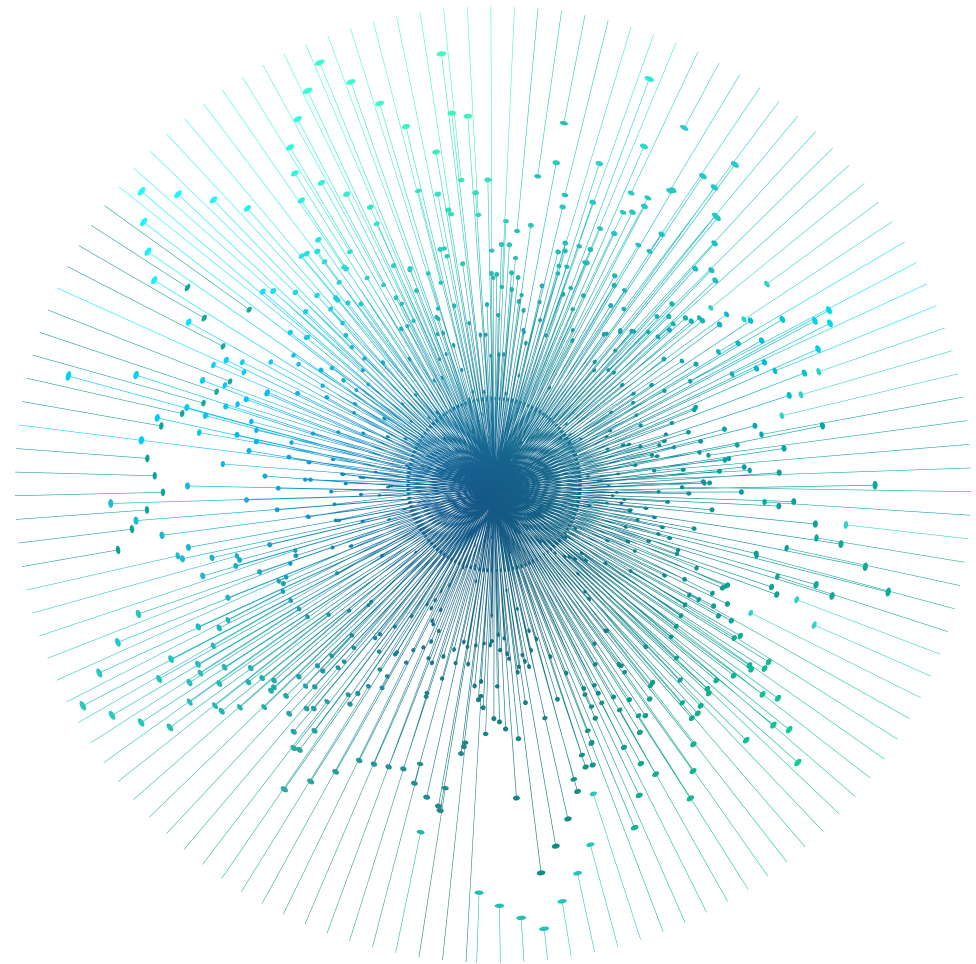


# SUSTAINABLE FUTURE WITH GREEN ENERGY SOLUTION



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## About this Report

### Report Overview

LS ELECTRIC has been communicating with stakeholders by publishing sustainable reports annually since 2015. This Report, which is our ninth report, serves to provide a balanced, transparent presentation of our economic, environmental, and social activities and performances in the year 2022. Moving forward, we will continue pursuing sustainable growth and development by communicating with stakeholders.

### Reporting Period

This Report was prepared based on data from January 1 to December 31, 2022, including some data from the first half of 2023. As for quantitative data, the reporting period covers the last three years to support yearly trend analyses.

### Reporting Scope

This Report contains key data identified through materiality analysis. While this Report primarily focuses on our domestic worksites, it also includes overseas worksites on a selective basis as necessary.

### Reporting Standards

This Report was prepared in accordance with the GRI (Global Reporting Initiative) Standards 2021 and the UN SDGs (Sustainable Development Goals). In addition, it complies with the climate change-related disclosure recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and the SASB (Sustainability Accounting Standards Board) standards according to industrial characteristics. Financial data are based on the consolidated financial statements according to the K-IFRS (Korean International Financial Reporting Standards).

### Assurance

To ensure objectivity and credibility of the content, this Report was assured by the Korea Management Register, a third-party independent assurance provider.

### Contact Information

This Report is freely accessible on the LS ELECTRIC website ([www.ls-electric.com](http://www.ls-electric.com)). For inquiries or feedback, please contact us through the following:

Address	LS Tower, 127 LS-ro, Dongan-gu, Anyang-si, Gyeonggi-do, Korea
Website	<a href="http://www.ls-electric.com">www.ls-electric.com</a>
Phone	02-2034-4461



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
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#### INTERACTIVE USER GUIDE

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### Distinguished Stakeholders,

Taking the publication of our Sustainability Report 2022-2023 as an opportunity, I would like to express my appreciation for your interest in and support for LS ELECTRIC.

COVID-19 that has swept through the globe is now entering an endemic phase. However, the management environment that surrounds us, such as the war between Russia and Ukraine, the trade conflict between the US and China, and the increase in the prices of raw and subsidiary materials, poses a number of difficulties. In addition, various ESG-related regulations including those for supply chain due diligence and carbon border adjustment mechanism are being tightened especially in the EU, and global customers' request for ESG due diligence and information is increasing rapidly. As such, ESG has emerged as a key element in business management.

To break through the difficulties and aim for a sustainable future, LS ELECTRIC internally and externally declared ESG management by holding the ESG management declaration ceremony on October 4, 2022. Under the ESG management vision of "Sustainable Future with Green Energy Solution," LS ELECTRIC is committed to creating a sustainable future by reducing carbon emissions, respecting society, and promoting responsible management.

To this end, LS ELECTRIC promises the following:

### Environmental

We will promote eco-friendly management and achieve carbon neutrality by 2040 for the future generation. For this, we will achieve 40% reduction in carbon emissions by 2030 compared to 2021 and carbon neutrality by 2040 through 100% carbon reduction. We will also practice eco-friendly management by performing resource circulation, eco-friendly product development, and ecosystem restoration activities.

### Social

We will create a safe, happy working environment for our employees and contribute actively to social value creation by expanding win-win cooperation with stakeholders. While dedicating effort across the value chain to providing safe products and services to consumers, we will establish a safe working environment that satisfies employees. At the same time, a variety of shared growth programs will be operated to help establish ESG management in our suppliers.

### Governance

We will make efforts to strengthen ethics and compliance management and establish transparent governance. Based on the principles of fairness, honesty, and sincerity, we will fulfill our responsibilities for customers, suppliers, shareholders, and local communities by practicing transparent management.

Dear Stakeholders,

I would like to ask for your continued interest and participation in LS ELECTRIC's ESG management. We at LS ELECTRIC hope to create a sustainable future together with our stakeholders based on ESG management.

Thank you.

LS ELECTRIC Chairman

Ja-Kyun Koo



# Company Profile

Since its establishment in 1974, LS ELECTRIC has grown as Korea's No. 1 company in the power and automation fields, leading the nation's industrial development. Under our mission of "Futuring Smart Energy," we will continue leading the future energy business.

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## Company Overview

Name of Company	LS ELECTRIC Co., Ltd.
Date of Establishment	July 24, 1974
CEO	Chairman Ja-Kyun Koo, Vice President Dong-Hyun Kim, Vice President Dong-Whi Koo*
Head Office	LS Tower, 127 LS-ro, Dongan-gu, Anyang-si, Gyeonggi-do, Korea
Employees	3,112(As of the end of Dec. 2022)
Credit Rating	AA- in corporate bond, A1 in CP (Korea Investors Service)

\* Vice President Dong-Whi Koo appointed on Mar. 28, 2023

## Summarized Financial Statements in 2022 (Consolidated, Unit: KRW 100 million)

Sales	33,771
Operating Income	1,875
Total Assets	33,228
Total Liabilities	17,735
Total Equity	15,493

## Corporate History

### Era of Beginning

Pioneering the power and automation industries

#### 1974-1995

- 1974. 07 Lucky Packaging Co., Ltd. established
- 1987. 03 Changed company name to Goldstar Industrial Systems Co., Ltd.
- 1994. 07 Held initial public offering of Goldstar Industrial Systems Co., Ltd.
- 1995. 02 Changed company name to LG Industrial Systems Co., Ltd.
- 09 Merged with Goldstar Instrument & Electric Co., Ltd. and Goldstar Electric Machinery Co., Ltd.

### Era of Challenge

Leading Korea's power and automation sectors

#### 1996-2007

- 1997. 04 Established production subsidiary in Vietnam
- 04 Merged with LG Metal Co., Ltd.
- 2000. 06 Completed production plant in Dalian, China
- 2003. 12 Separated from the LG Group
- 2005. 03 Changed company name to LSIS
- 09 Completed electric power and automation equipment production plant in Wuxi, China
- 2007. 02 Established sales subsidiary in Dubai

### Era of Growth and Innovation

Advancing as a global leader

#### 2008-2014

- 2008. 04 Relocated head office (to LS Tower in Anyang)
- 2009. 10 Established sales subsidiary in Europe
- 10 Incorporated LS Mecapion as a subsidiary
- 2010. 02 Established LS Sauter
- 04 Completed plant in Busan
- 04 Spun off the Metal Processing Business Unit (currently known as LS Metal)
- 10 Established sales subsidiary in Japan
- 2011. 10 Completed HVDC plant in Busan
- 11 Named one of the 500 Fastest Growing Companies by Fortune Korea
- 2012. 12 Established sales subsidiary in the US
- 2013. 11 Received the 500 Million Dollar Export Tower Award
- 11 Awarded at the 39th National Quality Management Convention
- 2014. 05 Received the 49th Gold Tower Order of Industrial Service Merit on Invention Day

### Era of Value Management

Opening up the future of smart energy

#### 2015-2022

- 2015. 01 Declared the guiding principles of value management
- 03 Completed R&D Campus
- 2016. 03 R&D Campus acquired BEMS certification as a first in Korea
- 09 R&D Campus acquired certification for establishing the first ESS for emergency power supply
- 2017. 03 Listed on the Global Top 100 Companies of patent applications in Europe
- 06 Awarded as Korea's Best Enterprise for 10 consecutive years
- 2018. 12 Received the Minister's Award at the Korea Technology Awards
- 12 Acquired the ESS business sector of Parker-Hannifin, a US-based company
- 2019. 08 Completed the world's largest self-sufficient DC energy island on Seogeochoado
- 12 Established holding company in China
- 2020. 03 Changed company name to LS ELECTRIC Co., Ltd.
- 07 Established Yeongam Photovoltaic Power Plant with 94MW capacity, the largest in Korea
- 2021. 01 Announced the LS ELECTRIC vision of "Drive Change for 2030"
- 03 Named one of the world's top 100 Innovative Companies for 10 consecutive years
- 03 Acquired LS ITC and AC&T as subsidiaries
- 09 Named Lighthouse Factory by the World Economic Forum (WEF)
- 2022. 03 Took over MCM Engineering II of the US
- 04 Spun off the EV Relay Business Unit (currently known as LS e-Mobility Solutions)
- 09 Established sales subsidiary in Indonesia
- 10 Established sales subsidiary in Spain
- 10 Declared ESG management
- 10 Completed construction of Bac Ninh Plant in Vietnam
- 11 Established joint venture in Turkey (LSAS)





# Global Business

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LS ELECTRIC set a mid- to long-term vision for each overseas market to broaden its global business presence. In addition to pursuing the evolution of our existing businesses, we are discovering new business opportunities and strengthening the basis of business operations to take a tailor-made approach to each local market.

<p><b>1 Europe</b></p> <p>Accelerating growth mainly in the renewable energy market</p>	<p><b>2 Middle East &amp; Southwest Asia</b></p> <p>Strengthening direct sales through localization</p>	<p><b>3 China</b></p> <p>Strengthening business capabilities for power equipment and systems</p>
<p><b>4 Southeast Asia</b></p> <p>Focusing on the sale of strategic products and project development</p>	<p><b>5 North America</b></p> <p>Delivering global products and solutions, tapping into the Central and Latin American markets</p>	

**Domestic Subsidiaries (as of Dec. 31, 2022)**

LS Metal	LS Mecapion	LS -Sauter	LS ITC	ACOT system
Manufacturing copper tubes and STS pipes Yongsan-gu, Seoul, Korea	Manufacturing industrial electronic equipment Dalseo-gu, Daegu, Korea	Selling BAS/IBS and GBS systems Anyang-si, Gyeonggi-do, Korea	Providing total IT services Yongsan-gu, Seoul, Korea	Manufacturing industrial communication equipment Anyang-si, Gyeonggi-do, Korea
● Head Office	Anyang	● Overseas Sales Subsidiaries	Amsterdam (Netherlands), Dubai (UAE), Tokyo (Japan), Chicago (US), Istanbul (Turkey), Jakarta (Indonesia), Madrid (Spain)	
● Seoul Office	Yongsan	● Overseas Branches	Shanghai (China), Beijing (China), Guangzhou (China), Qingdao (China), Nanjing (China), Chengdu (China), Shenyang (China), Tokyo (Japan), Hanoi (Vietnam), Ho Chi Minh (Vietnam), Moscow (Russia), Bangkok (Thailand), Irvine (US), Singapore (Singapore), Bengaluru (India), Verona (Italy), Boston (US)	
● Domestic Worksites	Cheongju, Cheonan, Busan		● Overseas R&D Center	Wuxi (China)
● Domestic R&D Centers	R&D Campus (Anyang), Electric Power R&D Center (Cheongju), Power Testing & Technology Institute (Cheongju), Automation R&D Center (Cheonan), HVDC R&D Center (Busan)			
● Overseas Holding Company	Shanghai (China), Chicago (US)			
● Overseas Production Subsidiaries	Wuxi (China), Dalian (China), Hanoi (Vietnam), Charlotte (US), Enoch (US), Istanbul (Turkey)			

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## Leading CFE (Carbon Free Electricity) through DX-based Electrification and Efficiency Improvement

In line with carbon neutrality, RE100, and expansion of electric vehicle distribution, the world has entered the phase of energy transition focusing on electrification and efficiency improvement.

In addition, the spread of the DX (digital transformation)-based renewable energy and distributed power network is accelerating, and the structure of power system is transforming toward a decentralized distribution network.

Such environmental change is sweeping through the world as a gigantic wave that can completely turn around the market structure.

LS ELECTRIC will take the changes in the market environment as an opportunity for advancement to the next level.

In responding to changes in the business paradigm, we will establish an eco-friendly system across our products and processes.

Likewise, by preemptively identifying market and customer needs, we will develop a variety of products, solutions, and business based on the DX.

Through the effort, we will grow as a carbon-free electricity leader in the era of carbon neutrality.



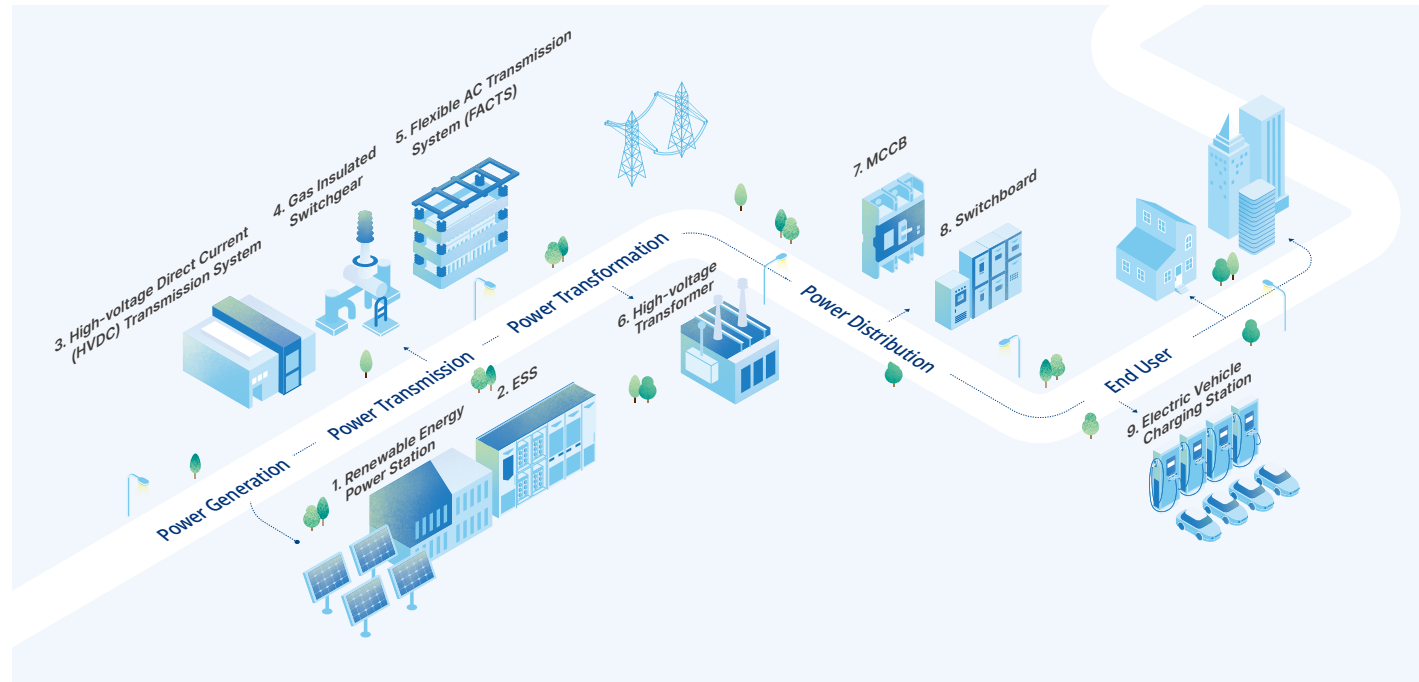


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# Business Overview LS ELECTRIC's Eco-friendly Strategies to Provide a Warm, Healthy Environment to the People



## Power Generation

**1. Renewable Energy Power Station** Despite the difficulty in securing photovoltaic equipment due to COVID-19, LS ELECTRIC completed the 100MW photovoltaic power station on Imjado Island within the time limit. We also participated in the 200MW resident-led photovoltaic power project on Bigeumdo Island as a first in Korea; thus contributing to increasing local residents' income and activating the local economy. In addition, we received a 110MW-class fuel cell power generation EPC contract for the Gyeongju Wangsin Fuel Cell Power Generation project. This is a fuel cell project of the largest scale in Korea.

**2. ESS** To address the issue of instability in the renewable energy system, we provide a total solution from ESS design to procurement and construction. Together with Korea Electric Power Corporation, we are building a 56MW ESS at Yeongju Substation. With the stable implementation of the project serving as momentum for entry into the European market, we are currently working on a 50MW ESS project in Botley, UK.

## Power Transmission

**3. High-voltage Direct Current (HVDC) Transmission System** The high-voltage direct current (HVDC) transmission system transmits power in the DC state and converts it into AC power in the area of consumption. Compared to the existing AC transmission, this system reduces the amount of power loss. In particular, it produces exceptional efficiency in renewable energy transmission or long-distance power transmission.

**4. Gas Insulated Switchgear** g3 170kV GIS is an eco-friendly GIS (gas insulated switchgear) whose insulation medium SF6 gas is changed to g3 Gas (NOVECTM 4710+O<sub>2</sub>+CO<sub>2</sub>). LS ELECTRIC succeeded in the 170kV and 50kV-class eco-friendly GIS development as a first in the world. Providing the same functions and performance as those of the existing GIS, this product contributes to reducing GHG (greenhouse gas) emissions by lowering the global warming potential (GWP\*) by at least 98%.

\*GWP: GWP, which stands for global warming potential, expresses the degree by which each GHG contributes to global warming based on the impact of carbon dioxide on global warming.

**5. Flexible AC Transmission System (FACTS)** STATCOM of the flexible AC transmission system (FACTS) keeps the voltage consistent by constantly regulating reactive power. Ensuring the efficient operation of and voltage stabilization for power transmission and transformation facilities, FACTS addresses the instability of renewable energy sources.

## Power Transformation

**6. High-voltage Transformer** The 154kV natural ester oil-immersed power transformer is an eco-friendly transformer that uses natural ester oil instead of mineral oil. Natural ester oil is highly biodegradable, so it can prevent environmental pollution in case of accidents such as oil leak. In addition, as the minimum combustion temperature is low, the risk of fire and explosion is low. Moreover, by extending the lifespan of the transformer, the environmental impact of the product can be reduced.

## Power Distribution

**7. MCCB** Smart MCCB is a product developed by applying digital technology to the existing molded case circuit breaker (MCCB). With the metering and measuring functions for transmission line and load protection strengthened, it collects and analyzes data and examines and maintains devices through connectivity between low-voltage devices. In addition, product stability was enhanced and environmental impact was eased through the application of halogen-free materials to the case and cover.

**8. Switchboard** Switchboard is a type of panel making up devices that provide two functions: power energization to receive electric power from the power station and power distribution to distribute power to each user. LS ELECTRIC's switchboards offer high barrier function and high reliability, so they are widely used in residential and commercial buildings as well as power generation and substation facilities.

## End User

**9. Electric Vehicle Charging Station** LS ELECTRIC contributed to improving electric vehicle drivers' access to charging infrastructure by connecting electric vehicle charging stations to LPG stations located in major cities across the country. Having established power banks with capacity of 400kW in five locations, we plan to upgrade the charging infrastructure further by applying photovoltaic and ESS technologies.

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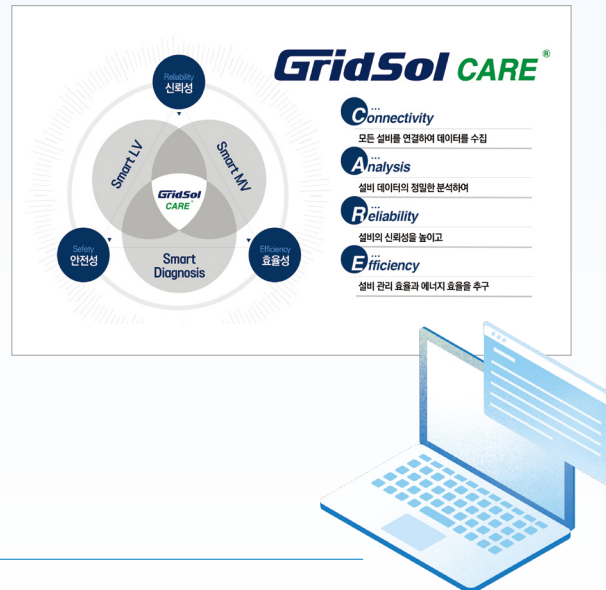
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## Power Solutions

### GridSol CARE

This is LS ELECTRIC's integrated digital power facility management platform whose reliability, safety, convenience, and efficiency are strengthened through the application of digital technologies and IoT-based smart devices. GridSol CARE is continuously expanded to include various solutions and systems including GridSol SCADA and GridSol FEMS. We provide our customers with optimal solutions ranging from the integrated monitoring of individual solutions and systems to the integrated software package for asset management.



### E-Health Portal

This is a web portal where LS ELECTRIC's power facility inspection service is comprehensively provided. When a customer requests inspection online (app, web) on a power facility in operation, LS ELECTRIC's professional personnel not only checks the environment and safety of the power facility but also provides facility lifespan information. This is an O2O (online to offline) power facility management service to provide customers with convenient and stable power facility operation support. As cloud-based service is provided through computer and mobile devices concurrently, our customers can access the power facility inspection service whenever, wherever.



### Smart Panel SAFEGUARD

This low-voltage distribution board solution offers improved safety, convenience, and efficiency through the application of the exclusively designed software (Gridsol Powertalk) and LS smart power devices, especially reliable breakers. When electric accidents or fires occur, the customer is accurately notified of the location in real time. Therefore, the damage caused by the accident is minimized, and the fire spread is prevented.





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Microgrid, a Self-sufficient Power Network

Microgrid is a new-concept small-scale power system where energy is internally generated, saved, supplied, and consumed in a building, a complex, or a region based on various dispersed power sources. Power system efficiency is improved as the energy consumer can internally control power generation and consumption. Receptivity to renewable energy power generation is increased as well, which can lead to carbon reduction. In addition, it enables energy supply to areas where power supply is difficult, such as island regions; thus contributing to improving energy accessibility.

LS ELECTRIC is participating in and leading various verification projects. Based on expertise built through project experiences, we successfully established a DC island on Seogeo-chado which lacks power infrastructure.

The microgrid system established on the DC island connects renewable energy sources with a low-voltage DC distribution network. The system is configured for independent operation through internal energy generation and consumption for around 70 households on the island. In addition, through an MOU with Uiwang City, we will establish a "Carbon neutrality Park" using microgrid technology on Beagun Lake and reduce carbon emissions from the park.



Virtual Power Plant Collecting Renewable Energy

Virtual power plant (VPP) is a solution that connects and integrates small-scale dispersed energy sources and operates them as one virtual power plant based on ICT, such as AI, big data, cloud, and communication technologies. Renewable energy power generation is key to climate change response and carbon neutrality. However, the amount of renewable energy power generation is not consistent as small-scale facilities are distributed across numerous regions and the system is affected by weather conditions. Therefore, as a weakness, it is difficult to operate the renewable energy power system stably. VPP is one of the important technologies for addressing this issue and achieving efficient renewable energy use. It not only increases the stability and reliability of power system by resolving the issue of instability but is also essential for fulfilling our vision of "Futuring Smart Energy."

Using an internally developed system, LS ELECTRIC has participated in the renewable energy power generation prediction system of the Korea Power Exchange since the fourth quarter of 2022. To upgrade the prediction performance and improve the system, we are securing resources for participation in the Jeju region.

Following the prediction system, we will participate in a pilot project to build related experiences and capabilities. Moving forward, we will expand the overseas VPP business based on capabilities secured in Korea.



Population  
Approx. 130



No. of Households  
Approx. 70



Photovoltaic Power  
200 kW



Wind Power  
100 kW



ESS  
1.5 MWh

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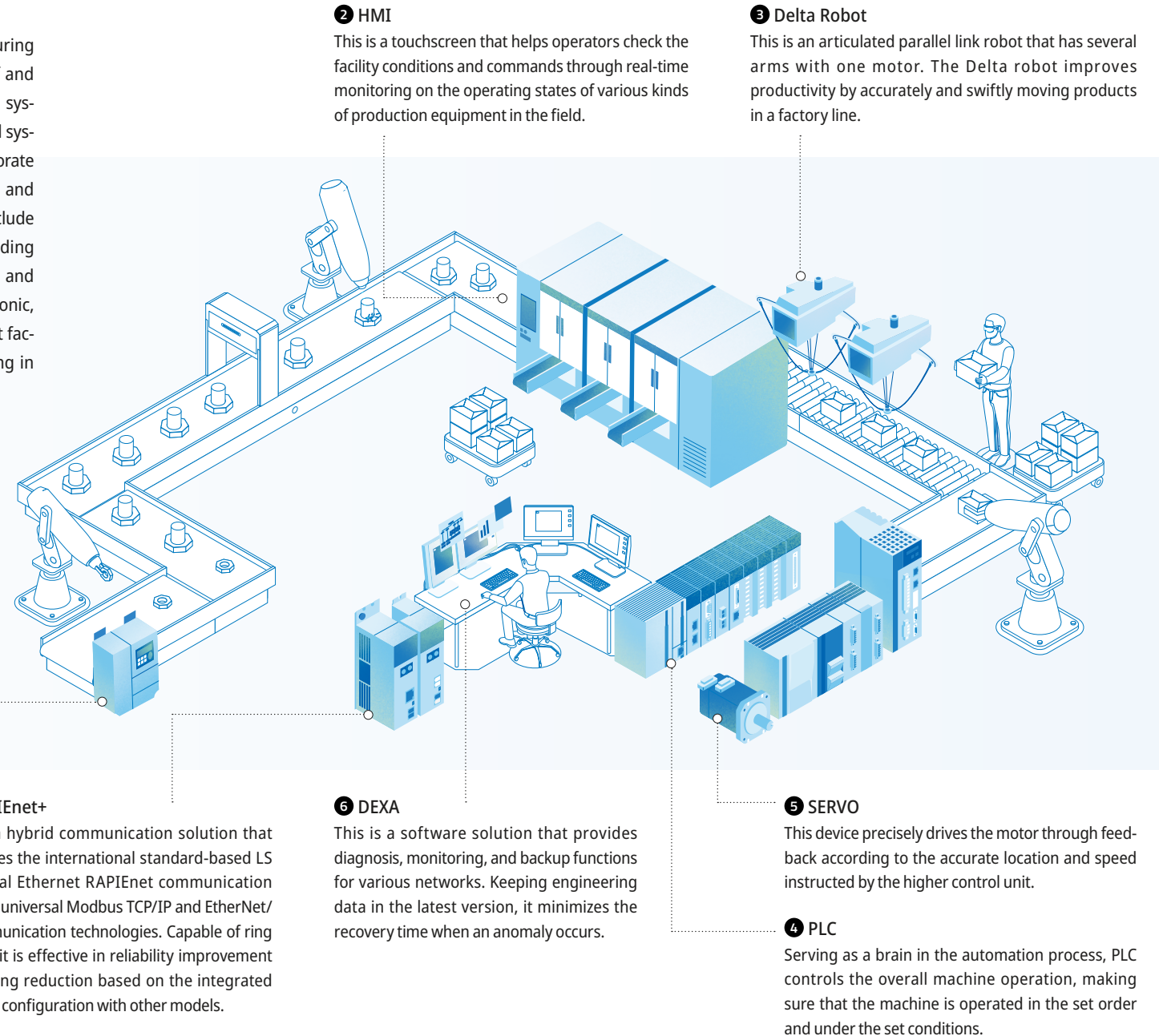
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LS ELECTRIC's Automation Business for Comfortable and Safe Living

LS ELECTRIC's Automation Business consists of the manufacturing of industrial automation products, manufacturing and sale of and maintenance service for industrial communication devices and systems, and distribution of thermal image monitoring and control system. We also establish smart factory systems suitable for corporate establishments to contribute to production rate improvement and defect rate and processing cost reduction. Our key products include PLC, AC drive (inverter), HMI, servo, automation system, building automation system, and industrial communication equipment and system, and our customers include automotive, battery, electronic, semiconductor, and display facility makers, IT companies, smart factory companies, local governments, and companies specializing in energy efficiency improvement.



**1 Inverter**  
Supplying power to a motor by converting the voltage and frequency of power to suitable levels, inverter is a device that controls the motor speed. By controlling the motor, which moves only in single speed, according to situations, the inverter reduces unnecessary energy consumption and ensures efficient machine operation.

**7 RAPIenet+**  
This is a hybrid communication solution that integrates the international standard-based LS industrial Ethernet RAPIenet communication with the universal Modbus TCP/IP and EtherNet/IP communication technologies. Capable of ring control, it is effective in reliability improvement and wiring reduction based on the integrated network configuration with other models.

**6 DEXA**  
This is a software solution that provides diagnosis, monitoring, and backup functions for various networks. Keeping engineering data in the latest version, it minimizes the recovery time when an anomaly occurs.

**5 SERVO**  
This device precisely drives the motor through feedback according to the accurate location and speed instructed by the higher control unit.

**4 PLC**  
Serving as a brain in the automation process, PLC controls the overall machine operation, making sure that the machine is operated in the set order and under the set conditions.

**2 HMI**  
This is a touchscreen that helps operators check the facility conditions and commands through real-time monitoring on the operating states of various kinds of production equipment in the field.

**3 Delta Robot**  
This is an articulated parallel link robot that has several arms with one motor. The Delta robot improves productivity by accurately and swiftly moving products in a factory line.

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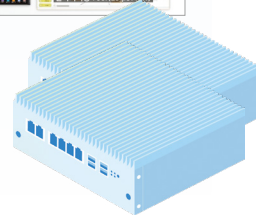
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## Automation Solutions

### EdgeHub Connecting OT and IT with Data

EdgeHub is an edge computing\* solution to process and analyze data collected by connecting various assets in the OT (operational technology) area and exchange the data freely with the IT (information technology) system. It plays the role of collecting, saving, analyzing, delivering, and visualizing facility data through a link to the facility monitoring sensor, facility control PLC (programmable logic controller), and MES (manufacturing execution system), etc. The flexible and scalable edge computing environment enables agile response to the variable manufacturing sites. In the hyperconnected era, it is also used to search the direction for manufacturing innovation and identify data values swiftly.

\*Edge Computing: A technology for processing enormous volumes of data in real time through dispersed small servers



### Tech Square, a Smart Factory Service Platform for SMEs

LS ELECTRIC operates the "Tech Square" platform to help small and medium-scale manufacturing companies from various industries successfully resolve issues on hand and communicate with one another. Tech Square provides manufacturing companies with plans for competitiveness improvement or services for stable smart factory development. With help from experts in the respective fields on Tech Square, manufacturing companies can establish development roadmaps optimized to their factories and strengthen factory competitiveness. In addition, by collaborating with competent solution suppliers depending on the factory situation requiring various solutions and systems, companies can create optimal smart factories.



### ▶ CASE STORY

#### Established Automation Line for Finished Cars as a First in Korea

As a first in Korea, LS ELECTRIC completed an automation line for finished cars using only domestically developed automation technologies. We provided key automation solutions for automobile manufacturing processes such as PLC, HMI, servo, and inverter as well as RAPIenet applied to the automobile processing line of the GGM factory located in Gwangju where Casper is manufactured.





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ESG Management Team  
Yu-Seok Hong

LS ELECTRIC established the ESG strategies and system in 2022 and internally and externally declared ESG management at the ESG management declaration ceremony on October 4. In 2023, we will solidify the basis for advancement as an ESG leading company by faithfully implementing the strategies and tasks established last year. In particular, we will actively take part in the climate change response by embodying the "Carbon Neutrality by 2040" strategy and promoting joining the RE100 as a principal methodology. In addition, we will spread our ESG management to internal and external stakeholders and create a channel through which stakeholders can participate in the ESG management practice.



Environment & Safety Team  
Jun-Pyo Ko

LS ELECTRIC established the ISO 14001 environmental management system in order to advance as a global environmental management company. Based on the system, eco-friendly management activities are continuously performed across domestic worksites such as compliance with environmental regulations, pollutant discharge reduction, improvement of waste recycling rate, and energy saving. In addition, considering the industrial characteristic of having a number of high-risk operations, we dedicate efforts to discovering risk factors in worksites, achieving improvement, and consequently reducing the risk of accidents. Based on the belief that QCD (quality, cost, delivery) without safety guaranteed is meaningless, we will dedicate utmost effort to creating a safety management culture that is faithful to the basics.

The compliance activities of a company are the most fundamental element to increasing the sustainability of the company and also the driving force for the company to grow together with customers and society. To this end, the Compliance Management Team will strive to contribute to establishing a compliance culture based on autonomy and responsibilities of all employees and solidify the trust of internal and external stakeholders further. From the short-term perspective, we will expand the application of compliance training to subsidiaries and overseas worksites. From the mid- to long-term perspective, we plan to introduce stricter compliance management criteria than the statutory requirements through the internal fair trade and compliance program. Ultimately, we will achieve "zero compliance issues" by promoting the internalization of compliance awareness in all employees.



Compliance Management Team  
Ki-Ho Jo

As human rights management is a critical part of ESG management practice, LS ELECTRIC is committed to "people-oriented" corporate operation. In addition to compliance with the labor-related law and regulations, securing employee diversity and creating a healthy organizational culture are the basis of our philosophy for ESG management. In 2023, we will establish a management system to respect human rights by announcing the "LS ELECTRIC Human Rights Management Declaration" through which we promise compliance with international standards for human rights, such as the Universal Declaration of Human Rights of the UN and domestic labor-related statutes. We will provide support for creating a good workplace for employees from the perspectives of labor, human rights, talent securing, safety, development of human resources, health, welfare, and organizational culture and improving corporate value while enhancing employees' awareness through the ESG practice.



GHR Team  
Kyu-Tae Choi



Public Relations Department  
Soo-Jeong Kim

Among the E, S, and G elements of ESG practice, the Public Relations Department focuses on social contribution and environmental management through local communities. There have been a number of cases where eco-friendly social contribution activities were performed together with local communities. Taking a step further, we will search for more systematic and efficient activities and consequently solidify our role as a leader in addressing local environmental issues. In addition, we will conduct in-depth research for advanced ESG activities, such as securing biodiversity whose necessity is on the rise, and announce and spread the outcomes internally and externally through the website, webzine, and Intranet.



