

SUSTAINABLE FUTURE WITH
GREEN ENERGY
SOLUTION

2023-2024 LS ELECTRIC Sustainability Report



About This Report

Report Overview

LS ELECTRIC has been communicating with stakeholders by publishing sustainable reports annually since 2015. This Report, which is our 10th report, serves to provide a balanced, transparent presentation of our economic, environmental, and social activities and performance in the year 2023. 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, 2023, including some data from the first quarter of 2024. As for quantitative data, the reporting period covers the last three years to support yearly trend analyses.

Reporting Scope

The financial data presented here is aggregated on a consolidated basis. The non-financial quantitative data includes LS ELECTRIC, its domestic subsidiaries, and major overseas production subsidiaries (China and Vietnam). Any changes or differences in the data's reporting scope are duly noted.

Reporting Standards

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

Assurance

To ensure objectivity and credibility of the content, this Report was assured by the Korean Foundation for Quality, a third-party independent assurance provider.

Contact Information

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

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Cover Story

This LS ELECTRIC Cover Story communicates our commitment to sustainability, with the back displaying an AI-generated image that brings to life our ESG management vision, ‘Sustainable Future With Green Energy Solution.’ The front cover uses arrows to symbolize LS ELECTRIC’s commitment to a sustainable future. The design aims to remind readers of the arrow found in the LS ELECTRIC logo and includes images associated with advanced smart energy technology. The innovative use of ‘Die-Cutting’ post-processing highlights the journey of these technologies in shaping sustainable future cities.



Electric Heroes

The **Electric Heroes** emerge from a future smart city, arriving just in time to confront Earth's dire crises of environmental pollution and energy scarcity.

With a mission to safeguard humanity, let's get acquainted with these three friends, exploring their unique powers and the vital roles they play.



BOLT

Bolt, with exceptional leadership and keen intelligence, is devoted to maintaining a secure power supply. Utilizing a headband for electricity management, Bolt patrols the skies to ensure Earth's safety. Always lively and quick on his feet, Bolt's positive energy and swift movements make him the most valiant flying squirrel around.



ECHO

Echo, with a heart set on nurturing nature, specializes in the production of eco-friendly energy. Echo stores this clean energy within her body, focusing on the recovery and healing of nature. Echo's thoughtful and friendly demeanor makes her a pillar of strength for friends, embodying the most tender-hearted polar bear you'll ever meet.



HERO

Hero, the brainy red panda, revolutionizes industries by ingeniously merging ideas. His special ability to understand others' thoughts complements his dimensional teleportation, positioning him at the forefront of advancing industries by predicting future risks. Though he appears endlessly cute and endearing, Hero demonstrates his valor in important moments with innovative ideas, embodying a red panda endowed with boundless creative energy.

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




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Smart

LS ELECTRIC

What does LS ELECTRIC envision as a happy future?



07 CEO Message

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CEO Message

“ Recognizing that our present challenges will define LS ELECTRIC’s future for the coming 50 years, we pledge to embed ESG strategies into the core of our management practices and to carry them out diligently. ”

To our esteemed stakeholders,
I am Ja-kyun Koo, Chairman of LS ELECTRIC.

Thank you sincerely for your steady trust and support for LS ELECTRIC throughout the previous year.

Following the introduction of domestic and international ESG-related regulations such as the Carbon Border Adjustment Mechanism (CBAM) and the Corporate Sustainability Due Diligence Directive (CSDD), along with the requirement for mandatory ESG disclosures, the emphasis on ESG management has transitioned from optional to essential. In this context, our company proudly announced its ESG management commitment with the ‘Sustainable Future with Green Energy Solution’ vision in October 2022, and has actively engaged in ESG management strategies since 2023. We’re also intensifying our ESG management efforts under the three core directions of promoting eco-friendly management for carbon neutrality (Reduce Carbon Emission), creating a safe and happy working environment (Respect Society), and practicing ethical, transparent, and responsible management (Responsible Business).



The year 2024 stands as a landmark year for LS ELECTRIC, as we are celebrating 50 years since our founding. Born from a legacy of bold challenges and breakthrough innovations since 1974, we are prepared to embark on the next 50 years with a foundation of sustainable growth rooted in our ESG management philosophy. Recognizing that our present challenges will define LS ELECTRIC’s future for the coming 50 years, we pledge to embed ESG strategies into the core of our management practices and to carry them out diligently.

First, LS ELECTRIC has taken its first step towards achieving ‘Carbon Neutrality by 2040’ by joining the ‘Global RE100 Initiative’ in December 2023, marking us as the 36th company within the country to make this commitment. Our strategy includes converting our power consumption to 100% renewable energy by 2040, both at domestic and international worksites. We also plan to lower our carbon emissions by improving the efficiency of our facilities through an energy mapping initiative. Acknowledging the climate crisis as both a social responsibility and an essential challenge for global sustainable progress, we are committed to advancing towards ‘Carbon Neutrality by 2040.’

Second, LS ELECTRIC prioritizes sustainable growth by listening to the voices of all stakeholders, including our workforce. This includes the establishment of a human rights declaration and the creation of the ‘Green Voice’ choir for individuals with disabilities, reflecting our commitment to increasing diversity, and furthering human rights management. We also strive to offer a safe and happy working environment for our employees and engage in a variety of programs designed to ensure mutual prosperity with the communities we serve, with a promise to keep improving these initiatives.

Lastly, LS ELECTRIC is committed to relentlessly pushing forward with our ESG strategies and initiatives, taking our social responsibilities to heart, and becoming a business that fulfills the trust and expectations of our stakeholders. We hope you will join us in looking forward to the next 50 years as we pursue the goal of becoming a ‘Global Digital NO.1 Enterprise,’ building on the successes of the last 50 years.

Thank you.

LS ELECTRIC Chairman
Ja-Kyun Koo

Company Profile

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

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
Head Office	LS Tower, 127 LS-ro, Dongan-gu, Anyang-si, Gyeonggi-do, Korea
Employees	3,204 (As of the end of Dec. 2023)
Credit Rating	AA- in corporate bond, A1 in CP

Summarized Financial Statements in 2023 (Consolidated)

(Unit : KRW 100 million)

	Sales	Operating Income	
	42,305	3,249	
	Total Assets	Total Liabilities	Total Equity
	37,329	20,089	17,240

Corporate History

1974-1995

Era of Beginning

Pioneering the power and automation industries

- 1974. 06 Goldstar Instrument & Electric 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.

1996-2007

Era of Challenge

Leading Korea's power and automation sectors

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

2008-2014

Era of Growth and Innovation

Advancing as a global leader

- 2008. 04 Relocated the head office to LS Tower in Anyang
- 2009. 10 Established a sales subsidiary in Europe
- 10 Incorporated LS Mecapion as a subsidiary
- 2010. 02 Established LS Sauter
- 04 Completed a plant in Busan
- 04 Spun off the Metal Processing Business Unit (currently known as LS Metal)
- 10 Established a sales subsidiary in Japan
- 2011. 10 Completed an HVDC plant in Busan
- 11 Named one of the 500 Fastest Growing Companies by Fortune Korea
- 2012. 12 Established a 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

2015-2023

Era of Value Management

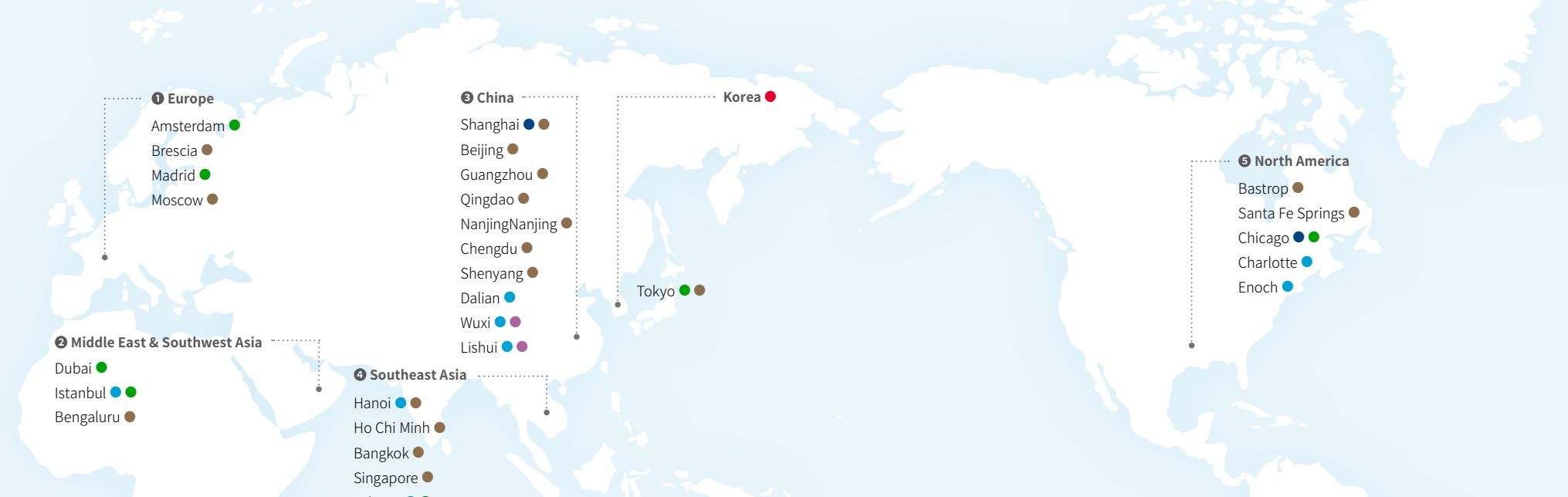
Opening up the future of smart energy

- 2015. 01 Declared the guiding principles of value management
- 03 Completed the R&D Campus
- 2016. 03 R&D Campus acquired the BEMS certification as a first in Korea
- 09 R&D Campus acquired a 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 Seogeocho
- 12 Established a holding company in China
- 2020. 03 Changed the company name to LS ELECTRIC Co., Ltd.
- 07 Established the 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 a sales subsidiary in Indonesia
- 10 Established a sales subsidiary in Spain
- 10 Introduced ESG management
- 10 Completed construction of the Bac Ninh Plant in Vietnam
- 11 Established a joint venture in Turkey (LSAS)
- 2023. 03 Completed the PT&T Generator Unit No. 2
- 09 Established a joint venture in Indonesia (PT. SYMPHOS ELECTRIC)
- 07 LS ELECTRIC and KEPSCO completed the superconducting current limiter test site
- 12 LS ELECTRIC received the '700 Million Dollar Export Tower' Award at the 60th Trade Day



Global Business

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.



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

Global Business Overview

● Domestic	Head Office	Anyang
	Worksites	Cheongju, Cheonan, Busan
	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 Companies	Shanghai (China), Chicago (US)
	● Production Subsidiaries	Dalian (China), Wuxi (China), Lishui (China), Hanoi (Vietnam), Jakarta (Indonesia), Charlotte (US), Enoch (US), Istanbul (Turkey)
	● Sales Subsidiaries	Amsterdam (Netherlands), Madrid (Spain), Istanbul (Turkey), Dubai (UAE), Tokyo (Japan), Chicago (US), Jakarta (Indonesia)
	● R&D Centers	Wuxi (China), Lishui (China)
	● Branches	Shanghai (China), Beijing (China), Guangzhou (China), Qingdao (China), Nanjing (China), Chengdu (China), Shenyang (China), Tokyo (Japan), Hanoi (Vietnam), Ho Chi Minh (Vietnam), Bangkok (Thailand), Bengaluru (India), Singapore (Singapore), Moscow (Russia), Brescia (Italy), Bastrop (US), Santa Fe Springs (US)

Key Domestic Subsidiaries

LS Metal

Manufacturing copper tubes and STS pipes
Anyang-si, Gyeonggi-do, Korea

LS Mecapion

Manufacturing industrial electronic equipment
Dalseo-gu, Daegu, Korea

LS Sauter

Selling BAS/IBS and GBS systems
Anyang-si, Gyeonggi-do, Korea

LS ITC

Providing total IT services
Yongsan-gu, Seoul, Korea

LS e-Mobility Solutions

Manufacturing EV Relays and BDU
Cheongju-si, Chungcheongbuk-do

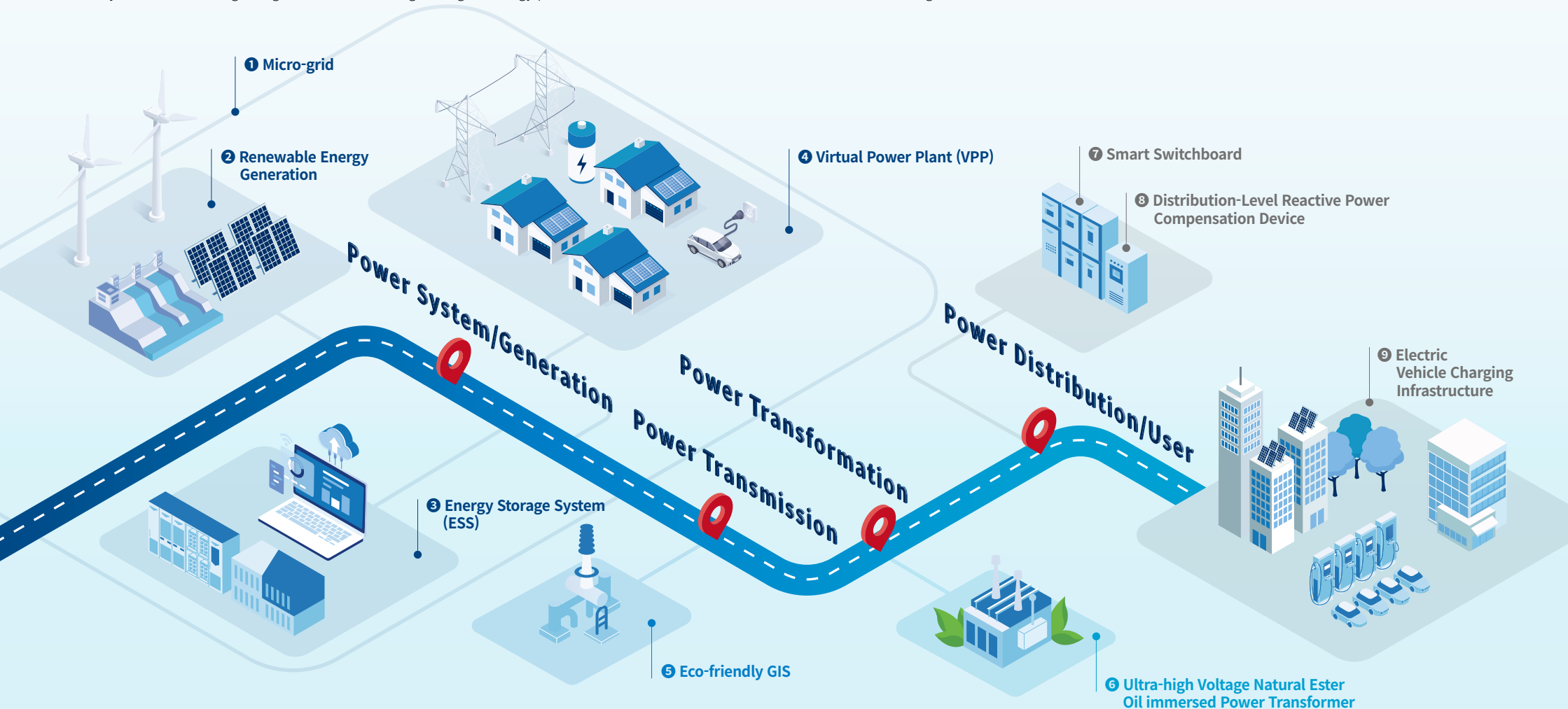
AC&T system

Manufacturing industrial communication equipment
Anyang-si, Gyeonggi-do, Korea

Business Overview

LS ELECTRIC's Future-Oriented Capabilities for the Era of Decentralization and Decarbonization

Over the last 50 years, LS ELECTRIC has carved a leadership position in the electricity market, both domestically in Korea and across the globe. To swiftly adapt to the shifting market environment and climate change, we're diversifying our business and enhancing our solutions and service offerings. Companies today face significant hurdles with the ongoing rise in energy costs and the need to comply with climate change mitigation efforts. LS ELECTRIC is committed to fulfilling our customers' needs and requests by delivering customized energy efficiency solutions and products and services geared towards achieving carbon neutrality. We're also actively engaged in the development of renewable energy sources, such as photovoltaic power, energy storage systems (ESS), and fuel cell-driven microgrids, broadening our eco-friendly product line to aid in reducing greenhouse gas (GHG) emissions. By exploring new business opportunities like Virtual Power Plants (VPP), we aim to capture new avenues for growth. At LS ELECTRIC, we're dedicated to establishing a business ecosystem that fosters green growth and becoming the digital energy partner that our customers need for their sustainable management.





Power System/Generation

1 Micro-grid

A microgrid is an independent, small-scale electricity grid capable of providing self-sufficient power to a small area. LS ELECTRIC is involved in a range of projects that embrace the trend towards dispersed (decentralized) energy, executing a variety of energy efficiency practices to tackle the issues of achieving carbon neutrality and managing the rise in energy prices.

2 Renewable Energy Generation

Photovoltaic Power : Not only are we continuing with our large-scale photovoltaic power EPC project, but we're also working to assist our customers in switching to green energy, reducing carbon emissions, and improving energy efficiency by connecting with energy management systems.

Wind Power : We have established agreements with certain local governments and residents to pursue carbon neutrality amidst the ongoing climate crisis by expanding our wind power infrastructure to boost the local economies.

3 Energy Storage Systems (ESS)

ESS is the key to mitigating the instability of renewable energy systems, thereby ensuring efficient power consumption with their capacity for flexible energy management. At LS ELECTRIC, we handle all aspects of ESS projects, including design, procurement, and construction. We are actively involved in projects aimed at improving energy efficiency and achieving the RE100 target, operating in various global markets such as the UK, Australia, Vietnam, Malaysia, Japan, and Taiwan.

Power Transformation

6 Ultra-high Voltage Natural Ester Oil immersed Power Transformer

LS ELECTRIC provides an eco-friendly natural ester oil immersed power transformer, as an alternative to mineral oil-based transformers. This choice of oil not only lessens the likelihood of fire and explosions but also offers a proactive measure against environmental pollution. Ester oil's high biodegradability ensures minimal environmental impact in case of leaks, and its combustion temperature is twice that of mineral oil, significantly decreasing fire and explosion hazards. Furthermore, the enhanced longevity of ester oil transformers ensures reduced operation and maintenance costs.

Power Transmission

5 Eco-Friendly GIS

After SF6 was identified as a GHG in 1997, the pursuit of alternative insulating mediums has intensified, with Europe and the US leading the charge in tightening regulations against SF6 usage. LS ELECTRIC has pioneered the development and provision of Korea's first eco-friendly GIS for transmission applications. Through gradually shifting towards eco-friendly products, we aim to support national GHG reduction targets and solidify our reputation as an eco-friendly company.

4 Virtual Power Plants (VPP)

VPP harnesses the power of ICT technology to collect and integrate various small-scale energy producers and dispersed energy systems, functioning as a single virtual power plant. The integration process utilizes cutting-edge technologies such as AI (Artificial Intelligence) and big data analysis. Starting with its entry into the renewable energy generation prediction system in 2022, LS ELECTRIC has been actively engaged in research projects aimed at advancing its VPP solutions.

Power Distribution/User

7 Smart Switchboards

Smart switchboards outperform their conventional counterparts with greater reliability, ease of use, and efficiency. These switchboards allow for the remote observation of onboard electrical devices within the switchboard and offer self-diagnosis features. The visualization of energy data further assists in intuitively grasping energy information, contributing to reductions in energy consumption and expenditures.

8 Distribution-Level Reactive Power Compensation Device

A reactive power compensation device is instrumental in improving the power grid's stability and the operational dependability of power facilities through effective reactive power management and voltage adjustment. Featuring power factor control, it significantly improves facility efficiency, lowers energy costs, and prevents potential damage to other facilities.

