are also recruiting foreigners to improve diversity in staff composition. To this end, we are planning on various programs, such as internships, public contests, and meetings with experts through industry-academia collaboration with high-standing universities adjacent to overseas business sites. With a view to promoting balanced regional growth and creating job opportunities for youth, we are operating programs in non-metropolitan areas to foster talented individuals and connect with recruitment.

Creating Jobs for the Persons with Disabilities

LG Energy Solution is operating Areum Nuri, a subsidiary for workers with disabilities, to create jobs for those with disabilities. By April 2021, we had 116 workers with disabilities affiliated with Areum Nuri work in the areas of cleaning, steam car-washing, serving at cafeteria and cafes, managing parking lots, construction and maintenance, and managing goods inventory at business sites in Ochang, Daejeon and Yeouido. In addition to those affiliated with Areum Nuri, 33 people with disabilities are currently employed.

Work-Life Balance

LG Energy Solution makes continuous efforts to create a corporate culture that ensures a balance between work and life.

We operate “Flextime” system designed to promote flexible working arrangements that fit the needs and type of work for all office workers of the company. We are putting in efforts to eliminate the culture of working long hours, and improve the productivity and “quality of life” of employees.

We also introduced “selective working hour system” that runs on a monthly basis, under which employees can decide on their own working hours, within the statutory 40 hours on average up to 52 hours per week. For working hours exceeding the statutory working hours per month and working hours during holidays, we grant 1.5 hours of compensation per extra 1 hour to allow employees to get refreshed after a long service.

Along with the introduction of Flextime, we developed the Working Hour Management System in the intranet portal to monitor and manage working hours in the intranet. Each staff can input the starting and finishing work time, and off hours in the system so that their working hours can be managed in a systematic manner. In addition, the flexible working hour system is applied when legal working hours need to increase temporarily to serve, for example, periodic plant maintenance, overseas business site expansion, prototype production, etc. In these cases, the settlement period is determined within three months, and a work plan should be established in advance, enabling the employees to work up to 52 hours for a specific week while keep the average 40 working hours for the other weeks.

Human Capital

Employee Fostering Strategy

Fostering Entrepreneurs

In order to foster the best candidates of entrepreneurs, LG Energy Solution has established the entrepreneur criteria and the entrepreneur fostering system that reflects the company’s values and industrial characteristics. We select and nurture the next-term and long-term candidates of the CEO and heads of divisions. By comprehensively analyzing the competency levels of each candidate, including professional experiences, achievements, strengths and weaknesses as an entrepreneur, and leadership capabilities, we are running a comprehensive, yet targeted fostering of experience, exposure and education.

Empowering Leadership

In order to empower leadership necessary in each position at LG Energy Solution, we are building a unique leadership fostering system and a diagnostic process. Leadership courses are comprised of Onboarding course aimed at successful conversion of roles upon assuming the lead role, and the Ongoing course aimed at constant capacity building. In 2021, the Ongoing course has provided the team leads with the information and guide for action necessary to manage performance and organize the team each month through the “Team Leader Playbook” series. In addition, through LG Group’s micro-learning platform, we offer leadership content for any staff’s self-learning. The Group’s educational course by rank—MVP course—supports fostering of leadership required in each rank.

Job Competency Building

In order to build job competency of staff, we are operating the LGES Battery Academy (LBA), which consists of professional job competency building programs throughout all sectors, including production/technology, quality, R&D, purchasing/SCM, sales/PM, and DX (a total of 126 programs). The LBA is available for overseas business sites in China, Poland, the U.S., as well as domestic business sites. In preparation for the business expansion, we established in July 2021 the LG-IBT (Institute of Battery Technology) for early integration of the competency of new talents. This will become a hub fostering the key talents from domestic engineers and overseas business sites to those with technological leadership by expanding and reinforcing the existing LBA. Furthermore, we will define the six core capabilities needed for all staff to improve their job competency, and provide educational programs to facilitate the exchange of know-how.

Global Capacity Building

As we expand our business globally, we are offering systematic fostering programs for dispatched personnel to exercise their competency early on and maximize business performance. By categorizing the competency expected of dispatched personnel into global job competency (expertise, adaptive capacity to local culture, and foreign language proficiency), and leadership competency (creating outcome, organizing & fostering talents, and spreading corporate culture), we are operating courses before (preliminary education), during (capacity building), and after (adaptation after return, internalizing local experience) dispatching, with a focus on key competencies required in each phase. In order to build global capacity of local staff in overseas corporations, we have additionally introduced the program called “Working with Korean, Working Globally” to the onboarding course for the new employees. To improve foreign language proficiency of all members, we are constantly offering online language courses for 35 languages, including English, Chinese, Polish, and Korean (for overseas workers), in addition to the AI English speaking course.

Energy Management of Members

LG Energy Solution operates a psychological counseling center to manage mental health and energy of employees and create an immersive environment, so that our employees can address in a more effective manner various emotional issues arising from work and home. LG Energy Solution will continue to take care of the mental health and wellbeing of members and prevent their energy from running out and lead innovations in the way we work to improve productivity through qualitative growth.

Early Adaptation and Immersion of New Employees

At LG Energy Solution, we are operating educational programs at the Group and corporate level with an aim to help employees to grow a sense of affiliation and pride in the company, understand the business and customers, and adapt to the work environment. To help new employees to adapt faster, we offer a Welcome Kit and Day 1 program. Due to limitations in holding in-person programs, since 2020, we have conducted virtual courses. By reflecting the characteristics of the MZ generation, we have applied metaverse and gamification to the new employee education supporting them to learn about the basic overview of the company, set up of workplace environment and products/production process.

Talent Fostering Based on Diversity

LG Energy Solution is recruiting talented people from not only Korea but also countries all over the world, including China, the U.S., and Poland. Recently, an increasing number of countries, particularly in Europe and North America, have placed an emphasis on diversity and with this in mind, we are improving the HR policy to manage and promote diversity from global perspective. We will start with conducting a survey of employees on their awareness of various elements, such as nationality, race, gender, and generation, and then identify key areas and indicators based on the level of awareness of diversity in the respective country.