Win-Win Growth Team  
Ouk-Keun Yoo

To achieve sustainable growth together with suppliers, LS ELECTRIC is striving to spread a fair trade culture within the supply chain and helping suppliers develop global competitiveness. We also conduct various communication activities and operate supporting programs to establish a shared growth culture. In addition, as corporate ethics and social responsibilities are emphasized, we will improve suppliers' awareness of ESG management and form a consensus on ESG management by establishing the Supplier Code of Conduct. We will continue dedicating effort to creating a responsible, eco-friendly supply chain by implementing various policies and carrying out support activities.

## LS ELECTRIC from the Stakeholders' Perspective

LS ELECTRIC Bringing Light  
to the World

### Our ESG Journey

Our Commitment to ESG

▶ **LS ELECTRIC from the  
Stakeholders' Perspective**

Integrated Control of ESG  
Management

ESG Highlight

Our Sustainability Management

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Power Solution Contractor  
Sales Team  
**Chan-Hui Park**

### Employees

LS ELECTRIC is committed to communicating with stakeholders continuously regarding its ESG management plans and performances, such as publishing the annual Sustainability Report since 2015. LS ELECTRIC is taking the lead in bolstering stakeholders' ESG awareness through ESG volunteer group activities, ESG management declaration, and internal ESG magazine publication. As a result of the efforts, the Company is receiving excellent reviews from domestic and international ESG assessment agencies each year. ESG management must be promoted by all, not by a specific few. Therefore, it is important to solidify the basis for ESG management through a process of identifying and monitoring the ESG-wise strengths and weaknesses of each organization.

### Suppliers

Through partnership based on mutual communication and trust, LS ELECTRIC has grown over the last 38 years together with SSIS.

LS ELECTRIC prepares the foundation for suppliers' growth by not only providing mentoring service but also operating technological and financial support programs. In addition, it spreads its strong commitment to ESG management promotion to suppliers. As such, I believe LS ELECTRIC is making various efforts for growth as a global enterprise. With support and guidance from LS ELECTRIC, SSIS will achieve shared growth and dedicate the best effort to becoming a company that contributes to the smart energy industry development.



SSIS  
**Hwa-Yeong Wu**

### ESG Experts

LS ELECTRIC leads various business areas that play pivotal roles in the transition to a carbon-neutral society. In terms of ESG management practice, I highly evaluate LS ELECTRIC for setting the goal of achieving carbon neutrality by 2040 and continuously investing in the development of eco-friendly products. For LS ELECTRIC to achieve growth as a global enterprise, it will need to focus on fostering competent human resources to lead innovation and market creation and continuous improvement of ethical business operation system considering the characteristics of the EPC industry. I look forward to LS ELECTRIC's ESG management contributing to the company's business growth and corporate value improvement.



PwC  
**Yeong-Chang Yun**



LS Sustainability  
Management Team  
**Seung-Ho Lee**

### Shareholders

Among the LS Group subsidiaries, LS ELECTRIC, I believe, is the most active in practicing ESG management. From eco-friendly activities including carbon reduction and expansion of eco-friendly products, social contribution activities carried out together with suppliers and local communities, and safety activities conducted in the manufacturing and product installation sites to governance improvement activities for shareholders, the Company promotes E, S and G practice in a balanced manner. In particular, by performing various activities including the promotion of carbon neutrality by 2040, LS ELECTRIC will lead CFE (carbon free electricity) as the LS Group's vision for 2030. I hope that, in the ESG era, LS ELECTRIC will further improve its corporate value by making use of its strengths in the electricity field.

### Local Communities

Sponsoring the Anyang-si Senior Citizens Welfare Center in the development of welfare services for senior citizens, LS ELECTRIC is a partner of Anyang City that actively supports joint development. LS ELECTRIC is an exemplary company that fulfills its social responsibilities in local communities, such as donating cold weather gear and continuously participating in the dietary improvement activities to improve the quality of life of the underprivileged senior citizens. I hope LS ELECTRIC will continue performing as a mediator that brings a better future to the underprivileged in the local communities by producing synergy using its physical and human resources together with welfare centers.



Anyang-si Senior Citizens  
Welfare Center  
**Eun-Seon Yang**



**Our ESG Journey**

Our Commitment to ESG  
LS ELECTRIC from the  
Stakeholders' Perspective

▶ [Integrated Control of ESG  
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ESG Highlight

Our Sustainability Management

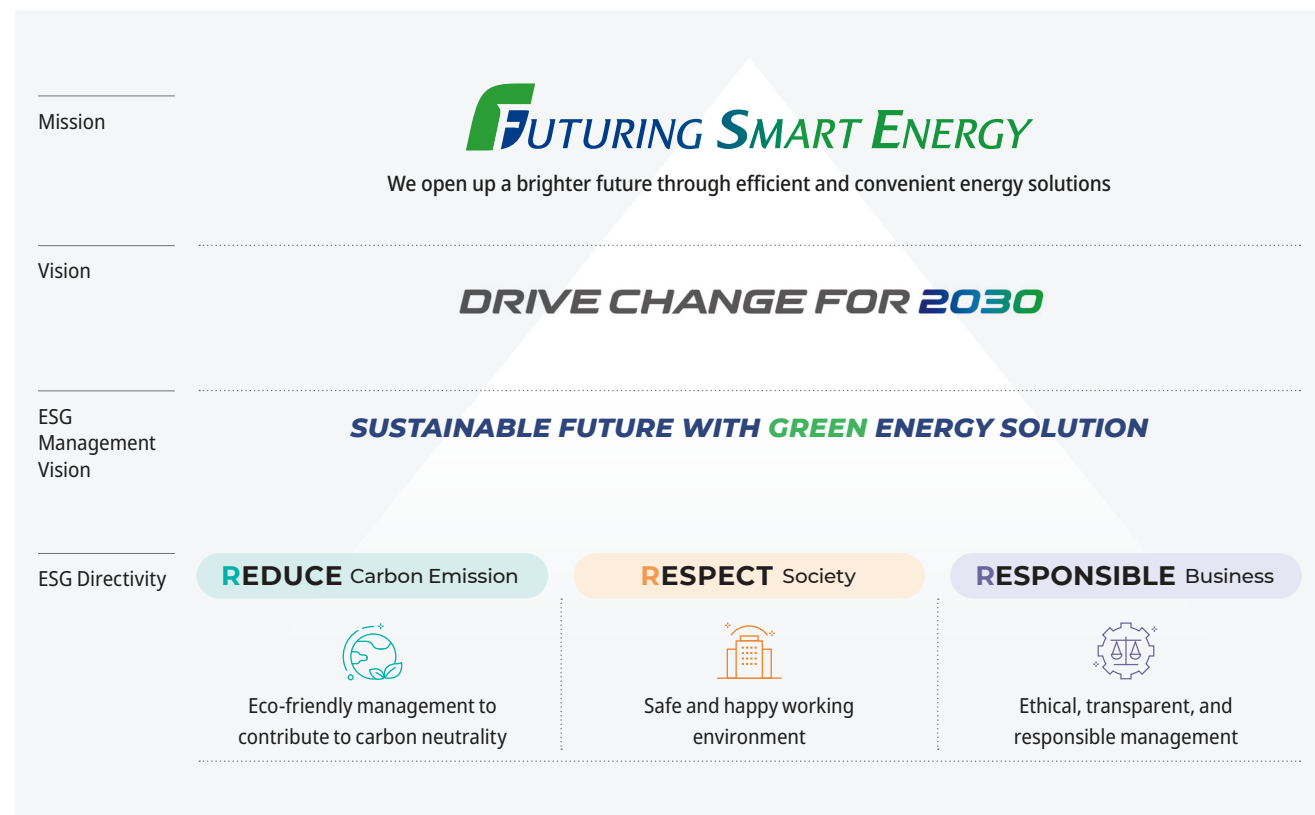
Appendix

# Integrated Control of ESG Management

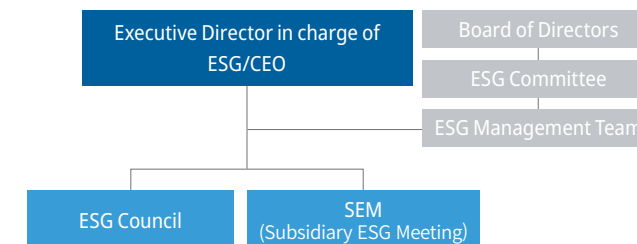
## ESG Management Promotion Strategies

For advancement as a global leader that achieves sustainable growth and creates the future of smart energy, LS ELECTRIC internally and externally declared ESG management on October 4, 2022 under the ESG management vision of "Sustainable Future with Green Energy Solution." To establish transparent and advanced governance, we established the ESG Committee under the BOD to deliberate and resolve on key ESG-related policies and strategies. Likewise, for systematic ESG management promotion, the ESG Management Team was established to lead the internal and external ESG management dissemination. In addition, the ESG Council is operated with executives and organizational leaders from various internal value chains in order to implement the ESG tasks systematically and respond to various ESG issues efficiently. Moreover, the SEM (Subsidiary ESG Meeting) is held to spread ESG management to subsidiaries and overseas worksites.

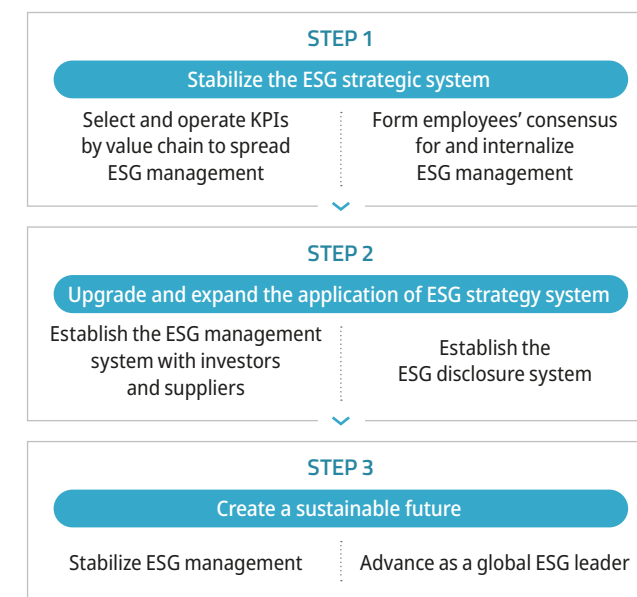
## LS ELECTRIC's ESG Strategy System



## ESG Organization



## ESG Management Improvement Direction



# ESG Highlight

LS ELECTRIC Bringing Light to the World

## Our ESG Journey

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2022

**G1** March  
Appointed female outside director

**S1** May  
Entered into a business agreement for digital transformation with MS

**S2** July  
Launched the ESG volunteer group "Hi Light"

**G2** October  
Held the ESG management declaration ceremony

**E1** Declared carbon neutrality

**S3** November  
Named Good Design Product by the Ministry of Trade, Industry, and Energy

**E2** December  
Won the Minister of Environment Award as a Good Green Company

2023

**E3** March  
Entered into an agreement for waste battery recycling

## ENVIRONMENTAL

### E1 Carbon Neutrality Declaration

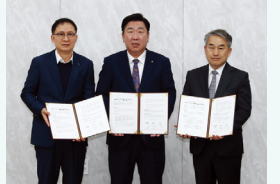
To promote eco-friendly management, LS ELECTRIC vowed to achieve carbon neutrality by 2040. For active participation in the climate change response, we plan to achieve 40% reduction in carbon emissions by 2030 compared to 2021, and 100% reduction by 2040. To this end, we pledged to promote energy-saving activities continuously by worksite and implement the RE100 initiative through the Renewable Energy Certificate (REC) purchase and power purchase agreement (PPA).

### E2 Minister of Environment Award as a Good Green Company

In recognition of its environmental improvement performance and eco-friendly activities, LS ELECTRIC Cheongju Worksite won the Minister of Environment Award at the Good Green Company Awards 2022. LS ELECTRIC scored high in a number of categories, such as zero carbon emissions, active participation in environmental policy implementation, establishment of environmental management system, eco-friendly product development, environmental pollutant control, and ESG management. The KRW 10 million prize money was donated to the Cheongju-Chungcheongbuk-do Regional Office of the Korea Federation for Environmental Movements for use in response to climate crisis in the local community and river-cleaning activities.

### E3 Agreement for Waste Battery Recycling

LS ELECTRIC's Cheongju worksite entered into a business agreement with Cheongju City for waste battery recycling activation. LS ELECTRIC will actively cooperate with Cheongju City in contributing to the creation of a sustainable resource circulation society by activating the separate discharge of waste batteries and increasing the collection amount.



## SOCIAL

### S1 Business Agreement for Digital Transformation with MS

LS ELECTRIC entered into a strategic partnership agreement with Microsoft (MS) for smart working environment creation through safe digital transformation. LS ELECTRIC will increase the agility of working and consequently improve operating efficiency by using Teams, the integrated cooperation solution of the LS Group, and establish a cloud-based global business system.

### S2 ESG Volunteer Group "Hi Light"

The first Hi Light volunteer group consisting of around 50 university students from across the country and LS ELECTRIC employees as mentors performed volunteer work for two days in a rural region of Cheongju City. Founded with the goal of "bringing light to local communities," Hi Light contributed to improving the residential environment by repairing farmhouses in Cheongju City. It also played a part in local community development by throwing EM clay balls at Miwon Stream for ecological environmental improvement.



### S3 Designation as a Good Design Product by the Ministry of Trade, Industry, and Energy

At the Good Design Awards 2022 hosted by the Ministry of Trade, Industry, and Energy, four of LS ELECTRIC's power and automation products—S300 Drive Series, Smart ACB (air circuit breaker), Delta Robot, and L100 Drive Series—were selected as Good Design products and given the Good Design mark. S300 Drive Series in particular received the Minister of Trade, Industry, and Energy Award (Silver Prize), in recognition for not only its performance but also design excellence. Moving forward, LS ELECTRIC will increase competitiveness to make a contribution in terms of the functional aspect of products while exposing the PI (product identity).

## GOVERNANCE

### G1 Appointment of Female Outside Director

LS ELECTRIC improved the gender diversity of the directors by appointing Professor Won-ja Song from the Division of Business Administration, University of Suwon as an outside director at the general shareholders' meeting in March 2022. We will continue appointing directors based solely on expertise and capabilities without discrimination in terms of gender and age, etc. By doing so, we will organize the BOD to be equipped with diversity and expertise so that it can represent the rights and interests of shareholders and stakeholders in a balanced manner and, at the same time, create a transparent, professional governance system.

### G2 ESG Management Declaration Ceremony

LS ELECTRIC took the first step toward sustainable growth by holding the ESG management declaration ceremony in order to respond actively to the management paradigm shift to ESG. Under the slogan "Sustainable Future with Green Energy Solution," we will practice eco-friendly management to contribute to carbon neutrality, create a safe and happy working environment, and promote ethical, transparent, and responsible management; thus creating a sustainable future.



# ESG Highlight

LS ELECTRIC Bringing Light to the World

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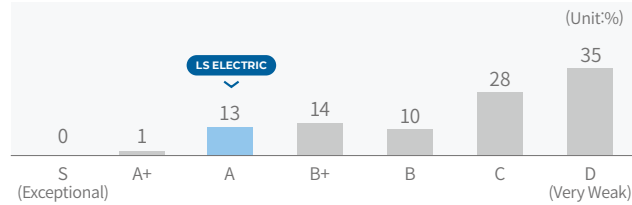
### Domestic >

#### KCGS

Rating **A** for 4 years in a row



The Korea Corporate Governance Service (KCGS) is Korea's leading ESG assessment agency that evaluates the sustainability management of listed companies. LS ELECTRIC has obtained a rating of A for four years in a row since 2020. In 2022, we successfully maintained the rating even as the rating of many companies fell following the tightening of assessment criteria.

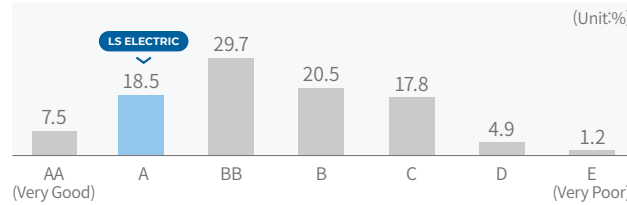


#### SUSTINVEST

Overall rating **AA**  
 Rating **A** by scale



SUSTINVEST is an ESG assessment and research agency based in Korea. It conducts ESG assessment twice a year (first and second halves) targeting domestic listed companies. In the first and second halves of 2022, LS ELECTRIC received overall rating of AA and rating of A by scale.

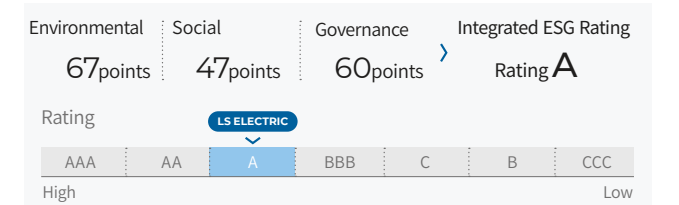


#### Institute for Sustainable Development (Who's Good)

Rating **A**



The Institute for Sustainable Development is an AI-based ESG assessment agency. In 2022, LS ELECTRIC scored 67 points, 47 points, and 60 points in environmental, social, and governance categories, respectively, for an integrated rating of A.



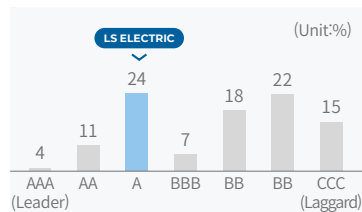
### Overseas >

#### MSCI

Rating **A** for 3 years in a row



In the MSCI ESG assessment, LS ELECTRIC received rating A for three years in a row. MSCI annually assesses global listed companies in terms of 35 critical issues in the 10 environmental, social, and governance-related areas.

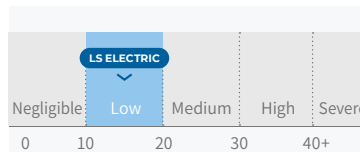


#### Sustainalytics

ESG Risk Rating **Low**



Sustainalytics is a risk management-based ESG assessment institute supervised by Morningstar. LS ELECTRIC received a Medium Risk rating in 2021. With our ESG management performance recognized, however, we acquired a rating of Low Risk in 2022.

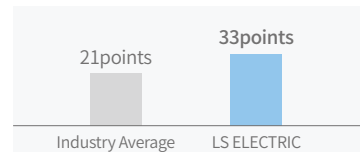


#### S&P Global CSA

33 points



S&P Global ESG assessment is conducted by global financial information provider S&P through the acquisition of Switzerland's SAM, a sustainability management assessment agency. Each year, it comprehensively assesses the economic, environmental, and social performances of businesses. In 2022, LS ELECTRIC scored 33 points, a 14-point improvement year on year.

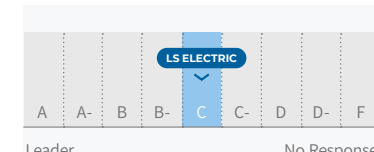


#### CDP

Rating **C** (Climate Change)



As a nonprofit organization of the UK, CDP manages the carbon emissions of major listed companies across the world. LS ELECTRIC received a C rating in the climate change category. We will promote improvement in the CDP rating by implementing and upgrading the carbon neutrality strategies established in 2022.

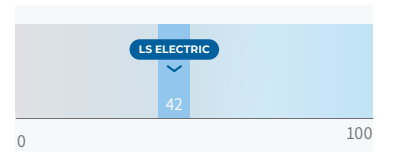


#### Eco-Vadis

42 points



Eco-Vadis is a CSR assessment platform where global suppliers' environmental and social performances are assessed. It assesses the ESG performance of around 50,000 companies from 190 industries in 150 countries across the globe. LS ELECTRIC scored 42 points.





LS ELECTRIC Bringing Light  
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Our ESG Journey

**Our Sustainability Management**

**Environmental**

- Environmental Management
- Creating Eco-friendly Worksites
- Climate Change Response

**Social**

- Human Rights Management
- Talent Management
- Health and Safety Management
- Data Protection and Information Security
- Quality Management
- Shared Growth
- Social Contribution

**Governance**

- Establishing Sound Governance
- Ethics Management
- Compliance
- Risk Management

Appendix



# Our Sustainability Management

Environmental		Social		Governance	
Environmental Management	21	Human Rights Management	34	Establishing Sound Governance	60
Creating Eco-friendly Worksites	26	Talent Management	37	Ethics Management	64
Climate Change Response	30	Health and Safety Management	42	Compliance	67
		Data Protection and Information Security	47	Risk Management	69
		Quality Management	50		
		Shared Growth	53		
		Social Contribution	58		



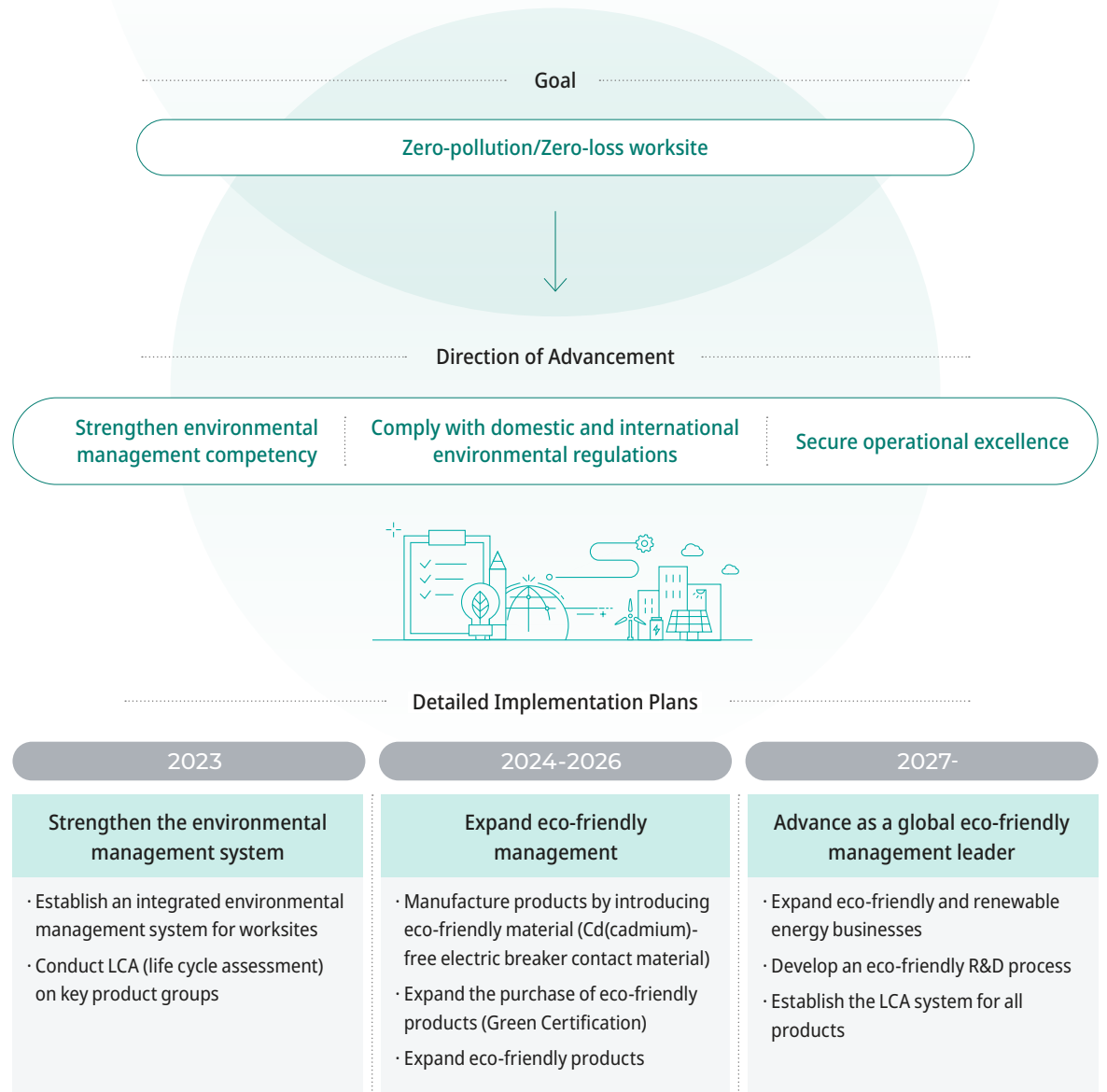
## ENVIRONMENTAL

# Environmental Management

Recognizing eco-friendly, green management as a key element of business management strategy, LS ELECTRIC dedicates every effort to contributing to preserving the global environment and creating a sustainable society by fulfilling its corporate social responsibilities. By internalizing environmental management, we will strive to create an eco-friendly ecosystem in corporate operation and across the value chain.



### 📌 Roadmap



# Environmental Management

## Policy

### Environmental Management Implementation System

For its advancement as a global leader of eco-friendliness, LS ELECTRIC established its environmental management promotion strategy of "Green Management Vision 2030," and it is implementing the key tasks. We are establishing environmental policy and goals and performing resource management, performance assessment, and improvement activities in order to respond to the needs of our internal and external stakeholders including customers. In addition, integrated management of environmental and chemical information in worksites is being promoted based on the integrated ESH\* management system. We also remove potential environmental risks by conducting annual environmental impact assessment and perform field inspections on a regular basis for swift response to environmental issues upon occurrence.

In recognition of our eco-friendly management performance, we have been selected as Green Company by the Ministry of Environment since 1997. In addition, the transparency of our environmental management has been enhanced through the acquisition and continuous renewal of ISO 14001 certification, a global environmental management system standard. We will strive to create an eco-friendly environment across the value chain by developing eco-friendly products and technologies as well as promoting environmental impact reduction.

#### Environmental Management Policy

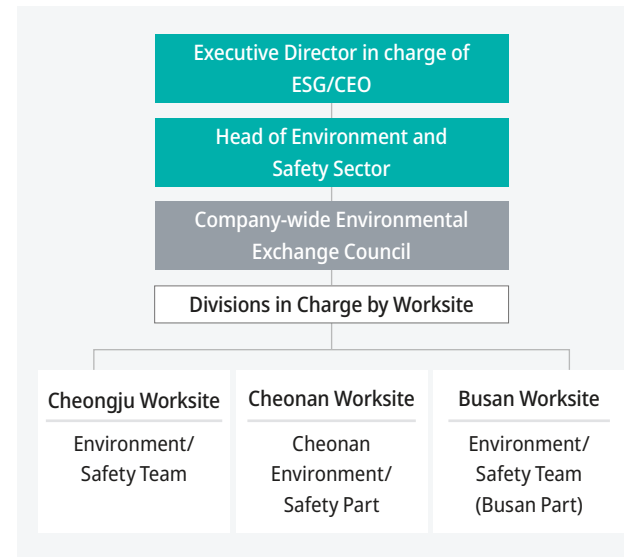
\*ESH : Environment, Safety, Health

### Environmental Management Governance

With the Executive Director in charge of ESG and CEO in charge of handling key issues related to environmental management, LS ELECTRIC establishes environmental management strategies and tasks and makes decisions on important issues such as investment.

In addition, through the quarterly company-wide Environmental Exchange Council meetings, the environmental issues of each worksite are shared, and the direction for environmental management promotion across the Company is discussed. The organization of the Council meetings is led by the head of the Environment and Safety Sector under the Executive Director in charge of ESG and CEO. The risks identified through the meetings are immediately handled by the environment and safety divisions of each worksite.

The key environmental issues are reported to the ESG Committee under the BOD. Based on the reports, the ESG Committee oversees and provides advice on the impact of key sustainability issues including environmental issues on the Company's business.



### Environmental Risk Management

LS ELECTRIC established the risk management process to identify and respond preemptively to risks that can occur in the course of environmental management. In addition, emergency management rules have been established, and environmental accident situations were categorized into levels A to C for swift response to and management of emergency situations. We also inspect the status of compliance with environmental regulations on a regular basis and install environmental pollution prevention facilities and apply substitute materials to ensure compliance with the regulations.

#### Environmental Accident Response System

Risk Type	Level A	Level B	Level C
Physical	Critical impact on worksite/unit process	Impact on unit process	Impact on facilities within the process
Human	Serious accident	Lost time of three days and longer	Lost time of less than three days
	⇩	⇩	⇩
Reporting	Executive Director in charge of ESG(CSEO*)		
Notification	CIC COO	Group Leader	Plant Manager/ Manager of Business Division

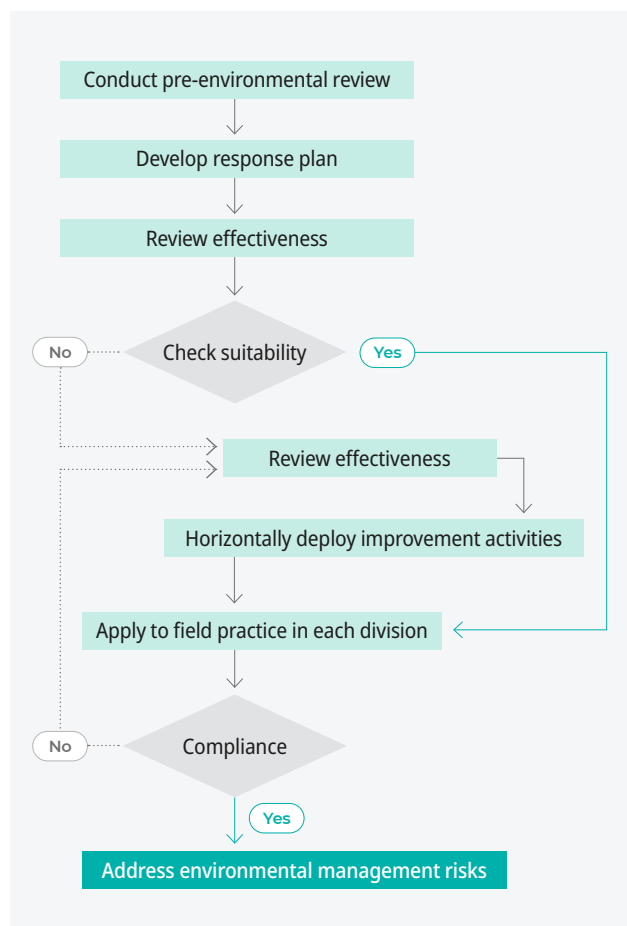
\*CSEO : Chief Safety and Environment Officer







# Environmental Management

## Policy

### Environmental Risk Management Process



### Response to Environmental Legal Risks

Law	Requirement	Response
Clean Air Conservation Act 	Report air pollutant-emitting facilities	Complete the report completion certification change according to the installation of high-voltage air pollutant-emitting facility
Clean Air Conservation Act 	Attach IoT (Internet of Things) measuring device	Attach IoT (Internet of Things) measuring device to air pollutant-emitting facilities and transmit matters related to facility operation, etc. to the Ministry of Environment management system (Green Link)
Chemical Substances Control Act 	Comply with hazardous chemical handling criteria	<ul style="list-style-type: none"> <li>Inspect facilities handling small amounts of hazardous chemicals in terms of toxic substances (cadmium oxide, nickel oxide)</li> <li>- Handling Facility: 8 welding machines</li> <li>- Storage Facility: 2 cabinets</li> <li>Apply substitute for methyl alcohol as the latter was added as toxic substance</li> </ul>
Act on the Registration and Evaluation of Chemical Substances 	Register imported chemicals	Complete imported chemical registration for cadmium oxide, a toxic substance raw material imported and used by the processing division

## Goal and Performance

### Compliance with Environmental Regulations

To comply with domestic and international environmental regulations, LS ELECTRIC periodically reviews related statutes and applies the amended statutes to the internal regulations. As a result, we recorded zero violations of environmental regulations in 2022. Moving forward, we will conduct thorough monitoring and ensure strict regulatory compliance in order to keep the violation cases to zero.

Item	Unit	2022	2023	2024
Environmental Regulation Violations	Goal	0	0	0
	Cases	0		

# Environmental Management

## Activity

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Our ESG Journey

### Our Sustainability Management

Environmental

#### ▶ Environmental Management

Creating Eco-friendly Worksites

Climate Change Response

Social

Governance

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### Environmental Management Spread

LS ELECTRIC conducts various activities to spread environmental management across the Company in order to improve employees' environmental awareness and capabilities. We will strive to encourage employees' voluntary participation in environmental management activities and provide a greater number of opportunities for participation.

Activity	Cycle	Description
One Company One Forest campaign	Quarterly	Tree planting and maintenance to improve the forest's ecological function (Yeongdong-gun and Okcheon-gun, Chungcheongbuk-do)
Power-saving activity	Monthly	Campaign to promote power saving during work, such as keeping the recommended temperature for winter (20°C)
Green & Clean Day	5-6 times/year	Nature purification around worksites
Introduction of preferred menu selection system to the cafeteria	Year-round	Reducing food waste by letting employees select the menus for the next meal
Zero Leftover Day	Year-round	Activity to achieve zero food waste



One Company One Forest Campaign



Green & Clean Day



Zero Leftover Day

### Environmental Training of Employees and Suppliers

LS ELECTRIC provides annual environmental training to enhance the environmental management awareness of employees and help them improve their work competencies. The training focuses on the environmental management policy and operation of eco-friendly worksite. Moreover, when an environmental issue occurs, the details are posted on the internal noticeboard and shared with all employees. To strengthen the environmental competencies of suppliers, we provide off-the-job training at least once a year on hazardous chemicals, greenhouse gas, and environmental regulations to 26 internal suppliers. We also provide environmental technology support by visiting the worksites of suppliers to assist in the improvement of their environmental management competency.

Training	Description	Target	Performance	
			Trainees (persons)	Training Hours
Training upon recruitment	Environmental management and compliances in worksites	New employees	49	36
Environmental engineer training	Environmental regulation trends and statutory training	Environmental engineer	9	86
Environmental training	Environmental management in worksites	Employees	132	461.5
Suppliers	Key environmental regulations	Suppliers	22	44

# Environmental Management

## Activity

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Environmental

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### Eco-friendly Investment

As a global eco-friendly company, LS ELECTRIC sets eco-friendly product development goals and steadily invests in product development in order to lead the future market. In particular, we actively invest in compact size design technology development to promote production using eco-friendly materials and minimize waste discharges. In addition, through periodic facility repair and replacement and reasonable process establishment, we are striving to improve utility efficiency; thus reducing energy consumption.

#### Environmental Investment in 2022

Item	Development (cases)	Cost (KRW million)
Eco-friendly product development	9	4,054
Compact size design technology	7	7,590
Utility environmental improvement	16	1,044
<b>Total</b>	<b>33</b>	<b>12,688</b>

### Eco-friendly Power Generation

To contribute to the transition to eco-friendly energy sources, LS ELECTRIC is operating the photovoltaic power plants it has installed at the worksites and in nearby idle sites by expanding renewable energy infrastructure. We also promote efficient power generation and management using the monitoring system and ESS of our smart grid solution GridSol. Moving forward, we will contribute to GHG reduction by increasing the establishment of renewable energy power generation facilities on idle land in our worksites, such as rooftops and parking lots.

#### Renewable Energy Power Generation in 2022\*

Worksite	Photovoltaic Power Capacity (kW)	Generation Amount (MWh)
Cheongju Plant 1	495	871.27
Cheongju Plant 2	2,034	2,614.73
Busan	912	1,873.00
Hwamyeong Water Purification Plant	998	1,815.99
<b>Total</b>	<b>4,439</b>	<b>7,174.99</b>

\*100% of generated electrical power sold

### Eco-friendly Technological Patents

LS ELECTRIC is dedicating utmost effort to eco-friendly technology and product development in order to expand its global business and secure a future growth engine. As of 2022, we have applied for patents for a total of 548 eco-friendly technologies. We also obtained patents not only in Korea but across the world as well, such as the US, China, Germany, and the UK. We will actively practice eco-friendly management for our future generation by developing new technologies to increase future value.