9 Electric Vehicle Charging Infrastructure

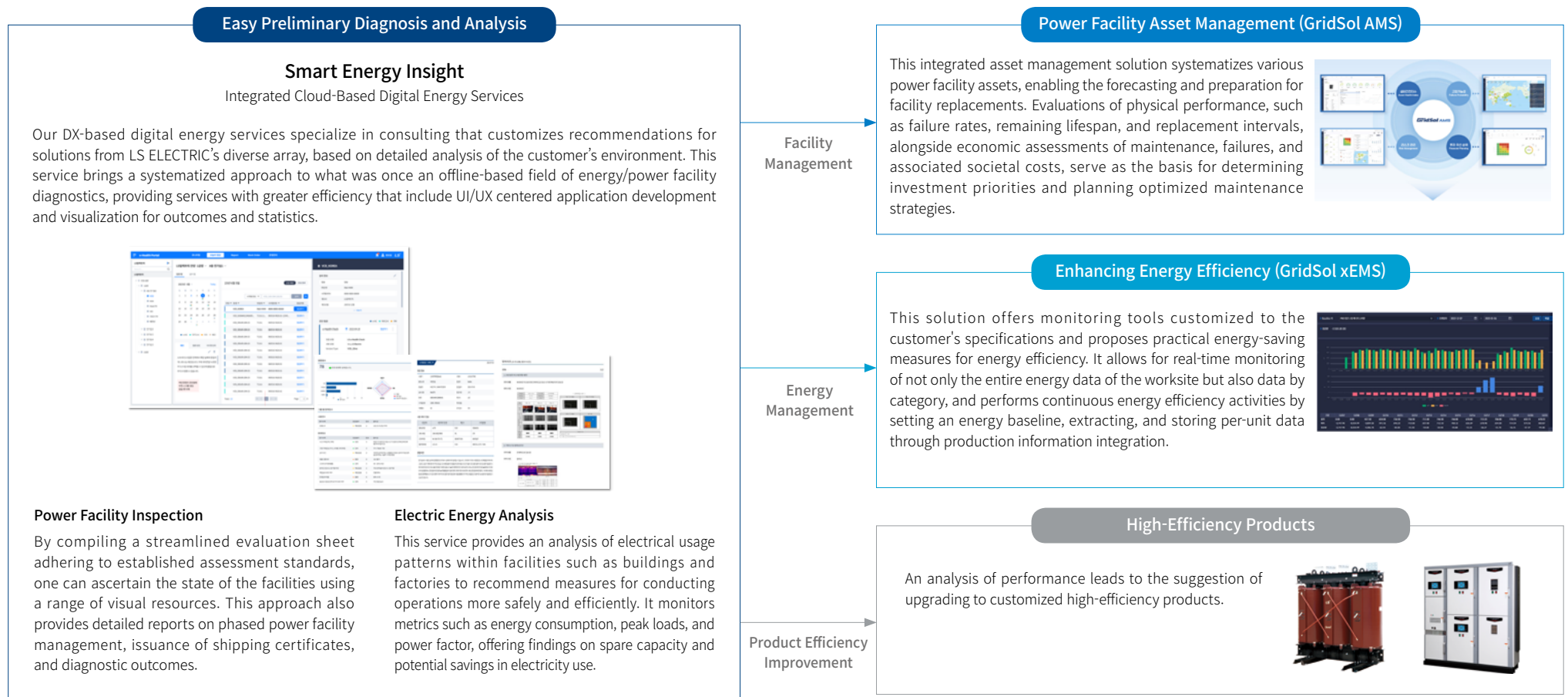
As the adoption of electric vehicles continues to rise both domestically and globally, driving up the demand for charging solutions, we are actively developing infrastructure projects to ensure stable and efficient energy supply. We've successfully supplied over 7,000 chargers throughout the nation and are planning to further expand our ventures in the charging infrastructure sector by enhancing Solid State Transformers (SST) and renewable energy linkage technologies.



Business Overview

Power Digital Transformation (DX) Solution

In the new era of carbon neutrality and digital energy, LS ELECTRIC stands by its customers with distinct solutions that enhance energy management. Our Power DX solution is designed to offer straightforward, efficient strategies for navigating the swiftly changing business and market environments. We feature advanced solutions for digital facility diagnosis and asset management to ensure safer, more efficient operations, as well as energy efficiency solutions that align with the unpredictable shifts in energy environments and paradigms. Beyond these, we proactively recommend solutions tailored to the unique facility and energy usage of our customers, backed by easy preliminary diagnostics and analysis services.



Business Overview

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 systems. We also establish smart factory systems suitable for corporate establishment to contribute to production rate improvement and defect rate and processing cost reduction. Our key products include PLCs, AC drive (inverters), HMI, servos, automation systems, building automation systems, and industrial communication equipment and systems, 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.

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.



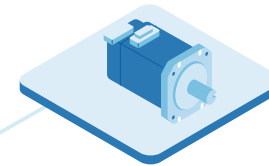
HMI

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.



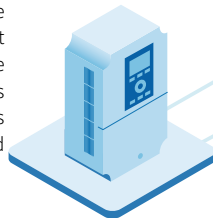
SERVO System

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



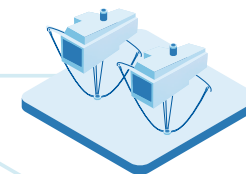
AC Drive

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



Delta Robot

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



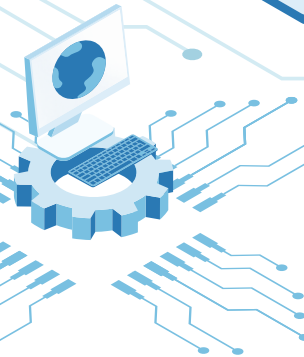
DEXA

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.



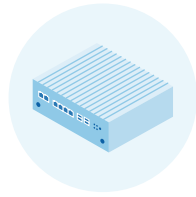
RAPIDnet+

This is a hybrid communication solution that integrates the international standard-based LS industrial Ethernet RAPIDnet 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.



Business Overview

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.



*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.



Solution Square, an Integrated Cloud-Based Engineering Service Platform

Solution Square (SSQ) is a cloud-based online engineering platform dedicated to innovation and efficiency. It offers profound insights across a variety of industrial sectors and assists users in swiftly deploying new technologies. SSQ’s robust network of users facilitates the uncovering and exploration of new business opportunities. The integration with IoT-enabled automation products enhances online services, dramatically improving the customer experience. Additionally, SSQ’s array of services empowers users to achieve substantial reductions in both time and costs throughout the engineering process. Such attributes elevate SSQ beyond a mere platform, positioning it as an important tool in defining the future of the industry.



Engineering Portal

Facilitates easy product engineering processes.



Information Portal

Provides easy and swift access to essential information.



Maintenance Portal

Simplifies the operation of products.

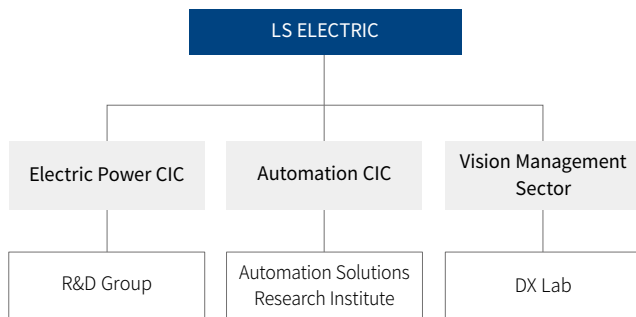
R&D Strategy

R&D Operation System

LS ELECTRIC is focused on accelerating its business growth by seeking out future solutions that integrate with our operations and improving our competitiveness in both primary and strategic business ventures, guided by our R&D vision, 'R&D for Vision 2030, Acceleration, Culture Transformation, Effectiveness & Efficiency' (RACE). Efforts to optimize product development involve reorganizing to fully utilize digital and core technologies (including communication technologies, H/W and S/W module tech, and numerical analysis) developed by our research sector, with an emphasis on enhancing R&D efficiency and speed. Data Driven R&D Management (DDRM) activities are key to revolutionizing our approach to work, while our commitment to the Challenge, Collaboration, Creative (C3) slogan promotes a culture of innovation within our R&D organization. This is achieved through strategies like operating an internal research fund (CTO Fund), fostering researcher collaboration, and an ongoing rewards system to encourage innovative research.

R&D Governance

Guided by our mission, 'Futuring Smart Energy,' we maintain distinct research institutes dedicated to the power and automation fields, aiming to consistently elevate both the quality and technology within these sectors. Additionally, the DX Lab, a part of the Vision Management sector, leverages AI, ML, and big data technologies to advance our business domains, thereby steering the global market trends and fortifying our future competitiveness.



R&D Process

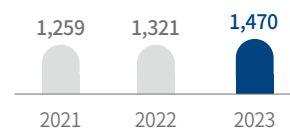
LS ELECTRIC is systematizing systems related to R&D, such as PLM, RMS, MDN, CDN, and MDM*, aimed at bolstering data consistency and connectivity throughout the R&D process. Moreover, we're restructuring our digital and core technology organizations dispersed throughout our R&D Group to elevate technological capabilities and streamline product development, thereby avoiding technological redundancies.

*PLM : Product Lifecycle Management, RMS : R&D Management System, MDN : Mechanical Design Navigator, CDN : Circuit Design Navigator, MDM : Master Data Management

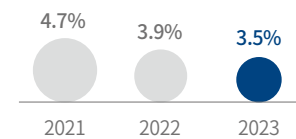
R&D Investment Overview

Investment Amount

Unit : KRW 100 million



Investment Ratio (Investment Amount / Sales Revenue)



R&D Vision

To fulfill Vision 2030 with the goal of accelerating business growth, we aim to foster innovation in our organizational culture and encourage R&D Speed Up, thereby bolstering our R&D competitiveness.

R&D Strategy

Conducting business-linked R&D activities tailored to specific regions, and pushing for early commercialization of strategic and future projects with the implementation of R&BD.

Mid- To Long-Term R&D Objectives

- Increase global sales (primary business)
- Revitalize the DX business (strategic business)
- Incubate next-generation technologies and products (future business)

- Core technologies
 - Establish R&D digital infrastructure

Challenge, Collaboration, Creativity (C³) organizational culture

Create an advanced development system

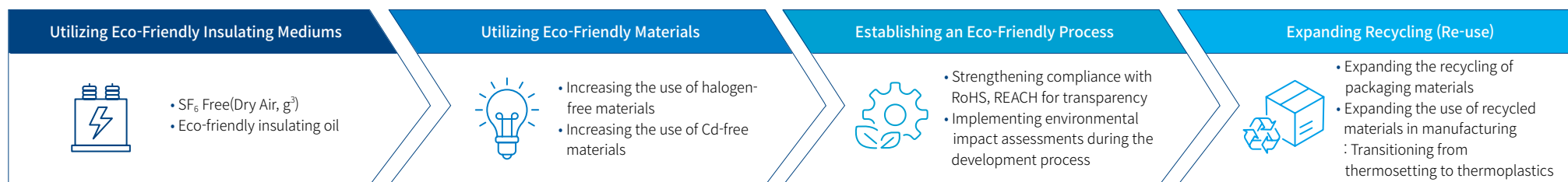
*R&BD : Research and Business Development

R&D Strategy



Eco-Friendly Product Development Roadmap

Striving to become a leading company in eco-friendly industry practices, our company is implementing eco-friendly systems into our entire product line, guided by eco-friendly strategies and targets. In 2020, we pioneered the development of the world's first eco-friendly 170kV 50kA Gas Insulated Switchgear (GIS), switching from SF₆ to g³ gas for insulation. This innovation resulted in a groundbreaking reduction in GHG emissions (Equivalent CO₂ Emission) by over 98% compared to traditional GIS technologies. Moreover, we maintained compactness comparable to prior levels despite using eco-friendly gas. We are also developing solutions that can be linked with digital technologies for more efficient energy utilization and simplified management and forecasting of carbon emissions by conducting comprehensive analyses of power and operational process data. Within our automation division, we are exploring new markets for our existing product line and bolstering our software-based integrated platform and engineering capabilities to venture into solution-based new business areas like robotics and logistics. Additionally, our R&D process is being enhanced to include environmental impact assessments, such as Life Cycle Assessments (LCA), to facilitate eco-friendly design practices. We are also conducting preliminary research on data management systems for the implementation of the Digital Product Passport (DPP).

Eco-Friendly R&D Strategy (ECO Premium 2030)



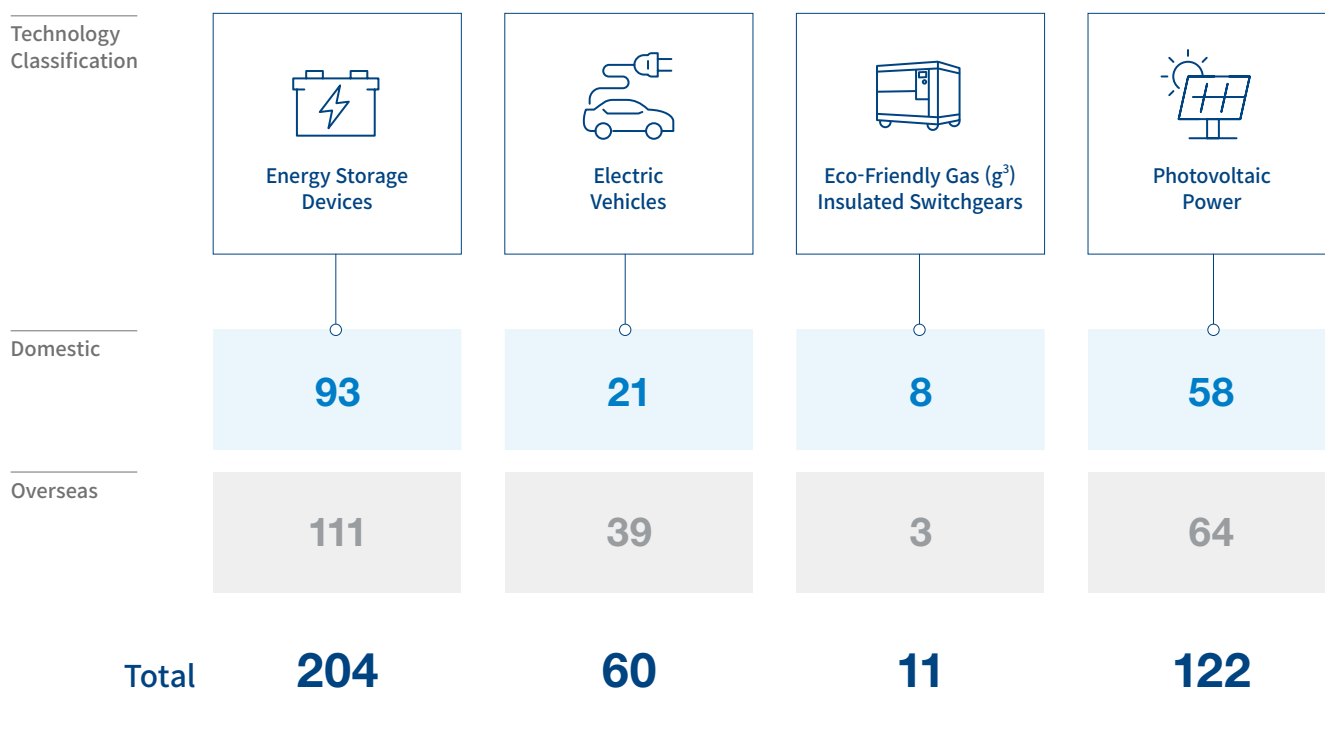
Key R&D Achievements

Sectors	Key Projects	Results and Impact
 Power	Development of the 72.5kV 40kA DAIS (Dry Air Insulated Switchgear)	• Achieved a breakthrough with SF ₆ -Free technology, successfully utilized in offshore wind power projects
	Development of GridSol AMS (Asset Management Solution)	• Delivered a comprehensive solution minimizing risk and costs for users
	Development of a distribution-level SFCL (Superconducting Fault Current Limiter) with the largest capacity/smallest size	• Initiated real-grid testing at KEPCO's Power Research Institute testing facility
 Automation	Release of the Inverter S300 series	<ul style="list-style-type: none"> • Engineered a size reduction of up to 40% over previous models, improving spatial efficiency • Demonstrated potential energy savings of 30-40% in motor-dependent environments • Earned the Minister's Award at the 2022 Good Design Awards sponsored by the Ministry of Trade, Industry and Energy
	RAPIenet+	<ul style="list-style-type: none"> • Developed the first industrial Ethernet communication solution based on RAPIenet+, listed under IEC standards • Recipient of the IR52 Jang Young-sil Award in week 20 of 2023

R&D Strategy

Intellectual Property Rights

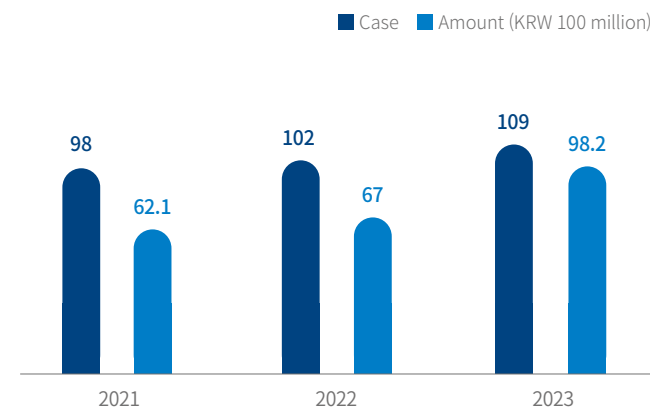
LS ELECTRIC is committed to advancing eco-friendly technologies and product development as part of its strategy for global expansion and securing drivers for future growth. By 2023, the company has applied for 387 patents related to eco-friendly innovations, achieving patent registrations not only domestically but also in various countries such as the US, China, Germany, and the UK. LS ELECTRIC pledges to continue its efforts in eco-friendly management for future generations by developing new technologies aimed at increasing future value.



Open Innovation

LS ELECTRIC is bolstering its R&D capabilities through the sharing of innovative technologies and expertise via Open Innovation. Notably, through the 'LS ELECTRIC R&D STAR partners' program, the company seeks out premier technology partnership firms to boost R&D achievements and foster industry-wide co-prosperity, while fostering ongoing technological collaboration and exchange. Starting in 2020, LS ELECTRIC has partnered with leading small businesses in Korea in the power electronics, SW, and ESS sectors, offering infrastructure such as access to experimental equipment and SW tools, and supporting technology-focused seminars and marketing efforts for member companies. Additionally, LS ELECTRIC actively maintains and manages a broad network of expert suppliers, schools, and professionals to leverage a comprehensive technology collaboration pool.

Open Innovation Overview



Smart ESG Solution

What Is Smart Energy as Pioneered by LS ELECTRIC?



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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 instituted ESG management internally and externally 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 policy 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 Subsidiary ESG Meeting (SEM) is held to spread ESG management to subsidiaries and overseas worksites.

LS ELECTRIC's ESG Strategy System

Mission

FUTURING SMART ENERGY

We open up a brighter future through efficient and convenient energy solutions

Vision

DRIVE CHANGE FOR 2030

Drive Change For 2030

ESG Management Vision

SUSTAINABLE FUTURE WITH GREEN ENERGY SOLUTION

ESG Directivity

REDUCE
Carbon Emission

Eco-friendly management to contribute to carbon neutrality

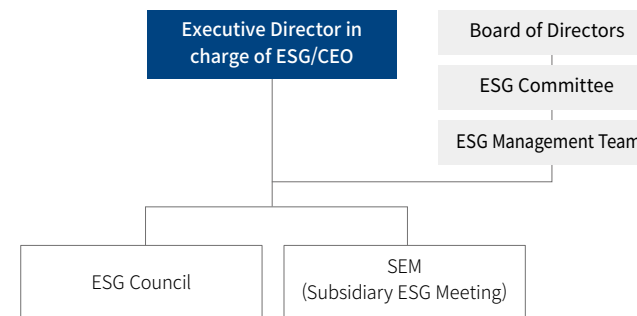
RESPECT
Society

Safe and happy working environment

RESPONSIBLE
Business

Ethical, transparent, and responsible management

ESG Organization



ESG Management Improvement Direction

STEP 1

Stabilize the ESG strategic system

Select and operate KPIs by value chain to spread ESG management practices

Form employees' consensus for and internalize ESG management practices

STEP 2

Upgrade and expand the application of the ESG strategy system

Establish the ESG management system with investors and suppliers

Establish the ESG disclosure system

STEP 3

Create a sustainable future

Stabilize ESG management

Advance as a global ESG leader

ESG Highlight

2023

2022

2021

2015

2012

2007

December
Issued a preliminary sustainability report

June
Joined the CDP



April
Entered the UN Global Compact



March
Issued the first sustainability report



June
Joined K-EV100

November
Founded the ESG Committee

March
Received the UNGC Korea Association's Anti-Corruption Excellence Award

October
Proclaimed a commitment to ESG management

Declared Carbon Neutrality by 2040

April
Awarded as an outstanding company at the JoongAng ESG Awards (Industry and capital goods category)

October
Joined CoREI

Joined the CF Alliance



December
Joined the Global RE100

RE100



Receiving the UNGC Korea Association's Anti-Corruption Excellence Award



ESG Management Declaration Ceremony

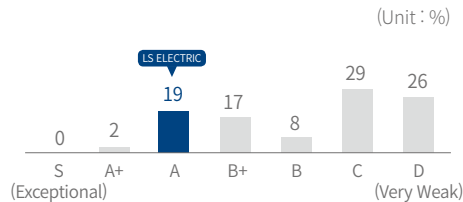
ESG Highlight

KOREA INSTITUTE OF CORPORATE GOVERNANCE AND SUSTAINABILITY

Rating **A** for **5** years in a row



evaluates the sustainability management of listed companies. LS ELECTRIC achieved an overall rating of A, with specific ratings of A in Environment, A+ in Social responsibility, and A in Governance.

