

LG Energy Solution, Ltd

Corporate Governance Charter



PREAMBLE

LG Energy Solution Ltd. (hereinafter “the Company”) aims to become a global leading company by building trustworthy relationships with all stakeholders and achieving sustainable growth in pursuit of common values through fair competition in accordance with the management principles of “Creating Values for Customers” and “People-oriented Management.”

With the belief that sound corporate governance is a key to enhancing social trust and improving corporate value, we hereby enact the LG Energy Solution corporate governance charter which will serve as a guidance for implementing transparent and responsible management activities.

We will protect and treat fairly the rights of our shareholders based on the corporate governance charter and establish a transparent and responsible management system through professional and independent operation of Board of Directors and Audit Bodies. We aim to become a company that respects the rights of various stakeholders and fulfils our social responsibility.

1. Shareholders

(1) Rights of Shareholders

- ① As owners of the Company, shareholders shall have basic rights such as the right to take part in profit sharing, to attend the General Meeting of Shareholders, to vote, and to regularly receive information in a timely manner as set out by the Commercial Act and relevant laws and regulations.
- ② Any matter bringing significant changes to the Company's standing and shareholder rights such as changes in the Articles of Incorporation, merger, split-off or acquisition of business, dissolution, comprehensive exchange and transfer of shares, capital increase that may cause changes to the ownership structure of the Company shall be determined at the General Meeting of Shareholders in the direction of ensuring the shareholders' rights to the maximum extent possible.
- ③ The Company shall determine the date, time and venue of the General Meeting of Shareholders to ensure that as many shareholders as possible can attend the meeting, and shall notify the shareholders of the date, time, venue, and agenda of the meeting before a sufficient period of time.
- ④ At the General Meeting of Shareholders, shareholders may propose agendas in accordance with the relevant laws, such as the Commercial Act, and inquire and demand explanations of agendas.

(2) Equitable Treatment of Shareholders

- ① Each shareholder has one vote per common share. Restrictions on voting rights to specific shareholders shall be imposed restrictively in accordance with the relevant laws and regulations.
- ② The Company shall endeavor to provide necessary information to shareholders in a fair and timely manner. If the Company discloses any information that is not required to be disclosed, it shall provide such information to all shareholders impartially.
- ③ In order to protect the shareholders from unfair internal transaction and self-dealing of other shareholders including the controlling shareholders, the Company shall establish an internal control system, including an internal transaction committee, and publicly disclose the details of such transactions with due process

(3) Responsibility of Shareholders

- ① Shareholders shall do their best to exercise their voting rights in ways that make positive contributions to the Company's development.
- ② The controlling shareholders who exert their influence on the management of the Company shall act in the interests of the Company and all shareholders and shall not inflict losses to the Company and other shareholders by acting in ways that violate this principle.

2. Board of Directors

(1) Functions of the Board of Directors

- ① The Board of Directors shall have the overall authority over the corporate management of the Company and perform the decision-making and supervisory functions set forth in the applicable laws, the Articles of Incorporation, and the regulations of the Board of Directors.
- ② The Board of Directors may delegate its authorities, except the primary authorities designated in the applicable laws, the Articles of Incorporation, and the regulations of the Board of Directors, to the CEO or committees under the Board of Directors.

(2) Composition of the Board of Directors

- ① The Board shall consist of three to seven members to enable effective and careful discussion and decision-making and to activate the committees under the Board of Directors.
- ② The Board of Directors shall appoint independent directors who are able to function independently from the management and the controlling shareholders. In addition, the Board of Directors shall have at least three independent directors and the majority of the board members shall be comprised of independent directors to maintain practical independence of the Board.
- ③ The Board of Directors shall consist of competent persons with expertise and experience who can make effective contribution to the management of the Company, and the term of the office of appointed directors shall be respected unless there is a reason for disqualification stipulated by the laws or the Articles of Incorporation.

(3) Appointment of Directors

- ① Anyone who is accountable for a significant damage to corporate value or infringement upon the shareholders' rights and interests shall not be appointed as a director.
- ② The Company shall establish and operate the Nomination Committee to ensure fairness and independence in the process of recommending and selecting candidates for independent directors.
- ③ The Company shall appoint the members of the Board of Directors upon a resolution of the General Meeting of Shareholders in accordance with the applicable laws and the Articles of Incorporation.
- ④ The Company shall allow the shareholders to exercise their voting rights with sufficient information and time for determination on the candidates for directors.