#### Eco-friendly Patents

Technology	No. of Patents
Energy storage system	302
Photovoltaic power	156
Electric vehicle	68
Eco-friendly gas (g3) insulated switch	22
<b>Total</b>	<b>548</b>



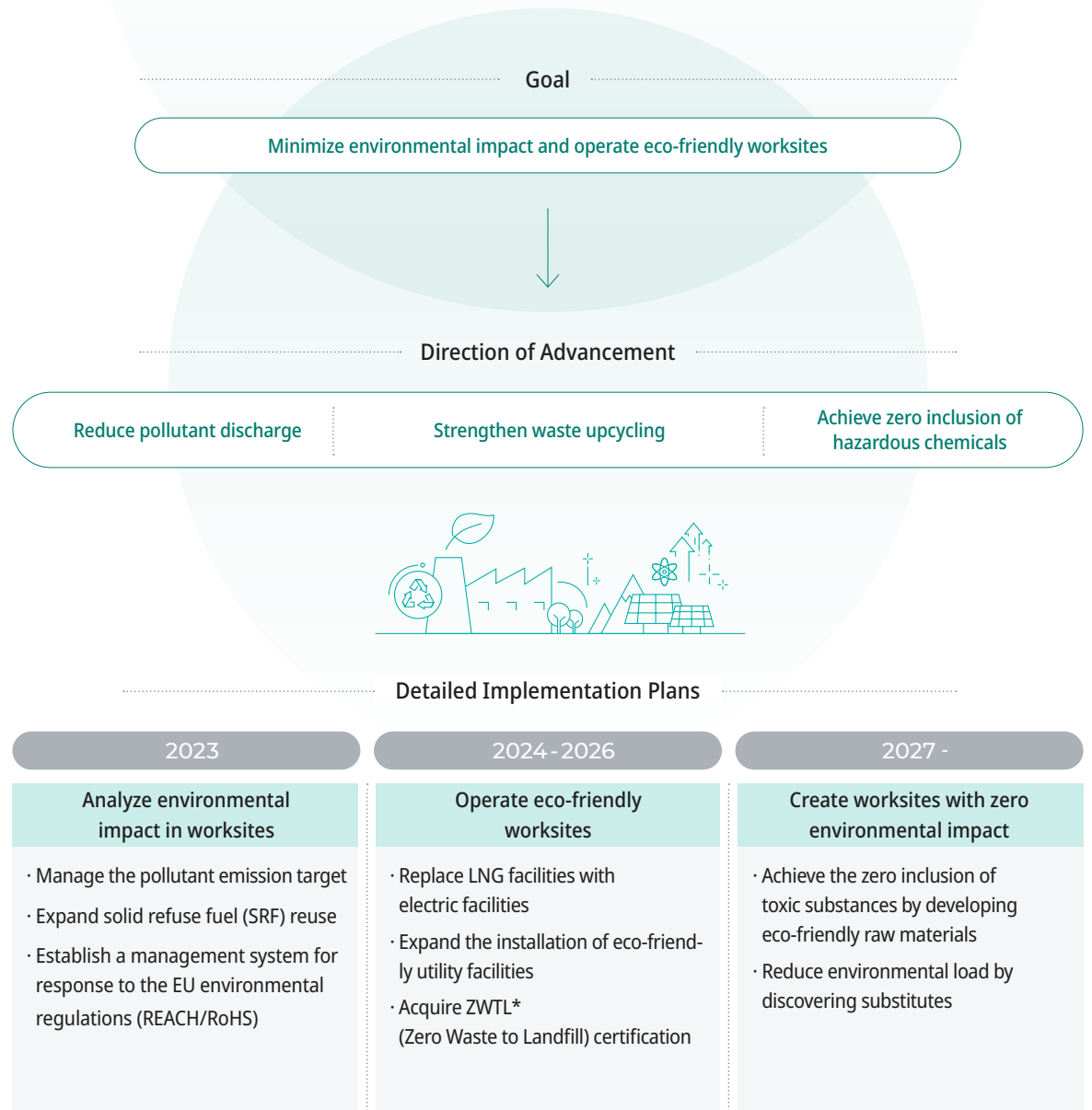
## ENVIRONMENTAL

# Creating Eco-friendly Worksites

To minimize the environmental impact generated in the course of business operation, LS ELECTRIC applies a strict set of internal criteria. We will continue making effort to reduce environmental impact, such as reducing pollutant discharge and achieving the inclusion of zero hazardous chemicals in our products.



### 📌 Roadmap



# Creating Eco-friendly Worksites

## Policy

### Establishment of Eco-friendly Worksite System

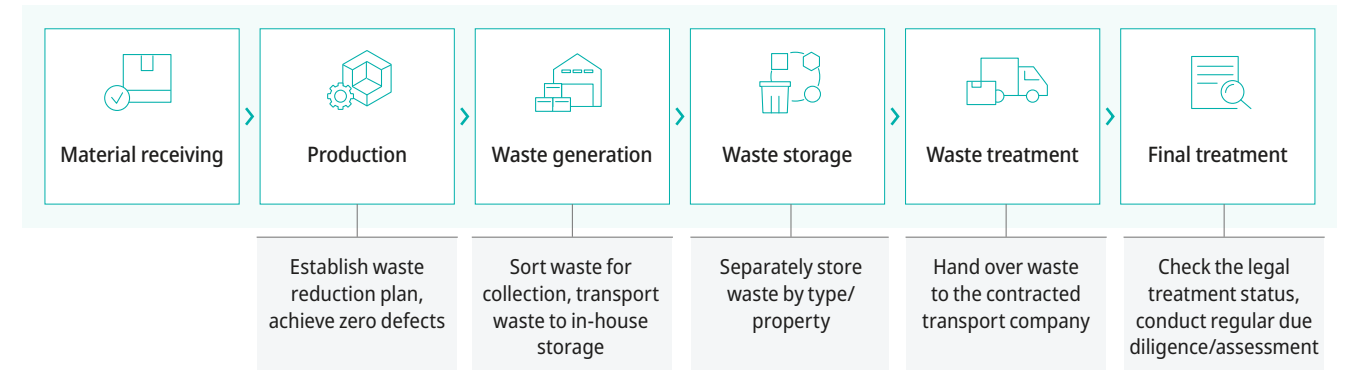
With the goal of minimizing environmental impact and maximizing resource circulation in the worksites, LS ELECTRIC established the integrated ESH management system, and it is conducting performance management and monitoring by environmental indicators including wastes, pollutants, and hazardous chemicals.

To minimize waste discharge, we sort wastes discharged from worksites according to their recyclability and lawfully treat them through a professional waste treatment service provider. Conformity assessment is also conducted annually by monitoring compliance with the waste control manual. In addition, to minimize waste treatment through incineration or landfill, we promote the acquisition of ZWTL (zero waste to landfill) certification for all worksites.

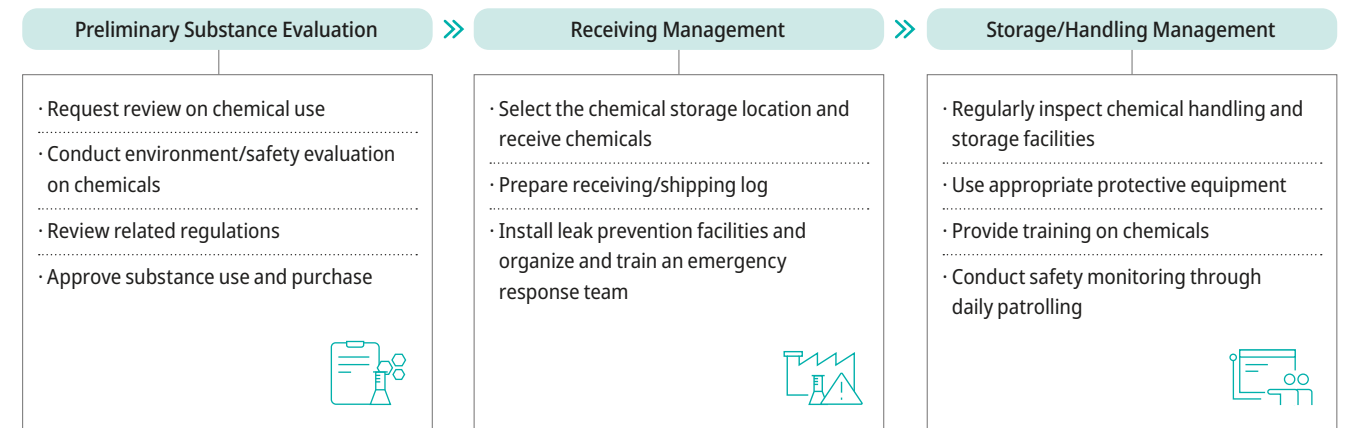
The effluent limitations do not apply to LS ELECTRIC as the entire amount of wastewater is treated through consignment. However, we control the impact of wastewater on the ecosystem by analyzing the components of water pollutants in the source water. Our internal acceptance criteria for air pollutant control are 50% stricter than the legal criteria. In addition, we repair and replace old air pollution prevention facilities to keep them in optimal condition.

At the same time, we limit the use of the six chemicals restricted for use by the EU RoHS (Restricted Hazardous Substances): lead, cadmium, mercury, chrome, and flame retardants PBBs and PBDEs. Hazard identification is also conducted on chemicals before they are received into worksites for preemptive response to related legal risks. We regularly conduct inspections on facilities for hazardous chemical handling and provide technological support for chemical management to suppliers.

### Waste Management Process



### Chemical Management System



# Creating Eco-friendly Worksites

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## Goal and Performance

### Reduction of Pollutant Emissions

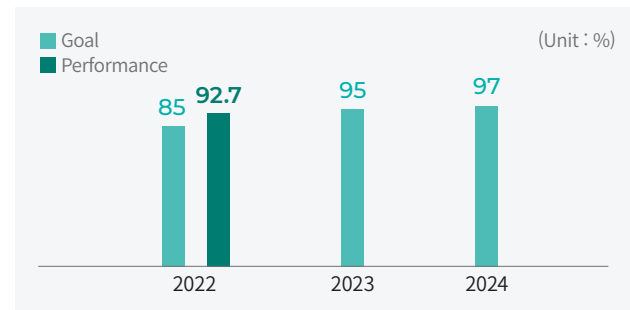
To minimize the environmental impact of pollutants generated from worksites, LS ELECTRIC analyzes performance and establishes environmental goals. In addition to pollutant intensity control by worksite, we will dedicate various efforts to the continuous reduction of environmental impact of our production activities.

Pollutant	Unit	Emissions in 2022	2023 Goal
Air pollutants (dust)	g/KRW million	0.44	0.42
Waste	kg/KRW million	1.59	1.54

### Expansion of Waste Recycling

By 2026, LS ELECTRIC plans to recycle over 99% of wastes discharged through expansion of investment in recycling infrastructure and activities to reduce the amount of waste generation. Our goal is to achieve zero waste-to-landfill across worksites from 2027 based on continuous reduction in the amount of wastes treated through incineration and landfill.

#### Waste Recycling Rate



## Activity

### Reduction of Pollutants

LS ELECTRIC controls pollutants by setting emission limit values stricter than the legal standards. Since 2022, our Cheongju and Cheonan worksites have carried out activities for reducing seasonal particulate matter generation by participating in the voluntary particulate matter reduction program led by the Geumgang River Basin Environmental Office. We also conduct regular monitoring on air pollution prevention facilities through self-measuring, and we are contributing to reducing air pollutant emissions by replacing the filter materials for air pollution prevention facilities with activated carbon and bag filter. At the same time, to reduce water pollutants, wastewater discharge facilities of the Cheongju worksite have been partially shut down, producing the result of decreasing the total wastewater discharge from the worksite by approximately 45%.

### Establishment of Waste Reduction and Resource Circulation System

We achieved zero waste incineration for wastes generated from Cheongju Plants 1 and 2 by changing the treatment method for the 230 tons of waste synthetic resin discharged per year to solid refuse fuel (SRF). In the Busan worksite, the treatment method of waste oil paint—which is categorized as designated waste—was changed from incineration to recycling, which contributes to lowering the waste disposal charges continuously. In addition, the Cheongju worksite entered into an agreement for waste battery collection and recycling activation with Cheongju City to establish a waste resource circulation system. Based on the agreement, it was decided that the total amount of waste batteries discharged from the worksite each year, which is approximately 1 ton, would be recycled. Through the effort, the environmental pollution caused by heavy metals generated in the course of waste battery landfill and incineration was reduced, and a sustainable resource circulation system was established.

\*Waste Disposal Charges: A system of imposing and collecting charges for waste treatment through incineration or landfill among various methods

### Chemical Safety Management

The facilities used in handling hazardous chemicals are monitored weekly under the supervision of the Environment/Safety Team. At the same time, the environment and safety manager conducts daily chemical safety management inspections. Status inspection is also performed on chemical handling facilities in worksites once a week. To prevent chemical accidents, all chemicals used in the worksites are strictly managed according to legal criteria in the stages of use, storage, and disposal.

LS ELECTRIC strengthens the chemical management capabilities by assigning professional personnel for chemical management to each worksite and having them complete related training. We continue striving for swift response to related statutes and creation of a safe workplace from hazardous chemicals. We also provide training and consulting on chemical management to suppliers to ensure that the employees of suppliers can work in a safe, healthy environment. In 2022, training for the management of facilities used in chemical handling was provided to 22 of the Cheongju worksite's suppliers that use chemicals.

### Reduction of Chemical Use

#### Using Substitute for MC (Methylene Chloride)

LS ELECTRIC substituted MC (methylene chloride), a hazardous chemical used in the stripping process, with a substance containing no hazardous chemical by discovering suppliers and conducting quality tests in each stage since October 2019.

#### Developing Cd(Cadmium)-free Eco-friendly Material

LS ELECTRIC developed the eco-friendly Cd(cadmium)-free electric breaker contact material using carbon nano tube (CNT) as a first in the world. The introduction of the new material to the manufacturing process was first promoted in 2023. Our goal is the zero inclusion of toxic substances (cadmium oxide, nickel oxide) contained in the previously used materials in stages by 2026.



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### Water Stress Management

According to the World Resources Institute (WRI), Korea's average water stress index in 2023 is medium-high (20-40%), which is higher than that in Africa. In addition, the OECD Environmental Outlook to 2050 reports that Korea will be the most water-stressed country among the OECD states by 2050. For successful response to water stress issues, LS ELECTRIC minimizes water consumption in the production process and strives to increase water reuse.

Worksite	Water Stress Index	Water Intensity* (ton/KRW 100 million)	Water Source	Management Activities
Cheongju Worksite	Medium - High	5.02	Geum River	<ul style="list-style-type: none"> <li>Removing the Cooling Tower for the High-speed Processing Room: Removing the outdoor cooling tower to reduce energy and water consumption in order to improve cooling efficiency through cooling system improvement</li> </ul>
Cheonan Worksite	Medium - High	12.81	Geum River	<ul style="list-style-type: none"> <li>Installing Butterfly Valves at Six Points on the Output Line of Units 1 and 2 to Improve the Cooling Efficiency of the Cooling Tower: Improving the facility for intensive de-scaling of pipeline by section through the installation of valves to enable cleaning in each section</li> <li>*Reducing the amount of water wasted in cleaning                             <ul style="list-style-type: none"> <li>(1) Reduction amount (2.5 tons x twice/year x 3 units = 15 tons/year)</li> <li>(2) Water consumption for the cooling tower is 2,620 tons, which was lowered by 0.57% compared to before improvement</li> </ul> </li> <li>Promoting stable water supply and improving energy efficiency by stabilizing the groundwater deep well operation and conducting environmental impact assessment in the surrounding area</li> </ul>
Busan Worksite	Low-Medium	49.01	Nakdong River	<ul style="list-style-type: none"> <li>Increasing water reuse by doubling the capacity of the boiler condensate tank</li> <li>Installing a Flow Meter and Establishing a Control System in the U/T Building: Increasing water supply efficiency by extending the flow meter installation</li> </ul>

\*Water Intensity: Water consumption/production amount

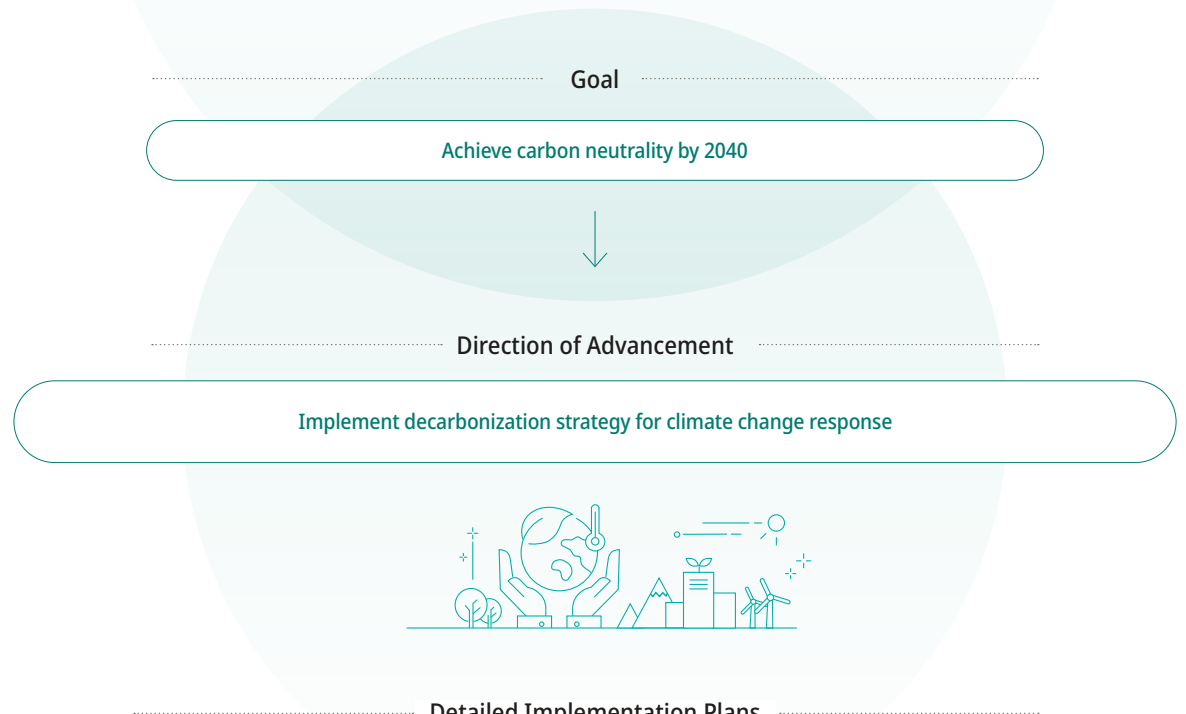
**ENVIRONMENTAL**

# Climate Change Response

To minimize the impact of climate change, LS ELECTRIC strives for GHG reduction by increasing the use of renewable energy, replacing old and inefficient facilities, and expanding the development of eco-friendly products. We will continue dedicating effort to achieving carbon neutrality by 2040.



➤ Roadmap



**Detailed Implementation Plans**

2023	2024 - 2030	2031 - 2040
<p><b>Establish basis for carbon neutrality promotion</b></p> <ul style="list-style-type: none"> <li>Join the RE100 initiative</li> </ul>	<p><b>Implement strategies for decarbonization</b></p> <ul style="list-style-type: none"> <li>Expand renewable energy sourcing (PPA, REC purchase, etc.)</li> <li>Perform energy-saving activities (replacing old and low-efficiency facilities, etc.)</li> <li>Include climate change management elements in the supplier selection and sourcing process</li> <li>Change 100% of company cars to eco-friendly vehicles</li> <li>Support the establishment of supply chain carbon emission management system and reduction activities</li> </ul>	<p><b>Achieve Carbon neutrality</b></p> <ul style="list-style-type: none"> <li>Promote the establishment of efficient Scope 3 emissions management system and reduction activities</li> <li>Promote carbon-negative strategies</li> </ul>

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## Climate Change Response

Following the Paris Agreement in 2015, the international society has set the goal of limiting global temperature increase to below 2°C compared to before industrialization, while pursuing efforts to limit the increase to 1.5°C. Under the circumstances, the TCFD (Task Force on Climate-related Financial Disclosures) launched with the G20 Finance Ministers and Central Bank Governors presented the Recommendations for businesses to report climate change-related risks and opportunities and financial impacts.

The Recommendations require businesses' transparent disclosure in four areas: climate change-related governance, strategy, risk management, and metrics and reduction targets.

Recognizing the seriousness of the impact of climate change on not only corporate existence but also the global environment and humankind, LS ELECTRIC adopted the TCFD Recommendations as a reporting standard in order to disclose related details to stakeholders transparently. In keeping with the CFE era, we plan to establish climate change response strategies including those for carbon neutrality and conduct related activities steadily. We will continuously improve our climate change risk management system and transparently disclose all processes.

### ↗ Governance

LS ELECTRIC manages and oversees the handling of key ESG issues including climate change response strategies by establishing the ESG Committee under the BOD. We set the mandatory climate change-related KPIs targeting the top management and reflect the results in the assessment and compensation system to bolster the management's commitment to fulfilling responsibilities. Moving forward, LS ELECTRIC will agilely respond to climate change risks and upgrade the management system.

### ↗ Strategy

LS ELECTRIC identifies climate change risks and opportunities and systematically responds to them. The transitional and physical risks associated with climate change are identified, and response plans for the related financial impact are developed and managed. We will continue implementing effective response through careful identification of the impact of climate change on our business by upgrading the scenario analysis technique, etc.

### Physical Risk

Category	Potential Financial Impact	LS ELECTRIC's Response	Time of Impact
Acute	Abnormal climate (heat wave, heavy rain, drought, etc.)	· Increase in production facility management cost · Possible sourcing delay in the supply chain due to increase in natural disasters	· Establish an emergency response system by disaster type Mid-term
Chronic	Average temperature rise	· Increase in production facility operating cost due to climate change	· Construct eco-friendly, high-efficiency building · Optimize energy consumption by strengthening monitoring Mid-term

### Transitional Risk

Category	Potential Financial Impact	LS ELECTRIC's Response	Time of Impact
Policy	Carbon tax and GHG emissions-related regulations	· Increase in cost for regulatory compliance(carbon credit purchase, etc.) · Increase in cost due to fines for regulatory violations	· Secure renewable energy sources through PPA and REC purchase, etc. · Promote fuel transition and install high-efficiency facilities Mid-term
Technology and Market	Increase in demand for low-carbon power facilities	· Increase in cost of new production process establishment · New technology development cost	· Expand business with low-carbon, eco-friendly products Mid-term
Reputation	Demand of investors and customers for climate change response	· Decrease in sales of existing products if demand is not met · Decrease in ESG-based investment inducement	· Establish Carbon Neutrality 2040 strategy · Promote RE100 membership Short-term

### Opportunity

Category	Potential Financial Impact	LS ELECTRIC's Response	Time of Impact
Energy Source	Transition to renewable energy	· Increase in smart energy business sales · Increase in sales of DC devices	· Promote continuous renewable energy-related businesses, such as photovoltaic power generation, ESS, and smart grid Long-term
Product and Service	Increase in power demand according to electrification	· Expansion of power device supply and sales increase in Korea and abroad	· Promote R&D to increase the eco-friendly product market share Long-term



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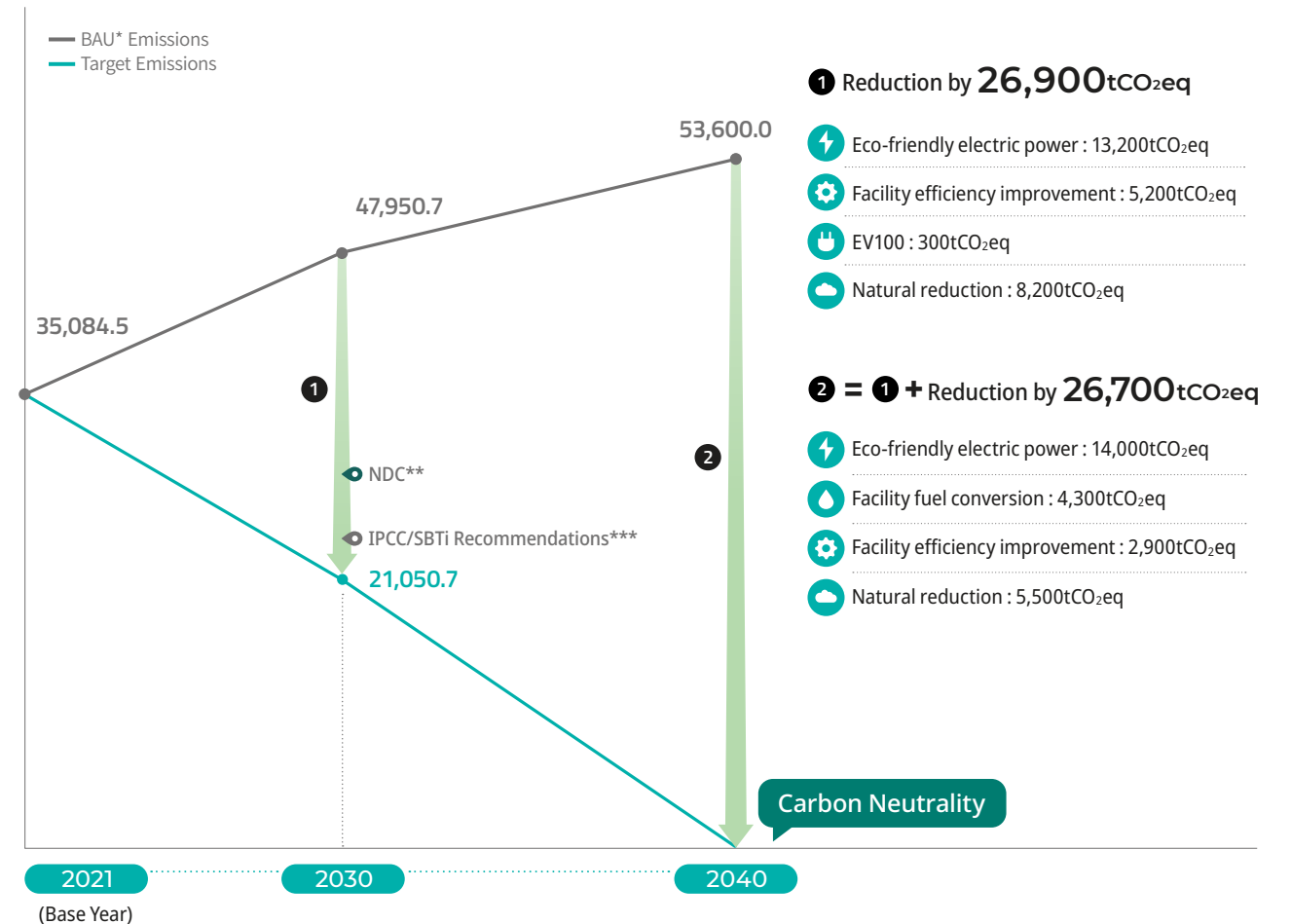
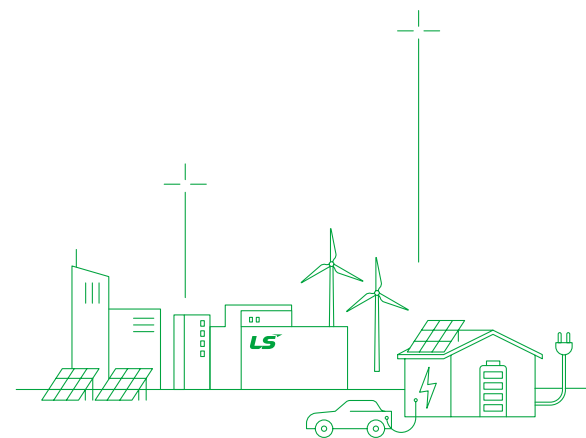
# Climate Change Response

## LS ELECTRIC's Climate Change Response

### Carbon Neutrality

To take part actively in the climate change response, LS ELECTRIC aims to achieve carbon neutrality in relation to Scope 1 and Scope 2 emissions by 2040. Recognizing that the risk caused by climate change is a material risk that affects not only the environment but also society and economy, we analyzed the financial impact of the risk and opportunity factors. To achieve effective carbon neutrality, we analyzed the amount and main sources of BAU emissions and embodied the eco-friendly vehicle transition and facility efficiency improvement plans. In particular, according to our business's characteristic of having a higher rate of Scope 2 emissions, we plan to strengthen our renewable energy sourcing capacity and monitor the carbon neutrality promotion status continuously.

Moreover, the Scope 3 carbon emissions will be monitored for carbon emission control across the value chain, and a mid- to long-term roadmap will be established.



\* BAU (Business As Usual): GHG emissions estimation, total amount of GHG emissions expected if the current trend is maintained without effort for reduction

\*\* NDC (Nationally Determined Contribution): Korea's 2030 NDC is aimed at 40% reduction compared to 2018, and 14.5% reduction in the industries

\*\*\* IPCC, SBTi Recommendations: To keep the average temperature increase at less than 1.5°C to prevent global warming and abnormal climate (recommendation to reduce GHG emissions by 38% by 2030 compared to 2021)

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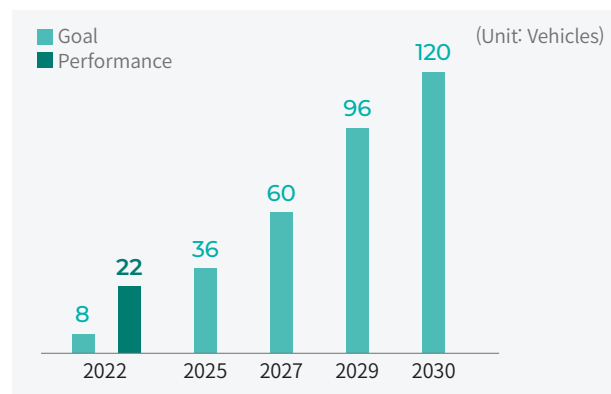
# Climate Change Response

## LS ELECTRIC's Climate Change Response

### K-EV100

LS ELECTRIC joined the K-EV100 initiative to change to eco-friendly vehicles by 2030 all fossil fuel-based vehicles it owns or leases for business use. In 2022, 22 company cars were changed to eco-friendly vehicles.

#### Eco-friendly Vehicle Transition Plan



### Effort for GHG Reduction

LS ELECTRIC actively promotes activities to reduce unnecessary energy use and optimize the energy consumption system. In 2022, the Cheongju Worksite replaced old transformers with high-efficiency facilities. We also conducted inspections on utility facilities in all worksites and replaced the old equipment. In the Busan Worksite, energy consumption was reduced by replacing the halogen lamps with LED lighting.

Through the energy-saving activities, our GHG emissions in 2022 decreased by 3.8% year on year.

### Scope 3 GHG Emissions Calculation

LS ELECTRIC internally calculates and manages the Scope 3 GHG emissions. Scope 3 emissions are indirect GHG emissions generated in the value chain other than worksites. As the worsening of climate change issues is accelerated, stakeholders' demand for Scope 3 emissions control is on the rise. LS ELECTRIC partially calculates GHG emissions from the value chain. We plan to expand the scope of measuring and undergo third-party verification in order to enhance the reliability of the data.

#### Scope 3 GHG Emissions in 2022

Category	Category	Emissions (tCO <sub>2</sub> eq)	Remarks
Upstream	Waste generation in the course of operation (incineration)	112.4	
	Overseas	6,500.9	Air
	Domestic	1,525.9	Train and driving
	Employee commuting (shuttle bus)	7,419.5	
Downstream	Leased Assets	11,462.0	
<b>Total</b>		<b>27,020.7</b>	

## Risk Management Process

LS ELECTRIC established a management framework to discover and prevent climate change risks that can occur across the value chain. For elements evaluated to be material risk, we identify and evaluate the financial impact and likelihood of the impact occurrence. At the same time, preventive and management strategies are established. Tasks are derived and detailed goals are set through close cooperation among the relevant divisions according to the strategies established. Then, the progress of the task implementation is monitored. The details of major risks are reported to the Executive Director in charge of ESG/CEO, and critical issues are reported to the ESG Committee.



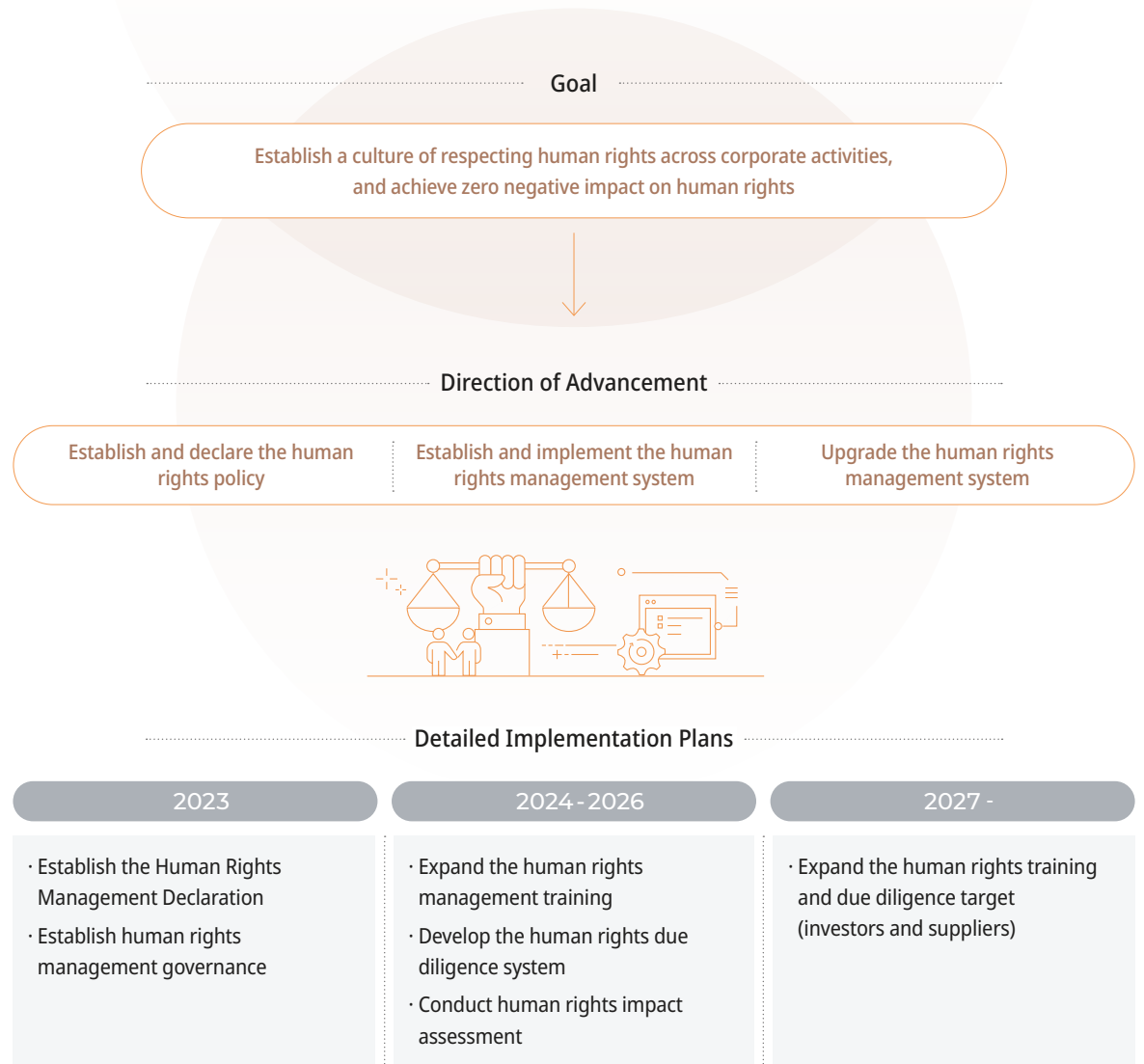
**SOCIAL**

# Human Rights Management

LS ELECTRIC is committed to practicing human rights management to protect and respect the human rights of all stakeholders including employees, customers, and suppliers. We will continue making effort for diversity and inclusiveness in order to spread the culture of respecting human rights across the Company.



↗ Roadmap





# Human Rights Management

## Policy

### Human Rights Management Implementation System

LS ELECTRIC is committed to practicing human rights management to protect and respect the human rights of all stakeholders including employees, customers, and suppliers. We ban discrimination by reason of gender, race, religion, disability, place of birth, political inclination, etc. and prohibit child labor or forced labor. We have also established the LS ELECTRIC Human Rights Management Declaration based on the Universal Declaration of Human Rights of the UN and major domestic and international principles for human rights practice. The GHR Team, which handles LS ELECTRIC's human rights management, provides human rights management training to employees on a regular basis in order to spread the culture of respecting human rights. In addition, to protect employees' human rights, we established the Basic Principles of Human Rights Management, with related issues strictly handled through the Disciplinary Committee. Stakeholders' grievances are collected and handled in real time through the anonymous noticeboard on the website and whistleblowing channels. To prevent violation of stakeholders' human rights, LS ELECTRIC will upgrade the human rights management system by measuring the impact on human rights on a regular basis and identifying risks in advance.

### Basic Principles of Human Rights Management

#### Anti-discrimination

LS ELECTRIC does not tolerate discrimination in recruitment, employment, promotion, training, wage, and welfare by reason of employees' gender, race, ethnicity, nationality, religion, disability, age, family status, social status, political inclination, etc. without any reasonable grounds and strives to create an organizational culture that respects the diversity of employees.