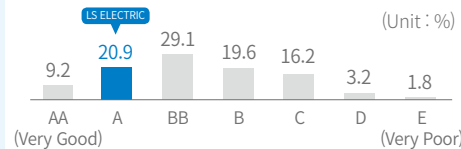


SUSTINVEST

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

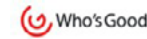


SUSTINVEST is an ESG assessment and research agency based in Korea. It conducts ESG assessment twice a year (first and second halves) targeting domestic listed companies. In the first half, LS ELECTRIC received an overall rating of AA and a rating of BB by scale, but in the second half, it received an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

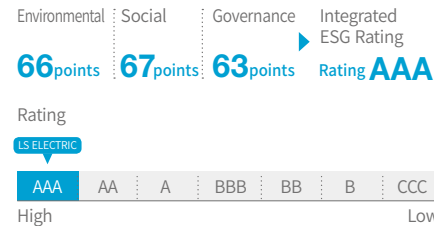


Who's Good (Formerly, the Institute for Sustainable Development)

Rating **AAA**



The Institute for Sustainable Development is an AI-based ESG assessment agency. LS ELECTRIC scored 66 points, 67 points, and 63 points in environmental, social, and governance categories, respectively, for an integrated rating of AAA.

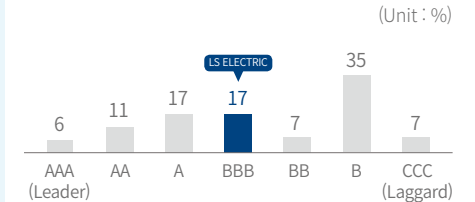


MSCI

Rating **BBB**



MSCI annually assesses global listed companies in terms of 35 critical issues in the 10 environmental, social, and governance-related areas. This assessment awarded LS Electric with a rating of BBB.

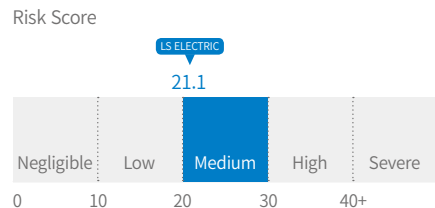


Sustainalytics

ESG Risk Rating **Medium Risk** Rating



Sustainalytics is a risk management-based ESG assessment institute supervised by Morningstar. LS ELECTRIC received a rating of Medium Risk.

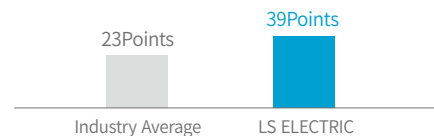


S&P Global CSA

39 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. LS ELECTRIC scored 39 points, a 6-point improvement year-on-year.

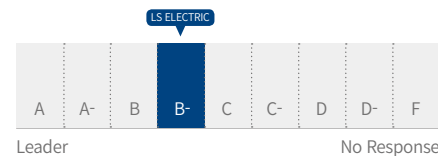


CDP

Rating **B-**



As a nonprofit organization in the UK, CDP manages the carbon emissions of major listed companies across the world. LS ELECTRIC received a B- rating, a one-rating improvement from the previous year, in the climate change category.

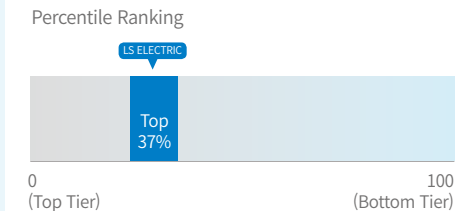


Eco-Vadis

56 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 56 points.



ESG 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	 Employees	 Local Communities	 Suppliers	 Customers	 Shareholders and Investors
Communication Channels	<ul style="list-style-type: none"> E-Bridge Satisfaction survey WeLS (employee portal) Meetings with the management Grievance Committee Talk-Together 	<ul style="list-style-type: none"> Local community meetings Direct communication with persons in charge Meetings with the management Questionnaire survey 	<ul style="list-style-type: none"> ACE Club Shared growth innovation meeting Performance sharing Shared growth portal (TOPS) ACE innovation exchange meeting 	<ul style="list-style-type: none"> Exhibitions and seminars Customer meetings Distributor meetings Customer service center SNS channels 	<ul style="list-style-type: none"> NDR Company visits Website General shareholders' meeting
Key Areas of Interest	<ul style="list-style-type: none"> Work-life balance Employee health and safety Employee welfare and organizational culture Fair performance and compensation 	<ul style="list-style-type: none"> Expansion of social contribution investment Environmental preservation activities Support for future generations Building a sustainable support program 	<ul style="list-style-type: none"> Establishment of fair cooperative relations Shared growth and ESG support Supply chain risk management Supplier communication 	<ul style="list-style-type: none"> Customer satisfaction management Personal information protection and leak prevention Product and service risk management Eco-friendly product development 	<ul style="list-style-type: none"> Shareholder-friendly management activation Stable profit generation and distribution Transparent information disclosure Risk management activities
Activities and Performance in 2023	Welfare Expenses per Person : KRW 17.9 million New Recruits : 206 (Full-Time Positions)	Donations : KRW 758 million Social Contribution Participants : 3,167 persons (cumulative number) Social Contribution Beneficiaries : 2,189 persons	Financial Support : KRW 7.2 billion	Customer Satisfaction Score : 77.7 points	Cash Dividend per Share : KRW 2,800 Interest Expenses : KRW 41,170 million

Smart ESG Performance

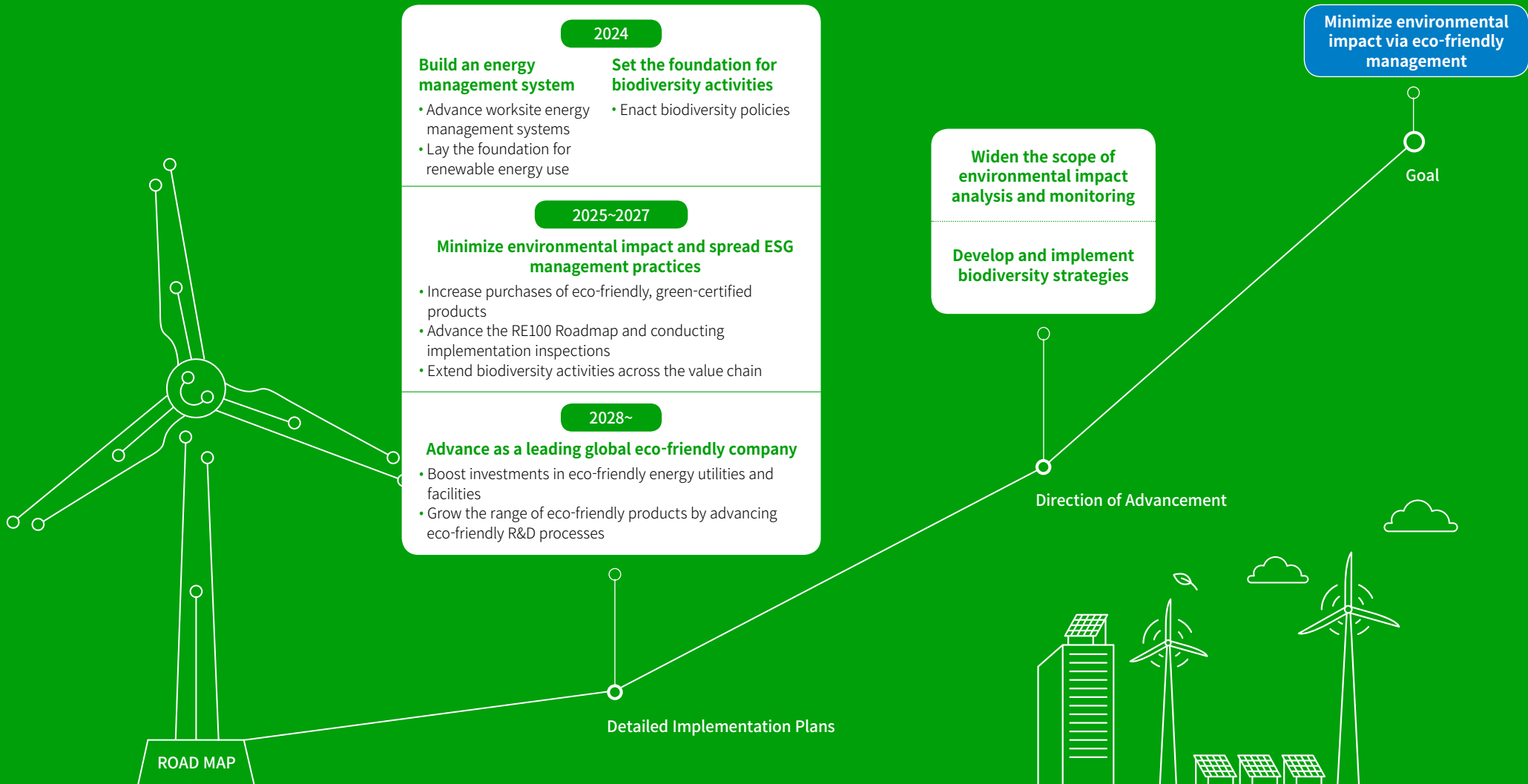
What is LS ELECTRIC's vision of a sustainable world?



24 Environmental

37 Social

65 Governance



Environmental

Environmental Management

UN SDGs



Environmental Management

Policy


Environmental Management Implementation System

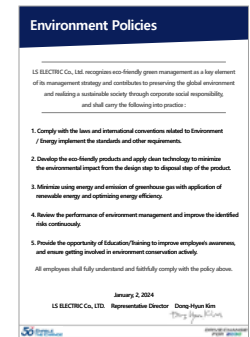
LS ELECTRIC is actively developing an environmental management system guided by the ESG management vision ‘Sustainable Future with Green Energy Solution’ to become a leading global eco-friendly company. Recognized for its commitment to eco-friendly management, starting with the Cheongju worksite in 1997, all LS ELECTRIC worksites have been designated as green companies. By acquiring and renewing the ISO 14001 certification, the international standard for environmental management systems, the company has bolstered its transparency in environmental management. Following the guidelines of the environmental management system manual, LS ELECTRIC undertakes annual environmental impact assessments by division, identifying and minimizing the environmental impacts of its business operations. Furthermore, the company conducts assessments of environmental indicators, focusing on environmental policies and targets, establishing and following through on goals to manage raw materials and energy consumption, cutting emissions, and optimizing energy usage, with the performance reviewed annually in management reports.


Environmental Management Governance

With the Executive Director in charge of ESG/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/CEO. The risks identified through the meetings are immediately handled by the environment and safety divisions of each worksite.



ISO 14001 
Percentage of Certified
Worksites : **66.7%**



Environmental Management Policy 

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 regulations in our effort to reduce environmental risks.

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 accidents	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

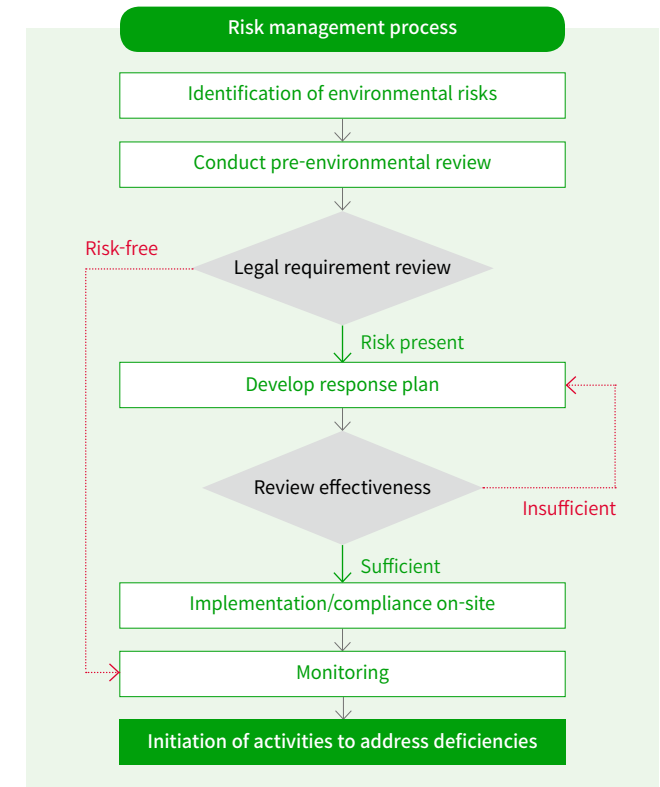
Environmental Management

Policy

Response to Environmental Legal Risks

Category	 The Clean Air Conservation Act	 The Chemical Substances Control Act	 The Act on the Registration and Evaluation of Chemical Substances
Requirement	Attach IoT (Internet of Things) measuring devices	Comply with hazardous chemical handling criteria	Register imported chemicals
Response	Attach IoT (Internet of Things) measuring devices to air pollutant-emitting facilities and transmit matters related to facility operation, etc., to the Ministry of Environment management system (Green Link)	Inspect facilities handling small amounts of hazardous chemicals in terms of toxic substances (lead)	Completion of registration for imported chemicals via domestic expert sourcing firms

Environmental Risk Management Process



Goal and Performance

Compliance with Environmental Regulations

To comply with domestic and international environmental regulations, LS ELECTRIC periodically monitors related statutes and incorporates the amended statutes to the internal regulations. Furthermore, should any environmental issues arise, they are communicated to all employees via the company's internal bulletin board. Based on these efforts, we recorded zero violations of environmental regulations in 2023. Moving forward, we will ensure strict regulatory compliance to avoid violations.



Environmental regulation violations in 2023










0 Cases

Environmental Management

Activity

Environmental Training of Employees

LS ELECTRIC is providing environmental training to raise its employees' awareness of environmental management and to elevate their professional skills. The training encompasses orientation for new employees, training for environmental engineers, and sessions for environment and safety personnel in various divisions, aiming to share the company's goals and strategies for environmental management.

Name of Training	Description	Target	Performance	
 Training upon recruitment	<ul style="list-style-type: none"> The company's environmental management strategy 	New employees	 Participants : 169	 Hours 103
 Environmental engineer training	<ul style="list-style-type: none"> Statutory training for environmental engineers Environmental technical training 	Environmental engineers	 Participants : 15	 Hours 117
 Division-specific environment and safety personnel training	<ul style="list-style-type: none"> ISO 14001 standards training Training on environmental laws and regulations Evaluation of internal audit practices 	Division-specific environment and safety personnel	 Participants : 101	 Hours 500.5

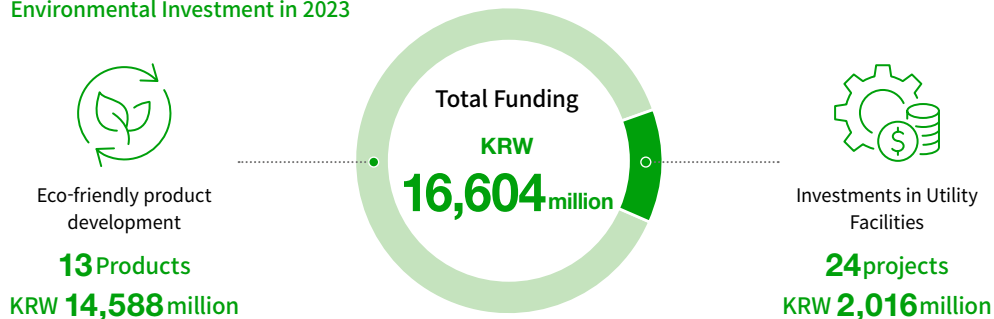
Eco-friendly Investment

LS ELECTRIC is increasing its investments in eco-friendly initiatives to lessen its environmental impact. The company has established a foundation for utilizing renewable energy with investments in modernizing electrical infrastructure and has aimed for greater energy efficiency by upgrading outdated equipment and investing in utility systems. Furthermore, it is committed to ongoing investment in the research and development of eco-friendly products. Research is underway to reduce raw material consumption through product downsizing and life extension studies, as well as efforts to create alternatives that lessen the use of hazardous chemicals.

Environmental Due Diligence Support for Suppliers

LS ELECTRIC is offering technical support to suppliers to enhance their environmental competency, including aspects related to hazardous chemicals, GHGs, and environmental regulations. The company is also involved in environmental technical advisory programs organized by local governments, delivering environmental technical support to SMEs near its worksites.

Environmental Investment in 2023



Worksite chemical and facility management consulting

Total companies supported 8

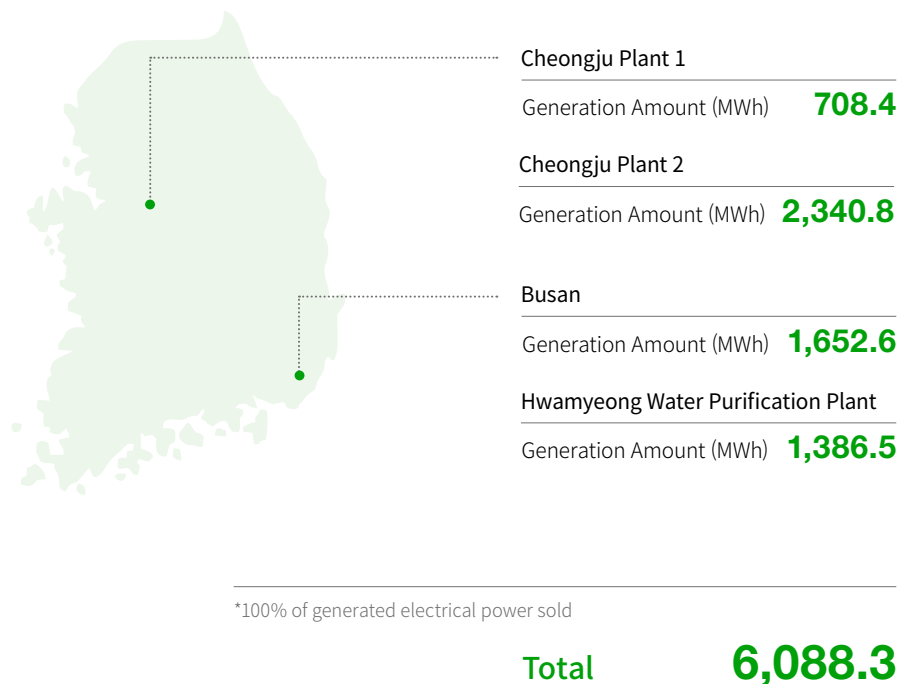
Environmental Management

Activity

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 its 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 continue to 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 2023



Water Stress Management

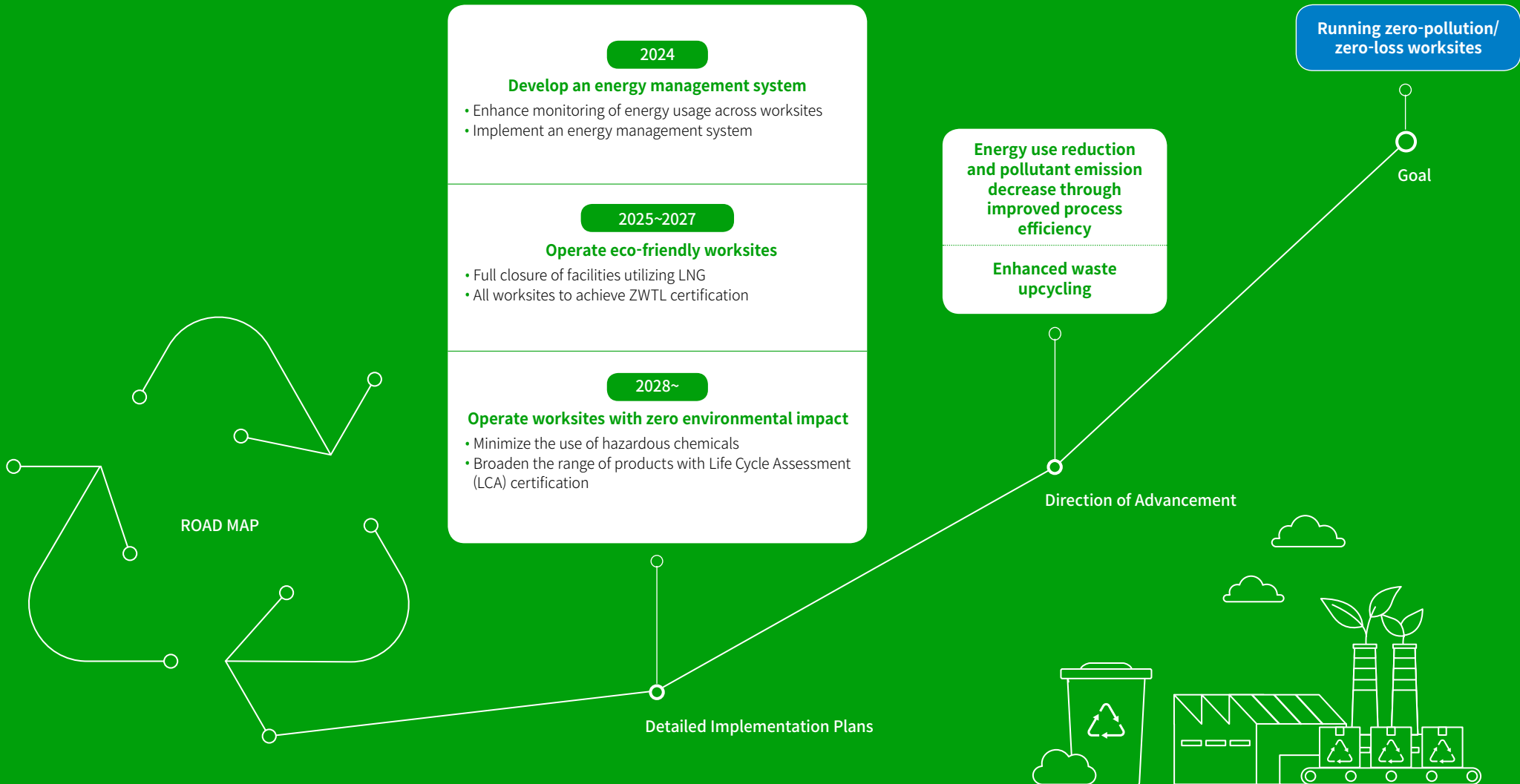
LS ELECTRIC is utilizing the WWF's Water Risk Filter (WRF) to analyze water stress at all of its domestic worksites, aiming to conserve water environments and ensure a stable supply of water resources. The company evaluates risks to watersheds and operations based on physical, regulatory, and reputational risks, pinpointing issues such as the necessity for water quality management, preparedness for flood risks, and the preservation of freshwater biodiversity. LS ELECTRIC intends to continually address the adverse effects caused by its business activities through regular monitoring of water stress, and plans to extend its scope of risk management to include its overseas worksites and subsidiaries.