(4) Independent Directors

- ① The independent director shall have no material relationship with the Company, and be capable of making decisions independently from the management and the controlling shareholders.
- ② The Company shall confirm and disclose that the candidate for independent director has no material relationship with the Company.
- ③ The independent director shall not excessively hold concurrent positions, for instance serving as a director/executive officer/auditor of two or more other companies other than LG Energy Solution, to ensure faithful performance of his/her duties.
- ④ The Company shall provide sufficient information necessary for performance of the independent director's duties, and the independent director may request the Company to promptly provide information necessary for performance of his/her duties.
- ⑤ The independent director shall devote sufficient time and effort to his/her duties, and when a meeting of the Board of Directors is held, the independent director shall review the relevant documents in advance to attend the meeting.
- ⑥ The independent director may request for assistance from employees, executives, or external experts in accordance with the appropriate procedure, if necessary, and the Company shall support the required expenses to the extent reasonable.

(5) Operation of the Board of Directors

- ① The Board Meetings shall be held at least once every quarter, but may be held at any time if necessary.
- ② The Company shall enact and operate the regulations of the Board of Directors which stipulate the roles and responsibilities and the operational procedures of the Board of Directors in detail, to facilitate the operation of the Board of Directors.
- ③ In every meeting, the Board of Directors shall record the agenda, progress, outcome of the meeting, and contrary opinions including grounds for objection in the meeting minutes and have the meeting minutes signed by the Chairperson of the Board and the attending directors.
- ④ The director shall attend $\frac{3}{4}$ or more of the entire meetings of the Board of Directors during their term of office. The Board of Directors shall disclose the attendance rate of each individual director at the meetings of the Board of Directors and details of each individual director's activities, including votes for and against the meeting agenda.
- ⑤ In the event any director is unable to physically attend the Board of Directors' meeting, the Board of Directors shall enable the director to participate in the meeting through means of remote communication.
- ⑥ The Board of Directors shall prepare appropriate policies and procedures to prevent conflicts of interest, and directors who have an interest in the matter under deliberation shall be excluded from the vote or the process of exercising influence on the relevant matters.
- ⑦ For efficient and transparent operation of the Board of Directors, the evaluation for the Board of Directors shall be conducted regularly.

(6) Committees of the Board of Directors

- ① The Board of Directors shall establish internal committees under the Board of Directors with adequate number of members to perform certain roles and functions.

- ② A majority of the members of each committee of the Board of Directors shall be comprised of independent directors.
- ③ Matters related to the organization, operation and authority of all committees shall be managed in accordance with the statutory regulations of the committee operation.

(7) Duties and Responsibilities of Directors

- ① The director shall perform his/her duties with due diligence as a prudent manager and devote sufficient time and effort to make reasonable decisions on a sufficiently informed basis.
- ② The director shall not exercise his/her authority for their own or a third party's interest and shall put the interest of the Company and shareholders at his/her priority.
- ③ The director shall not divulge any confidential information of the Company known to them with regard to the performance of their duties, or use it for their own or a third party's interests.
- ④ Any director who violates the law or the Articles of Incorporation or neglects his/her duties shall be liable for damages to the Company. The director shall be also held accountable for damages to a third party if it is caused by his/her malice or gross negligence.
- ⑤ If the director, in making a business decision, has collected and prudently and sufficiently reviewed considerable material and information that are reasonably reliable, and has performed the director's duties based on his/her faithful and reasonable judgment using means deemed to be in the best interests of the Company, then such a decision will be respected.
- ⑥ The Company may purchase directors' liability insurance at its own expense to secure the effectiveness in holding directors accountable and recruit directors who can contribute to the growth of the Company.

(8) Evaluation and Remuneration of the Board of Directors

- ① Key Performance Indicators (KPIs) of the management shall be linked to the result of the organization's long-term value improvement. The Board of Directors shall evaluate the management activities of the management fairly and the evaluation results shall be reasonably and appropriately reflected in the decision of remuneration and re-election.
- ② The remuneration limit for directors shall be determined by a resolution of the General Meeting of Shareholders and executed within the approved range.
- ③ The Company shall disclose the remuneration policy and details of the remuneration for management executives.