#### Complying with Working Conditions

LS ELECTRIC complies with labor-related laws in countries where it does business. In addition, we provide an appropriate working environment for job performance along with sufficient opportunities for training in order to assist in the capability development and quality of life improvement of all employees.

#### Humane Treatment

LS ELECTRIC respects the privacy of all employees, thoroughly protects their personal information, and shuns mental, verbal, and physical violence, abuse, or irrational treatment.

#### Guaranteeing Freedom of Association and Collective Bargaining

LS ELECTRIC respects the labor relations law in all countries where this Human Rights Policy applies and provides all employees with an opportunity for sufficient communication.

#### Banning Forced Labor and Child Labor

LS ELECTRIC complies with the minimum age requirement for employment prescribed in each country and refrains from mentally or physically restraining employees such as through slavery or human trafficking or forcing labor by a person against his or her free will.

#### Guaranteeing Occupational Safety

LS ELECTRIC complies with the occupational health and safety laws of each country to ensure that all employees work in a safe environment, inspects facilities, equipment and tools, etc. in worksites on a regular basis, and prepares support plans for appropriate handling and follow-up management for the purpose of preventing employees' physical and psychological risks.

#### Protecting the Human Rights of Local Residents

In performing operations, all employees of LS ELECTRIC take care not to violate the human rights of local residents and protect local residents' rights to health and safety and freedom of residence.

#### Protecting the Human Rights of Customers

In providing products and services, all employees of LS ELECTRIC place the highest priority on protecting customers' life, health, and property and take the best actions to protect customers' personal information collected through management activities.

## Goal and Performance

### Human Rights Training

LS ELECTRIC provides training to enhance employees' human rights awareness as well as protect human rights. The training for sexual harassment prevention and enhancement of awareness of people with disabilities is annually provided online as compulsory education. Offline training programs specializing in various job levels, such as organizational leaders, field supervisors and managers, and new and experienced employees are also offered.

In 2022, 93.6% of employees completed the human rights related training. We will continuously increase employees' human rights awareness by expanding the human rights-related training.

#### Scope of Human Rights Training

2022	All employees of the Company
2023	All employees of the Company and office workers of subsidiaries
2024	All employees of the Company and subsidiaries

# Human Rights Management

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### E-Bridge (Junior Board)

LS ELECTRIC operates the E-Bridge to collect opinions of employees of the Generation MZ, which account for 50% of total employees. Through online and offline meetings, E-Bridge members discover and propose new and original ideas about the company management and conduct activities with the goal of operational productivity improvement based on efficient thinking. In addition, by participating in the quarterly CSR\* (supporting the neglected class, helping in meal service at welfare centers for senior citizens, performing volunteer work abroad, etc.) activities, the members contribute to LS ELECTRIC's fulfillment of social duties and responsibilities.

\*CSR: Corporate Social Responsibility

### Diversity and Inclusiveness

LS ELECTRIC strives to create quality jobs for people with disabilities in order to enhance employee diversity. In addition to health keepers (masseurs), we find new cultural and art positions for the recruitment of people with disabilities in order to achieve not only the quantitative but also qualitative expansion of recruitment for these people. In May 2023, we launched the "Green Voice" choir by employing eight new artists with developmental disabilities. The name of the choir, Green Voice, conveys the commitment of LS ELECTRIC employees to creating a sustainable future with green energy. We will provide full support to the choir and its members so that they can stably perform musical activities. Moving forward, LS ELECTRIC will dedicate efforts to expanding employment and enhancing social awareness of people with disabilities.



Green Voice Choir

### Human Rights Grievance Handling Channels

Since 2021, LS ELECTRIC has been operating "Vision Talk," a channel through which every employee can communicate directly with the CEO. The CEO and employees communicate through the in-house email on a 1:1 basis. Access to the information about the sender and content of the email is limited to the CEO and the system administrator only, so employees' risk of exposure is minimized. Through Vision Talk, constructive suggestions and ideas for the growth of the company and employees with regard to the corporate vision and organizational culture, among others, are being collected. In the first half of 2022, we opened "Talk Together," an anonymous Intranet noticeboard, to strengthen communication with employees further. With anonymity guaranteed through system operation by an external company, a person who makes a suggestion is provided with an answer within three days if the suggestion receives the prescribed number of "Likes." In 2022, 10 of the 19 suggestions received were answered as the required number of "Likes" was received. To create a healthy communication culture, we plan to improve the functions of the anonymous noticeboard continuously according to user demands by adding a questionnaire survey function, etc. The EAP (employee assistance program) was introduced at the end of 2022 to provide professional psychological counseling service to employees. In addition, we are striving to handle employees' difficulties and complaints by operating counseling centers in the head office and worksites. Moreover, we respond to 100% of grievances received through the human rights grievance handling channels.

### Labor-Management Council

LS ELECTRIC recognizes the labor union as a management partner, and it is committed to building win-win labor-management partnership. As part of the effort to create a healthy labor-management culture, we participated in the "Labor-Management Partnership Program" of the Korea Labor and Employment Service and completed training on labor-management cooperation to achieve joint development among small, medium, and large enterprises, joint development between contractors and contractees, and labor-management fulfillment of social responsibilities.

We strive to resolve key issues earlier on by holding working level meetings between labor and management. In addition, through quarterly labor-management council meetings, issues concerning not only employees' working conditions and welfare but also management activities such as personnel arrangement and reshuffle and corporate development strategies are discussed to create a reasonable labor-management culture.

In particular, we practice open management by holding the "field management performance briefing" and "talk with the CEO" between senior management and union executives. By sharing information on business conditions and challenges, a mutually cooperative labor-management relationship is maintained.

### Grievance Handling Process



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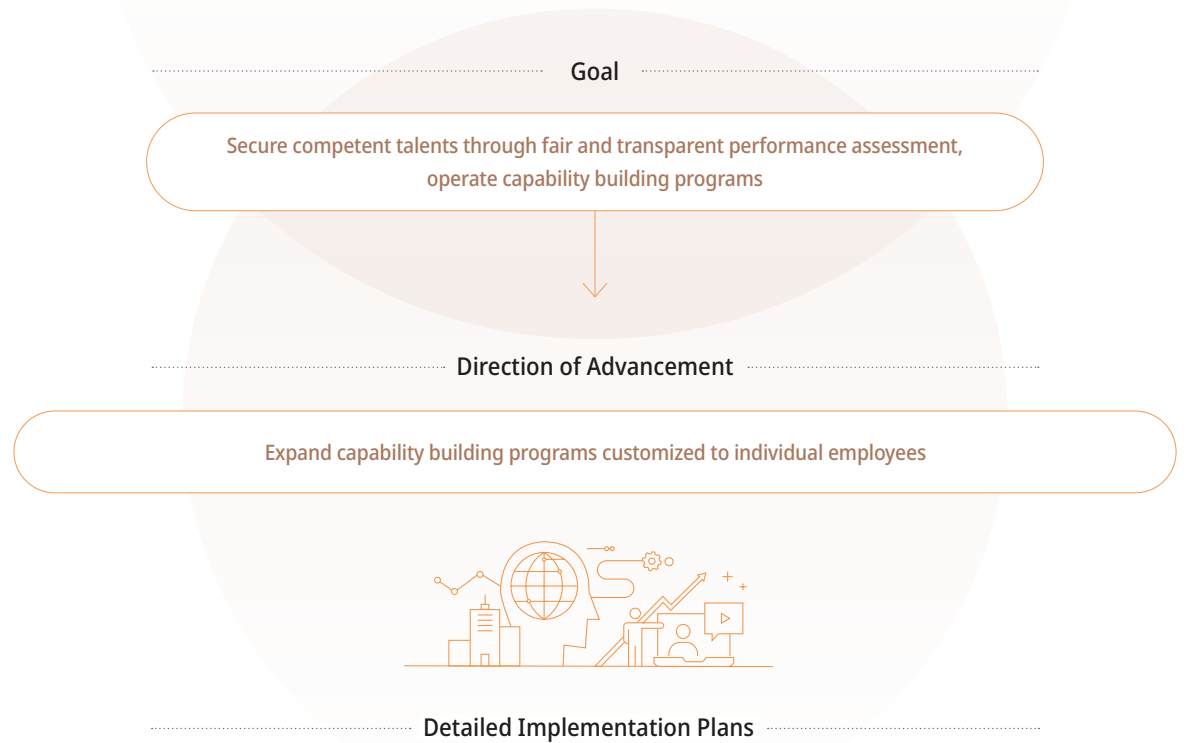
**SOCIAL**

# Talent Management

LS ELECTRIC is formulating various strategies to secure and foster global talents based on the ideal employee description "Imagineer for Futuring Smart Energy." We are continuously striving to create an environment where individual employees can unleash their capabilities.



➤ Roadmap



	- 2022	2023 -
Individual Employees	<ul style="list-style-type: none"> <li>Program to improve job expertise</li> <li>DT training</li> <li>Individual training through LS learning platform</li> </ul>	<ul style="list-style-type: none"> <li>Develop job competency training programs based on examination and assessment results</li> <li>Support self-directed global competency fostering and expand scope to locally recruited employees</li> </ul>
Emerging Leader	<ul style="list-style-type: none"> <li>Leadership programs by level</li> <li>Courses specializing in production/sales/management jobs</li> <li>Global Pioneer Program</li> </ul>	<ul style="list-style-type: none"> <li>Program to improve job expertise</li> <li>Team leading training</li> <li>Leadership self-awareness training</li> </ul>
Leader	<ul style="list-style-type: none"> <li>Special lectures for leadership of organizational leaders</li> <li>Performance-based training through feedback</li> <li>Special lectures on humanities targeting leaders</li> </ul>	<ul style="list-style-type: none"> <li>Biz coaching solution</li> <li>Management mindset</li> <li>Leadership Program</li> </ul>



# Talent Management

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### Employee Training Promotion System

LS ELECTRIC provides various education and training programs—such as training by job level, global training, training for organizational development, and job training—to improve employees’ capabilities. The LS Learning Platform is operated to support employees’ access to and convenience of learning. In addition, through the group-level training center (LS Future Center), we are sharing and spreading LS partnership as LS Group’s management philosophy, improving employees’ capabilities, and fostering outstanding leaders.

At the same time, we provide various training programs to key talents in order to select and foster the next-generation leaders who will lead change and innovation. To candidates for next-generation leaders for management and research positions selected through recommendation and assessment by duty, a wide range of training including MBA and graduate school courses is provided.

Candidates for expatriates for subsidiaries and branches in each country are provided with training to assist in their successful settlement in the new environment along with language support and educational programs for their families.

LS ELECTRIC also operates a training program for employees scheduled to retire in order to support their life planning after retirement. We support our employees to enable them to enjoy life after retirement by providing job change and career search, design and consulting programs, as well as training for financial management.

### Fair Assessment and Compensation

LS ELECTRIC continuously strives for fair assessment and compensation based on the belief that it is a foundation for the company’s development.

To fulfill the company’s management goal, the performance management system is operated with the goals of each CIC\* group and division and the linked team and individual unit goals set in stages. For persons in charge of organizations, the goal is established based on the MIP (management incentive performance). As for the team members, performance management is carried out through the MBO (management by objectives) assessment for general office workers and project or essay assessment for those of research organizations. To secure consistency and objectiveness of assessment, performance inspection in relation to the established goal is conducted semiannually. In addition, through the quarterly feedback sessions, performances are inspected and areas requiring improvement are identified. A multirater assessment (peer review) is also performed once a year, and the result is used as reference in the employee competency development and end-of-year assessment. For the end-of-year assessment, the performance of an organization is linked to that of individual members. The assessment result is used in determining and adjusting the bonus, annual salary, promotion, and career development.

\*CIC: Company in Company

### ESG-linked Assessment and Compensation

For ESG management internalization, LS ELECTRIC includes the ESG indicators in the management KPIs. We bolster the responsibilities of the management by reflecting indicators linked to the company-wide ESG management strategies—such as GHG emissions intensity and accident prevention activities—in the KPIs.

#### Key ESG Assessment Indicators

<b>E</b>	<ul style="list-style-type: none"> <li>· GHG emissions and energy consumption reduction activities</li> <li>· Acquisition of LCA (Life Cycle Assessment) certification</li> <li>· Eco-friendly product sales planning and performance management</li> </ul>
<b>S</b>	<ul style="list-style-type: none"> <li>· Establishment and introduction of supplier ESG assessment system</li> <li>· Support for supplier safety management</li> <li>· Improvement of human rights management and diversity of workers</li> <li>· Establishment of information security and cyber security strategies and processes</li> </ul>
<b>G</b>	<ul style="list-style-type: none"> <li>· Outside director attendance management and training expansion</li> <li>· Expansion of Audit Committee operation</li> </ul>

# Talent Management

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## Education and Training System

	Global	Job Level	Organization Development	Job	Customers/Suppliers
<b>Executive</b>	Language for executives	New executives	Seminar for executives	<p><b>R&amp;D</b></p> <p><b>SW</b> Understanding and using Git &amp; GitLab/Software testing TDD for software architecture practice developer/Design pattern in C++/Python tutorial for practical use/Linux intermediate level (Linux kernel analysis and tracking)/Application of agile for integrated software and hardware development/Cyber security for beginners/Clean code to improve software maintenance/Micro service architecture/Understanding and using the ALM system</p> <p><b>HW</b> EMC basic course (theory/test/certification)/EMC response technologies/Basic course on practical technologies for reliability/Reliability practice through case study (practice)</p> <p><b>Design</b> CREO basics/CREO drawing design/CREO sheet metal design/CREO optimization design/PDM/Link (R&amp;D)/Auto CAD Mechanical/Auto CAD Electrical/PCB design analysis and verification using Altair PollEx tools/PADS Hyperlynx SI+Thermal/PADS DxDesigner+Analog/PADS layout</p> <p><b>CAE</b> Dynamics and structural analysis using RecurDyn/CAE Cloud (Rescale+Appstream) user training [Altair]SimSolid simple structure analysis/Simlab and Flux low-frequency electronics system analysis/Pretreatment for HyperMesh structural analysis/DptiStruct linear analysis/AcuSolve thermal flow analysis/(ANSYS)SpaceClaim basics/Maxwell basics/Mechanical basics/AEDT Icepak basics/Slwave</p> <p><b>Common</b> R&amp;D basics/Project stakeholder management and communication/R&amp;D PM, PMP/PLM user/RMS PL/ERP</p>	<p><b>Power Solutions</b> Introduction to electric power system Electric power system analysis &amp; failure analysis Digital protection practice X-GIPAM practice Electrical devices Cooperation for electric power system protection Understanding and application of earthing system Photovoltaic power and ESS system</p>
<b>Manager</b>	<p>Global Lounge Program</p> <p>Specializing in job (production/sales)</p> <p>In Company English</p> <p>Special language course in preparation for exam</p> <p>Training of locally employed personnel in Korea</p> <p>Global Mindset course</p> <p>Overseas dispatch UT-Austin</p> <p>Full course for expatriates/returning expatriates</p> <p>Goal-based external language education support</p>	<p>Leadership School for team leaders</p> <p>New team leaders</p> <p>WS for new team leaders</p> <p>Solution Leader Program</p> <p>Lv.4 course (16<sup>th</sup> year)</p> <p>Lv.3 course (12<sup>th</sup> year)</p> <p>Lv.2 course (8<sup>th</sup> year)</p> <p>Lv.1 course (4<sup>th</sup> year)</p> <p>Introductory course for experienced employees</p> <p>LS Future Camp</p> <p>Introductory course for new employees (LS ELECTRIC)</p> <p>Introductory course for new employees (LS Group)</p>	<p>LCP(Leadership Challenge Prg.)</p> <p>LS MBA, LS T - MBA</p> <p>Coaching</p> <p>Mentoring</p> <p>Innovation capacity improvement_Office workers</p>	<p>Intervention - Assimilation W/S, PT, Harmony Day</p> <p>Bolestering of team execution power</p>	<p><b>Automation PLC</b></p> <p>XGK basic</p> <p>XGK advanced</p> <p>XGK basic &amp; advanced</p> <p>XGI basic</p> <p>XGI advanced</p> <p>XGI basic &amp; advanced</p> <p>XGK communication</p> <p>XGI communication</p> <p>XGR general</p> <p>XGK location control/servo</p> <p>XGK network location control/servo</p> <p>XGK special(AD, DA, PID, HSC)</p> <p><b>HMI</b></p> <p>HMI-XGT Panel</p> <p>HMI-XGT infoU</p> <p><b>Drive</b></p> <p>Inverter basics</p> <p>Inverter applications</p>
<b>Supervisor/Production worker</b>		<p>Supervisor capacity improvement</p> <p>Production worker capacity improvement</p>	<p>Innovation capacity improvement for production workers</p>	<p><b>Quality</b> Reliability basics/Reliability test design and technique/QFD-FTA practice/Reliability statistics and failure analysis/SPC course/ISO/PL basics/QMS certification reviewer/FMEA course, etc.</p> <p><b>DT</b> Python programming, data pretreatment, operation automation, practical data analysis, key libraries/First step to coding/Google analytics/Data analysis expert fostering/Data literacy/Statistics and machine learning/Power BI/Data analysis using Excel/Data use expert fostering</p> <p><b>Production</b> Basics of production session 1, 2/Production expert fostering</p> <p><b>Procurement</b> Basics of procurement/CPSM qualification</p> <p><b>Support</b> Finance and economy basics (finance)/HR basics/Finance and economy basics (cost)</p> <p><b>Sales</b> Sales/Marketing basics/Sales strategy development/Excel data analysis for sales rep/B2B sales negotiation/Overseas channel management/B2B sales expert fostering</p> <p><b>Common</b> Planning ability of new employees/McKinseystyle planning ability/Study partner/Planning ability improvement/Accounting for new employees/Office tools</p>	<p><b>Suppliers</b> FTA decision of origin Data analysis NAMOS system Drawing analysis SPC basic/intermediate Procurement competency improvement Fair Transactions in Subcontracting Act Quality management techniques and expertise</p>

LS ELECTRIC Bringing Light to the World

Our ESG Journey

**Our Sustainability Management**

Environmental

Social

Human Rights Management

▶ **Talent Management**

Health and Safety Management

Data Protection and Information Security

Quality Management

Shared Growth

Social Contribution

Governance





Appendix

# Talent Management

➤ Policy

## Employee Welfare and Benefits

LS ELECTRIC operates a range of welfare and benefits systems and convenience facilities to help employees achieve work-life balance.

<b>Work and Family Balance</b>  	Childcare Center	LS ELECTRIC operates childcare centers for the children of employees aged 1 - 5 to help employees ease the burden of childcare, and focus on their work accordingly.
	Nursing Room	LS ELECTRIC promotes maternity protection by providing a nursing room in the head office.
	Maternity Leave, Parental Leave	LS ELECTRIC created an ideal working environment for parents by guaranteeing the legally required maternity protection, such as maternity leave, parental leave, and curtailment of work hours during pregnancy/childcare period.
	Family Leave	LS ELECTRIC provides a leave for up to 90 days and shortened working hours so that employees can spend more time with their families.
	Tuition	To ease employees' financial burden with regard to children's education, LS ELECTRIC supports scholarship for employees' children in middle school, high school, and university regardless of the number of children.
	Family Happiness Camp	In celebration of Family Month, the LS Future Center holds various events (bubble show, cotton candy making, magic show, face painting, etc.) to provide an opportunity for employees to bond with their children.
<b>Work - Life Balance</b>  	Infertility Treatment Support	LS ELECTRIC provides a threeday infertility treatment leave in order to prevent career break for female workers suffering from infertility and address the social issue of low birth rate.
	Leave	To promote employees' work - life balance, LS ELECTRIC actively recommends taking the last week of December off to employees by operating the year-end long-term leave system. We also support a flexible working environment by operating the quarter-day off (two hour annual leave) system.
	Congratulatory and Condolatory Support	LS ELECTRIC provides a gift of money and wreath and a special leave to employees for family events, such as marriage, childbirth, 60th birthday, and death. The presentation of a ring on the first birthday of an employee's child, which was started in 2020, is receiving favorable responses.
<b>Support for Recreational Activities</b>  	Housing Support	LS ELECTRIC operates a housing fund support system to assist in employees' residential and living stabilization at housing purchase and rental. While partially subsidizing the amounts of employees' housing purchase and rental expenses, we provide dormitory and company housing for employees in regional worksites to contribute to operational productivity improvement based on residential stabilization.
	Health Checkup and Support for Medical Expenses	In addition to offering general health checkup for employees and their spouses, LS ELECTRIC subsidizes the medical expenses of employees and their families. Also, we have purchased group insurance to help employees focus on treatment when affected by accidents and diseases.
	In-house Club	LS ELECTRIC operates a number of in-house clubs to help employees enjoy their hobbies and promote self-development. Any employee can open a club, and subsidies for cultural activities are provided if the internal criteria are met. As of April 2023, 86 clubs including a sports club, a trekking club, and a volunteer work club are in operation.
	Condominium	To assist in employees' leisure life, LS ELECTRIC offers access to famous condominiums across the country to help employees enjoy quality time with their families. We also operate a summer vacation resort where our employees can enjoy camping with their families.
<b>Working Environment Improvement</b>  	Sports Events	LS ELECTRIC encourages employees to enjoy a cultural life by providing them with tickets to baseball, football, and other professional sports events.
	Welfare Points	To help in employees' living, LS ELECTRIC provides welfare points that employees can freely use according to their individual needs.
	Convenience Facilities	LS ELECTRIC strives to improve employees' satisfaction with the working environment by providing a range of convenience facilities including cafeterias, fitness centers, and common rooms.



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Appendix

# Talent Management

## Activity

### Flexible Organizational Culture

LS ELECTRIC strives to create an agile organizational culture based on horizontal communication and simple reporting system. We also promote the establishment of an organizational culture of mutual respect and inclusiveness through phased restructuring of the personnel system.

#### Personnel System Integration

In 2019, to establish a horizontal organizational culture, LS ELECTRIC restructured the personnel system from the existing five levels to three. In 2022, the level three job positions were integrated as “manager.”

#### Free Seating System

LS ELECTRIC enhances spatial and operating efficiency by installing in LS Yongsan Tower a smart office that supports the establishment of an agile operating culture and a Dt-based working environment. In the smart office, employees can work in the seats of their choice using the seating reservation system. The smart office contributes to the establishment of a flexible working environment, ensuring an efficient, horizontal working culture.

#### No Dress Code

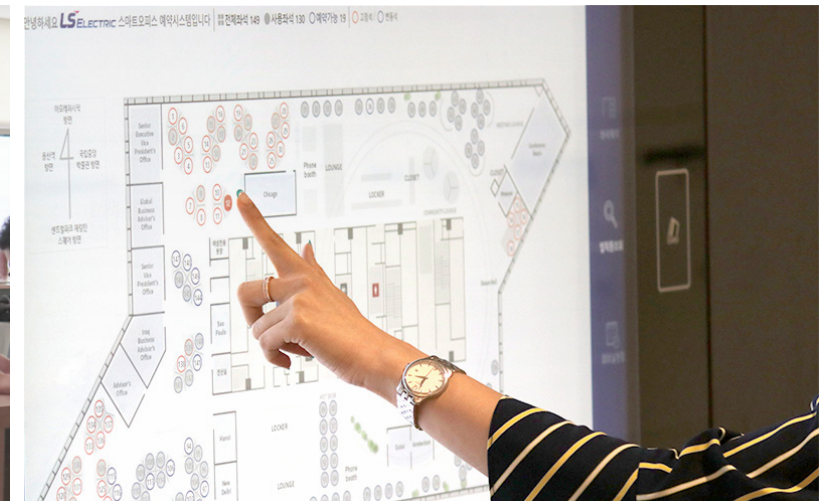
LS ELECTRIC started the no-dress code system in 2021 in order to create a corporate culture of communication that encourages employees to unleash their originality and individual characters. Our employees have the freedom to decide what to wear according to the TPO (time, place, occasion).

#### One-million Rose Program

LS ELECTRIC operates the “One-million Rose” program to activate communication and spread the complimenting culture among employees. One-million Rose coupons are distributed in a set number to each team. The team members can use these coupons to request cooperation to other divisions, and the organizational leaders can present the coupons as a way of complimenting their team members. The One-million Rose coupons can be used as cash at convenience stores and restaurants inside and outside the company. Since it is applied to the meal ticket application, employees can exchange the coupons using mobile devices.



Yongsan Smart Office



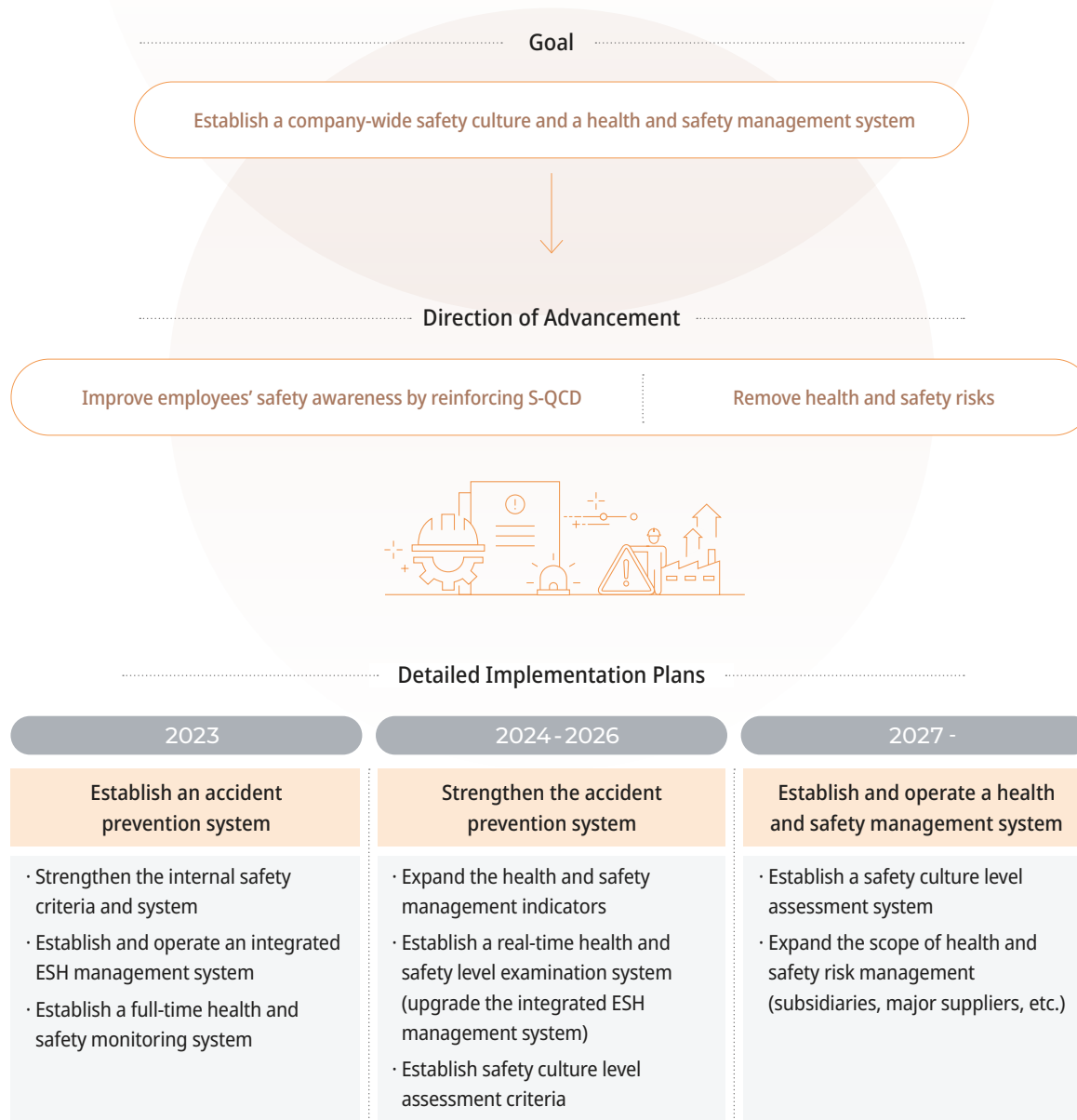
## SOCIAL

# Health and Safety Management

By establishing and declaring the company-wide health and safety management policy, LS ELECTRIC enhances employees' awareness of safety culture and promotes the internalization of health and safety management. To establish the safety culture, we set the "zero accidents" goal, and we are striving to prevent accidents.



### 📌 Roadmap



# Health and Safety Management

## Policy

### Health and Safety Management Promotion System

Placing the highest value on health and safety among the business management areas, LS ELECTRIC developed the four health and safety strategies. Under the slogan “S(Safety)-QCD\*,” we also place greater importance on safety than QCD.

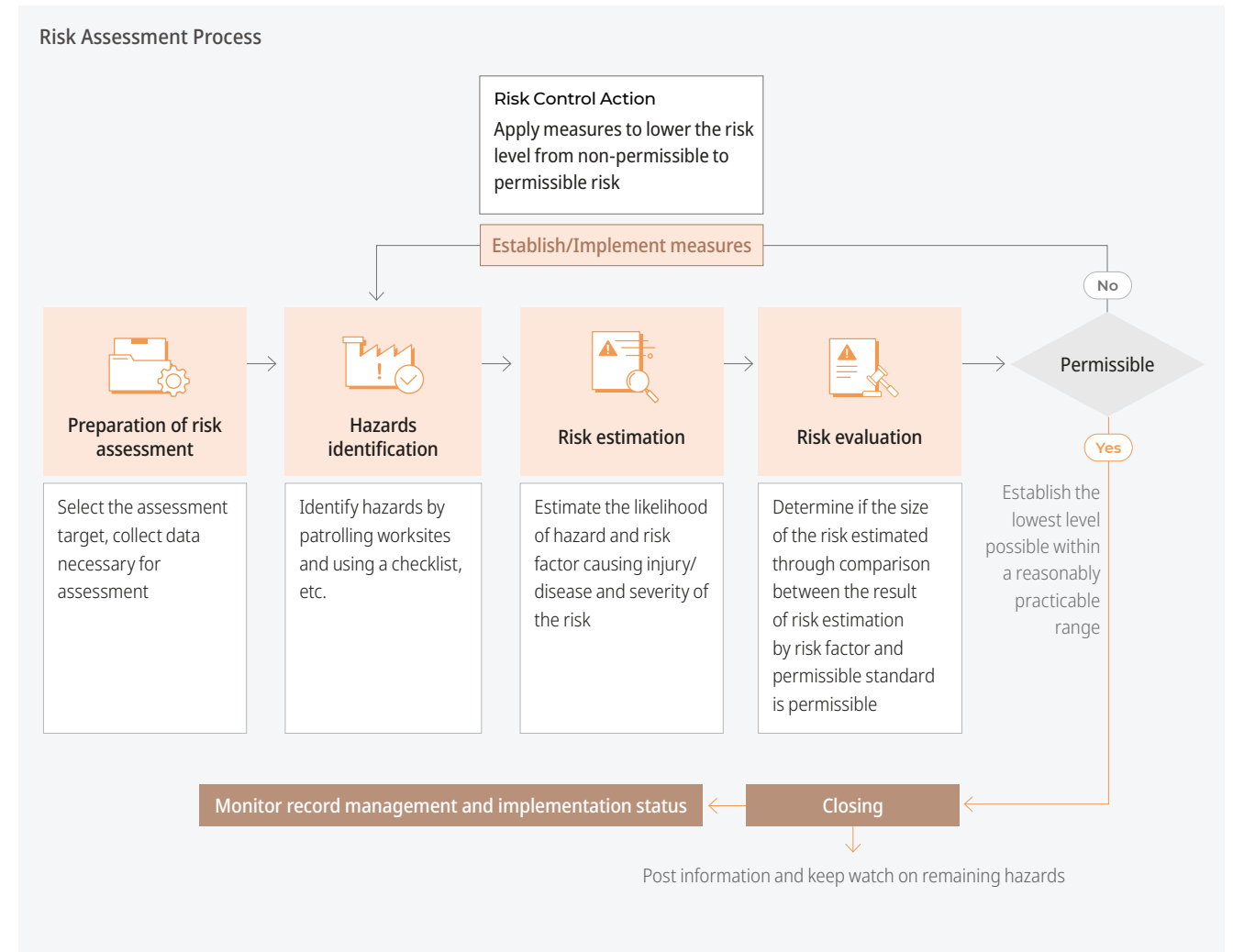
Leading the establishment of a safe working environment that conforms to domestic and international standards by acquiring the health and safety management system (ISO 45001) certification, we have also established an integrated ESH management system—which is a company-wide health and safety system—and we manage health and safety-related plans and performances in real time. Through the system, implementation of the health and safety-related statutes in worksites is monitored, and improvement is promoted for insufficient areas. In addition, we prevent accidents by inspecting or supporting operations with high risk of accident occurrence through risk evaluation.

#### Health and Safety Goals and Management Policy

\*QCD: Quality, Cost, Delivery

### Four Health and Safety Management Strategies

<p><b>1.</b></p>  <p>ZERO accidents from the five high-risk operations</p>	<p><b>2.</b></p>  <p>100% improvement on nonconformities detected through safety inspections</p>
<p><b>3.</b></p>  <p>100% compliance with safety procedures prior to an operation</p>	<p><b>4.</b></p>  <p>Establishment of employees' safety awareness and dissemination of safety culture</p>





# Health and Safety Management

## Policy

### Health and Safety Management Governance

LS ELECTRIC is strengthening health and safety management capabilities by appointing the Executive Director in charge of ESG/CEO as Chief Safety and Environment Officer (CSEO), with a company-wide health and safety organization established under the Executive Director in charge of ESG/CEO. We also operate the Serious Accident Prevention Committee—the highest health and safety-related decision-making body—and the Occupational Health and Safety Committee by worksite to deliberate and resolve on health and safety-related matters.

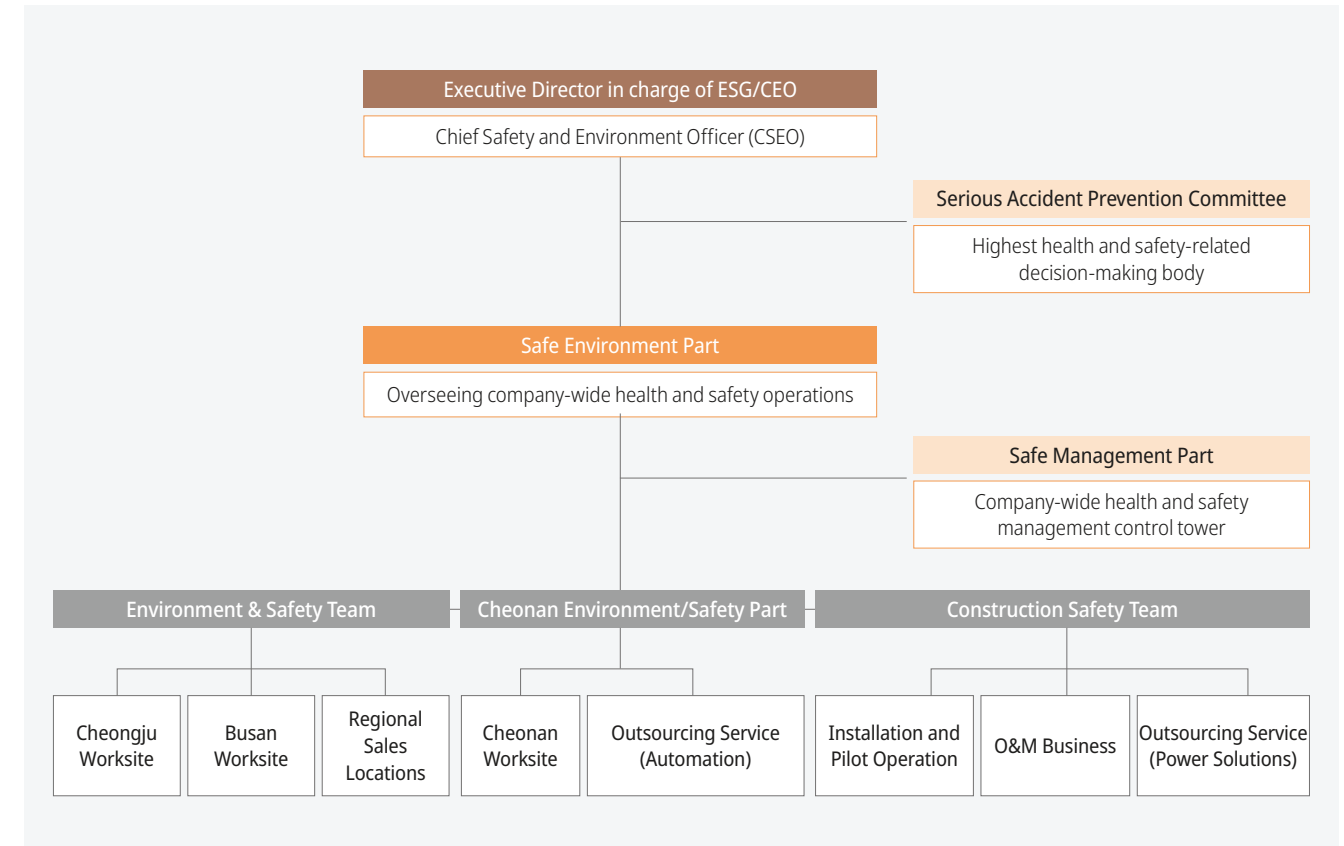
#### Serious Accident Prevention Committee

As LS ELECTRIC's highest health and safety-related decision-making body, the Serious Accident Prevention Committee was established with the goal of ensuring that the CEO fulfills the roles and duties stipulated by the Act on the Punishment, etc. of Serious Accidents and to establish an accident prevention system by strengthening the company-wide health and safety management system. Led by the CEO, the Committee holds regular meetings in June and November each year and extraordinary sessions when necessary. Through the meetings, the establishment and implementation of action plans according to the results of health and safety management operation reviews are continuously checked. In addition, the Committee strives to eliminate internal and external health and safety risks by formulating company-wide safety management bolstering plans including system installation and improvement.