Biodiversity Management Activities

To grasp potential impacts stemming from biodiversity, LS ELECTRIC used the WWF's Biodiversity Risk Filter to analyze risks across all its domestic worksites. The assessment of biodiversity-related risks involved categorizing physical and reputational risks into 33 indicators, identifying elements that could pose significant risks financially, environmentally, and socially. The analysis pinpointed the supply of natural capital as a physical risk, and socio-economic factors as reputational risks. Moving forward, LS ELECTRIC plans to develop a monitoring system tailored to these identified risks and to initiate biodiversity activities, aiming to broaden its risk management scope to include overseas worksites and subsidiaries.

Key Biodiversity Activities in 2023

<p>Forestry Management</p>	<ul style="list-style-type: none"> • In line with the "One Company, One Forest" campaign agreed upon with the Geum River Basin Environmental Office, locations for each worksite were chosen for tree care. • Planted 1,400 crape myrtle trees at Cheonan Seongseong Lake Park.
<p>River Cleaning</p>	<ul style="list-style-type: none"> • Undertook voluntary river cleaning activities as part of an agreement with Cheongju City's river policy department. • Cleared invasive plants from the vicinity of Cheongju Musim Stream.



Environmental

Creating Eco-friendly Worksites

UN SDGs



Creating Eco-friendly Worksites

Policy

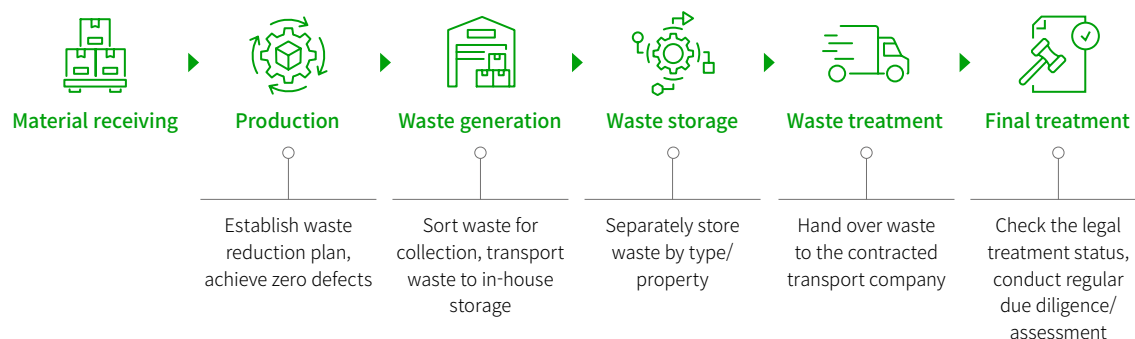
Establishment of Eco-friendly Worksite Systems

With the goal of minimizing environmental impact and maximizing resource circulation in the worksites, LS ELECTRIC established the integrated ESH management system, and is conducting performance management and monitoring by environmental indicators including waste, pollutants, and hazardous chemicals. To minimize waste discharge, we sort waste 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 according to the waste control manual. LS ELECTRIC's Cheongju and Cheonan worksites fully outsource their wastewater treatment and, although not bound by discharge regulations, they perform analyses of the raw water's composition to monitor pollution levels. The Busan worksite ensures that the concentration of its wastewater discharge meets discharge regulations. 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. Moreover, the company conducts early hazardous assessments of chemicals to preemptively address potential legal risks before the introduction of chemicals into worksites. For the handling of hazardous chemicals, facilities are equipped and routinely inspected to maintain oversight of chemical management operations, and chemical management technical support is offered to suppliers.

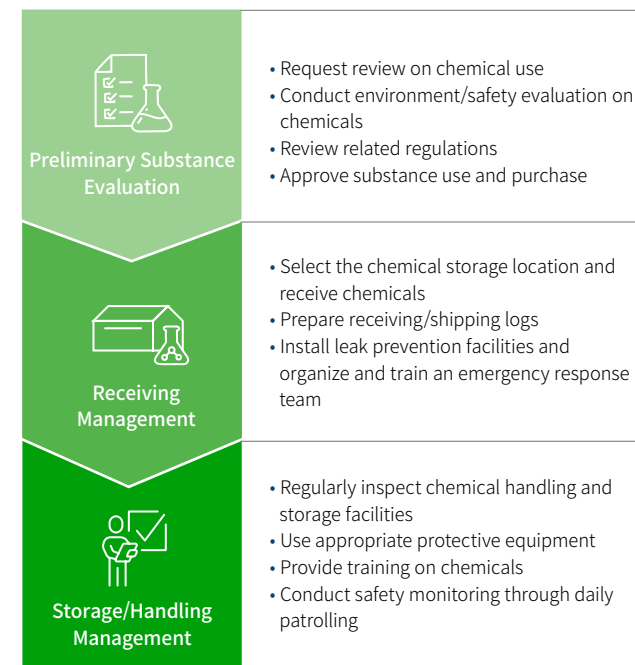
Waste Plastic Recycling System

LS ELECTRIC is developing a recycling system that breaks down and reuses waste scraps from the injection molding process of plastic components. Usually, scraps from the molding process are largely discarded. However, by recycling these scraps, the company has made strides in lessening the environmental impact of its products. In 2023, after conducting feasibility studies, LS ELECTRIC implemented a Scrap Recycling System at an injection supplier for the Cheongju worksite, securing a technology that repurposes scrap into quality levels suitable for mass production. The future strategy includes enhancing product quality by adding dust removal and an Auto Feeding System to manage scrap from the molding process and to augment the recycling percentage by broadening the scope of plastic waste recycling across other product lines.

Waste Management Process



Chemical Management System



Creating Eco-friendly Worksites

Goals and Performance

Reduction of Pollutant Emissions

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

Expansion of Waste Recycling

By 2026, LS ELECTRIC plans to recycle over 99% of waste 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 status across worksites from 2027 based on continuous reduction in the amount of waste treated through incineration and landfill.

Activity

Reduction of Chemical Use

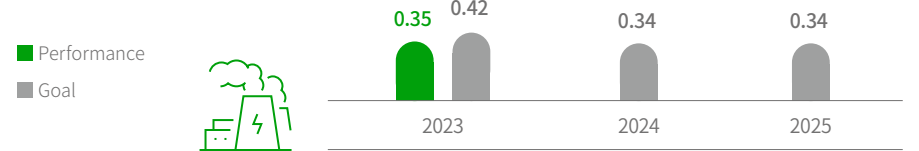
LS ELECTRIC developed the eco-friendly Cd (cadmium)-free electrical switch contact material using carbon nano tube (CNT) as a first in the world. The introduction of the new material to the manufacturing process was first promoted in 2023. Our goal is the zero inclusion of toxic substances (cadmium oxide,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

Establishment of the Waste Reduction and Resource Circulation System

Starting in 2023, the Cheongju worksite shifted its approach from incinerating waste synthetic resins to recycling them into solid fuel, achieving a reduction of 230 tons in the volume of waste subjected to incineration. In addition, the Cheongju worksite entered into an agreement in 2023 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 would be recycled. Through such recycling initiatives, the Cheongju worksite has increased its recycling rate from 91% in 2022 to 97% in 2023.

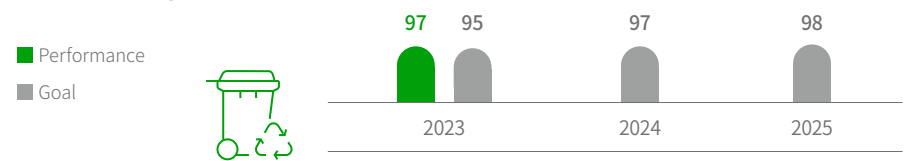
Air Pollution Emission Intensity

(Unit : Emissions(g)/Production(KRW Million))



Waste Recycling Rate

(Unit : %)



RoHS Response

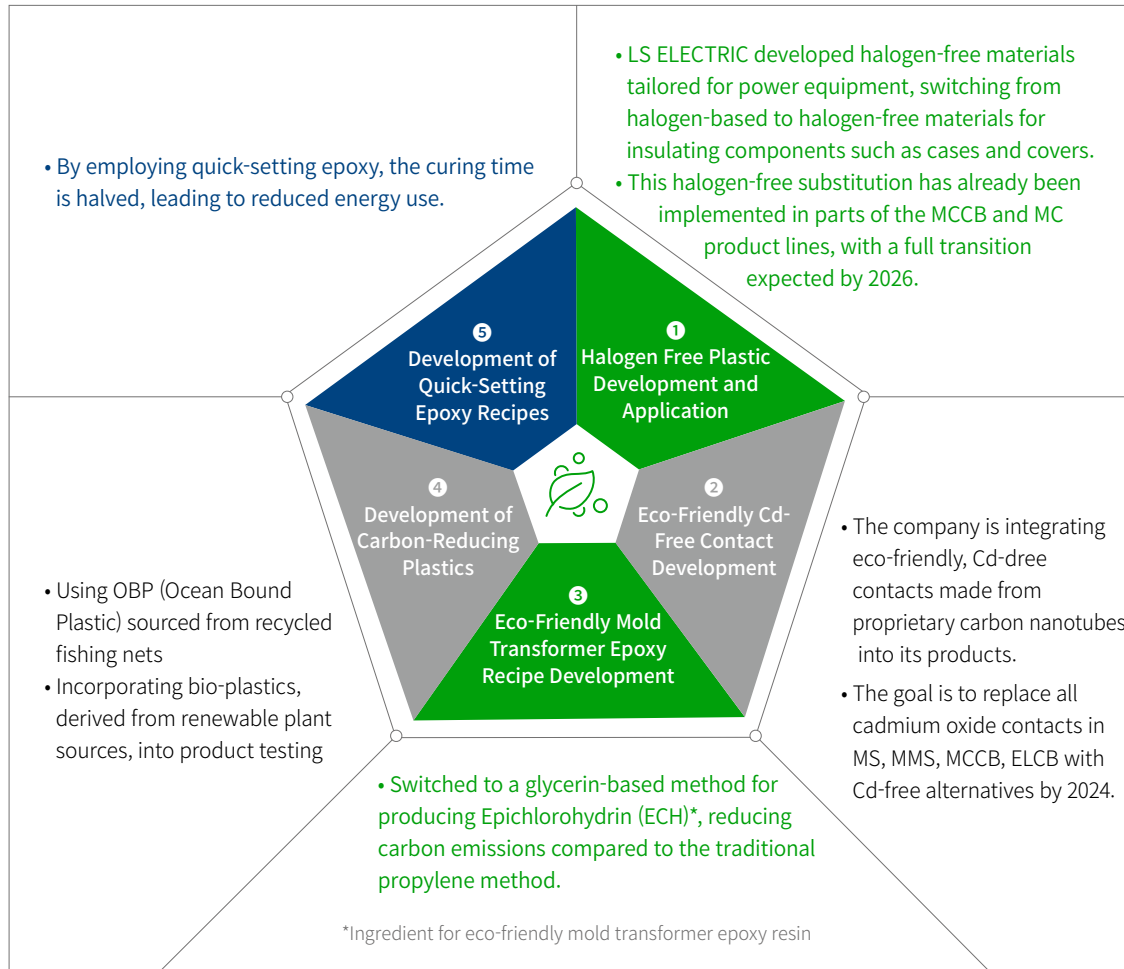
Since 2019, LS ELECTRIC has undertaken technology internalization and equipment investment to meet RoHS standards, performing qualitative and quantitative analysis of regulated materials. This process involves analyzing for the six principal heavy metals: lead (Pb), mercury (Hg), cadmium (Cd), chromium (Cr), plus two bromine (Br)-based compounds, and four kinds of phthalates, to assess compliance with RoHS restrictions.

Creating Eco-friendly Worksites

Activity

Eco-Friendly Material Development Activities

LS ELECTRIC is dedicated to enhancing the sustainability of the materials within its products. The company is specifically aiming to transition all electrical contacts and the materials for cases and covers in its power equipment to eco-friendly materials by 2026.

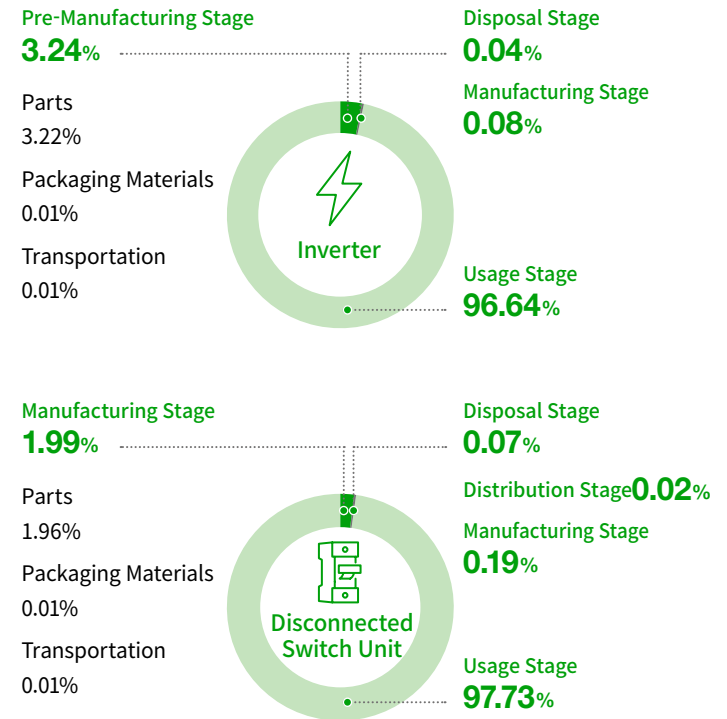


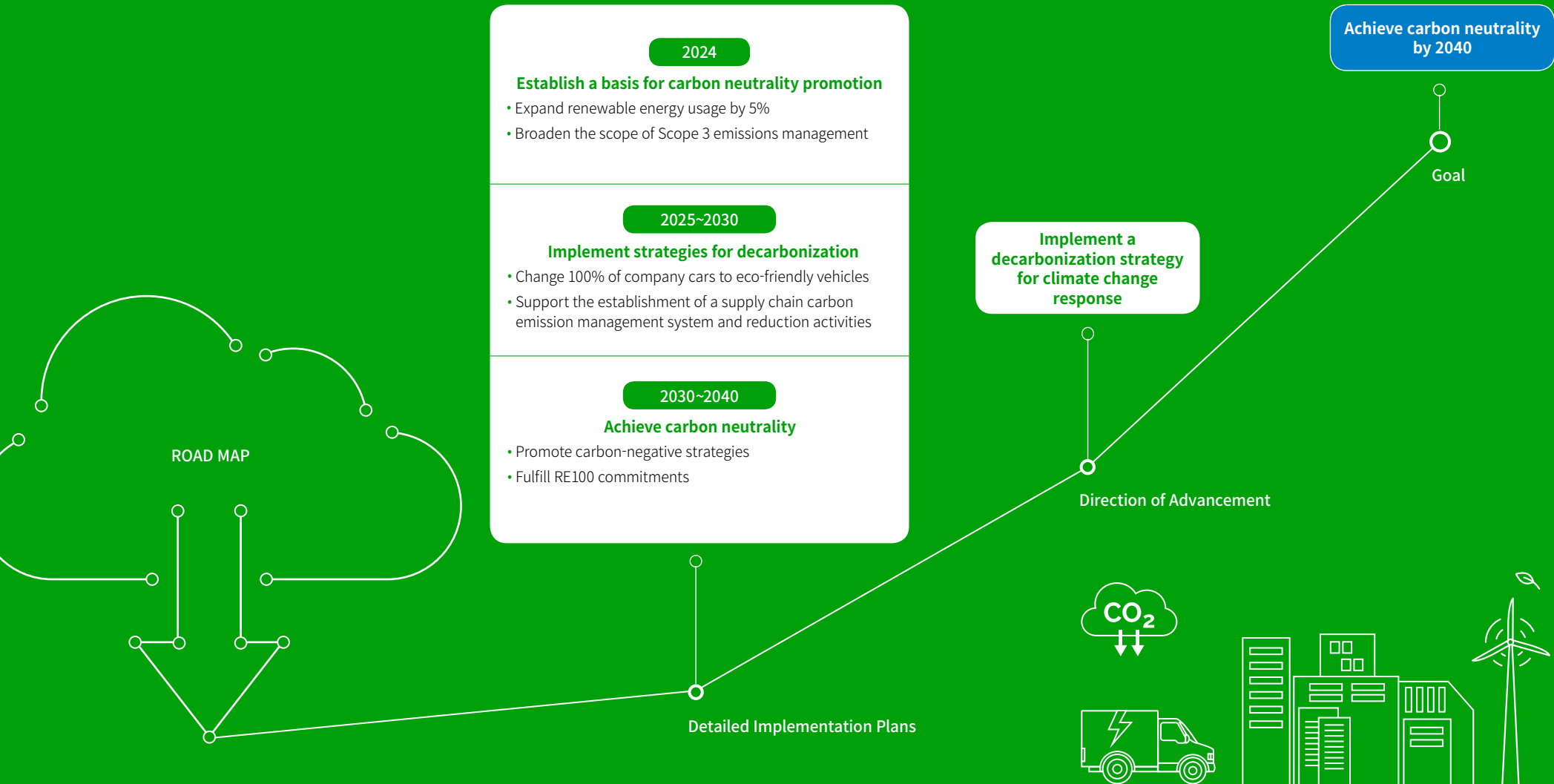
Product Life Cycle Assessment

In anticipation of the EU's Carbon Border Adjustment Mechanism and Eco-Design regulations, LS ELECTRIC has implemented Life Cycle Assessments for its products. Following this approach, LCAs were conducted for two main product lines, aiming to achieve EPD* certification. LS ELECTRIC is committed to continuously broadening the range of products assessed by LCA to minimize their environmental impact.

*EPD : Environmental Product Declaration

GHG Emission Ratio by Product Life Cycle





Environmental

Climate Change Response

UN SDGs



Climate Change Response

Following the 2015 Paris Agreement, the international society has set the goal of limiting global temperature increase to below 2°C compared to the period 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 (TCFD) launched with the G20 Finance Ministers and Central Bank Governors presented its Recommendations for businesses to report climate change-related risks and opportunities and financial impact. 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 on the global environment and humanity, 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 steadily conduct related activities. We aim to 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 foster a real sense of accountability among management. Moving forward, LS ELECTRIC will agilely respond to climate change risks and upgrade its management system.