3. Audit Body

(1) Internal Audit Body

- ① The Audit Committee shall be composed of more than three directors appointed by a resolution of the General Meeting of Shareholders. In order to maintain the independence and expertise of the Audit Committee, two-thirds of the Audit Committee shall be independent directors, and one of the members shall have expertise in auditing such as finance and accounting.
- ② The Board of Directors shall stipulate objectives, organization, authority and responsibilities, and duties of the Audit Committee.

- ③ The Audit Committee shall faithfully perform its accounting and audit duties set forth in the applicable laws, the Articles of Incorporation, regulations of the Board of Directors, and regulations of the Audit Committee.
- ④ The Audit Committee shall be held at least once every quarter, but may be held at any time if necessary. The Audit Committee may also request employees, executives, and external auditors to attend the meeting, if necessary.
- ⑤ In the meetings, the Audit Committee shall record the agenda, progress, outcome of the meeting, and contrary opinions including grounds for objection in the meeting minutes and have the meeting minutes signed by the attending committee members.
- ⑥ In performing audit duties, the Audit Committee shall prepare an audit report to record the method and the outcome of the audit and have the report signed by the committee members who conducted the audit.
- ⑦ The Audit Committee shall have free access to information necessary for performing audit duties and be able to seek advice from external experts at the Company's expense, if necessary.
- ⑧ The CEO shall disclose the independence evaluation result and major activities of the Audit Committee in the business report.
- ⑨ The Audit Committee's members shall be independent from the management and the controlling shareholders.

(2) External Auditor

- ① The external auditor shall maintain legal and practical independence from the Company, the management, and controlling shareholders of the Company.
- ② The external auditor shall be appointed by the Audit Committee, and the Company shall enable the external auditor to report important findings identified during the audit to the Audit Committee.
- ③ The external auditor shall attend the General Meeting of Shareholders and answer any questions on the audit report from the shareholders if requested by the Company or the chairperson of the General Meeting of Shareholders.
- ④ The Company shall verify whether there is information contradictory to the audit results of financial statements and regular public disclosure.
- ⑤ The Company shall ensure that the external auditor consider the viability of the Company to be audited in accordance with the applicable laws.
- ⑥ The Company shall ensure that the external auditor check the Company's fraudulent or illegal actions at the time of the audit.

4. Protection of Stakeholder Rights

- ① The Company will strive to avoid infringing rights of its stakeholders, including employees, customers, partner companies, investors, and shareholders, and will be fully engaged in fulfilling social responsibilities such as protecting consumers and the environment.
- ② The Company will pursue a fair market order and seek balanced development of the national economy.
- ③ The Company will provide information necessary for protection of the stakeholders' rights to the extent permitted by law and make sure that stakeholders have access to relevant information.
- ④ The Company will respect the rights of its members and endeavor to enhance the quality of their life.

- ⑤ The Company will comply with the creditor protection procedure with respect to matters having significant influence on the status of creditors, such as merger, capital reduction, or spin-off.
- ⑥ In cases where stakeholders concurrently hold the position of shareholders, their rights as stakeholders and shareholders will be protected and exercised respectively.

5. Management Monitoring by the Market

(1) Disclosure

- ① The Company will disclose any matters those required to be disclosed under the relevant laws and regulations, and, in addition to the legal requirements, will disclose any matters that may have significant influence on the decision-making of the shareholders and stakeholders.
- ② In addition to the regular disclosure, upon determination of important matters, the Company will disclose the matters in a timely and accurate manner.
- ③ The Company will spare no effort to prepare disclosure materials to be easily available and comprehensible to stakeholders.
- ④ The Company will appoint an officer to be responsible for the disclosure and establishes an internal information delivery system to ensure that important information can be promptly delivered to the officer.
- ⑤ The Company will disclose detailed information on the shareholding status of the actual controlling shareholders and their specially related persons.
- ⑥ CEO and the officer responsible for the disclosure will certify accuracy and completeness of the financial report.
- ⑦ The Company will establish and disclose its Code of Ethics.

(2) Market for Corporate Management Right

- ① Any actions, such as corporate merger and acquisition, split-off or business transfer, that may cause changes in the corporate management right will be conducted in accordance with transparent and fair procedures.
- ② Any defensive actions for the corporate management right will not be conducted by sacrificing the interests of the Company and its shareholders for the purpose of maintaining the management right for certain shareholders or executives.
- ③ The Company will ensure that those shareholders who dissent on change of the important structure, such as merger or business transfer, may exercise their appraisal rights at the fair value reflecting the actual value of their own shares as stipulated by law.