#### Occupational Health and Safety Committee

LS ELECTRIC operates the Occupational Health and Safety Committee as a communication body to guarantee official participation of the company and workers in the process of controlling the health and safety issues of each worksite in advance and detecting and resolving the issues. With meetings held at least quarterly, the Committee strives to prevent accidents and establish a safety culture by encouraging all employees to express their opinions freely about health and safety in worksites.

### Health and Safety Management Organization



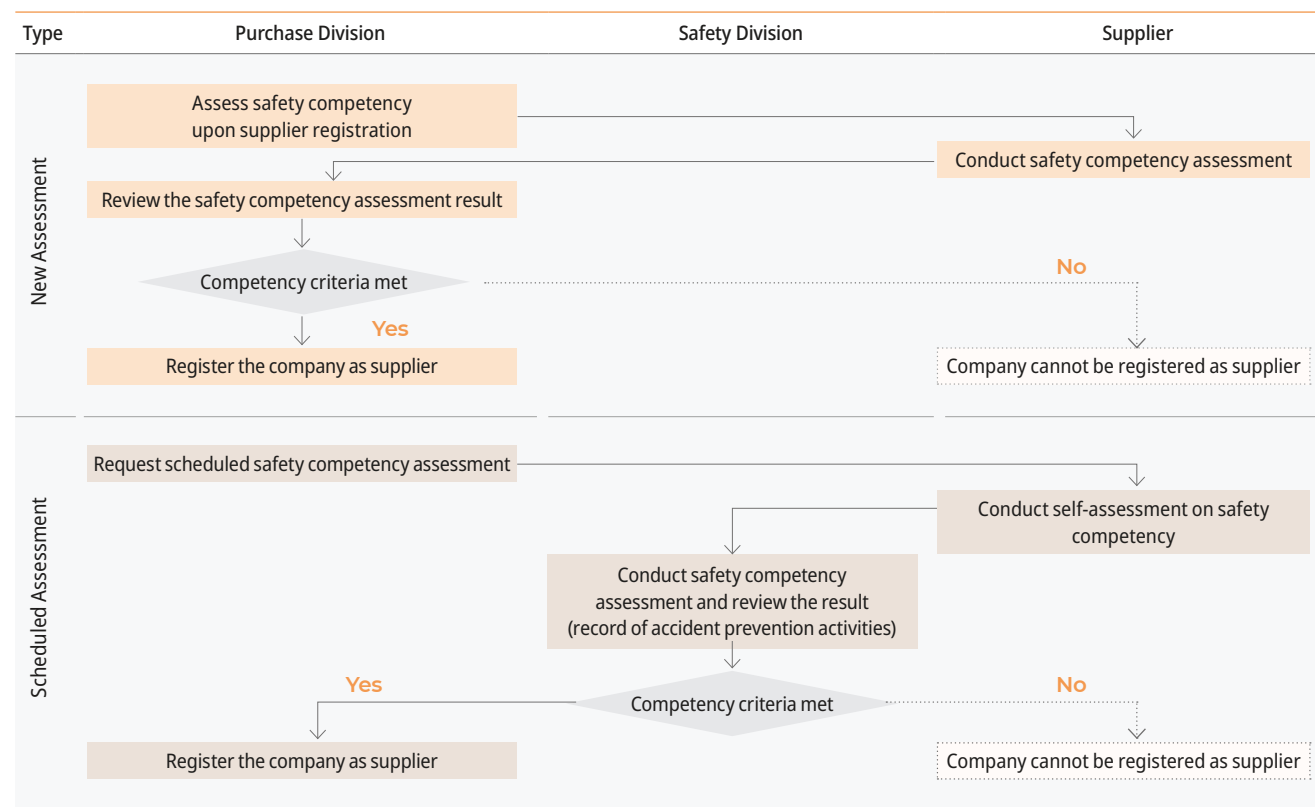
# Health and Safety Management

## Policy

### Supplier Health and Safety Competency Assessment

LS ELECTRIC has conducted health and safety competency assessment of suppliers since 2022 in order to prevent occupational accidents among suppliers and guarantee the safety of their employees. The assessment is conducted once a year targeting the existing suppliers. When a reason arises such as new supplier registration, an unscheduled assessment is also conducted. For suppliers found to be ineligible through the assessment, we provide them with an opportunity to raise objections during a set period of time and reassess them in order to help them improve their safety capabilities.

### Supplier Health and Safety Competency Assessment Process



## Goal and Performance

### Health and Safety KPI Operation

LS ELECTRIC is implementing the health and safety-related KPIs it has set for key position holders in order to strengthen the health and safety management system and reinforce employees' responsibilities with regard to health and safety management. The assessment indicators consist of items such as number of occupational accident victims and health and safety inspection results. Those who won health and safety rewards or got selected for excellent performance through safety inspection are provided with additional points in the assessment.

Category	KPI(Reflection Ratio)
Position Holder	Occupational accident occurrence(70%)
	Health and safety inspection(30%)
Manufacturing	Occupational accident occurrence(80%)
	Health and safety inspection and improvement(20%)
Employee	Occupational accident occurrence(20%)
	Health and safety inspection result(20%)
	Health and safety inspection and improvement(30%)
	Health and safety training completion(20%)
Research	Health and safety activities(10%)
	Occupational accident occurrence(100%)

### Health and Safety Indicator Management

Having set the goal of achieving zero accidents, LS ELECTRIC controls the accident rate and number of serious accidents as management indicators in order to achieve the goal. In 2022, our accident rate and number of serious accidents were 0.06% and 0, respectively. LS ELECTRIC will dedicate every effort to achieving an accident rate of 0% by continuously discovering and improving on hazard factors.

Item	Unit	2022	2023	2024
Accident Rate	Goal	0.00	0.00	0.00
	Performance	%	0.06	
No. of Serious Accidents	Goal	0	0	0
	Performance	Cases	0	

# Health and Safety Management

## Activity

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### Strengthening Safety Inspection in Worksites

LS ELECTRIC conducts various activities to prevent accidents in advance through health and safety risk management. In addition to the regular inspection, the management and health and safety division of the head office conduct unscheduled inspections to check the daily safety management status in each worksite. To create a safe workplace, potential hazard factors are discovered, and improvement is promoted through external agencies. For nonconformities detected through inspections, the causes are analyzed by related position holders and senior management through meetings. At the same time, we are carrying out continuous management by preparing effective measures to prevent the recurrence of accidents and improvement plans.

In 2022, a total of 153 inspections were conducted, such as 60 inspections by the management, 2 regular inspections by the safety division in the head office, and 91 unscheduled inspections.

Through the inspections, 782 insufficiencies were detected, and the necessary improvement actions were taken. We will reduce health and safety risks by promoting continuous improvement. In addition, we hold monthly meetings of the Win-win Cooperation Team to listen to suppliers' health and safety-related difficulties and provide support for improvement.

### Serious Accident Management

The Serious Accident Prevention Committee was established in 2022, and it held three meetings wherein major health and safety-related items were discussed; thus contributing to the establishment and spread of the health and safety culture.

Consultative Body	Date of Meeting	Details of Discussion
Serious Accident Prevention Committee	2022.01	<ul style="list-style-type: none"> <li>· Overview of establishment and operation of the Serious Accident Prevention Committee</li> <li>· Health and safety promotion plans of each worksite in 2022</li> </ul>
	2022.06	<ul style="list-style-type: none"> <li>· Setup of safety management expenses account</li> <li>· Improvement of health and safety investment system</li> <li>· Reflection of safety management expenses for projects won</li> <li>· Improvement of safety proposal system</li> </ul>
	2022.11	<ul style="list-style-type: none"> <li>· Derivation of safety management improvement plans according to the establishment of real-time monitoring system, such as for operation status</li> <li>· Necessity of establishing employees' safety awareness improvement plan for safety culture establishment</li> </ul>

### Safety Education and Training

LS ELECTRIC provides workers' health and safety training on a regular basis in order to improve the safety awareness of suppliers' employees. We will strive to improve occupational health and safety management by segmenting the training subjects and providing customized training.

Training Program	Target	Description
Health and safety training of workers	Employees, managers, and supervisors	<ul style="list-style-type: none"> <li>· Occupational Safety and Health Act and internal health and safety systems</li> <li>· Key health and safety rules of worksites</li> <li>· Accident cases and preventive measures of LS ELECTRIC and other companies</li> </ul>
Training on accident prevention measures	Accident-related persons and suppliers	<ul style="list-style-type: none"> <li>· Preventive measures in relation to internal accident occurrence, safety rules (targeting related internal personnel and suppliers)</li> </ul>
Training on the integrated ESH management system	Employees and suppliers	<ul style="list-style-type: none"> <li>· User training according to the introduction of the integrated ESH management system</li> </ul>
On-the-job training for construction safety	Project implementers and suppliers	<ul style="list-style-type: none"> <li>· Occupational Safety and Health Act and internal health and safety systems</li> <li>· Accident cases and preventive measures of LS ELECTRIC and other companies</li> </ul>

### Healthcare Support

LS ELECTRIC operates healthcare centers in each worksite to promote employees' healthcare. With resident nurses (health managers), the healthcare centers provide first aid and health counseling service as well as health education support. Besides general health checkup according to the Occupational Safety and Health Act, we support annual general health examination for employees and their spouses. Health examination by visiting employees (health examination bus) is also provided for employees' convenience. Special health examination is concurrently provided to employees exposed to—and handling—181 hazard factors. At the same time, hazard factor investigation and questionnaire survey are conducted on a regular basis in relation to operations causing burden on the musculoskeletal system to improve the working environment continuously. For suspected persons, consultation with medical specialists is organized for drug prescription, surgery, exercise therapy, or education for disease prevention, and intensive follow-up care is also provided. We will continue dedicating effort to supporting employees' healthy life.



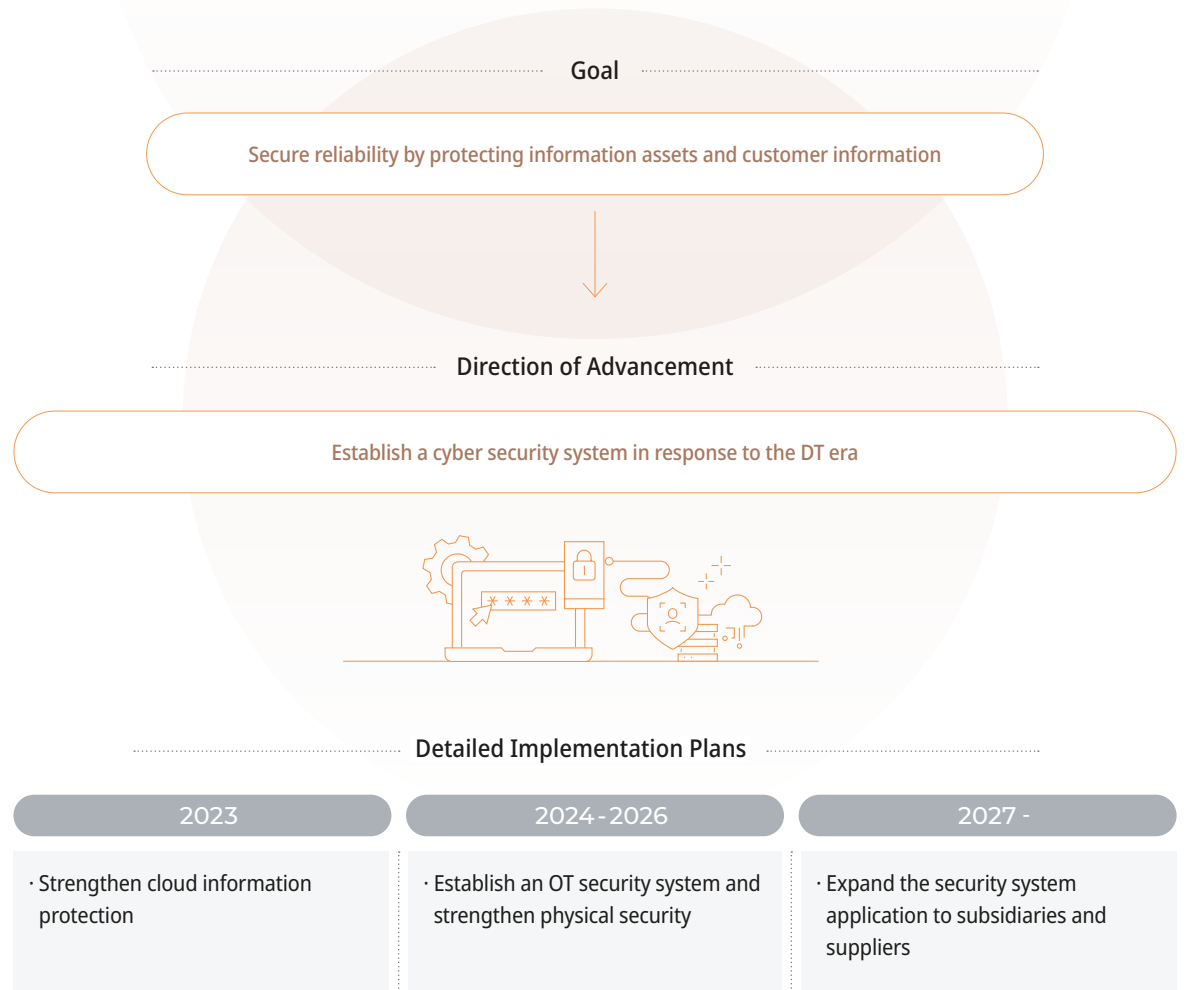
**SOCIAL**

# Data Protection and Information Security

LS ELECTRIC carries out responsible data protection activities based on a global-standard security system in order to expand the stability of personal information and information assets. With systematic strategies and governance, we will exert all-out efforts for the creation of an advanced security environment.



↗ Roadmap



# Data Protection and Information Security

## Policy

### Information Security Promotion System

In processing the personal information of third parties such as customers, employees, and suppliers, LS ELECTRIC complies with related domestic statutes and overseas privacy regulations including the EU GDPR (EU General Data Protection Regulation).

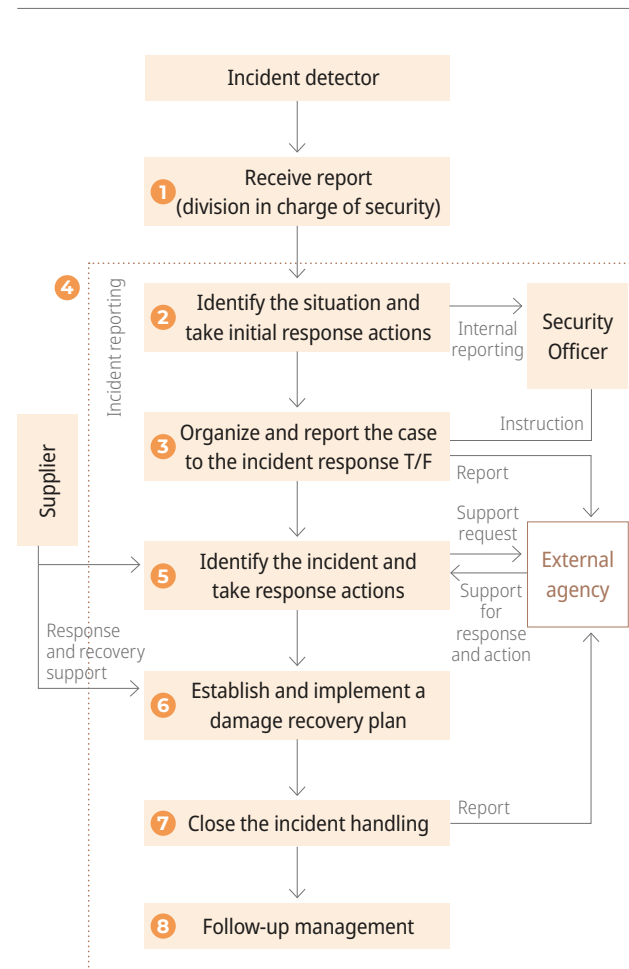
We also established a management system that conforms to the global standard by acquiring international certifications.

For response to the demand for global security environment reinforcement and certification, we acquired ISO 27001 (international standard for data protection). In addition, we conduct security activities in the OT (operational technology) area for protective measures against occupational accidents, etc., and obtained IEC 62443 4-1\*, an international standard for industrial control system security.

Moreover, to increase our security level, we undergo internal security checkup on a regular basis according to the LS Group's security management system. In preparation for the inflow of malicious codes and internal information leak incidents, we have established the response procedures and designated an officer in charge.

\*IEC 62443 4-1: Security standard for industrial automation and control system

### Information Security Incident Response Process

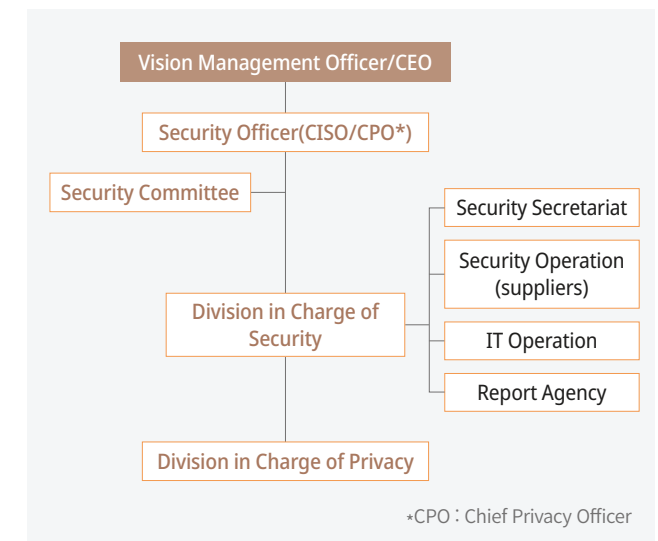


### Information Security Governance

For response to internal and external security threats and protection of confidential information, LS ELECTRIC designated the CISO (Chief Information Security Officer) under the Vision Management Officer and CEO as security officer and organized a team dedicated to data protection.

The division in charge of security handles incident and harmful traffic monitoring. In addition, for efficient operation and communication among divisions handling personal information, the Personal Information Protection Committee meetings are held on a regular basis.

When a security anomaly occurs, the status is shared with the Security Secretariat, and response and action plans are established. Likewise, key security issues are reported to the Security Committee to discuss the development of recurrence prevention plans.



# Data Protection and Information Security

## Activity

### Information Security Awareness Improvement Activities

LS ELECTRIC holds regular information security campaigns using various channels in order to improve employees' security awareness. To protect our assets, we collect security pledges from employees on a regular basis. In addition, the first Wednesday of each month has been designated for computer security check to support employees in inspecting and improving the security of their computers. Moreover, a personal information manager (person in charge of IT) is designated by division to be in charge of training and inspection in the respective division, and the malicious email report system is implemented to reward employees producing excellent performance; thus encouraging employees' active participation.

### Information Security Education and Training

LS ELECTRIC provides online security training on an annual basis to help employees recognize the importance of security. To improve the effectiveness of information security training, we also provide new employees and newly appointed division leaders with differentiated data protection training that is necessary in business operation. At the same time, for the prevention of information security incidents, hacking mail response training is organized and unnecessary personal information files are detected on a regular basis. Through the activities, we dedicate utmost effort to preventing possible accidents caused by email scams and ransomware attacks, etc.

### Information Security Investment

To strengthen technical security, LS ELECTRIC continuously upgrades and improves the security system. As key investment activities, we separated the physical network for smart factory security, acquired security certification for products, upgraded the web firewall, established a security system in the cooperation environment, conducted blind simulation hacking, inspected and addressed infrastructure and web system vulnerabilities, and purchased information security-related liability insurance.

### Data Protection and Information Security Training

Program	Description	Target	Cycle
Employee data protection training	Information on security compliance	All employees	Once a year
Training on software copyright	Plans for checking and managing software copyright	All employees	Once a year
Data protection training for new/experienced employees	Internal security regulations and processes	All employees	Once a year
Security training for suppliers	Information on data protection compliance by suppliers	Employees of suppliers	Once a year
Web system secure coding training	Security programming for addressing web system vulnerabilities	Developers	Once a year
Security expert training	Security architecture and new vulnerability response capabilities	Security managers of each division	Once a year
Training for malicious mail response	Sending phishing mail for penetration test, measuring the penetration rate	All employees	Twice a year
Web system penetration test training	Inspection on data snatch and hacking response level for external systems	Security managers	Once a year

### Investment in Data Protection

#### Investment Amount

KRW 1,512 million



#### Investment in IT

KRW 33,258 million





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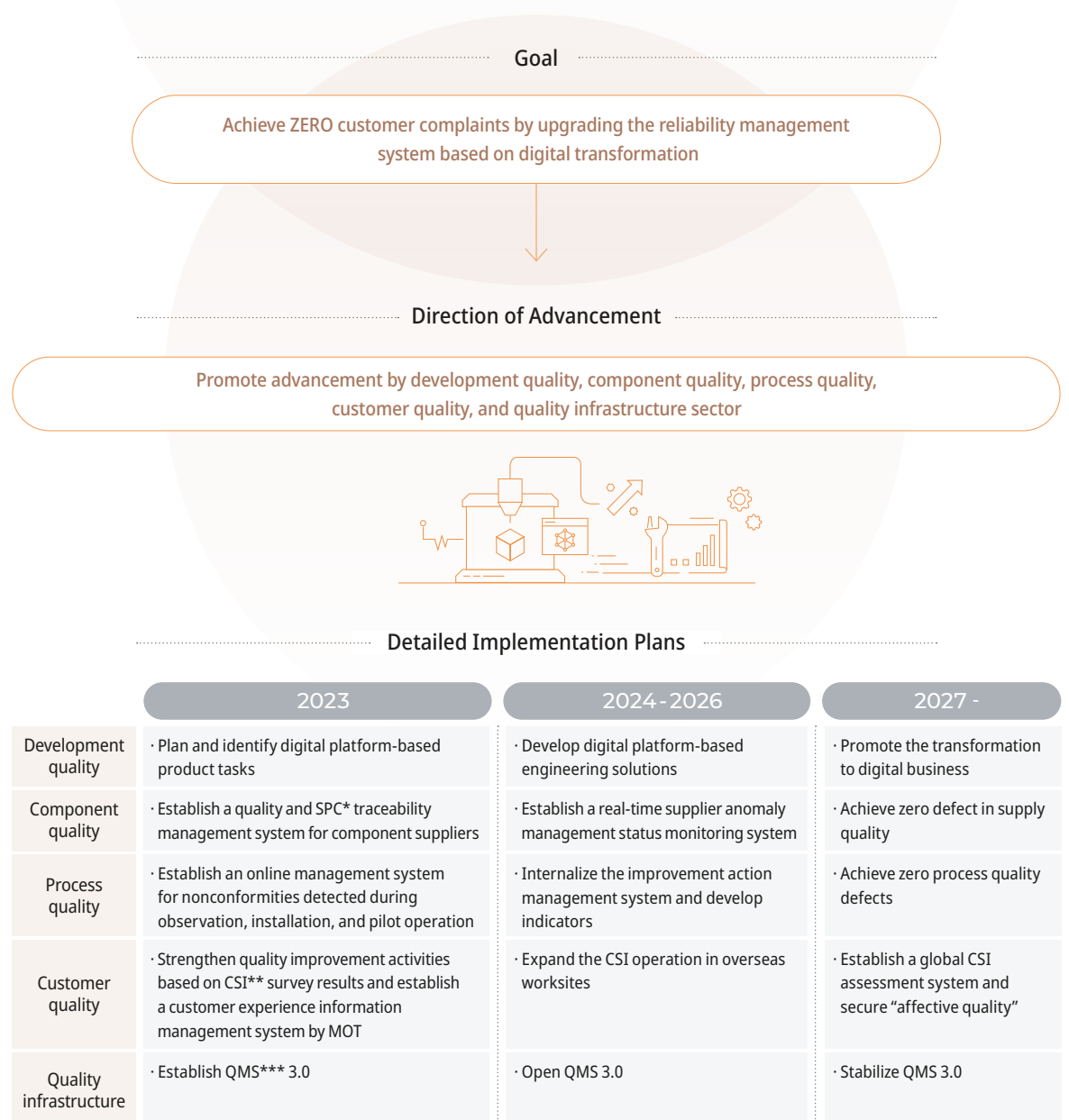
**SOCIAL**

# Quality Management

LS ELECTRIC is striving to maximize customer satisfaction by conducting systematic quality management activities. We are committed to securing customers' trust by providing safe products and services.



📌 Roadmap



\*SPC : Statistical Process Control \*\*CSI : Customer Satisfaction Index \*\*\*QMS : Quality Management System

# Quality Management

## Policy

### Quality Management Promotion System

With customer value innovation as the highest priority, LS ELECTRIC established a quality mission to “achieve zero customer complaints by upgrading the reliability management system based on digital transformation.”

To provide customer-oriented service that wins customers’ satisfaction and trust, we continuously conduct quality improvement activities by establishing an integrated quality operation system covering product design up to after-sales service stages.

The quality improvement system (QIS) has been established for standardized quality management and operation; for quality issues requiring improvement, a series of PDCA (plan, do, check, action) processes are in place to promote continuous improvement activities.

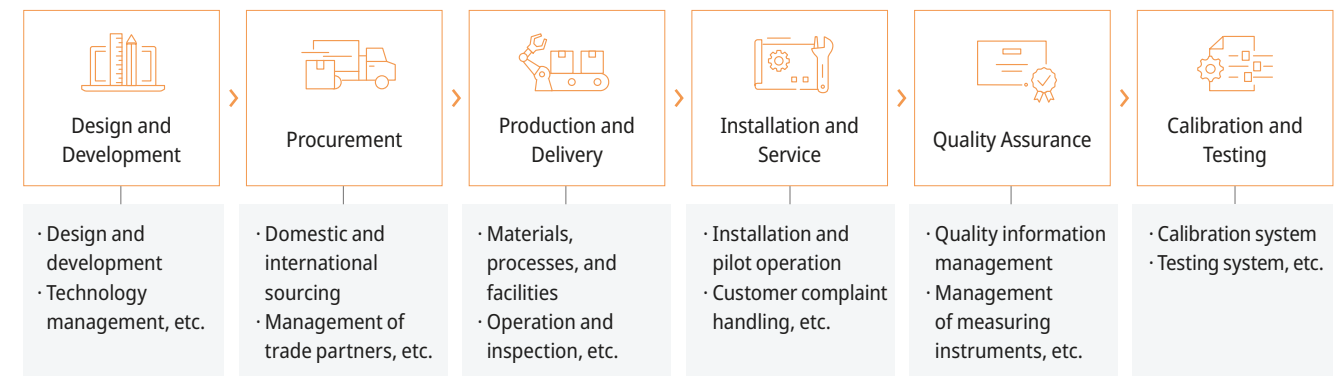
At the same time, with the goal of establishing a system conforming to global standards, we are acquiring and renewing the international quality management system certification (ISO 9001:2015) for all domestic worksites.

### Internal Quality Audit and Assessment System

To maintain stable quality and management standards, LS ELECTRIC conducts both internal audit and standardized quality assessment annually across all processes from design to calibration and testing. In doing so, we can identify compliance with the quality management system (ISO 9001:2015) and our internal quality criteria, inspect in advance whether the requirements are being effectively met, and promote overall quality level-up as a result.

The Q-Performance assessment conducted in June - September each year on domestic and international worksites (Cheongju, Cheonan, Busan, Wuxi, Dalian) in particular contributes to discovering and eliminating potential quality risks in advance based on our standardized quality assessment criteria. We maintain quality by applying consistent guidelines not only to domestic products but also to overseas worksites and maximize business growth momentum by narrowing the gap in quality control power between worksites.

### Q-Performance Assessment Items and Process



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# Quality Management

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### Quality Training

LS ELECTRIC provides regular quality training to office workers to help employees recognize the importance of quality management. In the first half of 2023, 1,908 employees completed regular basic quality training. We also provide annual training on QMS, reliability, basic production technologies, etc. to the quality management-related workers in order to improve our quality management expertise.

### Customer Satisfaction Survey

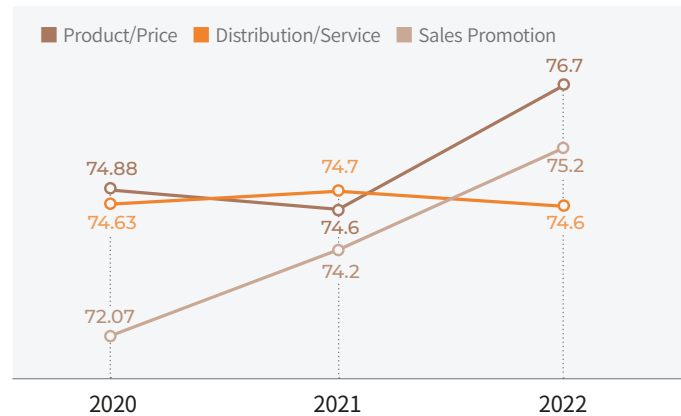
LS ELECTRIC conducts a customer satisfaction survey on an annual basis to identify and improve customers' awareness of and requirements for key electric products. In 2022, the survey was conducted on 15 items targeting around 170 customers. The average score was 75.4 points, which is higher than that of other companies.

### National Quality Innovation Award

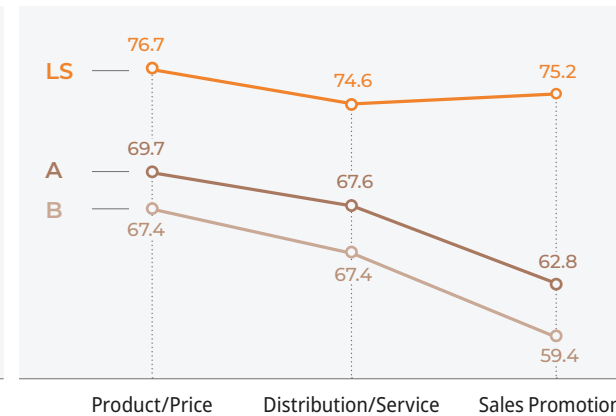
At the 48th National Quality Management Convention in 2022, LS ELECTRIC won the Presidential Citation in the Fourth Industry category of the National Quality Innovation Awards. The National Quality Management Convention is an event to award individuals and companies with outstanding management performances through quality management innovation activities and contributing to national industrial competitiveness improvement. In addition to maintaining the excellent quality levels of our products, we solidified our position in the fourth industrial sector by actively promoting smart grid for transition to the fourth industrial revolution era as well as global business expansion and smart factory development.

### Customer Satisfaction Survey Results

Customer Satisfaction Survey Results in the Past Three Years (Unit: Points)



Customer Satisfaction Survey Results in 2022 (Unit: Points)



National Quality Innovation Award



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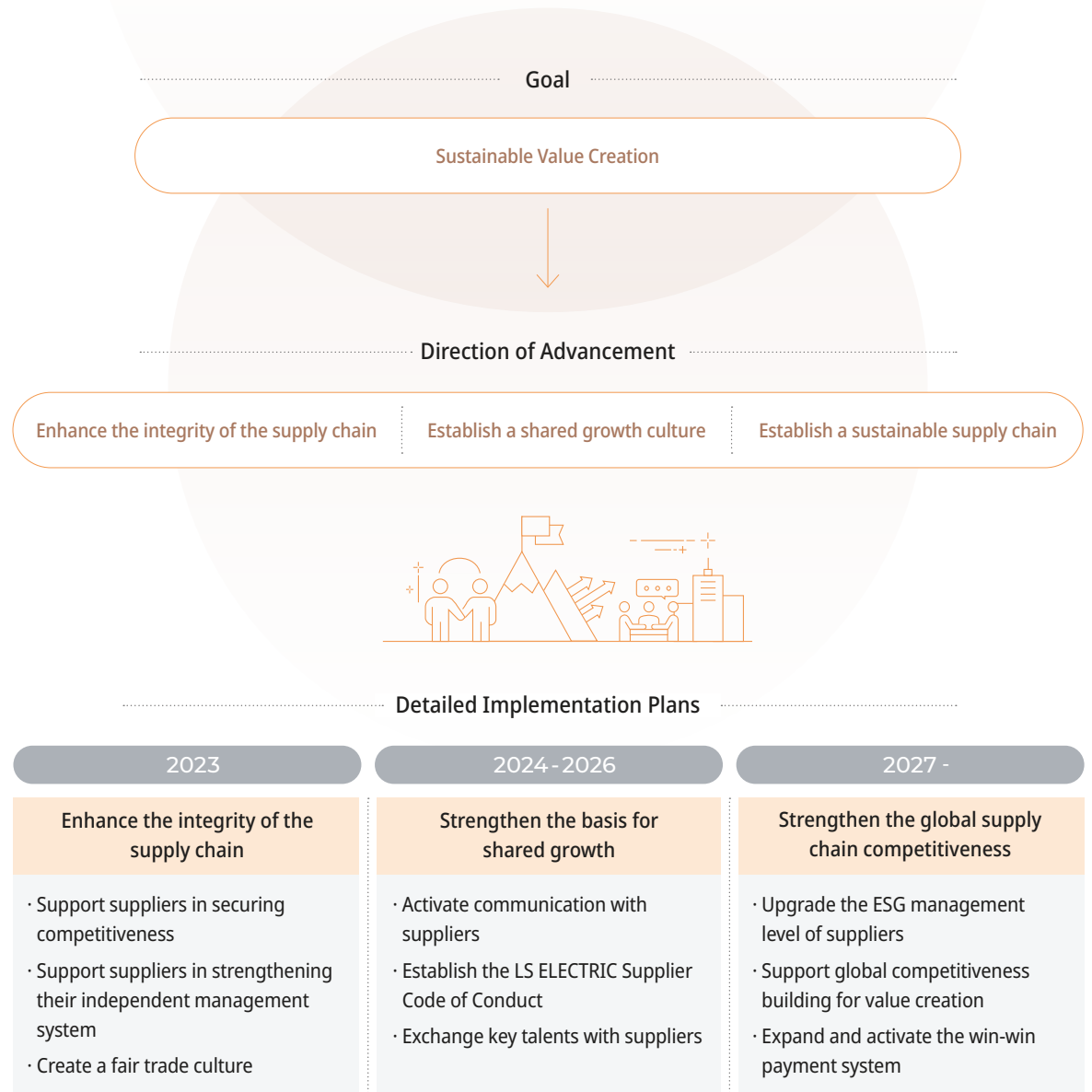
**SOCIAL**

# Shared Growth

LS ELECTRIC practices shared growth management to create a shared growth culture based on Lspartnership, form a relationship of trust through communication and harmony, and achieve growth as a global enterprise together with partners. To create a sustainable supply chain, we will preemptively control economic, environmental, and social risks that can occur within the supply chain.