Strategy

	Risk Factors	Potential Financial Impact	LS ELECTRIC's Response
Physical Risk			
Acute Risks	Natural disasters (such as typhoons, floods)	<ul style="list-style-type: none"> Recovery costs and lower production due to damage to worksites Increased purchasing costs due to disruptions in raw material production and transport 	<ul style="list-style-type: none"> Establish an emergency response system by disaster type Insurance policies to lessen the financial impact of asset damage
Chronic Risks	Average temperature rise	<ul style="list-style-type: none"> Higher power bills from extended use of air conditioning Increased costs for water procurement due to accelerated drought conditions Decreased productivity from exacerbated heat loads 	<ul style="list-style-type: none"> Enhance energy efficiency through investments in building insulation Broaden strategies for water reuse
Transitional Risk			
Policy and Legal	ESG disclosure obligations	<ul style="list-style-type: none"> Heightened ESG disclosure obligations lead to increased costs in managing ESG performance 	<ul style="list-style-type: none"> Ongoing monitoring of ESG disclosure regulations Implement systems to improve ESG data integrity
	Enhanced carbon and GHG emission regulations	<ul style="list-style-type: none"> Incurring additional carbon expenses following the EU's CBAM rollout 	<ul style="list-style-type: none"> Lower energy consumption via enhanced process efficiency Develop and incorporate eco-friendly materials
	Enhanced product/service regulations	<ul style="list-style-type: none"> Response costs due to stricter product/service regulations, such as Eco-design regulations 	<ul style="list-style-type: none"> Perform product Life Cycle Assessments (LCA) Adopt the Digital Product Passport (DPP)
Technology	Increase in low-carbon product/technology demand	<ul style="list-style-type: none"> Expenses related to low-carbon technology adoption and R&D 	<ul style="list-style-type: none"> Reduce costs through partnerships and MOUs with top suppliers
Market	Rising energy prices	<ul style="list-style-type: none"> Higher costs for electricity procurement with increased renewable energy demand 	<ul style="list-style-type: none"> Develop renewable energy facilities on idle worksite lands
Reputation	Increase in ESG requests from stakeholders	<ul style="list-style-type: none"> Potential sales and investment losses from inadequate ESG response 	<ul style="list-style-type: none"> Transparent reporting of ESG goals and progress through diverse communication channels (such as sustainability reports, website)
Opportunity			
Energy source	Expanding the use of eco-friendly energy sources	<ul style="list-style-type: none"> Lowering GHG emissions contributes to reduced financial risks associated with carbon trading and carbon taxation 	<ul style="list-style-type: none"> Expand renewable energy use through self-generation and PPAs utilizing idle land
Products and Services	Boost in profits from increasing sales of eco-friendly, low-carbon products	<ul style="list-style-type: none"> Growth in smart energy business revenue Rise in sales of DC equipment 	<ul style="list-style-type: none"> Develop businesses around renewable energies such as photovoltaics, ESS, and VPP
	Increase in power demand according to electrification	<ul style="list-style-type: none"> Expansion of power device supply and sales increase in Korea and abroad 	<ul style="list-style-type: none"> Promote R&D to increase the eco-friendly product market share

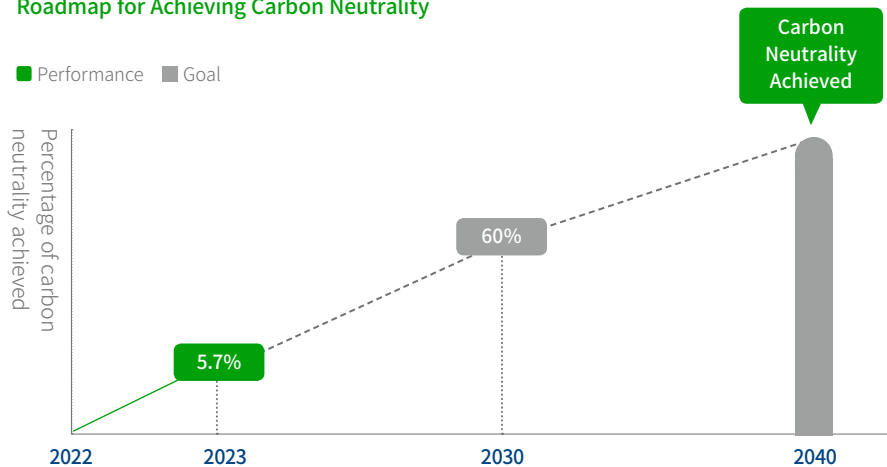
Climate Change Response

Indicators and Goals

Carbon Neutrality by 2040

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 the society and economy, we conducted an analysis of the financial impact of the risk and opportunity factors. As a result, 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 continuously monitor the carbon neutrality promotion status.

Roadmap for Achieving Carbon Neutrality



<p>Direct emission reductions</p> <ul style="list-style-type: none"> Enhanced facility efficiency Creating low-carbon production processes Switching to eco-friendly vehicles
<p>Indirect emission reductions</p> <ul style="list-style-type: none"> Self-generating solar power on idle company land Sourcing renewable energy via RECs and PPAs

Joining the Global RE100

In December 2023, LS ELECTRIC led the heavy electrical industry in South Korea by joining the Global RE100 initiative. RE100 is a global initiative that challenges companies to source 100% of their electricity from renewable energies. With its commitment to RE100, LS ELECTRIC aims to boost its use of renewable energy to 60% by 2030 and achieve 100% compliance by 2040. The company plans an aggressive push towards RE100 compliance, including improving energy efficiency at domestic and international worksites, expanding photovoltaic power facilities, purchasing Renewable Energy Certificates (RECs), and signing Power Purchase Agreements (PPAs).

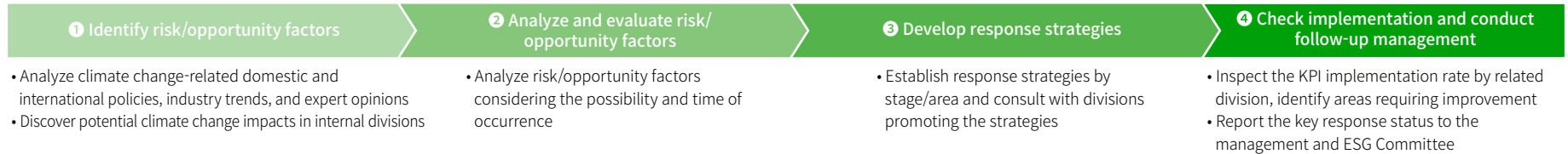


Climate Change Response

Risk Management

Managing Climate Change Risks and Opportunities

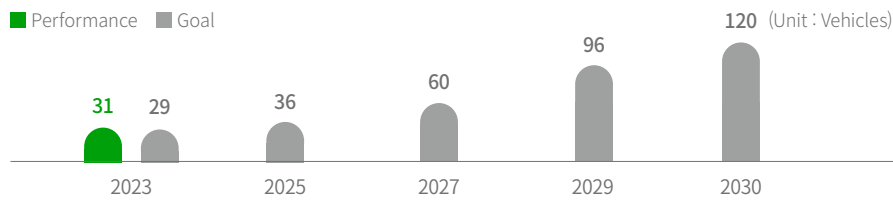
LS ELECTRIC established a management framework to discover and manage risk/opportunity factors that can occur across the value chain. For elements evaluated to be material risk/opportunity factors, we identify and evaluate the financial impact and likelihood of the impact occurrence. At the same time, 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 risk/opportunity factors are subsequently reported to the Executive Director in charge of ESG/CEO, and critical issues are reported to the ESG Committee.



Activity

Joining the K-EV100

LS ELECTRIC joined the K-EV100 initiative to change to eco-friendly vehicles by 2030 all the fossil fuel-based vehicles it owns or leases for business use. In 2023, 31 company cars were changed to eco-friendly vehicles.



Joining CoREi

In a move to actively pursue the RE100 roadmap, LS ELECTRIC became a member of the Corporate Renewable Energy Initiative (CoREi) in October 2023. The initiative's various sessions and guidelines will not only bolster the company's ability to shift towards renewable energy but also contribute toward shaping the policy environment for renewable energy procurement within the country, as well as developing actual improvement strategies.

Principles of CoREi

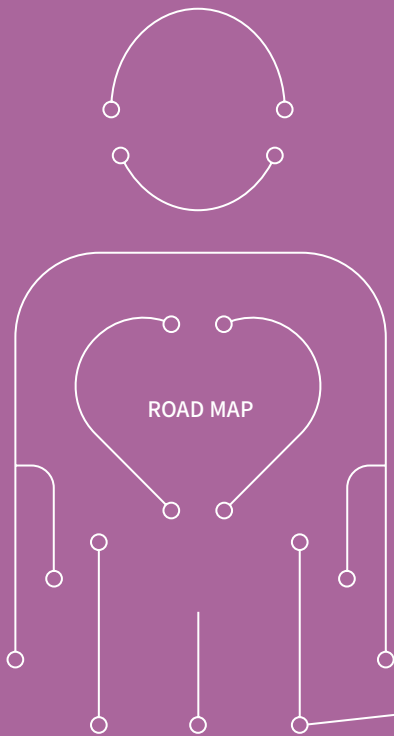
1. We commit to actively participating in global efforts to achieve net-zero by focusing on the procurement and expansion of renewable energy.
2. We promise to engage in actions that mitigate climate change and protect the environment, contributing to a sustainable future.
3. We vow to contribute to the development and refinement of policies needed to boost domestic renewable energy expansion.

GHG Reduction Activities

Starting in 2023, guided by the ESG Management Team, LS ELECTRIC has been actively developing and executing goals for each of its worksites to cut down on energy use and GHG output. The company regularly performs inspections and preventive maintenance on key utility facilities, such as chillers and boilers, to ensure energy is being used as efficiently as possible. Additionally, it is making strategic investments in upgrading older facilities to enhance energy optimization. At the Cheonan and Busan worksites, energy consumption has been reduced by swapping out old fluorescent and halogen lamps for LEDs. Meanwhile, at the Cheongju worksite, the construction of the 'GridSol CUBE Station' has secured the reliability of its power supply and addressed risks to power quality through the separation of grids. As a result, energy consumption was reduced by about 6.7% compared to the previous year.

Category	Unit	2022	2023	Reduction Rate
Energy consumption	TJ	697	650	6.7%
Energy intensity	TJ/KRW 100 million	0.03	0.02	29.1%

*The base unit of energy intensity = Energy Consumption (TJ) / Sales (KRW 100 million)



2024
<ul style="list-style-type: none"> • Expand the human rights management training • Prepare and Implement the human rights risk assessment
2025~2027
<ul style="list-style-type: none"> • Expand the human rights training and due diligence target (investors and suppliers)
2028~
<ul style="list-style-type: none"> • Advance and expand processes and impact for sustained human rights management

Establish and declare human rights policy

Establish and implement the human rights management system

Upgrade the human rights management system

Establish a culture of respecting human rights across corporate activities and achieve zero negative impact on human rights

Detailed Implementation Plans

Direction of Advancement

Goal



Social

Human Rights Management

UN SDGs











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. Furthermore, future human rights risk assessments will proactively identify potential human rights risks for employees and stakeholders.

*Human Rights Management Declaration

 <p>Anti-discrimination</p> <p>LS ELECTRIC does not tolerate discrimination in recruitment, employment, promotion, training, wage, and welfare and benefits 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.</p>	 <p>Guaranteeing Occupational Safety</p> <p>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.</p>	 <p>Humane Treatment</p> <p>LS ELECTRIC respects the privacy of all employees, thoroughly protects their personal information, and shuns mental, verbal, and physical violence, abuse, or irrational treatment.</p>	 <p>Guaranteeing Freedom of Association and Collective Bargaining</p> <p>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.</p>
 <p>Banning Forced Labor and Child Labor</p> <p>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.</p>	 <p>Complying with Working Conditions</p> <p>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.</p>	 <p>Protecting the Human Rights of Local Residents</p> <p>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.</p>	 <p>Protecting the Human Rights of Customers</p> <p>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.</p>

Human Rights Management Governance

LS ELECTRIC manages and oversees its human rights management initiatives through various forums, including committees or executive meetings, with participation from critical division decision-makers, as well as operational meetings organized by decision-makers of the human rights management division. Furthermore, the company has established robust governance for human rights management through its dedicated implementation organization.

Human Rights Management

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 2023, 94.4% of employees completed human rights training. The intention is to foster a culture that prioritizes human rights and to persistently elevate the level of human rights among the employees by broadening the scope of participants in the future.

Activity

E-Bridge (Junior Board)

LS ELECTRIC has launched the E-Bridge initiative since 2022, branded with the slogan "Bridge to the Future," to foster better communication among its members. Members of E-Bridge engage in continuous idea generation and suggestion related to business management through both online and offline meetings, with the goal of enhancing job productivity through efficient thinking. Moreover, they engage in social contribution activities quarterly (such as support for marginalized groups, handing out food at elder care facilities, and overseas volunteering), thereby fulfilling LS ELECTRIC's social duties and responsibilities. E-Bridge is committed to promoting a culture of open dialogue and persistently aims to contribute to societal value.

Employee Human Rights Training Performance and Goals



2023 Performance

94.4%



2024 Goals

100%

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. This initiative aims at promoting disability awareness through cultural and artistic expression. On October 31, 2023, Green Voice held concerts in notable venues across the US, including New York's Carnegie Hall, Charlotte, and Washington D.C., sharing inspirational messages of encouragement and hope with the community. Moving forward, LS ELECTRIC will dedicate efforts to expanding employment and enhancing social awareness of people with disabilities.



Carnegie Hall Concert Poster



Carnegie Hall Performance

Human Rights Management

Activity

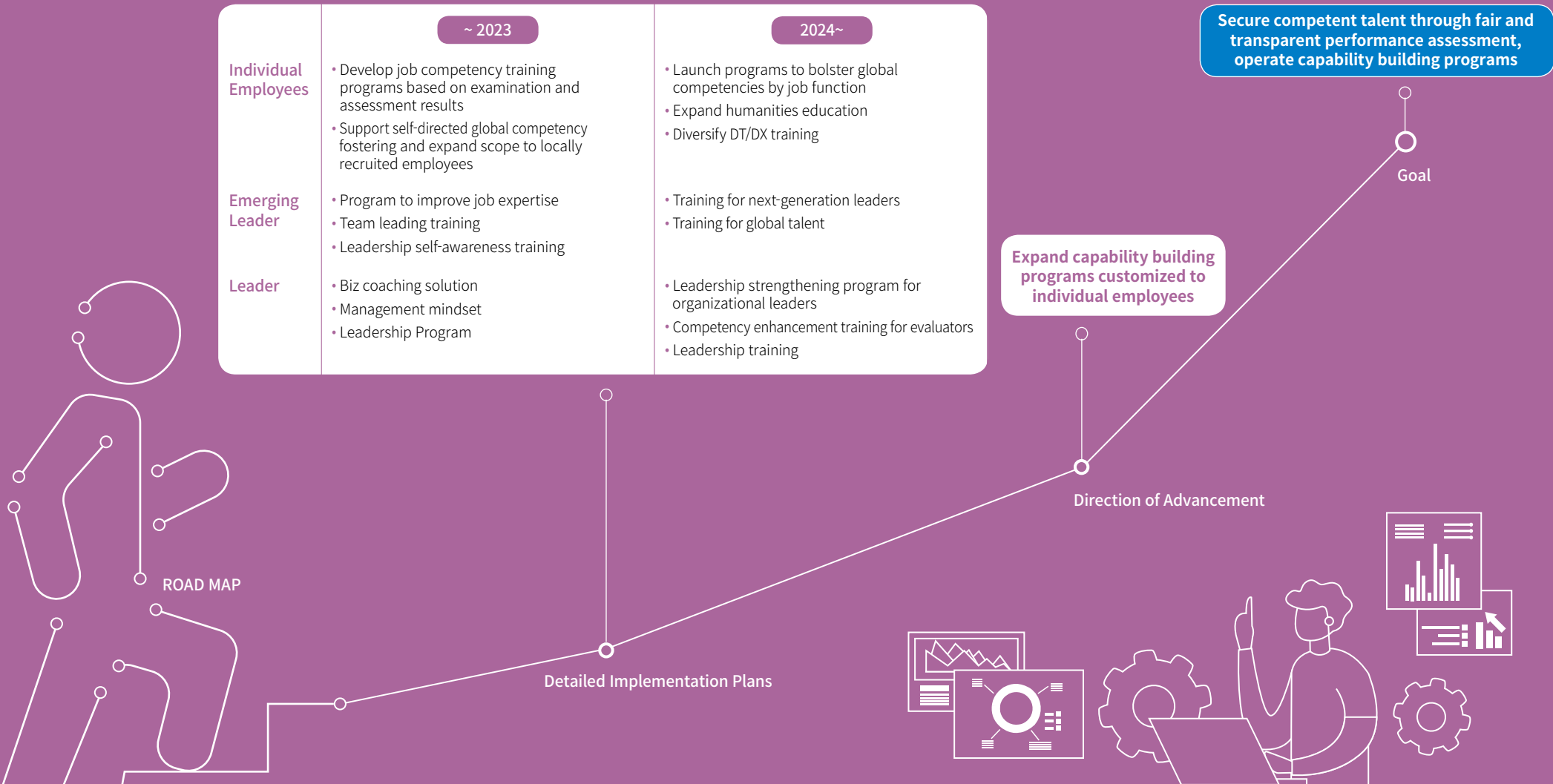
Human Rights Grievance Handling Channels

LS ELECTRIC has created a human rights grievance handling channel to ensure any member can easily file a grievance. The company promotes open dialogue by managing an anonymous noticeboard, ‘Talk Together,’ on its intranet, thus enhancing bilateral communication between the company and employees and advocating for more forthright feedback while guaranteeing anonymity. Furthermore, parallel support channels like a cyber whistleblowing system and a dedicated channel for sexual harassment claims complement these efforts. An Employee Assistance Program (EAP) offering psychological testing and counseling has been in place since 2022, with plans to broaden the scope of recipients of psychiatric evaluation and psychotherapy program support in 2024.



Operating the Labor-Management Council

LS ELECTRIC is dedicated to building a win-win labor-management partnership. In 2023, as a step towards nurturing a constructive labor-management culture, a declaration of cooperation was adopted to promote joint benefits for employees and the company. Additionally, to amplify the negotiation competency between labor and management, special lectures were provided, and a grievance handling committee was set up within the labor-management council, solidifying the groundwork for labor-management co-prosperity. There is an ongoing effort to preemptively address key pending issues through regular working level meetings between labor and management. Quarterly labor-management council meetings are convened to explore not only matters related to working conditions and employee benefits but also strategic business issues like manpower allocation and company growth strategies, fostering a fair labor-management culture. Executive leadership keeps the labor force informed about business conditions via the council and sustains a cooperative labor-management relationship by organizing ‘field management performance briefings’ and ‘talks with the CEO’ with the labor union.



Social Talent Management

UN SDGs

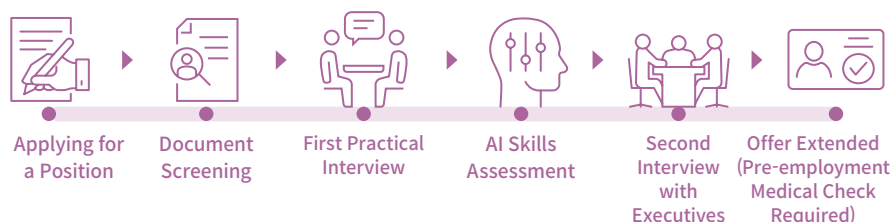


Talent Management

Policy

Fair Talent Recruitment

LS ELECTRIC is committed to managing its recruitment process with transparency, honoring the diversity of its applicants, and ensuring every applicant is afforded equal opportunities. Recruitment at LS ELECTRIC is fundamentally open, guided by applicable procedure laws and specific criteria for job evaluations. The company transparently communicates recruitment criteria, including job functions, detailed eligibility requirements, and preferences, right from the job posting stage. Furthermore, document screening adheres to objective evaluation criteria pertinent to job execution, and measures such as interviewer training and competency verification standards for each position are in place to mitigate any interviewer bias or discrimination during interviews.



Employee Training Promotion System

LS ELECTRIC offers 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 ease of learning. Additionally, through the group-level training center (LS Future Center), we share and spread LSpartnership as LS Group's management philosophy, improve employees' capabilities, and foster outstanding leaders. Simultaneously, we provide various training programs to key talents to select and foster the next-generation leaders who will drive change and innovation. To candidates for next-generation leaders in management and research positions, selected through recommendation and duty assessment, a wide range of training, including MBA and graduate school courses, is provided. Candidates for expatriates at subsidiaries and branches in each country receive training to aid 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 to support their life planning post-retirement. We help our employees enjoy life after retirement by providing job change and career search, design and consulting programs, and 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, business division, and sector and the linked team and individual unit goals set in stages. For persons in charge of organizations, the goal is established based on the Management Incentive Performance (MIP). Using a continuous performance management method, tasks for both the organization and individuals are executed and overseen. Year-round, work goals and deadlines for specific tasks are set jointly with evaluators, and regular checks are conducted to maintain the consistency and objectivity of evaluations. 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 path.

*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



Talent Management

Policy

Employee Welfare and Benefits

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

Work and Family Balance	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 inside the head office.
	Maternity Leave and Parental Leave	LS ELECTRIC created an ideal working environment for parents by increasing the duration of parental from one year to two years, starting in September 2023, and 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.
	Infertility Treatment Support	LS ELECTRIC provides a three-day paid leave for infertility treatment, along with infertility treatment expenses, in order to prevent career break for female workers suffering from infertility and address the social issue of low birth rate.
Work-Life Balance	Flexible Work Arrangements	By introducing staggered commuting times and flexible working hours, support is provided for maintaining a healthy work-life balance.
	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.
	Housing Support	LS ELECTRIC operates a housing fund support system to assist in employees' residential and living stabilization. While partially subsidizing the amounts of employees' housing purchase and rental expenses, we provide dormitory and company housing for employees in regional worksites to support 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.
Support for Recreational Activities	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 December 2023, 93 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.
	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.
Working Environment Improvement	Convenience Facilities	LS ELECTRIC strives to improve employees' satisfaction with the working environment by providing a range of convenient facilities including cafeterias, fitness centers, and common rooms.