➤ Roadmap



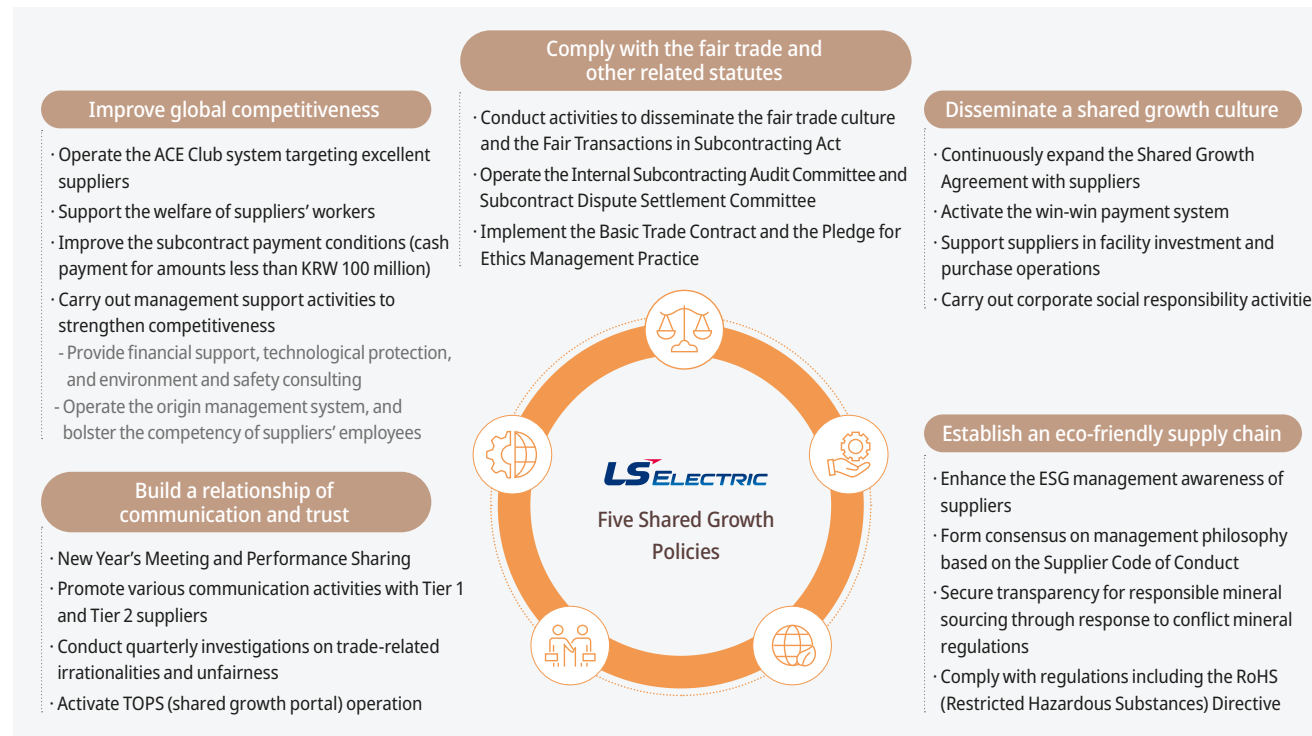
# Shared Growth

## Policy

### Shared Growth Promotion System

For sustainable growth with business partners, LS ELECTRIC selected five key policies for shared growth, and it conducts related activities. While complying with the fair trade and other related statutes together with suppliers to secure fair trade order and establish a sound industrial ecosystem, we support programs for bolstering Global competitiveness in order to strengthen our competitiveness in the global market. We also strive to establish a shared growth culture as a core corporate culture by carrying out various communication activities to build reliable partnerships. At the same time, to minimize environmental impact in the supply chain, we conduct activities to create an eco-friendly supply chain, including response to domestic and international environmental regulations and establishment of a response system for conflict mineral control. In addition, the Supplier Code of Conduct has been established to enhance the awareness of suppliers with regard to ESG management and support their fulfillment of social responsibilities. For a new contract with a supplier, implementation of the Code of Conduct is included in the requirements.

### Five Shared Growth Policies



Shared Growth Portal (TOPS)

### Key Items of the LS ELECTRIC Supplier Code of Conduct

Respect for workers' human rights (Labor)	<ul style="list-style-type: none"> <li>Ban forced labor</li> <li>Ban child labor</li> <li>Comply with the working hours</li> <li>Comply with the wage, welfare, and benefits conditions</li> <li>Provide humane treatment</li> </ul>
Safe working environment (Health & Safety)	<ul style="list-style-type: none"> <li>Promote occupational safety</li> <li>Provide appropriate personal protective equipment</li> <li>Provide safety training for accident prevention</li> <li>Conduct risk evaluation</li> <li>Provide health checkup for workers</li> </ul>
Eco-friendly management (Environment)	<ul style="list-style-type: none"> <li>Manage pollutants emitted from worksites</li> <li>Control hazardous chemicals</li> <li>Promote energy saving and waste reduction</li> <li>Obtain environmental permits</li> </ul>
Compliance with corporate ethics (Ethics)	<ul style="list-style-type: none"> <li>Promote ethics practice and ban unfair enrichment</li> <li>Implement information disclosures</li> <li>Protect intellectual property rights</li> </ul>
Shared growth and social contribution (Win-Win Growth)	<ul style="list-style-type: none"> <li>Promote shared growth</li> <li>Cooperate for social contribution</li> </ul>

### Shared Growth Governance

LS ELECTRIC manages suppliers through the procurement department in each worksite by considering the characteristics of supply chains for individual businesses. To ensure successful shared growth activities, we also operate the Win-Win Growth Team to establish related systems, provide training to suppliers, operate the ACE Club, and manage support programs. In addition, the Win-Win Growth Team and Legal Affairs Division work in collaboration for compliance with fair trade-related statutes and establishment of fair trade culture.

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# Shared Growth

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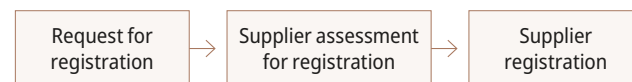
Governance

Appendix

## Fair Supplier Selection and Assessment

For new supplier registration, a team of reviewers consisting of persons in charge of design, production, procurement, and quality visits a candidate and conducts a comprehensive assessment. The candidate winning points higher than the prescribed score is selected as a supplier. For supply chain management that provides optimal quality, delivery service, and innovation, LS ELECTRIC conducts QCD (quality, cost, delivery) and competency assessment of suppliers on a yearly basis. In addition, to reduce GHG emissions and environmental pollutant discharges from suppliers, we not only conduct general supplier assessment together with quality and process-wise assessment but also include environmental assessment as a compulsory item. In particular, in assessing suppliers for parts whose hazardous substance management is important in the coating, plating, and heat treatment processes, environmental and safety assessment criteria are strictly applied according to the rules for response to environmental regulations concerning products. In addition, with the goal of effective management of hazardous substances, we established the Material Data Management System (MADAMS) in 2020, and we have made it compulsory for suppliers to register the RoHS and REACH-related reports and warranties since then. Moreover, additional points are given for ESG activities such as ethics management and social stewardship to encourage suppliers' participation.

### New Supplier Selection and Assessment Process



Assessment Items		
<p><b>General assessment</b></p> <ul style="list-style-type: none"> <li>· Credit rating</li> <li>· Compliance with the delivery deadline</li> <li>· Price competitiveness</li> <li>· Quality</li> </ul>	<p><b>Environmental assessment</b></p> <ul style="list-style-type: none"> <li>· Environment and safety assessment</li> <li>· RoHS and Reach-related reports and guarantees</li> </ul>	<p><b>Additional points for ESG activities</b></p> <ul style="list-style-type: none"> <li>· Ethics management</li> <li>· Social stewardship</li> </ul>

## Supplier Complaint Handling

LS ELECTRIC listens to and manages the difficulties experienced in the course of transactions in order to establish fair and reasonable trade relationships. The VOS (voice of supplier) is collected through TOPS, a shared growth portal. In 2022, we received 88 reports on difficulties experienced by our suppliers and their quality deterioration cases (mold and facility repair, etc.). Among the reports received, 42 have completed handling, and 46 are in the process of handling.

## Suppliers' Fair Trade Management

LS ELECTRIC conducts risk assessment and implements a prior business consulting system in order to monitor for potential legal violations; thus maintaining a fair trade relationship with suppliers. For risk assessment, the monthly Internal Subcontracting Audit Committee meetings are held under the supervision of the Win-Win Growth Team to deliberate on the risk of delayed payment to suppliers as well as the appropriateness of new supplier registration and cancellation of registration. By operating the Committee, we prevent violations of the Fair Transactions in Subcontracting Act. At the same time, through internal quarterly procurement process monitoring, legal compliance in subcontracting and unfair cases in transactions are inspected on a regular basis. In addition, led by the Business Audit Department, we conduct an ethics management questionnaire survey of suppliers and operate the online whistleblowing system to monitor for fair trade violations continuously. Moreover, the system of prior business consulting with the Chief Compliance Officer helps suppliers receive legal counseling and consulting services prior to a business execution for which the likelihood of violation of the Monopoly Regulation and Fair Trade Act is high, or it is difficult to determine violation.

## Establishing a Conflict Minerals Regulation Response System

As the Conflict Minerals Regulation first adopted by the US increasingly spreads to Europe and other advanced nations, LS ELECTRIC established a conflict minerals management system in order to respond to the Regulation and prevent risks that can affect suppliers. To secure consistency of data provided by suppliers, we implement a process of verifying the use and sources of conflict minerals contained in the supplied parts and raw materials and also conduct briefings and provide the necessary training on an ongoing basis. In addition, when entering into the Basic Trade Contract with a supplier, we stipulate suppliers' compliance with the ban on minerals sourced from conflict areas. We will continue advancing our conflict minerals management system in collaboration with suppliers and responding to the global trend of related regulations being tightened in the EU and other major countries to take a step closer to sustainability management.



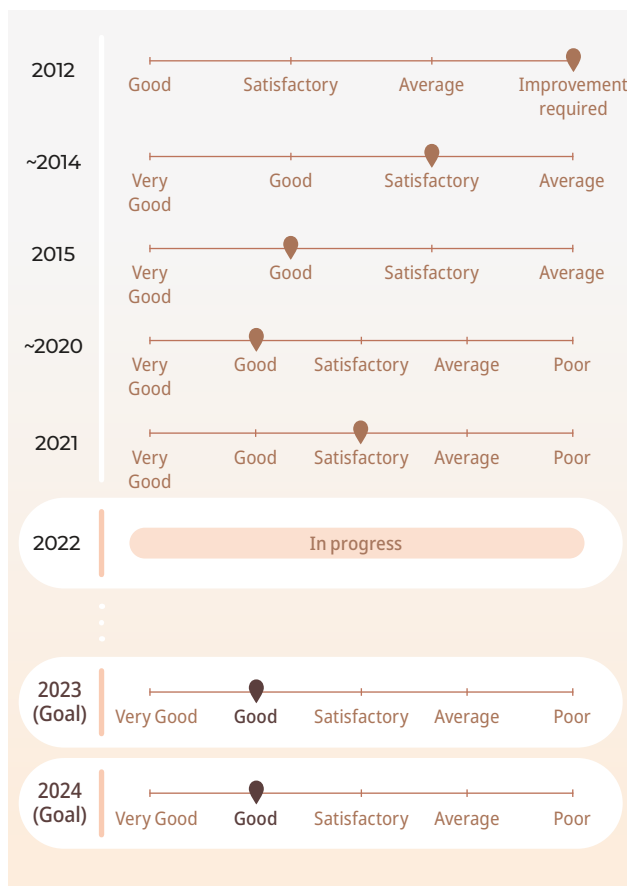
# Shared Growth

## Goal and Performance

### Shared Growth Index

Promoting the establishment of partnerships for shared growth with suppliers, LS ELECTRIC manages shared growth performances each year based on the results of the fair trade agreement implementation assessment of the Fair Trade Commission and general shared growth assessment of the Korea Commission for Corporate Partnership.

### Shared Growth Index Assessment Results and Goals



## Activity

### Supplier Support Programs

LS ELECTRIC provides a range of support programs, such as for financial, technological, and training support, in order to assist in suppliers' sustainable growth. We also communicate with suppliers continuously by holding innovation meetings and performance sharing meetings to understand and address their grievances and needs. Moving forward, we will actively strive to support our suppliers' sustainable growth.

Category	Program	Support Details	Performance
Support for Shared Growth	ACE Club	CSR activities targeting major suppliers, CEO Forum, Reflection	Supported KRW 2 million for group homes through the Community Chest of Korea
	Financial Support	Provide interest-free or low-interest loans to improve supplier productivity	Provided KRW 5.6 billion financial support to 50 suppliers
	FTA Country of Origin Management System	Support supplier system establishment and management operation to secure COO consistency	Provided support and advice for system establishment to 48 major suppliers
	Smart Factory Development	Support SME smart factory development using the win-win cooperation fund of the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs	Provided mentoring service 142 times to 40 suppliers for SME smart factory development
	Technology Protection	Support the Certification of Original Document of Trade Secrets to protect suppliers' technologies and trade secrets	Provided support for the Certification of Original Document of Trade Secrets nine times to four suppliers
Communication and Dissemination of Shared Growth Culture	Education and Training Support	Support specialized training customized to SMEs	Provided educational and training support to 163 persons of 137 suppliers
	Operation of Welfare and Benefits Fund for Suppliers	Provide support for family events, tuition, and funeral expenses to employees of major suppliers	Provided support to 2,976 persons of 32 suppliers (KRW 430 million)
	New Year's Meeting and Performance Sharing	Promote online and offline communication to share LS ELECTRIC's business direction and procurement policy	Held meetings with 100 Tier 1 and Tier 2 suppliers (once a year each)
Compliance with the Fair Trade and Subcontracting Act	Shared Growth Innovation Meeting	Communicate regularly with major suppliers to secure quality and strengthen innovation activities	Held meetings 8 times a year targeting 56 major suppliers
	Internal Subcontracting Audit Committee	Conduct pre/post-reviews on fairness and legitimacy in the process of contract conclusion and termination, etc. in relation to the Fair Trade and Subcontracting Act	Held monthly meetings (12 times)
	Post-verification on the Legality of Subcontract Transactions	Regularly check for violations against the compliances and prohibitions for large enterprises specified in the Fair Trade and Subcontracting Act	Performed semiannual verifications (twice)
	Subcontract Dispute Settlement Committee	Prepare procedures for switch dispute mediation between LS ELECTRIC and suppliers	-

## Shared Growth

### Activity

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### Supplier Support Amount

LS ELECTRIC provides low-interest rate loans to suppliers to help facilitate their financing of facility investment for productivity achievement. In 2022, we supported a total of KRW 5.6 billion for 50 Tier 1 and Tier 2 suppliers, helping in their fund liquidity improvement and management stabilization. We will continue actively implementing the policy so that various benefits can be provided to Tier 1 and Tier 2 suppliers in need of funding assistance. In addition to the low-interest rate loan support, we endeavor to improve subcontract payment conditions and increase the rate of cash payments to help improve the cash liquidity of suppliers.

#### Financial Support to Suppliers

Category	Unit	2020	2021	2022
Combined Support*	KRW 100 million	39	17	7
Special Support**	KRW 100 million	23	16	35
Direct Support***	KRW 100 million	48	36	14
Total	KRW 100 million	110	69	56

\*Combined Support: Loan support through the Shared Growth Cooperation Fund linked to financial institutions

\*\*Special Support: Financial loan credit through the Korea Credit Guarantee Fund

\*\*\*Direct Support: Loan support using the LS ELECTRIC fund

### Win-win Payment System for Suppliers

LS ELECTRIC introduced the win-win payment system to improve payment conditions for suppliers. This system allows Tier 2 and Tier 3 suppliers as well as Tier 1 suppliers to extend secured loans of credit sales based on LS ELECTRIC's credit. As of 2022, a total of 804 suppliers benefited from the win-win payments amounting to approximately KRW 1.0893 trillion.

In particular, HANGIL EST, D&S Electric, and DHIS were designated in 2021 as companies with excellent performance in win-win payment selected by the Ministry of SMEs and Startups each year to spread the win-win payment system. In 2022, HANGIL EST and Sanjeon Jungmil were selected.

Our win-win payment system will assist suppliers in duly receiving their payments and resolving concerns over dishonored payments to create a sound ecosystem across the supply chain.

### Supplier Training Support

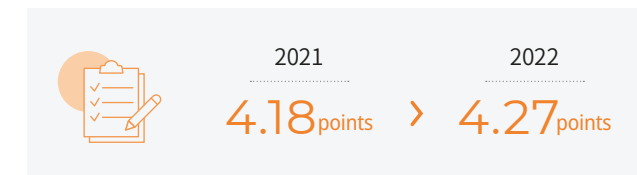
LS ELECTRIC operates customized education and training programs to help suppliers develop excellent business capabilities and foster outstanding talents. In 2022, training was provided to 163 persons of 137 suppliers. To improve awareness of the necessity of ESG management, the training programs covered areas ranging from quality management, risk management, inventory management, and profit and loss management techniques to ESG management. We plan to expand the curriculum continuously in order to establish ESG management in our suppliers. At the same time, we held a CEO Forum with suppliers in order to expand the management insight of the CEOs of our suppliers and help them improve their management capabilities.

### Supplier Questionnaire Survey

Each year, LS ELECTRIC conducts a questionnaire survey targeting suppliers to monitor their overall satisfaction with transactions, ethics management activities, and compliance with the Code of Ethics Practice Guidelines. The survey score in 2022 (on a scale of five points) was 4.27 points, which decreased slightly compared to the previous year.

The ethics-related survey questions were divided into detailed items, such as experience or witnessing of unethical behaviors and anti-corruption conducts within the organization, in order to understand the level of substantial ethics management practice. For reports of unethical and unfair practices, anonymity is strictly guaranteed. In addition, the results were delivered to the division in charge for response and improvement.

#### Supplier Questionnaire Survey Results (on a scale of five points)



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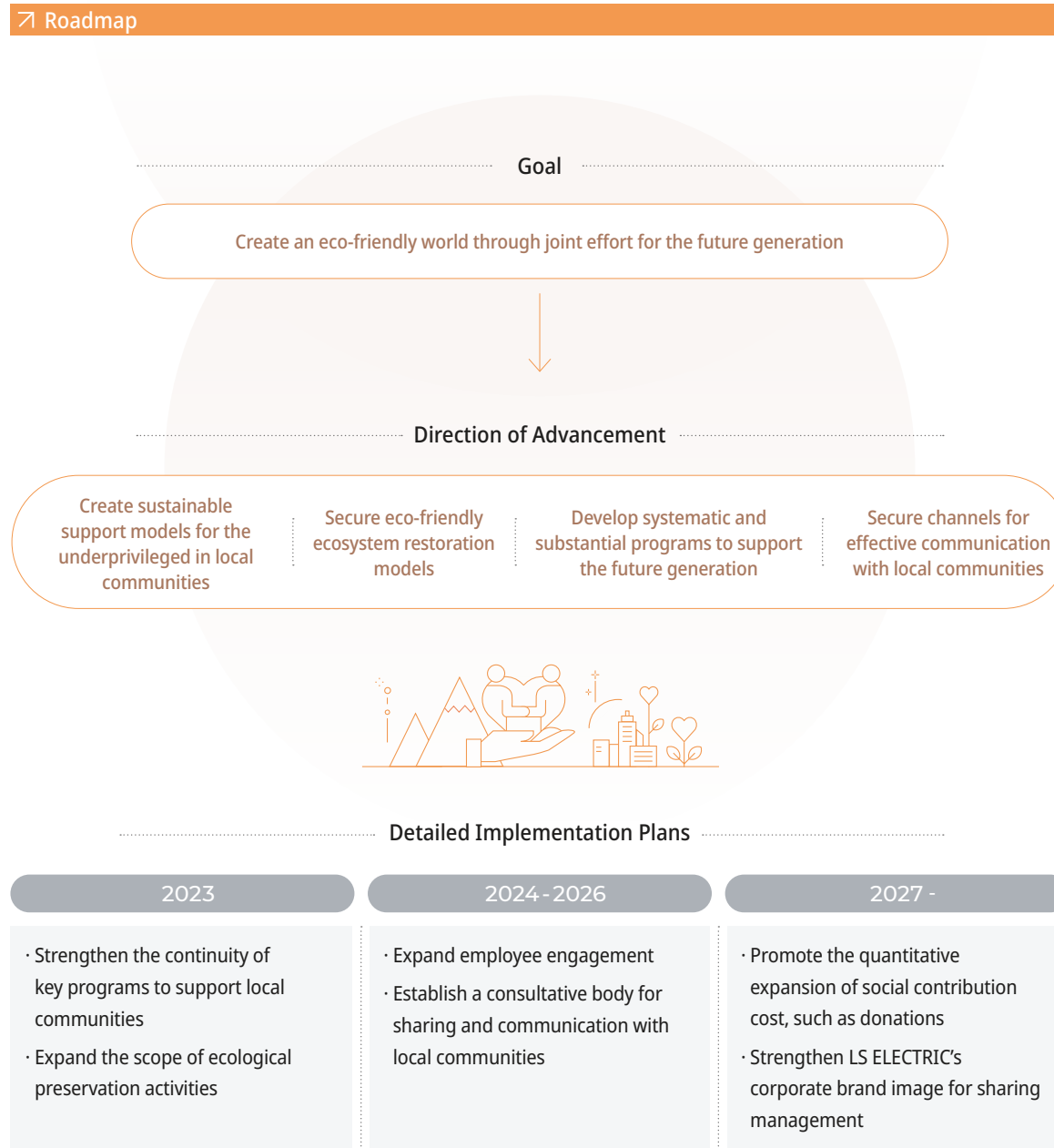
**SOCIAL**

# Social Contribution

Under the philosophy that the basis of social contribution is contribution to local communities, LS ELECTRIC conducts various volunteer activities. In particular, to protect the environment and ecosystem, we promote the “Let’s Make Green with LS ELECTRIC” campaign and operate programs to secure biodiversity. Moving forward, LS ELECTRIC will achieve shared growth with local communities by maximizing social value creation.



↗ Roadmap



# Social Contribution

## Policy

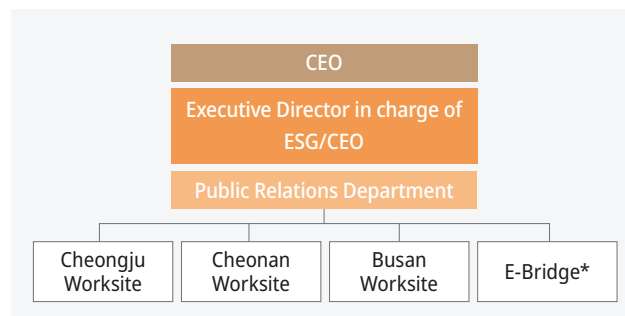
### Social Contribution Promotion System

LS ELECTRIC, under the LS Group's management philosophy of "Lpartnership," set the creation of an "eco-friendly world through joint effort for future generation" as the vision for social contribution, and it is establishing promotional strategies in order to practice social contribution based on sustainability management.

We carry out various social contribution activities to fulfill our social responsibilities and create a society of sharing. By integrating our experiences and expertise built through power solution, automation, and eco-friendly energy businesses with management strategies, we are developing and implementing related programs. Focusing on the creation of greater value through sharing and cooperation between beneficiaries and volunteers, we established the three principles of ▲partnership, ▲initiative, and ▲sustainability. Under the principles, the five key promotion areas of ▲creating an eco-friendly ecosystem, ▲supporting senior citizens, ▲supporting children and teenagers, ▲supporting people with disabilities, and ▲communicating with local communities have been set, and customized programs are planned to carry out social contribution activities systematically.

In 2023, we will continue organizing a range of sustainable programs for the five key promotion areas so as to conduct social contribution activities in which all employees can participate.

### Social Contribution Promotion Organization



\*E-Bridge: LS ELECTRIC's representative body for office workers, launched to lead open-minded culture establishment and social contribution activities

## Activity

### Key Social Contribution Activities in 2022

Related UN SDGs	Category	Description	Performance
1 NO POVERTY	Donation to help neighbors in need	· Donation to the Community Chest of Korea · Support to protect the socially vulnerable	· Donated KRW 100 million to Cheongju City, Chungcheongbuk-do for neighbors in need
4 QUALITY EDUCATION	Support for children	· Learning kits for new semester to local elementary school students from low-income families (Let's Start with LS ELECTRIC campaign)	· Delivered items for new semester including school bags to 200 elementary school students in the southern part of Gyeonggi-do, such as Anyang, Siheung, and Ansan
3 GOOD HEALTH AND WELL-BEING	Support for senior citizens	· Donation of winter goods such as winter clothes to the Anyang-si Welfare Center for Senior Citizens · Volunteer activity of employee volunteer team to keep senior citizens living alone company	· Donated winter clothes to 200 senior citizens in Anyang City · Donated KRW 5 million for Kimchi making to senior citizens in Anyang City
10 REDUCED INEQUALITIES	Support for people with disabilities	· Support for residential environment improvement for local families of people with disabilities · Provided living support to residents using the local welfare center for people with disabilities	· Repaired the home of a person with disability in Miwon-myeon, Sangdang-gu, Cheongju City · Donated KRW 14 million raised by employees to the welfare center for people with disabilities in Cheongju City · Provided clothing support to 70 users of the local welfare center for people with disabilities in Cheonan City
13 CLIMATE ACTION	Environmental clean-up	· Ecosystem preservation in the local streams (Let's Make Green with LS ELECTRIC campaign) · Environmental clean-up on Green Day in areas where worksites are based	· EM clay ball throwing, environmental cleanup at Miwon Stream in Cheongju City · 16 environmental clean-up activities including clean-up around Busan Worksite
11 SUSTAINABLE CITIES AND COMMUNITIES	Support for rural regions	· Residential environment improvement activities of a volunteer group of university students for local rural villages · Support activities on a regular basis, such as selling farm produce, based on sisterhood relationships with rural villages in Chungcheongbuk-do	· Improved residential environment of 24 households in Miwon-myeon, Sangdang-gu, Cheongju City



Ecosystem Preservation in the Local Streams



Kimchi Sharing Event at the Anyang-si Welfare Center for Senior Citizens



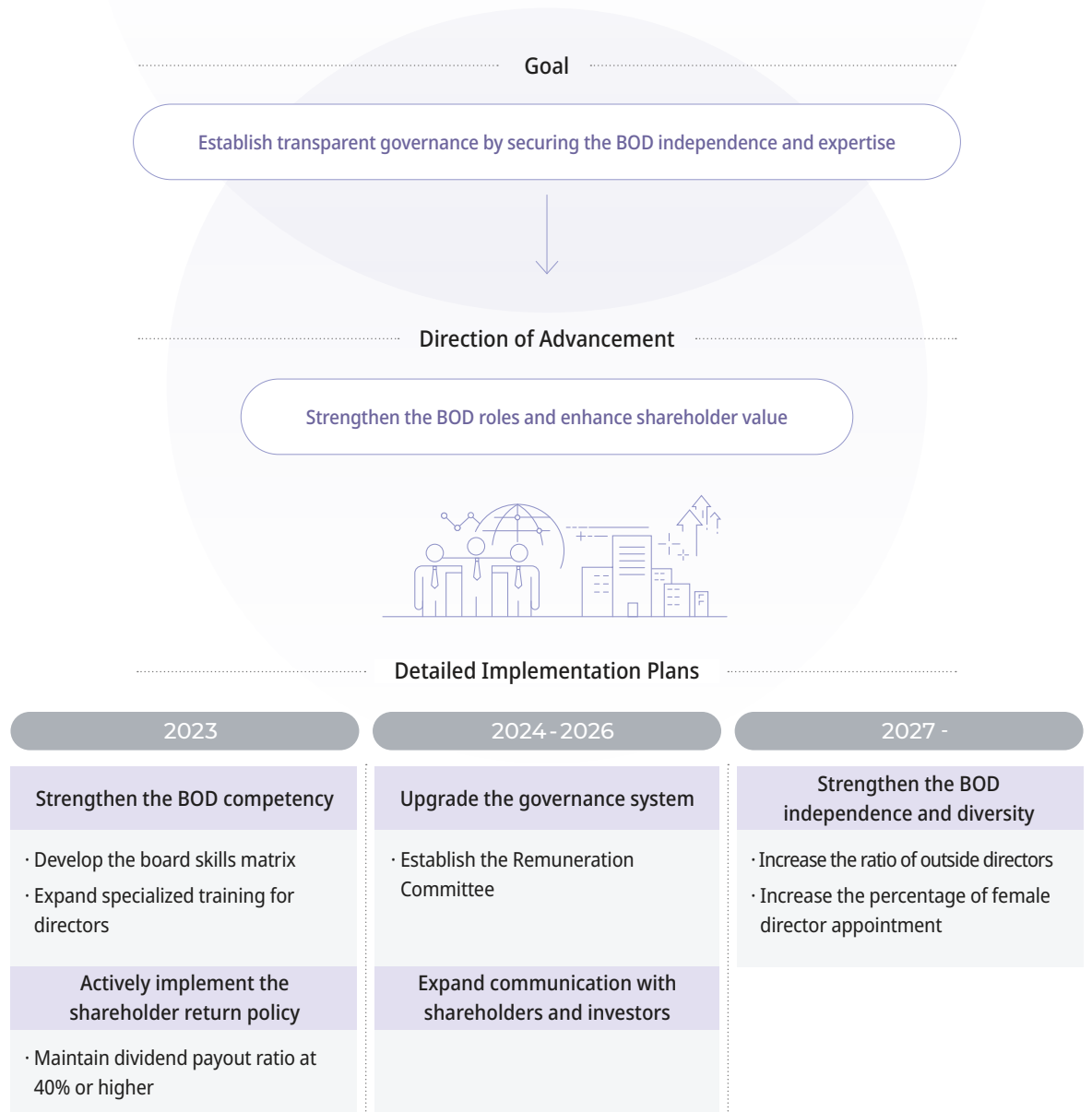
## GOVERNANCE

# Establishing Sound Governance

To establish sound governance, LS ELECTRIC is operating the BOD organized according to the statutes and Articles of Association. To uphold the rights and interests of all stakeholders, we are committed to realizing transparent and independent governance based on checks and balances.



### 📌 Roadmap



# Establishing Sound Governance

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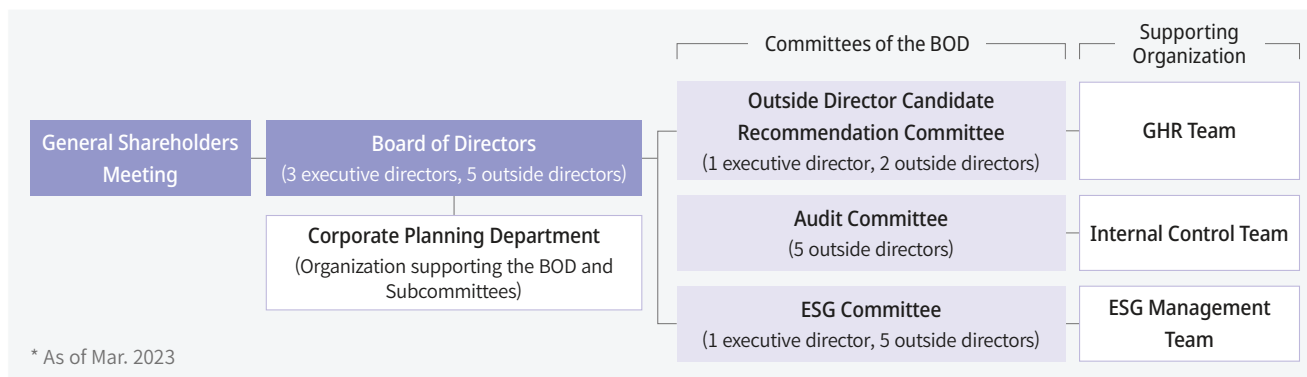
### Governance Policy

According to LSpartnership's management philosophy of "LS, with integrity as well as the best abilities, will achieve sustainable growth with all partners by creating outstanding outcomes based on mutual respect and cooperation," LS ELECTRIC pursues the goal of contributing to the development and happiness of employees, customers, and human society. To this end, we operate governance—which serves as a foundation for corporate management—according to our principles and policies. In addition, in realizing the mission of "Futuring Smart Energy," we have established the Governance Charter to establish and maintain and develop sound governance accordingly.

The BOD of LS ELECTRIC, as its highest decision-making body, is operated according to the BOD Operating Regulations that set forth various matters related to the BOD operation. LS ELECTRIC supports the BOD's rational management decision making by including persons with various kinds of expertise as BOD members while strengthening the BOD's function to keep senior management in check through outside directors whose independence has been verified.

[Link to the Governance Charter](#)

### Governance Structure



### Outside Director Appointment and Management

The Outside Director Candidate Recommendation Committee established according to Article 542-8 of the Commercial Act recommends independent candidates for outside directors through fair process and multifaceted reviews. To ensure the independence of the Committee, majority of the members consist of outside directors.

LS ELECTRIC's outside directors have expertise and practical experiences in various fields, from a financial and accounting expert who is also a certified public accountant to a professor specializing in the industrial field on which our business is based as well as economic and administration experts; thus making substantial contributions to corporate management. In 2022, we strengthened the BOD diversity by appointing a female outside director. As for the Audit Committee, it consists entirely of outside directors to bolster the function of keeping the management in check and solidify expertise.

LS ELECTRIC conducts the annual outside director self-assessment. We assess outside directors based on their BOD attendance and provision of appropriate advice for key management decisions. The assessment results are reflected in the director reappointment to encourage the fair and active performance of its duties by the BOD. To secure transparency and fairness, the outside director remuneration is paid within the total director remuneration amount approved at the general shareholders' meeting.

### CEO Succession Policy

The CEO is required to have the capabilities to manage the company in a direction conforming to the interest of the company and shareholders and realize the company's core values and vision efficiently. To discover and foster the CEO candidates, the GHR Division operates a talent fostering system for each field according to the detailed mid- to long-term goals. The CEO and senior management regularly review the selection of candidates for key positions through the Talent Development Committee meeting. When necessary, external recruitment is also considered. The selected candidates are assigned to various positions and given coaching according to the mid- to long-term goals. A talent fostering program linked to the CEO programs of major universities is also provided.

Among candidates fostered through this system, the CEO Candidate Recommendation Committee selects the most eligible persons as candidates for executive directors to be appointed at the general shareholders' meeting. The CEO appointment is resolved by the BOD according to Article 30 of the Articles of Association. If the CEO cannot perform his or her duty due to absence, the CEO Candidate Recommendation holds a meeting, and the BOD is convened to determine a single candidate and appoint the candidate as the CEO. In case the position of the CEO is vacant, a senior executive director fills the position until a new CEO is appointed. In case the positions of both the CEO and senior executive director are vacant, an unregistered executive with the most seniority fills the position of the CEO until a new CEO is appointed.

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### BOD Organization (as of March 28, 2023)

◎ : Chairperson

Category	Name	Gender	Date of Appointment (Expiration of Term)	Field of Expertise	Career Highlights	Board of Directors	Audit Committee	ESG Committee	Outside Director Candidate Recommendation Committee
Executive Directors	Ja-Kyun Koo	Male	Mar. 11, 2005 (Mar. 28, 2026)	Overall business management Electricity/ Power solutions/ Automation	Former) Professor, Korea University Graduate School of International and Public Affairs Current) Chairman, Korea Smart Grid Association Current) Chairman & CEO, LS ELECTRIC	◎			
	Dong-Hyun Kim	Male	Mar. 28, 2022 (Mar. 28, 2025)	ESG management/ support	Current) Executive Director of ESG, LS ELECTRIC	●		●	●
	Dong-Whi Koo	Male	Mar. 28, 2023 (Mar. 28, 2026)	Overall business management	Current) Executive Director of Vision Management, LS ELECTRIC	●			
Outside Directors	Won-Chang Lee	Male	Mar. 20, 2018 (Mar. 29, 2024)	Accounting/Audit (Certified public accountant)	Former) Professor of accounting, Chungnam National University Former) Commissioner, Board of Audit and Inspection of Korea	●	◎	◎	
	Jong-Won Choi	Male	Mar. 24, 2020 (Mar. 28, 2026)	Administration (Professor)	Former) Non-standing commissioner, Korea Fair Trade Commission Former) Member of the Public Institutions Management Committee, Ministry of Economy and Finance Current) Director, Seoul National University Global Administration Development Institute Current) Professor, Seoul National University Graduate School of Public Administration	●	●	●	◎
	Won-Ja Song	Female	Mar. 28, 2022 (Mar. 28, 2025)	Accounting/Audit	Former) Member of the Ethics Investigation Deliberative Committee, Korean Institute of Certified Public Accountants Former) Member of the Compensation Deliberative Committee, Anti-Corruption & Civil Rights Commission Current) Assistant professor, Division of Business Administration, University of Suwon Current) Outside director at SK Rent A Car	●	●	●	●
	Jae-Hong Kim	Male	Mar. 28, 2023 (Mar. 28, 2026)	Administration	Former) Professor, College of Policy Science, Hanyang University Former) CEO, Korea Trade-Investment Promotion Agency Current) Outside director at LF Current) Policy adviser, Korea Electrical Contractors Association Current) Adviser, SK Telecom	●	●	●	
	Gil-Su Jang	Male	Mar. 28, 2023 (Mar. 28, 2026)	Electricity/ Power solutions (Professor)	Former) President, Korea University Power System Research Institute Current) Director, Dept. of Planning and Budget, Korea University Current) Professor of electrical and electronic engineering, Korea University Current) Director, American Korean Foundation	●	●	●	

### Mid- to Long-term Shareholder Return Policy

LS ELECTRIC's shareholder return policy is aimed at steadily increasing the amount of dividends through continuous growth. From the long-term perspective, we aim to realize shareholder return by increasing our corporate value. We determine the financial resources for dividend payout by considering business performances, forecasts, and financial conditions; to enhance shareholder value, we established a mid- to long-term shareholder return policy. From fiscal year 2022 to 2024, we plan to maintain the dividend payout ratio at 40% at least of the current net profits based on the non-consolidated financial statements and pay dividend of at least KRW 1,000 per share. Having set the policy continuation period as three years to increase predictability for investors, we will reexamine the policy after this period in order to reflect environmental changes. LS ELECTRIC distributes profits in the form of money, shares, and other properties to shareholders or registered pledgees by implementing shareholder return to the registered shareholders or those included in the shareholder list at the end of each settlement period following resolution by the BOD and approval at the general shareholders' meeting. In the 49th period (fiscal year 2022), KRW 32,292 million was paid as dividend with KRW 1,100 as the amount per share. Moving forward, LS ELECTRIC will continue dedicating effort to respecting and strengthening shareholder rights by carrying out shareholder return in an appropriate level.