Talent Management

Policy

Education and Training System

*symbol refers to a group common course

Category	Global	Job Level	Organization Development	Job		Customers/Suppliers
				General	Specialized	
Executive	Language for executives	Seminar for executives *Leadership Assessment *New executives	*Leadership meditation		Key Content R&D • Git & GitLab • ALM system • C++ • S/W testing • Linux • SW architecture • Clean code SW • EMC • Reliability HW • CREO • Auto CAD Design • Altair_PolEx Tools • PADS CAE • Altair_SimLab • Altair_SimSolid • RecurDyn • CAE Cloud General • *R&D Basics • *R&D PMP • *R&D PM Electricity Basics • Introduction to electricity basics • Electricity Solution I-III Quality (Biennial) • Reliability • SPC • ISO • PL Basics DT • Power BI • *Data use expert Production (Biennial) • *Basics of production (S1, S2) • Machining/drawing interpretation • Metal materials/electrical materials • Cutting/pressing/welding • Fastening/injection/plating/painting Procurement • *Basics of procurement • *CPSM Support/Sales • *Basics of HR • *Sales/marketing basics • *B2B sales expert training	Key Content R&D • Introduction to electric power systems • Electric power system analysis/ failure analysis • Cooperation for electric power system protection • Digital protection relay • X-GIPAM practice • Electrical devices • Earthing systems • Understanding and protection of generators, transformers, motors SW PLC • XGK basic/advanced • XGI basic/advanced • XGK communication • XGI communication • XGR general • XGK location control/servo/special HW HMI • HMI-XGT Panel • HMI-XGT infoU Drive • Inverter basics/applications Suppliers • ESG management • Accounting, profit, and loss management • Material, inventory management • Smart factory • Quality control (QC) / Development part approval process • FTA • Risk Management • IT security
Manager	Global Lounge Program Specializing in job (Production/Sales/R&D/Management) Special language course in preparation for exam (TOEIC Speaking) On the job English Overseas dispatch UT-Austin *Global Challenge Prg. Pre-assignment language course for resident employees Goal-based external language education support In-house language test	Leadership coaching for team leaders *Team leader conference *Leadership school for team leaders *New team leaders WS for new team leaders Winning Growth *Lv. 4 course *Lv. 2 course *Accounting course for new employees *Planning skills course for new employees *LS Future Camp Introductory course for new employees (LS ELECTRIC) *Introductory course for new employees (LS Group)	LS MBA, LS TMBA Competency enhancement course for organizational leaders, key talent *LCP(Leadership Challenge Prg.) Introductory course for experienced employees (LS ELECTRIC/Group) *Next-generation entrepreneur development program Mentoring	Assimilation w/S Team building w/S, organizational culture diagnosis, organizational culture improvement activities *Family happiness camp, father-child bonding camp, filial piety camp, children's dream camp	*Study partner *Planning skills enhancement course (McKinsey integrated Ver.) RMS PL(Project Reader) PLM User(R&D) ERP Basics	
Supervisor/Production worker		Supervisor capacity improvement Production worker capacity improvement Innovation capacity improvement Field leader change Prg				

Talent Management

Activity

Employee Training Satisfaction Survey

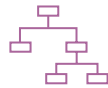
LS ELECTRIC provides a variety of training programs aimed at boosting employee skills and growth. Satisfaction surveys are carried out after the completion of each training session to enhance content and practical application, with the feedback used to develop more effective training.

Results of the Training Satisfaction Survey

*Rated on a scale of 5

Job Level

4.4 points



Job

4.5 points



Global

4.6 points



Non-Employees (Suppliers)

4.2 points



Customer Training

4.8 points



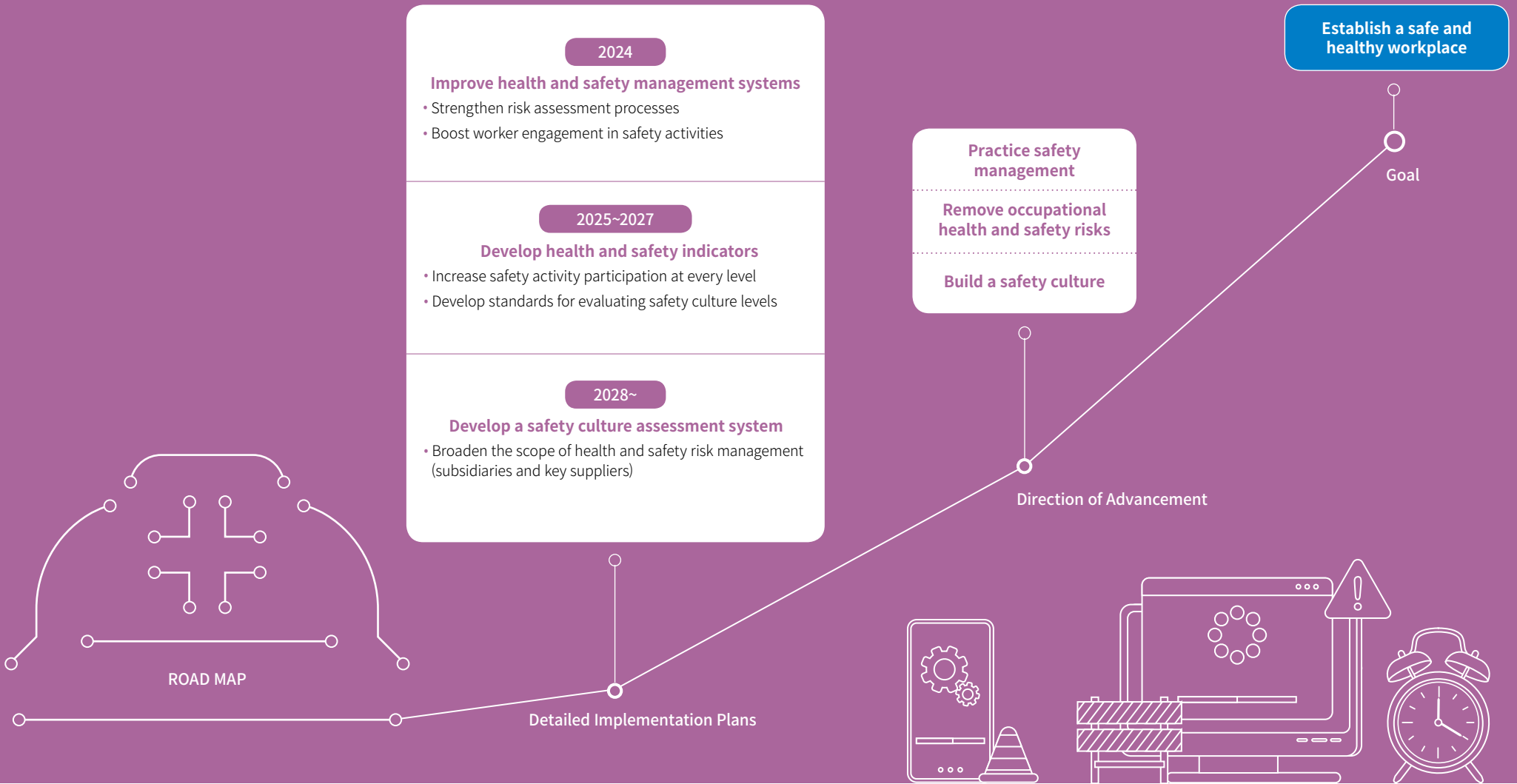
Average 4.5 points

ESG Training for Employees

In 2023, 2,475 office employees underwent online ESG management training to deepen their understanding and strengthen their competency in ESG management. Furthermore, starting in 2023, ESG training has been integrated into the introductory course for new employees, ensuring they are well-prepared to participate in the company's ESG management journey.

Composition of ESG Training Content





Social

Health and Safety Management

UN SDGs



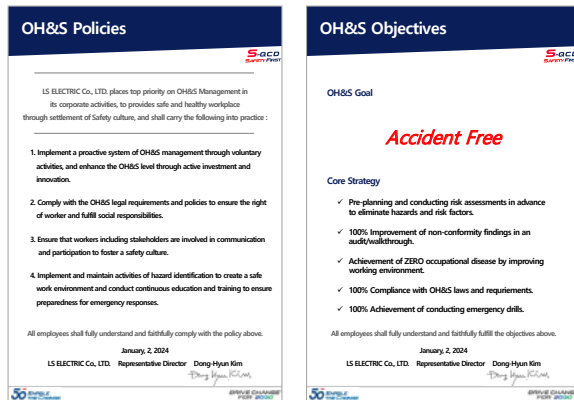
Health and Safety Management

Policy

Health and Safety Management Promotion System

LS ELECTRIC prioritizes safety above all in its management values, aiming to ensure a safe and healthy work environment for every employee and stakeholder while implementing health and safety management practices. The company has developed a policy and four key strategies for health and safety management, prioritizing the *S-QCD culture (Safety, Quality, Cost, Delivery—emphasizing that quality, cost, and delivery time are meaningless without safety). This approach fosters a culture where safety is consistently prioritized and practiced across all business operations.

*S-QCD: Safety > Quality, Cost, Delivery

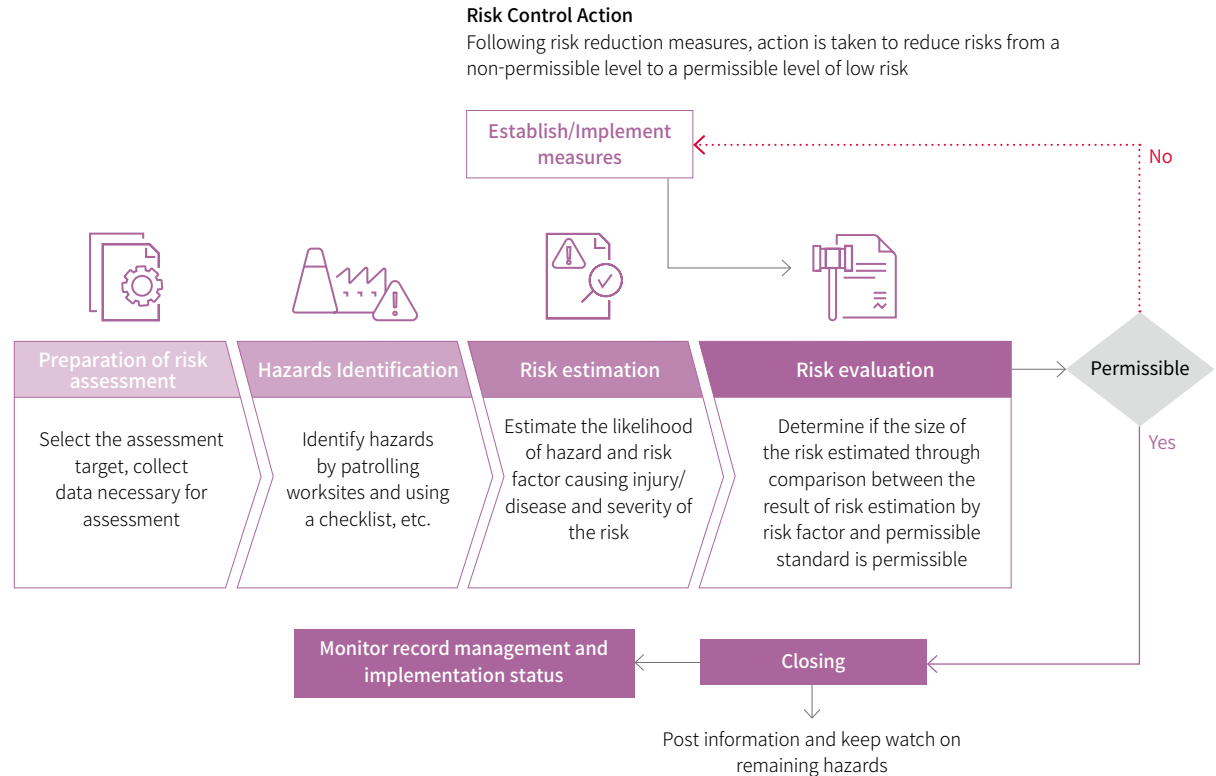


OH&S Policies and Objectives

Four Health and Safety Management Strategies

Preplanning for hazardous work and conducting risk assessments	100% improvement on nonconformities detected through safety inspections
ZERO job-related illnesses by enhancing work environments	100% compliance with health and safety regulations

Risk Assessment Process



Risk Control Action

Following risk reduction measures, action is taken to reduce risks from a non-permissible level to a permissible level of low risk

Health and Safety Management System Certification

LS ELECTRIC has earned the ISO 45001 certification for its domestic worksites, committing to creating a work environment that aligns with global safety standards. By engaging in Plan, Do, Check, and Action (PDCA) activities, it ensures systematic management of health and safety, continually enhancing its management system through strategic planning and the achievement of set goals.



ISO 45001

Percentage of certified Worksites : **66.7%**

Health and Safety Management

Policy

Health and Safety Governance

LS ELECTRIC has designated a Chief Safety and Environment Officer (CSEO) and under their direction, has formed an overarching health and safety organization to develop and implement a company-wide health and safety management safety system. The CSEO presides over the Serious Accident Prevention Committee, the highest health and safety-related decision-making body, which meets at least biannually to assess health and safety management and enhance implementation efforts. Each worksite also includes a health and safety organization to assist health and safety managers, with biannual inspections to oversee compliance with health and safety goals.

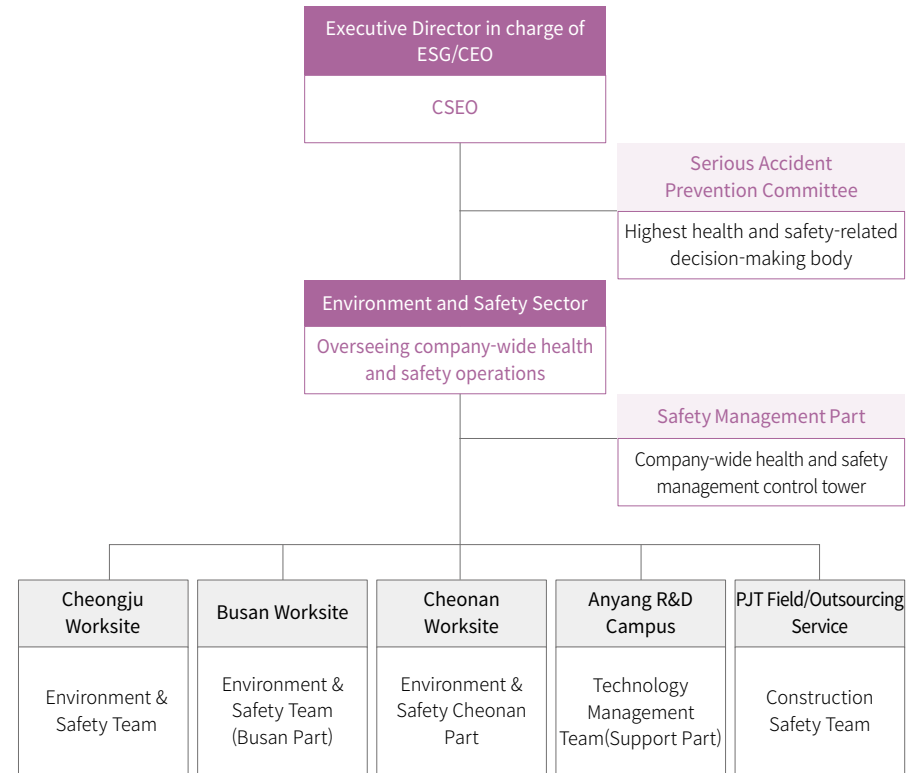
*CSEO: Chief Safety & Environment Officer

Serious Accident Prevention Committee

LS ELECTRIC's Serious Accident Prevention Committee is the highest health and safety-related decision-making body, created to execute the roles and duties assigned to the CEO according to the Serious Accident Punishment Act. This committee convenes biannually for regular meetings and may hold extraordinary sessions as required by the chairperson. Its functions include assessing the effectiveness of the safety and health management system, verifying its operation, and formulating accident prevention plans. In regular meetings, evaluations are reported on the current state of safety and health management, specifically focusing on compliance with regulations and accident risk, alongside comparisons of actual performance against plans, followed by a management review.

Occupational Health and Safety Committee

LS ELECTRIC manages the Occupational Safety and Health Committee as a communication body to guarantee the official participation of both employees and the company in identifying and addressing safety and health issues within the workplace across all processes. This committee convenes regular quarterly meetings and additional meetings as necessary, disclosing comprehensive safety and health management information and promoting a safety culture that encourages all members to freely express their opinions.



Health and Safety Management

Policy

Supplier Health and Safety Management

Safety and Health Feedback from Suppliers

LS ELECTRIC frequently collects safety and health feedback from supplier employees. A consultative body on safety and health meets monthly to negotiate issues such as working hours, communication protocols, and risk assessment procedures. Additionally, a joint inspection by the chief safety officer, the subcontractor business owners, and workers is conducted quarterly. At manufacturing worksites, an annual safety consultative body with key suppliers is held, and a biannual meeting is led by the construction safety team for 50 construction-related suppliers. Beyond fulfilling legal obligations, LS ELECTRIC is committed to incorporating supplier feedback through these consultative bodies, with the responsible divisions developing and implementing suitable improvement measures.

Performance in Addressing Occupational Health and Safety Feedback

Cases received

18 Cases



Cases resolved

18 Cases



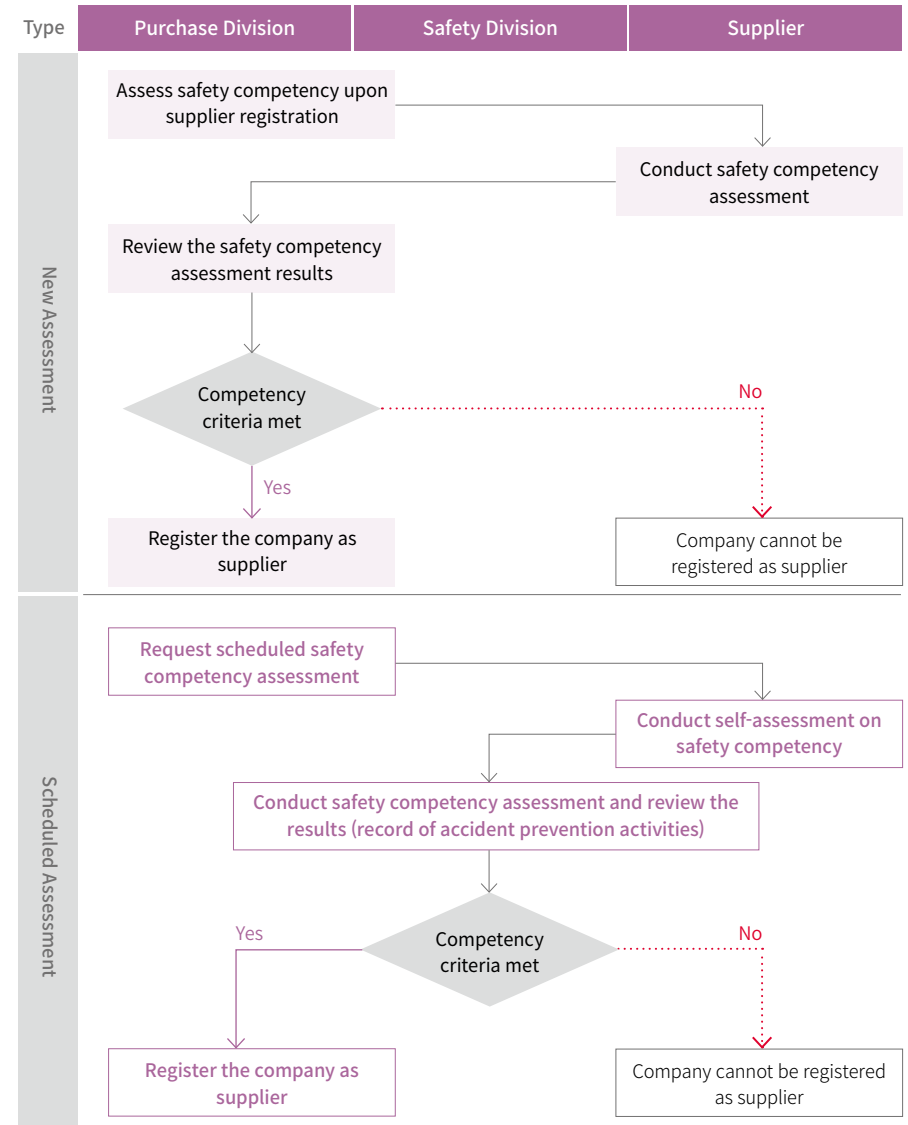
Resolution rate

100%

Supplier Health and Safety Competency Assessment

LS ELECTRIC has conducted health and safety competency assessment of suppliers 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




Health and Safety Management

Goals and Performance

Health and Safety KPI Operation

LS ELECTRIC is enhancing its health and safety management system and ensuring clear accountability within safety and health activities by establishing and managing specific safety and health KPIs for key position holders. Assessment items are categorized into outcome indicators and process indicators, with additional points awarded for receiving safety and health commendations or being recognized for excellent performance during safety inspections.