# Establishing Sound Governance

## Activity

### Activities of the BOD and Subcommittees

For swift and efficient decision making by the BOD, LS ELECTRIC operates the three subcommittees it established according to the respective regulations.

Category	Board of Directors	Audit Committee	ESG Committee	Outside Director Candidate Recommendation Committee
Role	<ul style="list-style-type: none"> <li>Decide key management goals and basic management strategies for the company and shareholder benefits, and oversee the management activities</li> </ul>	<ul style="list-style-type: none"> <li>Audit the company's accounting and business operations</li> </ul>	<ul style="list-style-type: none"> <li>Deliberate on and approve the ESG-related agenda items in order to help the company strategically and systematically promote ESG management in each area of environmental, social, and governance and achieve sustainable growth</li> </ul>	<ul style="list-style-type: none"> <li>Recommend candidates for outside director to be appointed at the general shareholders' meeting</li> </ul>
Function	<ul style="list-style-type: none"> <li>Establish management goals and key management strategies</li> <li>Appoint and dismiss, supervise, and assess the management and decide the compensation policy</li> <li>Handle other matters prescribed by the statutes, Articles of Association, and BOD Regulations</li> </ul>	<ul style="list-style-type: none"> <li>Handle matters related to accounting and outside auditor, etc.</li> <li>Handle matters related to audit</li> <li>Handle matters related to the status assessment of internal accounting management system operation</li> <li>Handle other matters prescribed by the statutes and Articles of Association, or entrusted by the BOD</li> </ul>	<ul style="list-style-type: none"> <li>Establish ESG strategies and plans</li> <li>Analyze ESG policies and trends</li> <li>Deliberate on internal transactions in advance</li> </ul>	<ul style="list-style-type: none"> <li>Recommend outside director candidates</li> <li>Handle other matters necessary for outside director candidate recommendation</li> </ul>
Meetings Held	6	5	5	1
Attendance	97%	100%	95%	100%
Items Resolved	25	5	4	1
Items Reported	18	13	5	0

### Training of Outside Directors

LS ELECTRIC provides directors with the necessary training for their operations. All our outside directors participated in the Regular Forum for Audit and Audit Committee Members held by the Audit Committee in April 2022 and shared their knowledge and received training on accounting, audit, internal control system, law, and related industries as well as the market.

### Shareholder Status

As of the end of 2022, LS ELECTRIC, a company listed in the securities market, has 30,000,000 shares issued, 47.47% of which are owned by LS Co., Ltd. as the majority shareholder (14,240,000 shares). The National Pension Service, the second largest shareholder, has a 13.43% shareholding.

### Expanding Communication with Shareholders and Investors

In March 2022, LS ELECTRIC increased shareholder convenience in exercising voting rights by introducing the electronic voting system and the shadow voting recommendation system. LS ELECTRIC discloses overall information related to the general shareholders meeting, such as the date, location, purpose, and method of voting right exercise, in the DART (Data Analysis, Retrieval, and Transfer System) of the Financial Supervisory Service. The BOD resolves a general shareholders meeting convocation and issues the convocation notice 48 days and 4 weeks, respectively, prior to the meeting in order to help shareholders exercise their voting rights after sufficiently reviewing items on the agenda. Following the earnings announcement, NDR (non-deal roadshow) is held targeting key domestic institutional investors every quarter and when requested by investors. NDR for overseas investors and IR activities are also conducted in the form of a corporate day meeting to explain directly about the areas of investors' interest and collect investors' requests about the company. In addition, for domestic and overseas institutional investors wishing to have meetings with us in person, we hold IR meetings along with IR activities using contactless conference calls.



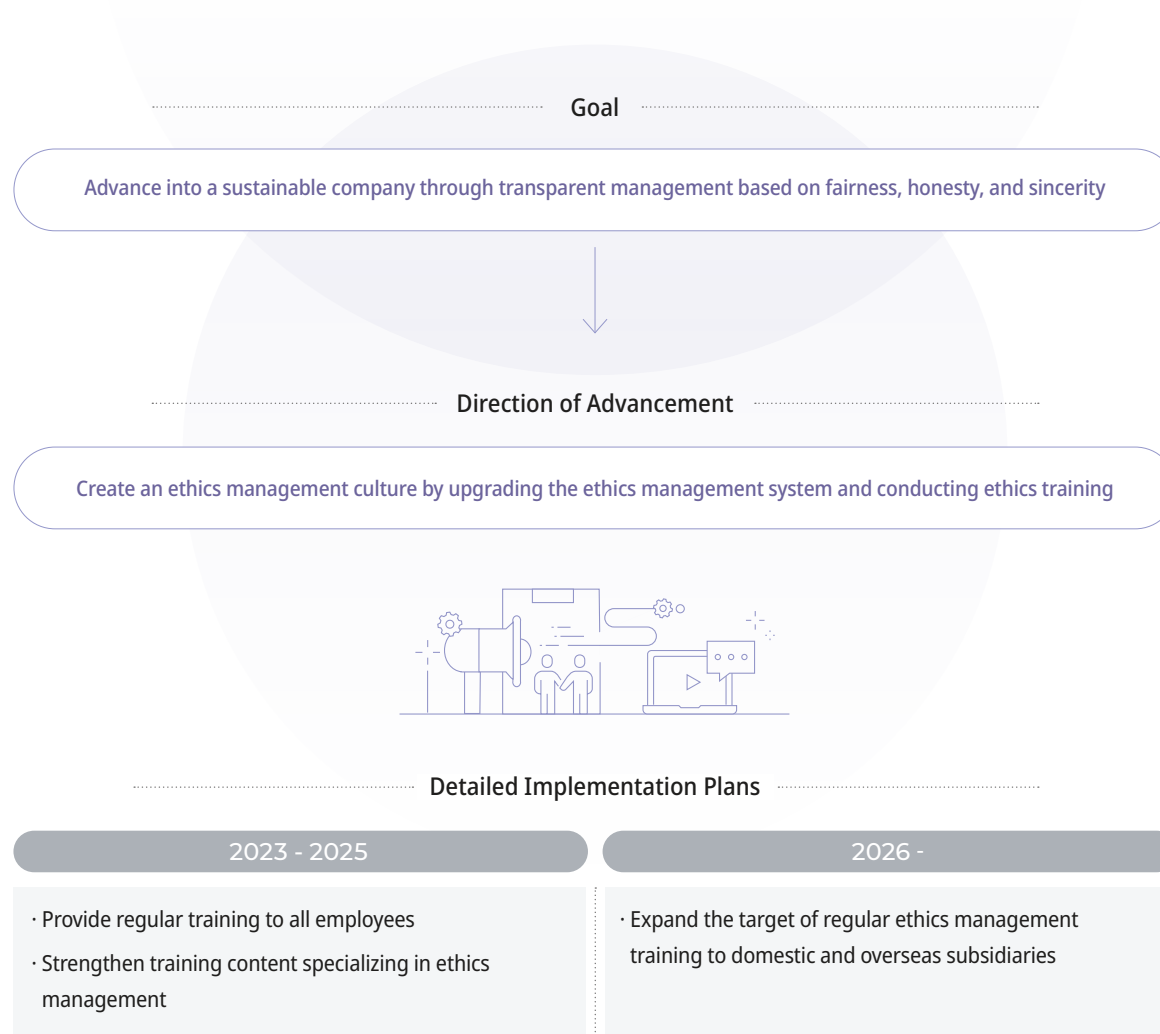
## GOVERNANCE

# Ethics Management

LS ELECTRIC creates a corporate culture based on ethical responsibilities in order to prevent unethical and corruptive conducts across management activities. We will become a company that pursues common interest with all stakeholders by promoting fair competition based on mutual trust and cooperation.



### 📌 Roadmap



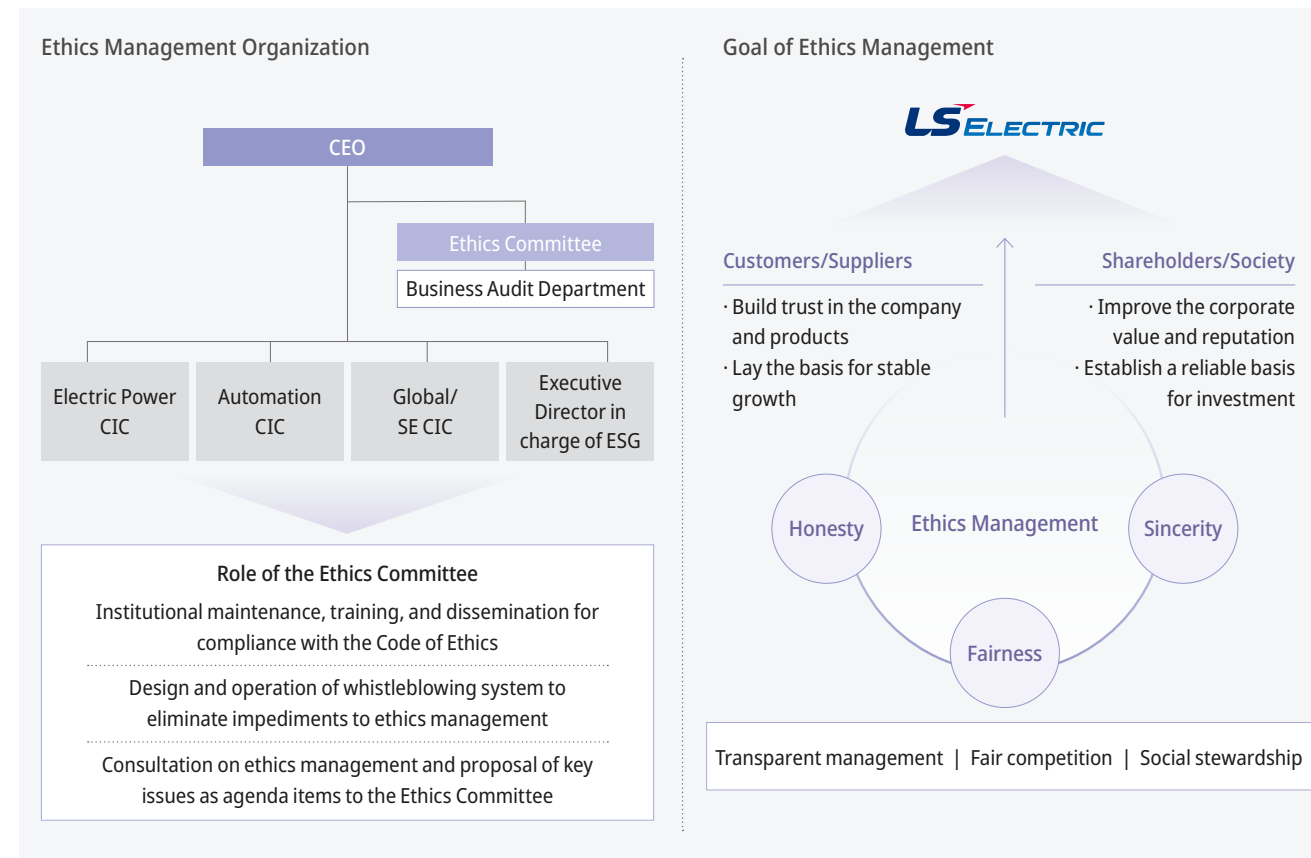
# Ethics Management

## Policy

### Ethics Management Operation System

LS ELECTRIC is committed to growing as a top-tier company that fulfills its responsibilities for customers, suppliers, shareholders, and society at large based on clean and transparent management. We established a system for sustainable development as a company of fairness, honesty, and faithfulness based on the Code of Ethics and Code of Ethics Practice guidelines that all employees must follow as the criteria for proper actions and value judgments. The Ethics Committee serves as the highest decision-making body in practicing the Code of Ethics, and the Ethics Committee Secretariat is up and running for the day-to-day operation of ethics management.

[Full Text of the Code of Ethics and Practical Guidelines](#)



### Ethics Management Whistleblowing System

LS ELECTRIC operates an online whistleblowing center that can be accessed by all internal and external stakeholders. We fairly and swiftly address issues that can impede the establishment of a sound organizational culture, such as corruption, unfair conducts, and human rights violation including sexual harassment. The whistleblowing system is protected with a security system and is designed not to disclose the whistleblowers' personal information, the details of the report, or any implicative information without the whistleblower's consent. In case our noncompliance with such whistleblower protection results in any disadvantage on the part of the whistleblower, we assume responsibility for the restoration or take equivalent measures. The protection applies only when the whistleblower's real name is specified or accurate evidence is submitted.

### Whistleblower Reward System

To eradicate any unethical practices of employees and other stakeholders and create a sound corporate culture, LS ELECTRIC has operated a whistleblower reward system. The practices for report subject to the whistleblower reward include stakeholders' conducts causing damage to the company by engaging in unfair transactions in violation of ethics management, acceptance of bribes or entertainment from stakeholders in relation to business operations, and other conducts in violation of the Code of Ethics and Practical Guidelines. A reward from a minimum of KRW 1 million to a maximum of KRW 10 million is paid according to the amount of impact on the company's profit or loss fluctuation. If the profit or loss fluctuation extends over a long period, an amount expected for one year is paid as reward. For cases of bribe or entertainment acceptance and calculation manipulation or false report that do not have a direct impact on the company's profit or loss fluctuation, rewards of KRW 500,000 and KRW 300,000, respectively, are paid.

# Ethics Management

## Activity

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### Ethics Management Survey Among Employees

LS ELECTRIC conducts the biannual ethics management questionnaire survey to inspect compliance with the Code of Ethics Practice Guidelines and monitor employees' satisfaction with ethics management. By conducting the satisfaction survey in each area including ethics management activities and effects, implementation of and compliance with the Code of Ethics Practice Guidelines, and ethics management practice level, we identify changes in the Company's ethics standard and collect related opinions.

The score of the 2022 survey, which was participated in by 56% of employees, was 3.90 points. The ethics management survey will be conducted again in the second half of 2024.

### Ethics Management Practice Training

Ethics management training is provided to employees at the LS Group-wide level. In 2022, the ethics management training materials were posted on the internal noticeboard. Ethics management training was also provided to 77 new and experienced employees, newly appointed team leaders, and expatriates.

### Ethics Management Pledge

All employees of LS ELECTRIC sign the ethics management pledge every two years to raise their awareness of the practice of ethics management and establish transparent work processes. In 2022, all 3,810 employees of LS ELECTRIC and its subsidiaries signed the pledge.

### Unethical Conduct Reporting

To eradicate ethical management violations, LS ELECTRIC receives reports on unethical conducts involving employees, suppliers, and customers over the phone, through email, via post, and on the on-line whistleblowing center at all times and takes the appropriate actions.

In 2022, 28 reports were received, and these reports were handled 100% through the internal procedures.

Type	2022		Handling Rate
	Reports Received	Reports Handled	
Unfair Transaction	4	4	
Illegal/Corruptive practice	3	3	
Unfair operation handling	6	6	100%
Claim	4	4	
Others	11	11	
Total	28	28	

### Ethics Management Pledge

- In executing operations, I will not engage in any unfair transactions or corrupt practices by complying with the LS ELECTRIC Code of Ethics.
- I will execute operations according to the principle of good faith and will make all-out efforts not to impede the operations or cause damage to the company by deliberately or due to negligence.
- In executing operations, I will dedicate utmost effort to protecting the company's funds, assets, and information.
- In the event of a violation of the Code of Ethics, such as when I become aware of an employee's unfair or corruptive practice or got propositioned to engage in such practice, I will report it immediately to the Business Audit Team.
- In the event of an investigation on any unfair or corruptive practice in violation of the LS ELECTRIC Code of Ethics, I will fully cooperate with the investigation, such as submitting the data requested by the company (documents necessary in the unfair or corruptive practice investigation).
- I will execute operations fairly by following the LS ELECTRIC Code of Ethics and Practical Guidelines.
- Should I violate this pledge, I will assume all associated responsibilities.

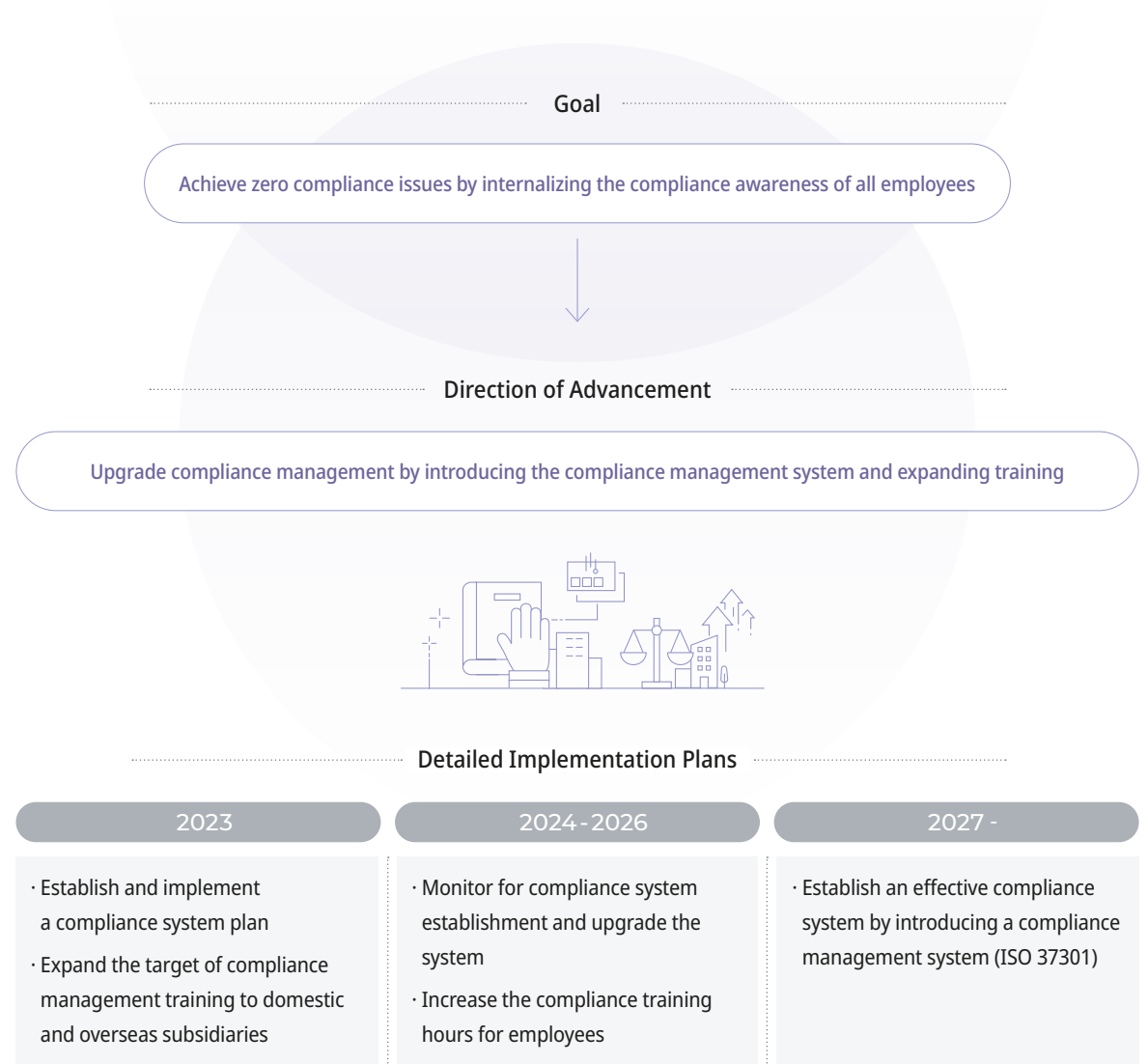
## GOVERNANCE

# Compliance

LS ELECTRIC continuously strengthens the compliance management system under the philosophy that compliance awareness is the basis of all business activities and associated decision-making processes. By spreading compliance awareness, we will enhance corporate transparency and reliability for our stakeholders.



### ↗ Roadmap





# Compliance

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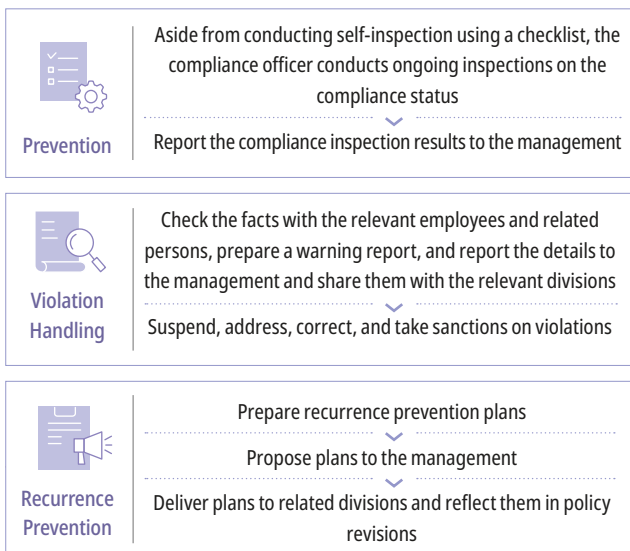
Appendix

## Policy

### Compliance Management Operating System

Following the introduction of the compliance officer system in 2012, LS ELECTRIC hosted the compliance management proclamation ceremony in 2014 and adopted the Compliance Program (CP). We also conduct compliance support activities to assist all employees in their compliance through self-directed reviews. In addition, compliance training is provided on a regular basis to domestic and overseas subsidiaries. Under the leadership of the head of the Legal Affairs Group (compliance officer), we practice compliance management by categorizing legal risks, conducting self-initiated reviews, and offering compliance training. The compliance officer operates under the direct leadership of the BOD established in accordance with the Commercial Act (Article 542-13). In 2012, the BOD appointed the head of the Legal Affairs Group as compliance officer (reappointment every three years upon termination of office). As a compliance support organization established under the Legal Affairs Group, the Compliance Management Team reports compliance activities to the BOD each year.

### Compliance Control Process

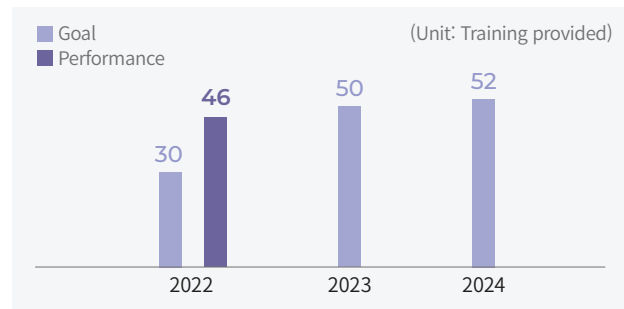


## Goal and Performance

### Compliance Training Expansion

LS ELECTRIC provides compliance training in relation to the Monopoly Regulation and Fair Trade Act and the Fair Transactions in Subcontracting Act in order to help employees recognize and practice implementation of the legal and compliance requirements in carrying out their operations. In 2022, the training for the statutes was provided 46 times. In case of training for the Monopoly Regulation and Fair Trade Act, it was provided centering on the duties for which preferential recognition of the legal requirements is necessary, such as sales and business development. In 2023, we will expand the training target to include domestic and overseas subsidiaries as we endeavor to establish the compliance culture across the value chain.

### Compliance Management Training



## Activity

### Fair Trade Compliance

In 2021, the BOD appointed the head of the Legal Affairs Group as fair trade and compliance officer. It also revises the fair trade and compliance manual by reflecting the amendments of the fair trade-related statutes. In 2022, LS ELECTRIC's compliance support division inspected violations of the fair trade-related statutes for a total of 48 times according to the fair trade and compliance program. In addition, based on the inspection results, the purport and content of the law were explained to the relevant divisions, and training activities were performed to share the violation cases; thus preventing any illegal conducts in the future.

### Self-inspection

LS ELECTRIC categorizes legal risks related to business operations while developing and providing a checklist for use in the self-directed management and review in day-to-day business routines. In 2022, as a result of self-inspection activities, zero legal risk was detected. If necessary, additional legal compliance inspections are conducted.

### Violations and Handling Actions

In March 2022, LS ELECTRIC was issued a corrective order and imposed with penalty surcharges by the Fair Trade Commission as a result of not issuing a technical document request in the course of requesting technical data, such as approved drawings, to subcontractors. Upon the imposition, we shared the case immediately with all employees and provided training on the Fair Transactions in Subcontracting Act. In addition, we promoted employees' convenience in performing compliance activities by developing a system for issuing the technical data request. Moving forward, we will preemptively respond to the occurrence of any illegal conduct by developing a monitoring process for the system.

## GOVERNANCE

# Risk Management

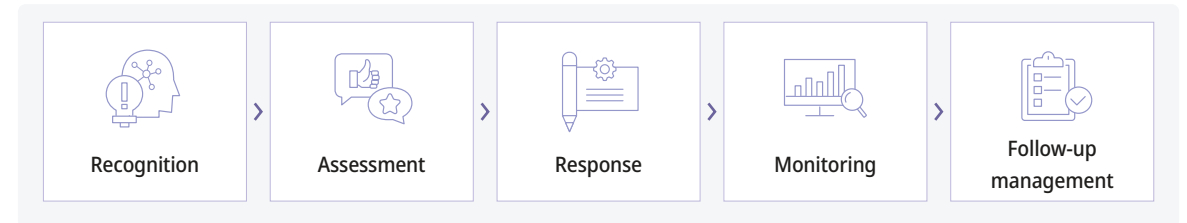
LS ELECTRIC manages risks that can have company-wide impacts by pre-emptively identifying various risk factors that can occur in the course of business activities and corporate operation and developing plans for responding to the risks. In addition to financial risks including financial, capital, tax and internal accounting risks, non-financial risks such as environmental, data protection, organizational operation, and supply chain risks are managed by the relevant divisions to increase efficiency of risk management.



### Policy

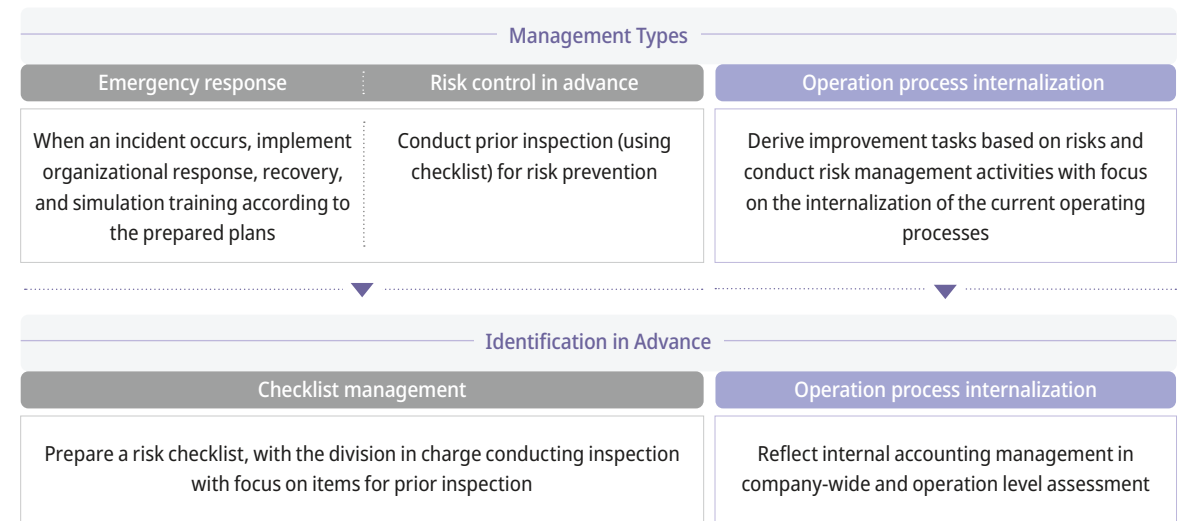
#### Risk Management Process

LS ELECTRIC recognizes the risks by inspecting all operating processes according to the prior management plan. For the recognized risks, we conduct continuous reviews and improvements by carrying out thorough follow-up management.



#### Risk Identification in Advance

LS ELECTRIC manages the company-wide risks through emergency response, risk control in advance, and operation process internalization according to the risk management types. In 2016, we introduced a method of identifying and managing risks in advance, and we have established a system for swift response to risks that require intensive management through the application of this method.



# Risk Management

➤ Policy

## Financial Risk Management

### Financial Risk Management

Classification of Financial Risks	Management Plan
<b>Foreign Exchange Risk</b> Risk of exchange rate fluctuation that can occur in foreign currency transactions	<ul style="list-style-type: none"> <li>· Regularly measure the exchange risk in relation to Korean won exchange rate fluctuations</li> <li>· Use financial derivatives</li> <li>· Enter into a currency forward contract to avoid exchange risk for foreign currency debts and bonds</li> <li>· Enter into a currency forward contract to manage exchange risk for expected sales and purchase transactions</li> </ul>
<b>Interest Rate Risk, Price Risk</b>	<ul style="list-style-type: none"> <li>· Regularly measure the interest rate risk caused by borrowings in variable rates</li> <li>· Measure the marketable fair value, regularly measure the price fluctuation risk occurring in equity instruments</li> </ul>
<b>Credit Risk</b> Risk of a counterpart in a contract causing financial loss by failing to fulfill the obligations specified in the contract	<ul style="list-style-type: none"> <li>· In addition to credit risk for accounts including amortized cost of financial assets, LS ELECTRIC's credit risk is also caused by payment guarantee limit</li> <li>· Assess credit by considering other elements such as past experiences and financial conditions of general accounts, and identify possible risks in advance by credit rating</li> </ul>
<b>Liquidity Risk</b>	<ul style="list-style-type: none"> <li>· Establish short-, mid-, and long-term fund management plans</li> <li>· Respond to the maturity of financial assets and liabilities by analyzing cash outflow budget and actual cash outflows</li> </ul>

### Capital Risk Management

For the purpose of capital management, LS ELECTRIC maintains an optimal capital structure in order to provide benefits to stakeholders continuously and reduce the cost of capital. To maintain or adjust the capital structure, we adjust the dividends, return capital to shareholders, or issue new shares and sell assets to reduce liabilities.

### Tax Risk Management

To meet the deadline for tax return and manage other tax risks, LS ELECTRIC constantly monitors the amended statutes and established rules. We also detect changes in the international tax environment and laws and manage the transfer price risk through the BEPS (Base Erosion and Profit Shifting). In addition, by cooperating with a global accounting firm, we check and respond to domestic and international tax policies and laws; thus keeping the occurrence of tax risk to a minimum.





### Internal Accounting Risk Management

LS ELECTRIC is operating the internal accounting management regulations and internal accounting management system operating rules it established. We also established a consolidated internal accounting management system—an integrated system for the LS Group—in order to improve our risk management level to a global standard from 2023.

While reestablishing the assessment and certification procedures by spreading the internal accounting management system to LS ELECTRIC subsidiaries as well, we are designing and operating risk management processes with consideration given to the scales and characteristics of each subsidiary.

The CEO inspects the internal accounting management system operation status and reports the details at the general shareholders' meeting and to the BOD and Audit Committee. The Audit Committee reports the results of status assessment of the internal accounting management system operation to the BOD. From 2023, the operation status inspection and reporting will be conducted on a consolidated basis to include the subsidiaries.