 <p>Outcome Indicators</p>	<ul style="list-style-type: none"> • Number of incidents by accident grade
 <p>Process Indicators</p>	<ul style="list-style-type: none"> • Creating safety and health plans • Creating risk assessment plans/verifying outcomes • Creating safety and health training plans/verifying outcomes • Engagement in consultative body operations • Engagement in emergency response training
 <p>Additional Points</p>	<ul style="list-style-type: none"> • Receiving safety and health rewards within and outside the organization • Safety inspections led by organizational leaders • Other safety activities led by organizational leaders

Health and Safety Indicator Management

Having set the goal of achieving zero accidents, LS ELECTRIC controls the occupational accident rate and number of serious accidents as management indicators in order to achieve that goal. In 2023, our occupational accident rate and number of serious accidents were 0.03% and 0, respectively. LS ELECTRIC will dedicate every effort to achieving an occupational accident rate of 0% by continuously discovering and improving on hazard factors.

Accident Rate in 2023
Occupational accident rate

0.03%

Number of Serious Accidents
in 2023

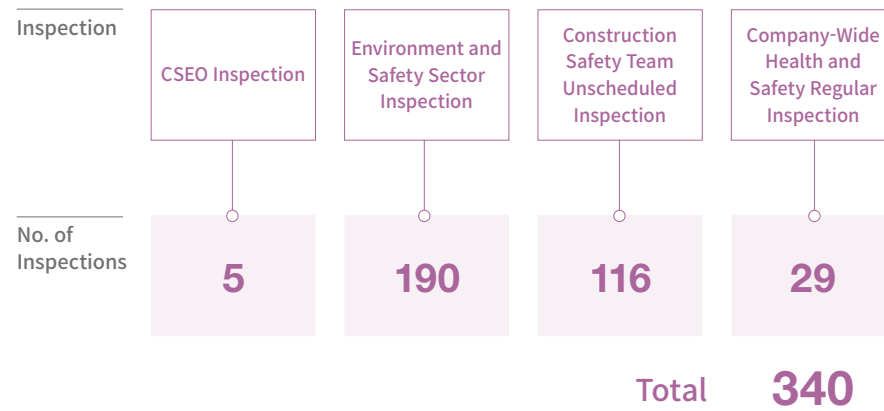
0 Cases

Health and Safety Management

Activity

Strengthening Safety Inspection at Worksites

LS ELECTRIC actively works to prevent occupational accidents and instill a culture of safety by having its health and safety division, led by the CSEO, conduct unscheduled inspections in addition to regular inspections to assess safety management at each worksite. Nonconformities identified during these inspections are collaboratively addressed by managers and workers to analyze risk factors and formulate measures to prevent recurrences. In 2023, a total of 340 inspections were conducted, identifying and improving 647 insufficiencies.



*72 inspections conducted with the Environment and Safety Sector (Construction Safety Team)

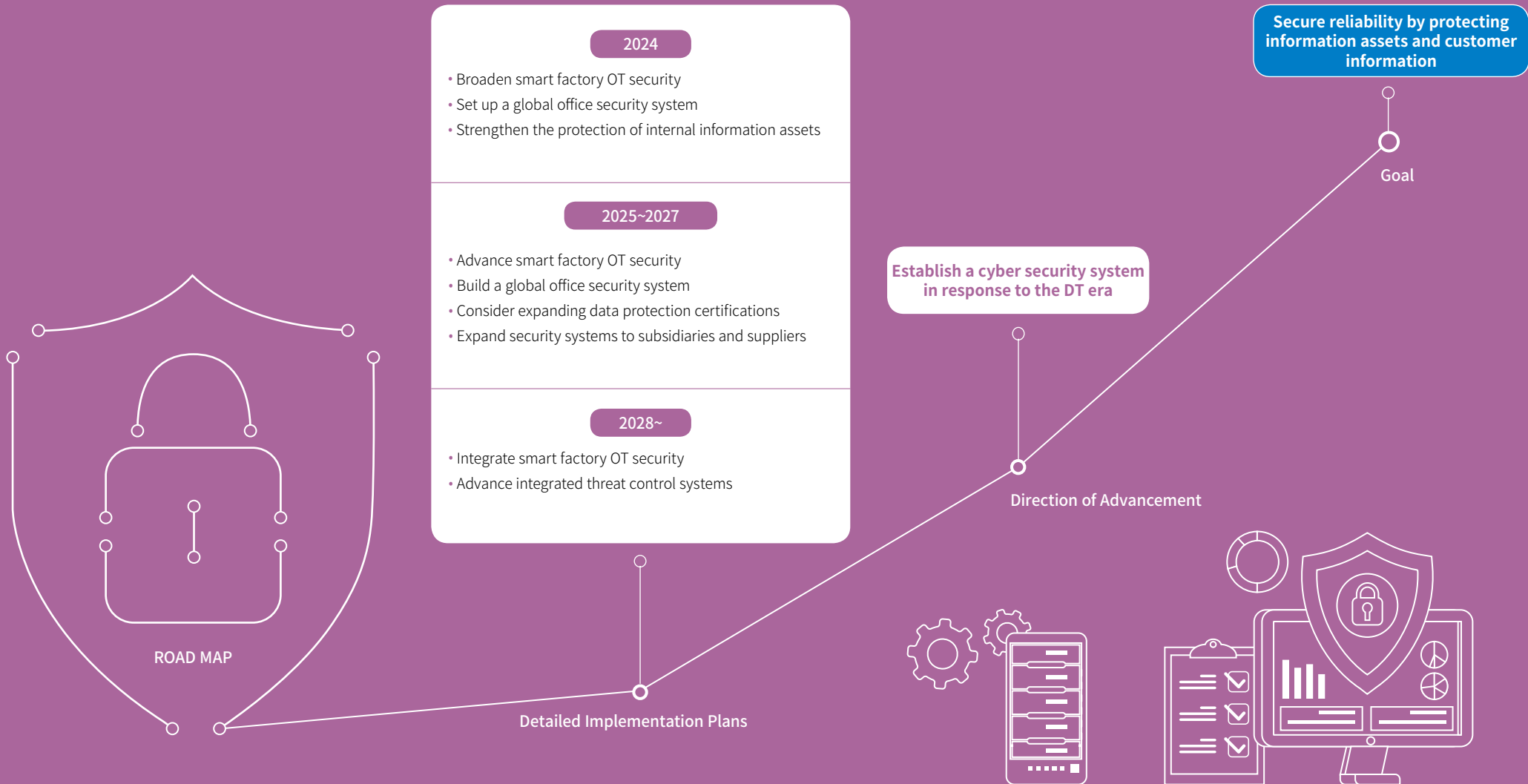
Safety Education and Training

LS ELECTRIC employees and supplier workers are provided with health and safety training on a regular basis in order to improve their safety awareness. We will strive to secure the effectiveness of health and safety training by segmenting the training subjects and providing customized training.

	Category	Participants	Training hours
Statutory training (Occupational Safety and Health Act)	Training upon recruitment	New employees	8 hours or more
	Regular training	Field workers	At least 12 hours biannually
	Supervisor training	Field supervisors	At least 16 hours annually
	Special training	Workers subject to special training (39 categories)	At least 16 hours for specific tasks
Specialized training	Training for changes in task specifics	Workers undergoing changes in task specifics	2 hours or more
	Training on accident prevention measures	Personnel Involved in accidents (including suppliers)	1 hour
	Construction safety role-specific training	Contracted PJT personnel (including suppliers)	2 hours

Healthcare Support

To support employee healthcare, each of our worksites maintains a healthcare center staffed with a health manager (nurse) who conducts a range of activities aimed at enhancing employee well-being, including first aid, health counseling, and various healthcare programs. Regular screenings for job-related stress and surveys on musculoskeletal strain are undertaken to prevent not just physical injuries from accidents but also musculoskeletal and mental health issues. For workers exposed to hazard factors, special health examinations are provided, and those showing preliminary symptoms receive medical specialist consultations on treatment options such as drug prescription, surgery, and exercise therapy, as well as education for disease prevention and follow-up care. Our ongoing commitment is to ensure the health of all our employees.



Social

Data Protection and Information Security

UN SDGs




Data Protection and Information Security

Policy

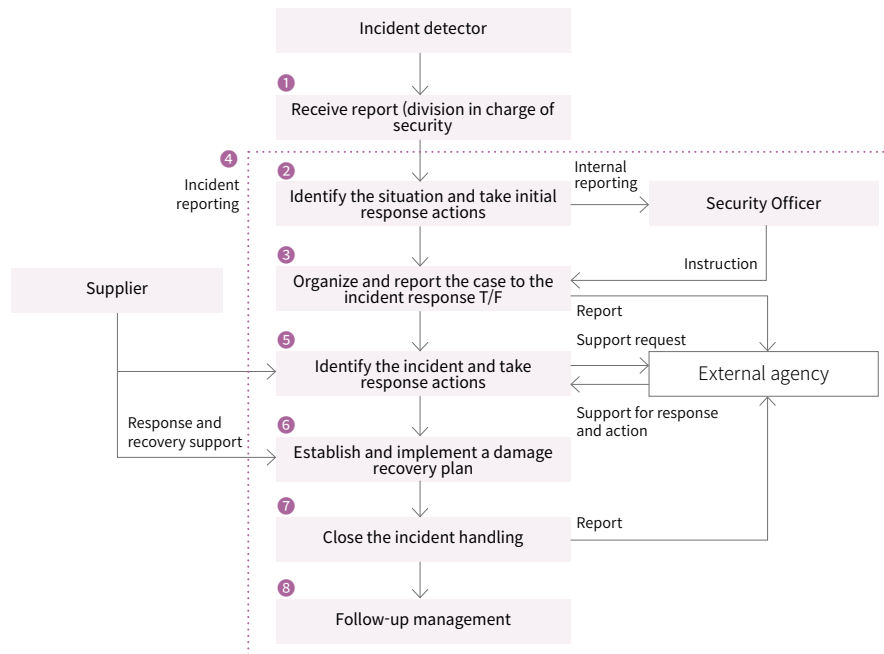
Information Security Management Systems

In response to rising global demands for information security, LS ELECTRIC is advancing data protection and information security. The company formed a data protection organization to guard against internal and external threats and protect confidential information. This team developed protocols to counteract threats like malicious codes and internal leaks, with specific personnel managing these efforts. To improve security, LS ELECTRIC regularly conducts internal checkups aligned with LS Group's security management system. Facing a global environment that demands better security and certifications, LS ELECTRIC earned its first ISO 27001 certification (international standard for data protection) in 2022. To ensure protection against occupational accidents, security activities in the Operational Technology (OT) sector are advancing, with the company maintaining a certified management system compliant with the international standard for industrial control system security within the ICT environment (IEC 62443 4-1*).

*IEC 62443 4-1: A security standard for industrial automation and control systems

*ISO27001 certificate 

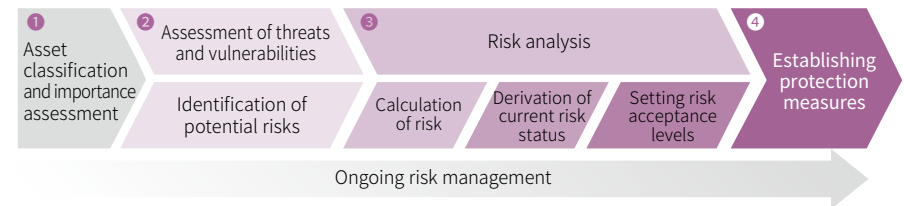
Information Security Incident Response Process



Information Security Risk Assessment

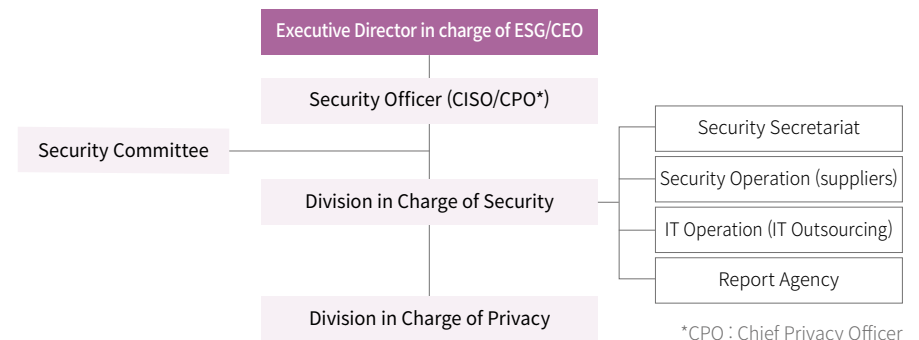
LS ELECTRIC annually performs a risk assessment aligned with ISO 27001 control criteria to detect and mitigate in advance vulnerabilities related to information security and data protection. When risks needing intervention are identified through the assessment, plans are formulated based on their urgency to ensure a response.

Risk Assessment Methodology



Information Security Governance

For response to internal and external security threats and protection of confidential information, LS ELECTRIC designated the Chief Information Security Officer (CISO) as a 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.



*CPO : Chief Privacy Officer

Data Protection and Information Security

Activity

Information Security Awareness Improvement Activities

LS ELECTRIC actively boosts security awareness through regular information security campaigns utilizing various channels. To safeguard company assets, employees are required to regularly sign security pledges. The company has also established the first Wednesday of each month as ‘PC Security Check Day,’ during which employees are encouraged to review and enhance their PC security. Furthermore, each division has designated a personal information manager (person in charge of IT) to provide training and perform inspections.

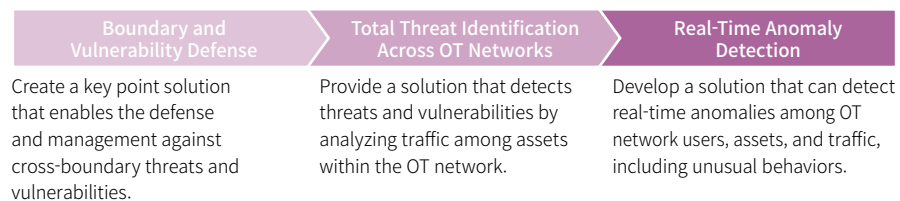
Information Security Education and Training

LS ELECTRIC has created customized security training content and implemented company-wide online training for employees. The company has also enhanced the effectiveness of its information protection training by offering customized data protection training based on employees’ roles and responsibilities. Moreover, regular campaigns are run using diverse channels, including emails, groupware, and the company-wide noticeboard, to strengthen employee security awareness.

Smart Factory Security Strengthening Activities

LS ELECTRIC is enhancing the security of its smart factories by deploying antivirus software for PC equipment and developing an integrated solution that monitors network anomalies in real-time. The first stage involves applying a smart factory security solution that isolates networks and aids in protecting against cross-boundary threats and vulnerabilities. The company intends to gradually expand this security system to build a solution capable of real-time detection.

Building a OT Security System in Stages



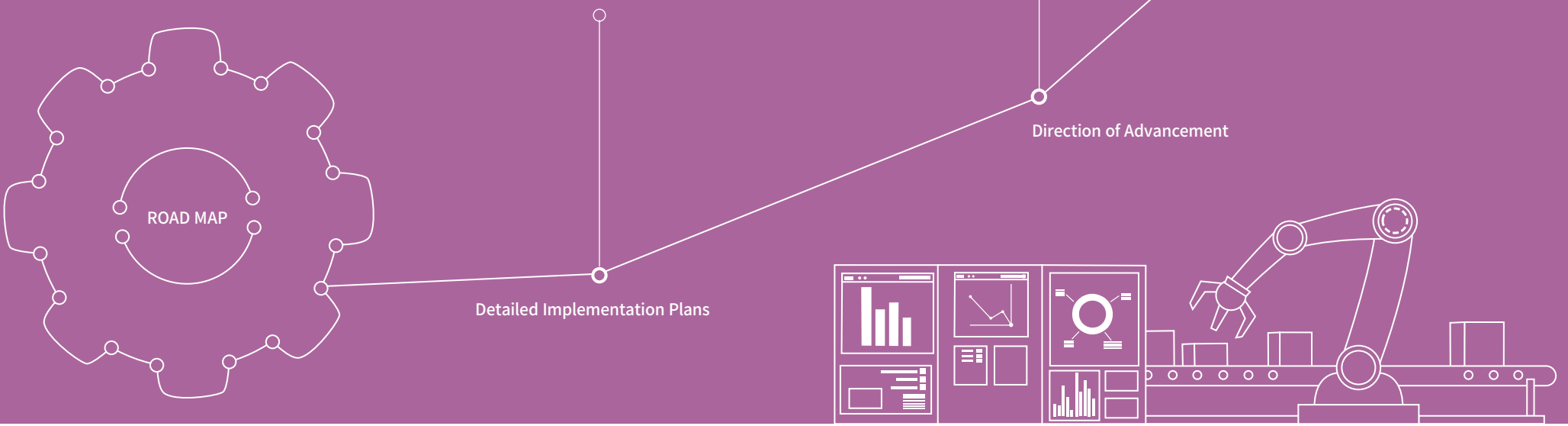
Data Protection and Information Security Training

Program	Description	Target	Cycle
Training for malicious mail response	Ending phishing mail for penetration test, measuring the penetration rate	All employees	Twice a year
Web system penetration test training	Web system penetration test training Inspection on data snatching and hacking response level for external systems	Security managers	Once a year
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	New/ experienced 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 on blueprint security distribution systems for suppliers	Strengthening security for external distribution of blueprints	Employees of suppliers	One-off

	2024	2025~2027	2028~
Component quality	<ul style="list-style-type: none"> Build expanded management systems for regulated materials specific to each country. 	<ul style="list-style-type: none"> Strengthen the real-time anomaly management system and achieve internalization through monitoring, by building an automated inspection system at suppliers. 	<ul style="list-style-type: none"> Secure autonomous quality assurance systems at suppliers.
Product quality	<ul style="list-style-type: none"> Build a process quality inspection system based on statistical methods. 	<ul style="list-style-type: none"> Enhance the inspection system to improve reliability and extend its application. 	<ul style="list-style-type: none"> Transition to DT-based, smart quality processes.
Customer quality	<ul style="list-style-type: none"> Secure SVC specialists through competency assessments at designated service points. 	<ul style="list-style-type: none"> Increase the number of global SVC specialists. 	<ul style="list-style-type: none"> Boost customer value by securing global SVC competency.
Quality infrastructure	<ul style="list-style-type: none"> Raise quality standards uniformly across worksites, domestically and internationally, through quality assessments and horizontal deployment. 	<ul style="list-style-type: none"> Establish and launch QIS 3.0. 	<ul style="list-style-type: none"> Stabilize and enhance the usability of QIS 3.0.

Achieve ZERO customer complaints by upgrading the reliability management system based on digital transformation

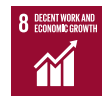
Promote advancement by development quality, component quality, process quality, customer quality, and quality infrastructure sector



Social

Customer Value Creation

UN SDGs



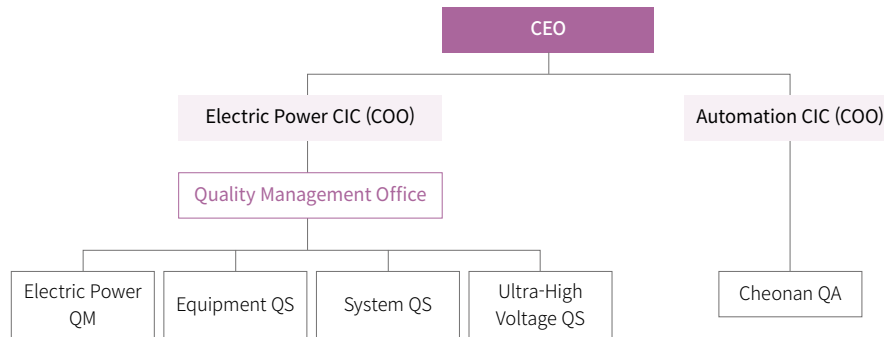
Customer Value Creation

Policy

Customer-Centered Quality Management

With customer value innovation as its 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 plan, do, check, action (PDCA) 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.

Quality Management Governance



Recall Process

We have developed a process to facilitate voluntary recalls if risks related to quality and safety are identified, following continuous monitoring of customer complaints and quality issues.