## Non-financial Risk Management

Classification of Non-financial Risks	Management Plan
<b>Environment and Climate Change</b> 	<ul style="list-style-type: none"> <li>· Monitor environmental statutes and regulations</li> <li>· Identify and respond to physical and transitional risks</li> </ul>
<b>Data Protection</b> 	<ul style="list-style-type: none"> <li>· Provide education and training in preparation for information leak and hacking</li> </ul>
<b>Organization Operation</b> 	<ul style="list-style-type: none"> <li>· Derive improvement tasks through business audit</li> <li>· Conduct organizational culture improvement activities</li> </ul>
<b>Supply Chain</b> 	<ul style="list-style-type: none"> <li>· Provide ESG competency training targeting the supply chain</li> <li>· Include non-financial areas in supplier selection assessment</li> </ul>



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**Appendix**

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## ESG Data

### Financial Statements (Consolidated)

#### Summarized Statement of Financial Position

(Unit: KRW million)

Particulars	2020	2021	2022
<b>Assets</b>	<b>2,540,396</b>	<b>2,796,732</b>	<b>3,322,805</b>
Current assets	1,649,805	1,887,748	2,341,252
Non-current assets	890,592	908,983	981,553
<b>Liabilities</b>	<b>1,126,926</b>	<b>1,323,312</b>	<b>1,773,514</b>
Current liabilities	644,246	845,301	1,390,210
Non-current liabilities	482,680	478,012	383,304
<b>Equity</b>	<b>1,413,470</b>	<b>1,473,419</b>	<b>1,549,291</b>
Total equity attributable to shareholders of the company	1,411,499	1,481,633	1,553,494
Non-controlling interests	1,971	(8,214)	(4,203)
<b>Total liabilities and equity</b>	<b>2,540,396</b>	<b>2,796,732</b>	<b>3,322,805</b>

#### Summarized Statement of Comprehensive Income

(Unit: KRW million)

Particulars	2020	2021	2022
Sales	2,402,673	2,668,265	3,377,070
Operating income	133,714	155,132	187,524
Income from continuing operations before tax	127,845	110,750	126,967
Net income	85,486	85,310	91,210
<b>Total comprehensive income for the current term</b>	<b>86,671</b>	<b>107,906</b>	<b>104,027</b>

#### Summarized Statement of Cash Flows

(Unit: KRW million)

Particulars	2020	2021	2022
Cash flows from operating activities	288,901	101,544	(145,446)
Cash flows from investing activities	(84,498)	(120,431)	(131,065)
Cash flows from financing activities	(55,341)	34,813	134,654
Change in cash and cash equivalents	149,063	15,926	(141,857)
Cash and cash equivalents at the beginning of the year	534,507	683,235	701,597
Effects of exchange rate changes on cash and cash equivalents	(335)	2,436	(3,654)
<b>Cash and cash equivalents at the end of the year</b>	<b>683,235</b>	<b>701,597</b>	<b>556,086</b>

#### Balance in Government Subsidies

(Unit: KRW million)

Particulars	2020	2021	2022
Buildings	172	167	162
Machinery	370	333	295
Tools and equipment	12	25	21
Office equipment	46	217	223
Development expenses	173	184	115
Other non-tangible assets	-	18	14

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# ESG Data

## Environmental Performance

### Environmental

Category		Unit	2020	2021	2022	Remarks	
Investment in environment and safety	Process improvement	KRW million	15,704	5,119	6,142		
	Investment in environmental and safety facilities	KRW million	842	944	1,415		
	Maintenance of environmental and safety facilities	KRW million	629	478	313		
Air pollutant <sup>1)</sup>	Dust	kg	1,554	841	1,006		
	NOx	kg	2,480	4,068	3,092		
	SOx	kg	-	-	-		
Water <sup>2)</sup>	Consumption by source	Service water	m <sup>3</sup>	59,093	113,752	75,246	
		Industrial water	m <sup>3</sup>	113,661	64,583	142,382	
		Total	m <sup>3</sup>	172,754	178,335	217,628	
	Wastewater discharged	m <sup>3</sup>	152	104	159.28		
	Reuse	m <sup>3</sup>	-	-	-		
Energy	Power consumption	TJ	745.2	637.3	603.0		
	Fuel consumption	TJ	100.4	87.5	74.5	LNG, LPG, gasoline, diesel	
	Total energy consumption	TJ	845.6	724.8	677.5		
	Energy intensity	TJ/KRW 100 million	0.05	0.04	0.03		
	Renewable energy consumption	TJ	-	-	-		
Energy/GHG <sup>3)</sup>	Amount discharged	Scope1	tCO <sub>2</sub> eq	5,288	4,587	4,913	Based on separate sales
		Scope2	tCO <sub>2</sub> eq	37,582	30,498	28,836	
		Total	tCO <sub>2</sub> eq	42,870	35,085	33,749	
	Carbon intensity	tCO <sub>2</sub> eq/KRW 100 million	2.31	1.87	1.48	Scope of Data: Scope 1, Scope 2, based on separate sales	
GHG	Waste		tCO <sub>2</sub> eq	-	-	112	
		Business travel	tCO <sub>2</sub> eq	-	-	8,027	Air (overseas), train and driving (domestic)
	Scope 3 emissions	Employee commuting	tCO <sub>2</sub> eq	-	-	7,420	Shuttle bus operation (Cheongju, Cheonan, Busan)
		Leased facilities	tCO <sub>2</sub> eq	-	-	11,462	
		Total	tCO <sub>2</sub> eq	-	-	27,021	

Category		Unit	2020	2021	2022	Remarks				
Chemicals <sup>4)</sup>	Hazardous chemicals used	kg	1.50	0.27	1,598.8	Overall consumption increased due to the expansion of hazardous chemical category according to the amendment of the Notification of Toxic Substance Designation (Jun. 22, 2021)				
Green procurement		KRW million	412	265	739					
Eco-friendly product development		KRW million	17,232	7,602	11,644					
Sales from eco-friendly products and services	Power Solutions	KRW million	70,335	106,273	118,905					
	Automation	KRW million	4,501	5,598	7,014					
	Global SE	KRW million	215,446	85,009	136,094					
	Total	KRW million	290,282	196,880	262,013					
Raw materials <sup>5)</sup>	Steel	ton	8,162	9,470	13,104					
	Non-ferrous metal	ton	2,841	3,419	4,129					
	Resin	ton	352	2,278	2,148					
	Recycled materials	ton	0	0	0					
Total waste generation		ton	4,056.41	3,683.66	3735.86					
Waste treatment <sup>6)</sup>	Designated waste	Treatment type	Landfill	ton	1.22	0.91	1.65			
			Incineration	ton	69.08	55.84	44.50			
			Other	ton	-	-	-			
	Treatment method	Internal treatment	ton	-	-	-				
		Consignment to treatment company	ton	70.30	56.75	46.15				
		Subtotal	ton	70.30	56.75	46.15				
	General waste	Treatment type	Landfill	ton	5.97	7.23	1.91			
			Incineration	ton	613.40	498.40	228.02			
			Others	ton	-	-	-			
	Treatment method	Internal treatment	ton	-	-	-				
Consignment to treatment company		ton	619.37	505.63	229.93					
Subtotal	ton	619.37	505.63	229.93						
Total waste treatment		ton	689.67	562.38	276.08					

1)2)4)5)6) Scope of Data: Cheongju, Cheonan, Busan worksites

3) Scope of Data: Head office, LS Yongsan Tower, R&D Campus, 3 plants (Cheongju, Cheonan, Busan), 9 sales offices (Daejeon, Daegu, Busan, Ulsan, Naju, Gwangyang, Anyang, Gunsan, Uiwang)

## ESG Data

### Environmental Performance

#### Environmental

Category	Unit	2020	2021	2022	Remarks		
Waste recycling	Designated waste	Pretreatment for reuse	ton	-	-	-	
		Recycling type	Recycling	ton	52.82	46.41	37.16
			Other treatment	ton	-	-	-
	Recycling method	Internal treatment	ton	-	-	-	
		Consignment to treatment company	ton	52.82	46.41	37.16	
		Subtotal	ton	52.82	46.41	37.16	
		Subtotal	ton	52.82	46.41	37.16	
	General waste	Recycling type	Pretreatment for reuse	ton	-	-	-
			Recycling	ton	3,313.92	3,074.87	3,422.62
			Other treatment	ton	-	-	-
Recycling method		Internal treatment	ton	-	-	-	
		Consignment to treatment company	ton	3,313.92	3,074.87	3,422.62	
		Subtotal	ton	3,313.92	3,074.87	3,422.62	
Total waste recycling		ton	3,366.74	3,121.28	3,459.78		
Recycling rate		%	83.0	84.7	92.6		

### Social Performance

#### Employees<sup>1)</sup>

Category	Unit	2020	2021	2022	Remarks	
Employees by employment type	Permanent employees	Male	Persons	2,814	2,771	2,645
		Female	Persons	313	322	335
	Temporary employees	Male	Persons	84	74	78
		Female	Persons	45	55	54
	Total		Persons	3,256	3,222	3,112
	Employees by age	20s	Male	Persons	167	128
Female			Persons	57	57	82
30s		Male	Persons	836	681	648
		Female	Persons	97	105	102
40s		Male	Persons	901	918	885
		Female	Persons	184	179	170
50 and older		Male	Persons	994	1,118	1,004
		Female	Persons	20	36	35
Total		Persons	3,256	3,222	3,112	
New recruits		Male	Persons	125	146	192
	Female	Persons	51	60	63	
	Total		Persons	176	206	255
Turnover rate	Overall turnover rate	%	5.2	7.6	11.7	
	Voluntary turnover rate	%	1.6	3.4	4.8	
	Non-voluntary turnover rate	%	3.6	4.2	6.9	
Performance assessment	Persons subject to assessment	Persons	2,079	2,066	1,771	
	Performance assessment ratio	%	63.9	64.1	56.9	
Union membership rate		%	27.8	26.8	29.0	
Years of service	Male	Years	17.3	17.6	17.5	
	Female	Years	16.6	16.5	15.8	
Welfare expenses		KRW million/person	16.5	16.6	17.4	
Welfare expenses to sales		%	2.9	2.8	2.4	

1) Employee data partially changed due to the change in the basis of total employee counting (based on the number of workers in the Annual Report of the respective year)

## ESG Data

### Social Performance

#### Employees

Category	Unit	2020	2021	2022	Remarks	
Employee diversity	Female employees	Persons	358	377	388	
	Ratio of female employees	%	11.0	11.7	12.5	
	Female managers	Persons	52	66	69	Manager and higher
	Ratio of female managers	%	3.5	4.2	4.5	
	Female executives	Persons	0	0	1	
	Ratio of female executives	%	0	0	3.7	
	Employees with disabilities	Persons	43	39	35	
	Ratio of employees with disabilities	%	1.3	1.2	1.1	
	Foreign national employees	Persons	10	11	11	Based on foreign national employees working in Korea
	Equal pay	All employees	Times	0.79	0.81	0.77
Management positions		Times	0.89	0.89	0.90	Below executives of manager level or higher
Non-management positions		Times	0.85	0.87	0.85	
Pay gap between the CEO and other employees	Times	74.23	43.13	43.01		
Training expenses	KRW 1,000/person	1,355	1,487	1,572	Including outsourced personnel	
Training hours	PD/person	7	10	7.6		
Employees taking maternity leave	Male	Persons	0	0	0	
	Female	Persons	11	4	7	
Employees taking parental leave	Male	Persons	12	9	15	
	Female	Persons	20	5	16	
Rate of return after parental leave	Male	%	100	100	100	
	Female	%	100	100	100	
Employees working for at least 1 year after return from parental leave	Male	%	100	100	100	
	Female	%	100	100	100	

#### Health and Safety

Category	Unit	2020	2021	2022	Remarks
Industrial accident rate	%	0.06	0.01	0.06	Data from the Korea Occupational Safety & Health Agency
Mortality	Persons	0	0	0	
Lost days	Days	161	14	29	
LTIFR(Lost Time Injuries Frequency Rate)	Incident per one million working hours	0.729	0.147	0.758	
Safety Training	Hours completed (cumulative)	Hour	71,460	61,023	53,260
	Participants (cumulative)	Persons	13,272	28,250	26,659
Health Checkup	Expenses	KRW million	691	699	638
	Suspected persons	Persons	1,055	2,975	1,871
	Support for medical expenses	KRW million	1,113	1,100	1,003



## ESG Data

### Social Performance

#### Retirement Pension Fund Management

Category	Unit	2020	2021	2022	Remarks	
Defined benefit (DB)	Funds under management	KRW million	217,113	233,995	250,342	
	Subscribers	Persons	2,852	2,707	2,475	
Defined contribution (DC)	Funds under management	KRW million	-	-	-	
	Subscribers	Persons	387	404	461	

#### Shared Growth

Category	Unit	2020	2021	2022	Remarks	
Supplier satisfaction with ethics management	Points	4.37	4.18	4.27		
Shared Growth Agreement concluded	Cases	329	324	337		
Financial support to suppliers	Support amount	KRW 100 million	110	69	56	
	Supported suppliers	Companies	60	43	50	
Win-win payment support for suppliers	KRW 100 million	9,231	8,777	10,893		
Supplier training participants	Persons	-	122	163		
Supplier training provided	Times	-	9	8		
Technological support to suppliers	Suppliers benefiting from technology sharing	Companies	-	37	0	
	Technology protection support provided	Cases	22	17	9	
	Technology cooperation projects	Projects	30	22	41	
	Support amount	KRW 100 million	14	17	35	
ACE Club (suppliers association) members	Companies	17	16	20		
Innovation capacity support for ACE Club	Supported suppliers	Companies	17	16	20	
	Supported employees	Persons	17	16	20	
Suppliers participating in performance sharing	Companies	238	133	100		

#### Purchase by Region

Category	Unit	2020	2021	2022	Remarks
Asia (excluding Middle East)	%	65	69	69	
Europe	%	20	21	21	Region-specific percentage of overseas purchase amount
Americas	%	13	10	9	
Middle East	%	2	-	0	
Others (Oceania and Africa)	%	-	-	1	
<b>Total</b>	<b>%</b>	<b>100</b>	<b>100</b>	<b>100</b>	

#### Social Contribution

Category	Unit	2020	2021	2022	Remarks
Donations	KRW million	691	3,426	4,778	Consolidated
Social contribution expenses	KRW million	125	151	152	
Social contribution activities	Cases	68	55	56	
Participants in social contribution activities	Persons	4,856	4,511	3,478	
Beneficiaries of social contribution activities	Persons	724	1,471	901	

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# Stakeholder Communication

LS ELECTRIC categorizes employees, local communities, suppliers, customers, and shareholders and investors as key stakeholders. We will strive to achieve sustainable growth with our stakeholders by listening attentively to their voices across all management activities.

Category	Communication Channels		Key Areas of Interest		Activities and Performance in 2022
<b>Employees</b> 	<ul style="list-style-type: none"> <li>· E-Bridge (Junior Board)</li> <li>· Satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>· WeLS (employee portal)</li> <li>· Meetings with the management</li> </ul>	<ul style="list-style-type: none"> <li>· Work-life balance</li> <li>· Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>· Welfare system and organizational culture improvement</li> <li>· Fair performance assessment and compensation</li> </ul>	<ul style="list-style-type: none"> <li>· Welfare Expenses per Person: KRW 17.4 million</li> <li>· New Recruits: 255</li> </ul>
<b>Local Communities</b> 	<ul style="list-style-type: none"> <li>· Local community meetings</li> <li>· Direct communication with persons in charge</li> </ul>	<ul style="list-style-type: none"> <li>· Meetings with the management</li> <li>· Questionnaire survey</li> </ul>	<ul style="list-style-type: none"> <li>· Expansion of social contribution investment</li> </ul>	<ul style="list-style-type: none"> <li>· Environmental preservation activities</li> </ul>	<ul style="list-style-type: none"> <li>· Donations: KRW 4,778 million</li> <li>· Social Contribution Participants: 3,478 persons</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>· ACE Club</li> <li>· Shared growth innovation meeting</li> <li>· Performance sharing</li> </ul>	<ul style="list-style-type: none"> <li>· Shared growth portal (TOPS)</li> <li>· ACE innovation exchange meeting</li> </ul>	<ul style="list-style-type: none"> <li>· Establishment of fair cooperative relations</li> <li>· Shared growth and ESG support</li> </ul>	<ul style="list-style-type: none"> <li>· Supply chain risk management</li> <li>· Supplier communication</li> </ul>	<ul style="list-style-type: none"> <li>· Financial Support: KRW 5.6 billion</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>· Exhibitions and seminars</li> <li>· Customer meetings</li> <li>· Distributor meetings</li> </ul>	<ul style="list-style-type: none"> <li>· Customer service center</li> <li>· SNS channels</li> </ul>	<ul style="list-style-type: none"> <li>· Customer satisfaction management</li> <li>· Personal information protection and leak prevention</li> </ul>	<ul style="list-style-type: none"> <li>· Product and service risk management</li> <li>· Eco-friendly product development</li> </ul>	<ul style="list-style-type: none"> <li>· Customer Satisfaction Score: 75.4 points</li> </ul>
<b>Shareholders and Investors</b> 	<ul style="list-style-type: none"> <li>· NDR</li> <li>· Company visits</li> </ul>	<ul style="list-style-type: none"> <li>· Website</li> <li>· General shareholders' meeting</li> </ul>	<ul style="list-style-type: none"> <li>· Shareholder-friendly management activation</li> <li>· Stable profit generation and distribution</li> </ul>	<ul style="list-style-type: none"> <li>· Transparent information disclosure</li> <li>· Risk management activities</li> </ul>	<ul style="list-style-type: none"> <li>· Cash Dividend per Share: KRW 1,100</li> <li>· Interest Expenses: KRW 19,880 million</li> </ul>

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# Materiality Analysis

LS ELECTRIC derived ten material issues that can wield an impact in the course of key business promotion by conducting materiality analysis targeting internal and external stakeholders. In addition to managing strategically the material issues selected and disclosing transparently our plans, activities, and performances related to the ESG issues in the Report, we reflect them in the actual management decision-making system through reporting to the management. We will communicate with various stakeholders and identify their ESG-related needs by continuously conducting the materiality analysis and upgrading the process.

## Materiality Analysis Result

○(Low Impact) ← Impact → ●(High Impact)

Category	ESG Issue	Impact	Stakeholders				
			Employees	Customers	Suppliers	Experts	Shareholders/ Investors
Environmental	1. Discovering new business and securing eco-friendly technologies	●	●	◐	●	◐	◐
Social	2. Management for shared growth with suppliers	●	◐	●	●	●	◐
Governance	3. Ethics management and anti-corruption	◐	◐	●	◐	●	●
Social	4. Safe working environment	◐	●	●	●	●	◐
Social	5. Customer health and safety	◐	●	●	●	●	◐
Social	6. Human rights protection	◐	●	●	●	●	◐
Social	7. Product and service quality	◐	●	◐	◐	◐	◐
Governance	8. Sound BOD organization	◐	○	◐	●	◐	●
Environmental	9. Climate change response	◐	◐	○	◐	○	◐
Social	10. Fair HR system and welfare	◐	●	●	◐	○	◐

## Materiality Analysis Methodology

Organize a pool of  
ESG issues

Organize a pool of 26 issues by analyzing international standards and ESG assessment indicators including industry trend

Analyze impact

**1 Review international standards and ESG assessment indicators**

- Analyze the GRI Standard, ISO 26000, UNGC, UN SDGs, MSCI, SASB, and TCFD indicators

**2 Conduct industry benchmarking and analysis**

- Analyze material issues of the industry in 2022

**3 Analyze media**

- Analyze 4,378 articles searched under the keyword LS ELECTRIC  
(Analysis Period: Jan. 1 - Dec. 31, 2022)

**4 Collect stakeholder opinions**

- Conduct a questionnaire survey targeting employees, customers, suppliers, academic circles, and experts  
(Survey Period: Jan. 11 - 13, 2023)
- Analyze BOD agenda items (shareholders/investors) in 2022

Select  
critical issues

- Conduct a general assessment by applying weights by item to the impact analysis results
- Select critical issues

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Material Issue	Indicator	Description	Page	Reason for Non-disclosure
	<b>GRI 2</b>	<b>General Disclosure 2021</b>		
	2-1	Organizational details	2	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency, and contact point	2	
	2-4	Restatements of information	74	
	2-5	External assurance	84	
	2-6	Activities, value chain, and other business relationships	7	
	2-7	Employees	74	
	2-8	Workers who are not employees	74	
	2-9	Governance structure and composition	61	
	2-10	Nomination and selection of the highest governance body	61	
	2-11	Chair of the highest governance body	62	
	2-12	Role of the highest governance body in overseeing the management of impacts	60-63	
	2-13	Delegation of responsibility for managing impacts	61	
	2-14	Role of the highest governance body in sustainability reporting	63	
	2-15	Conflicts of interest	61-63	
	2-16	Communication of critical concerns	61-63	
	2-17	Collective knowledge of the highest governance body	61-63	
	2-18	Evaluation of performance of the highest governance body	61	
	2-19	Remuneration policies	61	
	2-20	Process to determine remuneration	61	
	2-21	Annual total compensation ratio	75	
	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments	5, 22, 35	
	2-24	Embedding policy commitments	22, 35	
	2-25	Processes to remediate negative impacts	36, 65	
	2-26	Mechanisms for seeking advice and raising concerns	36, 65	
	2-27	Compliance with laws and regulations	67, 68	
	2-28	Membership associations	82	
	2-29	Approach to stakeholder engagement	77	
	2-30	Collective bargaining agreements	74	

Material Issue	Indicator	Description	Page	Reason for Non-disclosure
	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-1	Process to determine material topics	78	
	3-2	List of material topics	78	
Discovering new business and securing eco-friendly technologies	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	21, 26	
	<b>GRI 201</b>	<b>Economic Performance 2016</b>		
	201-1	Direct economic value generated and distributed (EVG&D)	6	
	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	53	
	<b>GRI 308</b>	<b>Supplier Environmental Assessment 2016</b>		
	308-1	New suppliers screened using environmental criteria	55	
	308-2	Negative environmental impacts in the supply chain and actions taken	55-56	
Management for shared growth with suppliers	<b>GRI 408</b>	<b>Child Labor 2016</b>		
	408-1	Operations and suppliers at significant risk for incidents of child labor	55	
	<b>GRI 409</b>	<b>Forced or Compulsory Labor 2016</b>		
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	55	
	<b>GRI 414</b>	<b>Supplier Social Assessment 2016</b>		
	414-1	New suppliers screened using social criteria	55	
	414-2	Negative social impacts in the supply chain and actions taken	55-56	
	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	64	
Ethics management and anti-corruption	<b>GRI 205</b>	<b>Anti-corruption 2016</b>		
	205-2	Communication and training on anti-corruption policies and procedures	66	
	205-3	Confirmed incidents of corruption and actions taken	66	



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Material Issue	Indicator	Description	Page	Reason for Non-disclosure
	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	42	
	<b>GRI 403</b>	<b>Occupational Health and Safety 2018</b>		
Safe working environment	403-1	Occupational health and safety management system	43-45	
	403-2	Hazard identification, risk assessment, and incident investigation	43	
	403-3	Occupational health services	46	
	403-4	Worker participation, consultation, and communication on occupational health and safety	43	
	403-5	Worker training on occupational health and safety	46	
	403-6	Promotion of workers' health	46	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	43-46	
	403-8	Workers covered by an occupational health and safety management system	45-46	
	403-9	Work-related injuries	75	
	403-10	Work-related ill health	-	Management scheduled
Customer health and safety	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	50	
	<b>GRI 416</b>	<b>Customer Health and Safety 2016</b>		
Human rights protection	416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	No violation	
	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	37	
	<b>GRI 405</b>	<b>Diversity and Equal Opportunity 2016</b>		
	405-1	Diversity of governance bodies and employees	35, 62	
	405-2	Ratio of basic salary and remuneration of women to men	75	
Product and service quality	<b>GRI 407</b>	<b>Freedom of Association and Collective Bargaining 2016</b>		
	407-1	Operations and suppliers wherein the right to freedom of association and collective bargaining may be at risk	36	
	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	50	
	<b>GRI 417</b>	<b>Marketing and Labeling 2016</b>		
	417-2	Incidents of noncompliance concerning product and service information and labeling	No violation	

Material Issue	Indicator	Description	Page	Reason for Non-disclosure
Sound BOD organization	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	60	
	<b>GRI 206</b>	<b>Anti-competitive Behavior 2016</b>		
Climate change response	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	68	
	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	30	
	<b>GRI 201</b>	<b>Economic Performance 2016</b>		
	201-2	Financial implications and other risks and opportunities due to climate change	31	
	<b>GRI 302</b>	<b>Energy</b>		
	302-1	Energy consumption within the organization	73	
	302-2	Energy intensity	73	
	<b>GRI 305</b>	<b>Emissions 2016</b>		
	305-1	Direct (Scope 1) GHG emissions	73	
	305-2	Energy indirect (Scope 2) GHG emissions	73	
	305-3	Other indirect (Scope 3) GHG emissions	73	
	305-4	GHG emissions intensity	73	
	305-5	Reduction of GHG emissions	73	
305-6	Emissions of ozone-depleting substances (ODS)	-	No emission	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	73		
Fair HR system and welfare	<b>GRI 3</b>	<b>Material Topics 2021</b>		
	3-3	Management of material topics	37	
	<b>GRI 401</b>	<b>Employment 2016</b>		
	401-1	New employee hires and employee turnover	74	
	401-2	Benefits provided to full-time employees but not to temporary or part-time employees	40	
	401-3	Parental leave	75	
	<b>GRI 404</b>	<b>Traning and Education 2016</b>		
	404-1	Average hours of training per year per employee	75	
	404-2	Programs for upgrading employee skills and transition assistance programs	39	
	404-3	Percentage of employees undergoing regular performance and career development reviews	74	

## SASB Index

Category	SASB Code	SASB Index	Unit	Status in 2022	Remarks
Energy management	RT-EE-130a.1	Total energy consumed	GJ	696,990	
		Percentage grid electricity	%	86.5	
		Percentage renewable	%	0	
Hazardous waste management	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled	Ton, %	46.15, 80.5%	
	RT-EE-150a.2	Number of reportable spills, aggregate quantity of reportable spills	Products, kg	-	
Product safety	RT-EE-250a.1	Number of recalls issued, total units recalled	Products	-	
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	KRW	-	
Product life cycle management	RT-EE-410a.1	Percentage of products containing IEC 62474 declarable substances by revenue	%	-	
	RT-EE-410a.2	Percentage of eligible products meeting the ENERGY STAR® criteria by revenue	%	-	
	RT-EE-410.3	Revenue from renewable energy-related and energy efficiency-related products	%	11.47%	
Material sourcing	RT-EE-440a.1	Description of management of risks associated with the use of critical materials	-	p.55	
Business ethics	RT-EE-510a.1	Description of policies and practices for the prevention of: (1) Corruption and bribery and (2) anti-competitive behavior	-	p.64-68	
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	KRW	0	
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	KRW	0	
Activity Metrics	RT-EE-000.A	Number of units produced by product category	KRW million	Power Solutions: 2,668,292 Automation: 590,651	Power Solution Items: Low-voltage device, high-voltage device, meter, ultra-high-voltage system, switchboard, etc. Automation Items: PLC, inverter, automation system, etc.
	RT-EE-000.B	Number of employees	Persons	3,112	

## TCFD Index

Category	Recommended Disclosures	Page
Governance	a. Describe the board's oversight of climate-related risks and opportunities	31
	b. Describe the management's role in assessing and managing climate-related risks and opportunities	31
Strategy	a. Describe the climate-related risks and opportunities identified by the organization from the short-, medium-, and long-term perspectives	31
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	31-32
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	31-32
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks	31-33
	b. Describe the organization's processes for managing climate-related risks	31-33
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	33
Metrics & Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	30-32
	b. Disclose Scope1, Scope 2, and, if appropriate, Scope3 GHG emissions and related risks	33, 73
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	28, 38

# UNGC, Memberships and Awards

## UN Global Compact

LS ELECTRIC joined the UN Global Compact (UNGC), a voluntary initiative to promote the fulfillment of corporate social responsibilities, in 2015, and it has supported and applied the Ten Principles of the UNGC for human rights, labor, environment, and anti-corruption activities across corporate activities.



	Ten Principles of the UN Global Compact	Page	LS ELECTRIC's Policy
Human Rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and	35	<ul style="list-style-type: none"> <li>LS ELECTRIC Code of Ethics</li> <li>Basic Ethics Practice Guidelines for Employees</li> </ul>
	Principle 2. make sure that they are not complicit in human rights abuses.		
	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;		
Labor	Principle 4. the elimination of all forms of forced and compulsory labour;	21-29	<ul style="list-style-type: none"> <li>LS ELECTRIC Environmental Management Policy</li> </ul>
	Principle 5. the effective abolition of child labour; and		
	Principle 6. the elimination of discrimination in respect of employment and occupation.		
Environmental	Principle 7. Businesses should support a precautionary approach to environmental challenges;	64-68	<ul style="list-style-type: none"> <li>LS ELECTRIC Code of Ethics</li> <li>Basic Ethics Practice Guidelines for Employees</li> </ul>
	Principle 8. undertake initiatives to promote greater environmental responsibility; and		
Anti-corruption	Principle 9. encourage the development and diffusion of environmentally friendly technologies.	64-68	<ul style="list-style-type: none"> <li>LS ELECTRIC Code of Ethics</li> <li>Basic Ethics Practice Guidelines for Employees</li> </ul>
	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.		

## Memberships in associations

Federation of Korean Industries, Korea Economic Research Institute, Korea International Trade Association, Korea-Japan Economic Association, Korea Enterprises Federation, Anyang Gwacheon Chamber of Commerce and Industry, Korean Council on Latin America & the Caribbean, Korea Listed Companies Association, Korean Association for Intellectual Property Services, Korea Electrical Contractors Association, Electric Contractors' Financial Cooperative, Korea Electric Engineers Association, Korea Engineering & Consulting Association, Engineering Guarantee Insurance, Korea Information & Communication Contractors Association, Information & Communication Financial Cooperative, Korea Products Safety Association, Korea Electrical Manufacturers' Cooperative, Korea Heavy Electric Business Cooperative, Korea Railway Signal Engineering Association, Korea Railway Association, Korea Urban Railway Association, Railway Signal Research Association, Korea Railway Association Overseas Cooperation Committee, Korea Electrical Manufacturers Association, Korea Electric Association, Korean Society of Marine Engineering, Seoul National University Electric Power Research Institute (Industry-Academe Consortium), Korea Electrical Industry Technology Research Association, Korea Industrial Technology Association, Korean Institute of Electrical Engineers, Smart High Power and Voltage Technology Study Group (Korean Institute of Electrical Engineers), Power System Study Group (Korean Institute of Electrical Engineers, Korea Electric Power Corporation), LVDC Facility Study Group of the Korean Institute of Electrical Engineers, Korean Institute of Power Electronics, Institute of Control, Robotics, and Systems, Korea Battery Industry Association, Korea Industrial Safety Association, Korea Institute of Information & Telecommunication Facilities Engineering, Korean Institute of Electrical and Electronic Material Engineers, Korea Embedded Software and System Industry Association, Korea Software Technology Association, Korea Software Industry Association, Open Network DeviceNet Korea, Korea PROFIBUS Association, Korea Smart Manufacturing Industry Association, Korea Automatic Control Ind. Cooperative, Korea Packaging Machinery Association, Korea Marine Equipment Association, Korea Smart Grid Association, International Contractors Association of Korea, Construction Association of Korea, Construction Guarantee, Korea Fire Facility Association, Fire Guarantee, Korea Photovoltaic Industry Association, Korea New & Renewable Energy, ESS Ecosystem Fostering Council, KOVA Cooperative, Climate Technology Centre and Network, Korea Wind Energy Industry Association, Cheongju Chamber of Commerce and Industry, Korea Electric Engineers Association, Green Company, Environmental Preservation Association, Korea Industrial Safety Association, Korea Fire Safety Institute, Korea Association of Occupational Health Nurses, Korea Environmental Engineers Federation Chungcheongbuk-do Branch, Korean Standards Association, Association of Korean National Quality Award Winners, Korea Association of Standards and Testing Organizations, Korea Customs Logistics Association, Korea Chamber of Commerce and Industry (GS1 Korea), Northern Chungcheongnam-do Chamber of Commerce and Industry, Korea Fire Safety Institute, Korea Industrial Safety Association, Environmental Preservation Association, Green Company, Chungcheongnam-do Environmental Engineers Association, Korea Electric Engineers Association, Korea Association of Occupational Health Nurses, Korea Customs Logistics Association, Busan Chamber of Commerce and Industry, Korea Fire Safety Institute (Fire Safety Engineer), Korea Fire Safety Institute (Hazardous Material Safety Supervisor), Korea Electric Engineers Association, Regional Safety Action Council, Korea Industrial Safety Association, Northern Busan Industrial Safety Association, Environmental Preservation Association, Green Company, Korea Customs Logistics Association

**Domestic**

**Overseas** UN Global Compact (UNGC), CIGRE, CIRED KNC (CIRED Korean National Committee), International Electric Research Exchange (IERE), Sunspec Alliance, MECHATROLINK Members Association, CAN in Automation, ETG (EtherCAT Technology Group)

## Certifications

· ISO 27001	· ISO 9001	· Green Company	· KEPIC certification for nuclear inspector and supervisor
· ISO 45001	· IATF 16949	· KOLAS-certified calibration agency	
· ISO 14001	· IEC 62443-4-1	· KOLAS-certified testing agency	· Family-friendly Company

## Awards

Category	Date (Month/Year)	Award	Hosting Organization	Award Description
Company	Nov. 2022	48th National Quality Management Convention	Ministry of Trade, Industry, and Energy (Korean Agency for Technology and Standards)/Korean Standards Association	National Quality Innovation Award
	Nov. 2022	2022 Minister of Environment Award for Green Company, Ministry of Environment	Korea Environmental Industry & Technology Institute	Top Prize, Minister of Environment Award
Individual	Apr. 2022	Citation on Science Day	Ministry of Interior and Safety	Presidential Citation (Material Research Center Director Wook-Dong Choi)

## Appendix

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### ▶ GHG Verification Statement

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## GHG Verification Statement\_Overall

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 1&2) of LS ELECTRIC Co.,Ltd. in 2022.

### Scope

Verification of all places of business and emission facilities under the control of LS ELECTRIC Co.,Ltd.

Place of business in Korea : HQ, LS Yongsan Tower, Global R&D Campus, 3 Place(Cheongju, Busan, Cheonan), 9 Office(Daejeon, Daegu, Busan, Ulsan, Naju, Gwangyang, Anyang, Gunsan, Uiwang)

### Standards

- ISO 14064-1:2006, ISO 14064-3:2006
- WRI/WBCSD GHG Protocol
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Operating guidelines for GHG emissions reporting and certification under the GHG emission trading scheme

### Limitations

The verification has inherent limitations that may arise in the process of applying standards and methods.

### Results

- GHG verification has been performed to meet the limited assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “qualified” opinion.

GHGs Emission	Direct emission (Scope 1)	Indirect emission (Scope 2)	Total (tCO <sub>2</sub> eq)
2022	4,913	28,836	33,749

Energy Consumption	Fuel	Electricity	Total (TJ)
2022	94	603	697

## GHG Verification Statement\_by Worksite

### Overview

LS ELECTRIC conducted MRV based on the verification standards such as ISO 14064 in order to implement the Paris Agreement and achieve the goal of carbon neutrality. KMR states the verification result of LS ELECTRIC in 2022 as follows:

### Result

Worksite	GHG emissions			Energy consumption		
	Direct emissions (Scope1)	Indirect emissions (Scope2)	Total (tCO <sub>2</sub> eq)	Fuel	Electricity	Total (TJ)
Cheongju Worksite	1,746.917	18,800.205	20,547	34.016	392.855	427
Busan Worksite	1,051.423	3,204.125	4,256	20.522	66.954	87
Cheonan Worksite	855.631	3,063.512	3,919	16.804	64.016	81
LS Tower (head office)	516.600	1,246.677	1,763	9.602	26.051	36
LS Yongsan Tower	213.596	1,036.704	1,250	3.658	21.663	25
R&D Campus	309.075	1,325.666	1,635	5.998	27.702	34
Daejeon Sales Office	19.628	16.764	36	0.285	0.350	1
Daegu Sales Office	27.850	5.986	34	0.410	0.125	1
Busan Sales Office	16.258	41.771	58	0.294	0.873	1
Ulsan Sales Office	17.216	5.021	22	0.253	0.105	0
Naju Sales Office	20.863	12.226	33	0.303	0.255	1
Gwangyang Sales Office	14.032	6.740	21	0.213	0.141	0
Anyang Sales Office	104.181	63.356	168	2.056	1.324	3
Gunsan Sales Office	-	4.266	4	-	0.089	0
Uiwang Sales Office	-	3.478	3	-	0.073	0
<b>Total</b>	<b>4,913.27</b>	<b>28,836.497</b>	<b>33,749</b>	<b>94.413</b>	<b>602.577</b>	<b>697</b>

We present an “appropriate” opinion for the GHG emission and energy consumption estimations of the organization above in 2022.



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# Independent Assurance Statement

To readers of 2022-2023 LS ELECTRIC Sustainability Report

## Introduction

Korea Management Registrar (KMR) was commissioned by LS ELECTRIC to conduct an independent assurance of its 2022-2023 Sustainability Report (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of LS ELECTRIC. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with LS ELECTRIC and issue an assurance statement.

## Scope and Standards

LS ELECTRIC described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process

- GRI Sustainability Reporting Standards
- Universal Standards
- Topic specific standards
  - GRI 206: Anti-competitive Behavior
  - GRI 305: Emissions
  - GRI 401: Employment
  - GRI 403: Occupational Health and Safety
  - GRI 404: Training and Education
  - GRI 405: Diversity and Equal Opportunity
  - GRI 407: Freedom of Association and Collective Bargaining
  - GRI 408: Child Labor
  - GRI 409: Forced or Compulsory Labor
  - GRI 414: Supplier Social Assessment

As for the reporting boundary, the engagement excludes the data and information of LS ELECTRIC' partners, suppliers and any third parties.

## KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

## Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by LS ELECTRIC to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

## Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with LS ELECTRIC on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

## Inclusivity

LS ELECTRIC has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

## Materiality

LS ELECTRIC has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

## Responsiveness

LS ELECTRIC prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of LS ELECTRIC actions.

## Impact

LS ELECTRIC identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

## Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

## Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with LS ELECTRIC and did not provide any services to LS ELECTRIC that could compromise the independence of our work.

June 2023 Seoul, Korea  
CEO



LS ELECTRIC Bringing Light  
to the World

Our ESG Journey

Our Sustainability Management

Appendix

**Date Issued** June 2023  
**Issued by** LS ELECTRIC Co., Ltd.  
**Production Management** ESG Management Team - Yu-Seok Hong, Gi-Hyun Ryu, So-Hyun Jung, Ji-Hye Kim

**Special Thanks To**

Division	Person in Charge
CPO) Win-Win Growth Team	Jae-Min Jeon
Electric Power CIC) Marketing Team	Hyun-Sik Park
Business Support) Quality Management Team	Yun-Seog Nam
Strategy and Digital) Marketing Team	Hee-Jung Kim
Strategy and Digital) Tech.Square Business Team	Yong-Min Kim
Global SE CIC) Global Strategic Planning Team	Jae-Sung Lee
Global SE CIC) Global Marketing Team	Yong-Jik Kwon
SE) SE Domestic Sales Team	Ki-Soo Yang
Global Business Support) SE Engineering Team	Se-Jin Park
ESG) Public Relations Department	Do-Yup Kwon
Environment and Safety) Safety Management Part	Jong-Chan Ryu
Environment and Safety) Environment&Safety Team	Tae-Hyun Kong, Jin-Bin Jeong
CFO) Treasury Team	Do-Hoon Kim
CFO) Accounting Team	Hyun-Ik Park
Legal Affairs) Compliance Management Team	Sang-Hyung Ryu
CFO) Internal Control Team	Hye-Mi Park
DX R&D Center	Wo-Cheol Jeong, Gi-Chan Pyo
Vision Planning) IT Innovation Team	Min-Kyeong Byun
CHO) GHR Team	Jae-Eun Lee
Business Audit Department	Hyun-Woo Kim
Corporate Planning) Corporate Planning Team	Han-Jun Ryu



LS ELECTRIC Sustainability Report can be downloaded as a PDF file from the LS ELECTRIC website. The PDF version provides an interactive PDF function including links to the related pages in the Report and shortcuts to the relevant web pages.

**LS**<sup>▶</sup>*ELECTRIC*