Internal Quality Audit and Assessment System

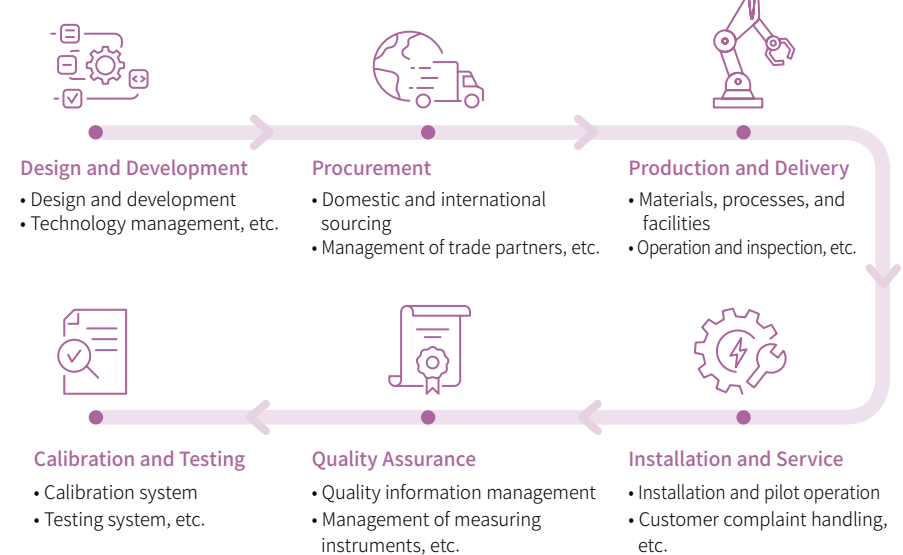
To maintain stable quality and management standards, LS ELECTRIC conducts both internal audit and standardized quality assessment annually across all processes from design to calibration and testing. In doing so, we can identify compliance with the quality management system (ISO 9001:2015) and our internal 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, Vietnam) 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.



ISO9001

Percentage of Certified Worksites : **100%**

Q-Performance Assessment Items and Process



Customer Value Creation

Activity

Quality Training

LS ELECTRIC provides regular quality training to office workers to help employees recognize the importance of quality management. 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.

Training category	Reliability/Quality	ISO/QMS	Basic Production Technologies
Training content	Ensuring quality, reliability, and stability of products and systems	Training internal auditors for ISO audit responses	Developing basic knowledge and training specialists in production technology
No. of training sessions	22	2	8
No. of participants	437	88	87

Enhancing Product Reliability

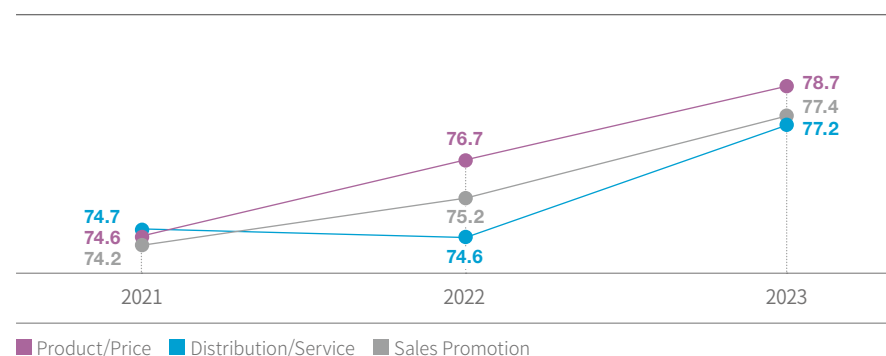
LS ELECTRIC is enhancing its reliability analysis activities to diagnose conditions, perform predictive maintenance, and predict the lifespan of power equipment that fits the power supply and consumption environment. Based on this accumulated reliability data, the company is developing and offering efficient power management and operational platforms and services, tailored to consumer needs, to facilitate economical and stable power asset management.

Customer Satisfaction Survey

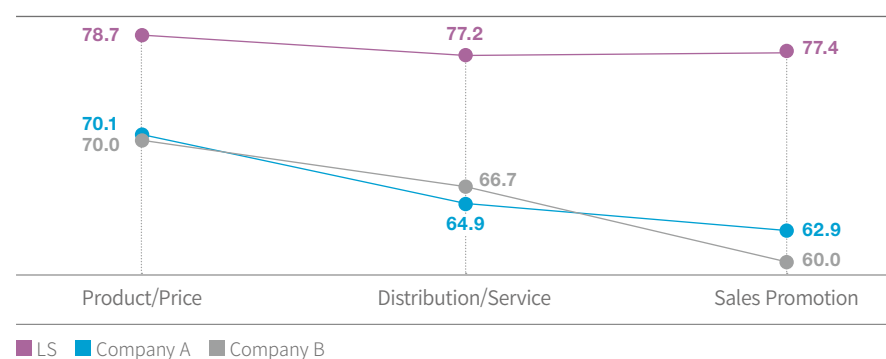
LS ELECTRIC conducts a customer satisfaction survey on an annual basis to identify and improve customers' awareness of and requirements for key electric products. In 2023, the survey was conducted on 15 items, targeting around 150 customers. The average score was 77.7 points, which is higher than that of other companies.

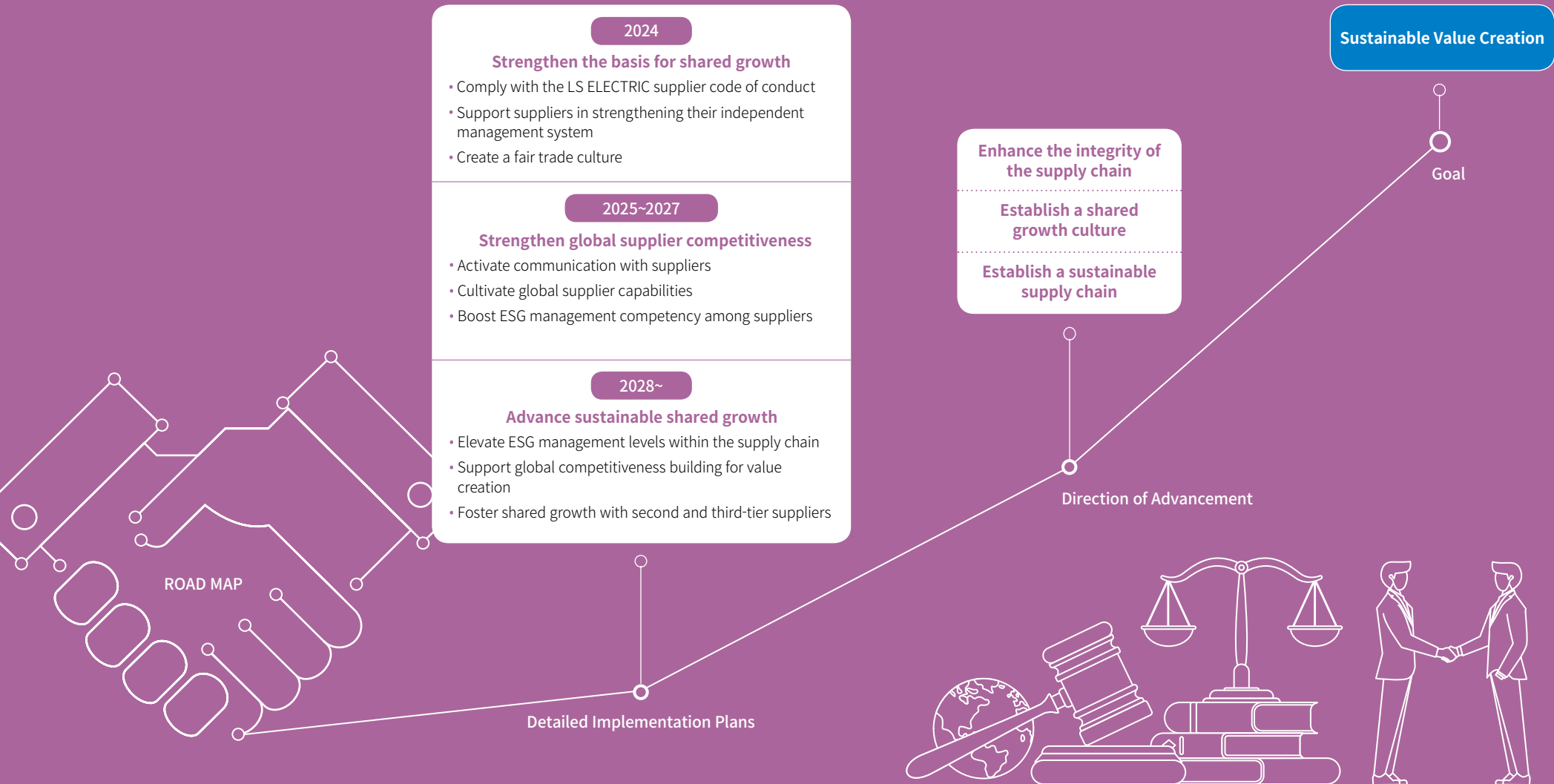
Customer Satisfaction Survey Results

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



Customer Satisfaction Survey Results in 2023 (Unit : Points)





Social Shared Growth

UN SDGs



Shared Growth

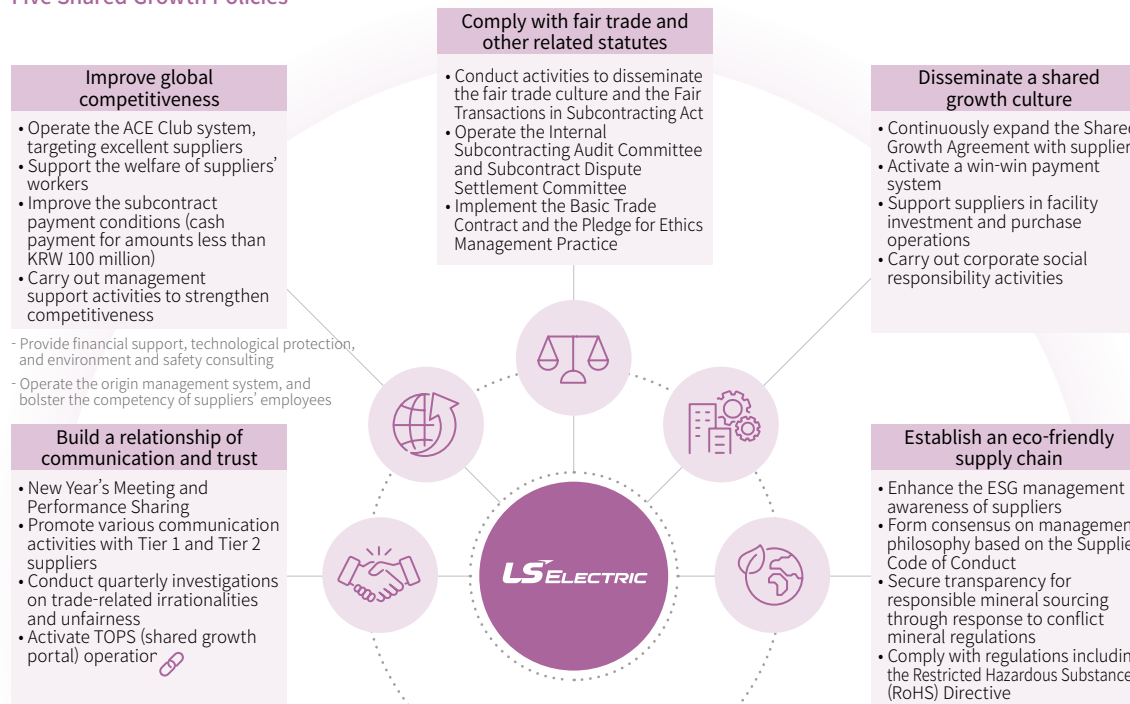
Policy

Shared Growth Promotion System

For sustainable growth with business partners, LS ELECTRIC selected five key policies for shared growth, and it conducts related activities, accordingly. 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.

*LS ELECTRIC Supplier Code of Conduct 

Five Shared Growth Policies



Key Points of the LS ELECTRIC Supplier Code of Conduct



Shared Growth Governance

LS ELECTRIC manages suppliers through the procurement division at 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.

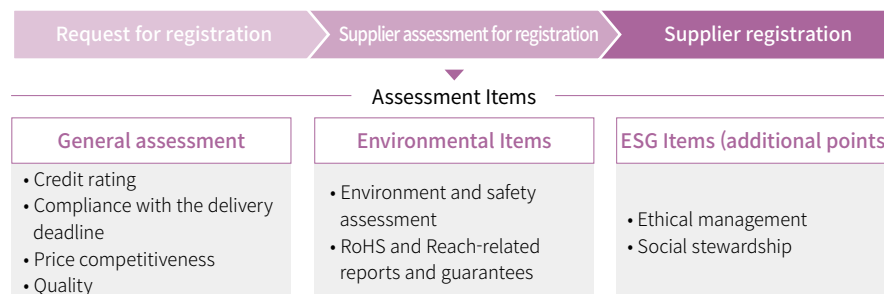
Shared Growth

Policy

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 quality, cost, delivery (QCD) and competency assessment of suppliers on a yearly basis. Using this assessment system, suppliers are rated based on quality, delivery time, cost competitiveness, and shared growth friendliness to select members for the ACE Club. The ACE Club recognizes suppliers that excel in rapid execution (Activity), pushing boundaries with ambitious challenges (Challenge), and achieving top results and partnerships (Excellence). This program instructs these companies in know-how across quality, production, and business management, granting them the status of shared growth partners. 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 requirement. 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 ethical management and social stewardship to encourage suppliers' participation.

New Supplier Selection and Assessment Process



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 continuously monitor for fair trade violations. 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.

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 utilized the Conflict Minerals Reporting Template (CMRT) from the RMI to develop a conflict minerals management system that monitors information on the status of conflict minerals and smelters throughout the supply chain of all suppliers 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 achieving 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.

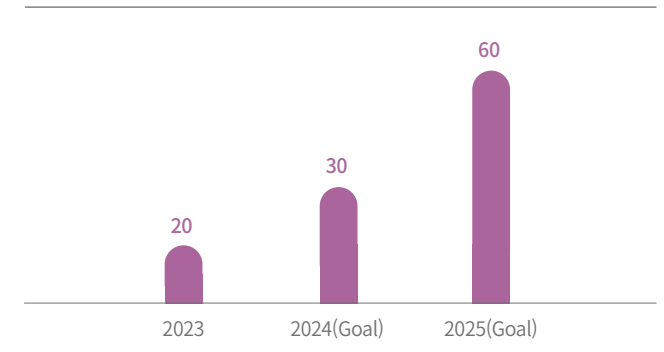
Shared Growth Index Assessment Results and Goals



Supplier ESG Assessment

Since 2019, LS ELECTRIC has established and operated a Supplier Code of Conduct that reflects both local laws and the RBA Code of Conduct in connection to human rights, the environment, safety and health, and ethics. The company guides all its suppliers to adhere to these standards. In 2023, the code was expanded from 16 to 42 items, drawing on the OECD Guidelines for Multinational Enterprises, the RBA Code, and input from relevant divisions. Moreover, a self-assessment tool based on the RBA Code was developed and adopted, and ESG self-assessment was performed for 20 ACE Club suppliers in 2023. Subsequently, procurement managers continuously perform field audits to identify improvements and verify the completion of corrective actions at suppliers.

Number of Suppliers for ESG Assessment (Unit : Companies)

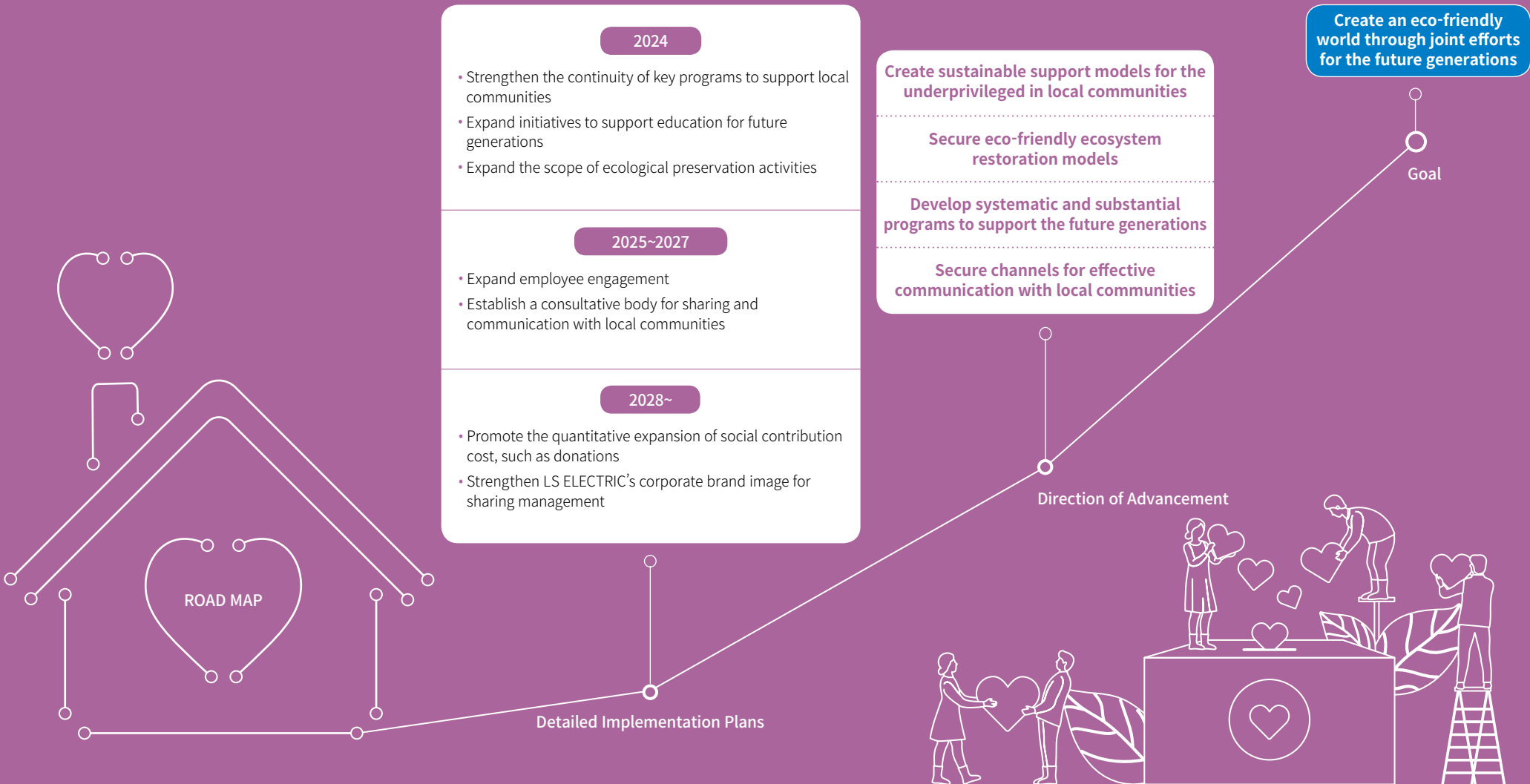


Shared Growth

Activity

Key Activities Supporting Suppliers in 2023

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 7.2 billion financial support to 41 suppliers
	Win-Win Payment System	Operate a win-win payment system for better payment conditions	A total of 942 suppliers generated approximately KRW 1.4547 trillion in win-win payments
	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
	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 14 times to five suppliers
	Education and Training Support	Support specialized training customized to SMEs Strengthen the ESG Management competency of SMEs	Provided educational and training support to 126 persons from 99 suppliers Provided educational and training support to 11 persons from 11 suppliers
Communication and Dissemination of Shared Growth Culture	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 3,284 persons from 32 suppliers (KRW 460 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)
	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
	Handling Supplier Complaints	Receive issues in trade relationships through the shared growth portal site (TOPS)	A total of 26 cases related to supplier issues and quality degradation incidents (mold/facilities repairs) were received. Of these, 6 have been resolved, and 20 are currently being addressed.
Compliance with the Fair Trade and Subcontracting Act	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	No disputes occurred



Social

Social Contribution

UN SDGs



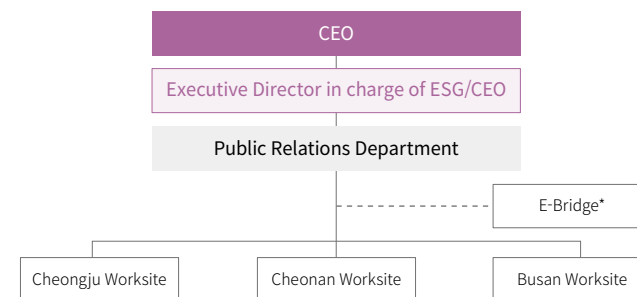
Social Contribution

Policy

Social Contribution Promotion System

LS ELECTRIC, under the LS Group’s management philosophy of “LSpartnership,” set the creation of an “eco-friendly world through joint effort for future generations” as the vision for social contribution, and is establishing each promotional strategy in order to practice social contribution based on its ESG management philosophy and business aimed at achieving sustainability management. LS ELECTRIC carries out various social contribution activities to fulfill our social responsibilities, achieve sustainable development, and create a society of sharing. By integrating our experiences and expertise built through power solutions, 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 organized into customized programs to carry out social contribution activities systematically. In 2024, 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.

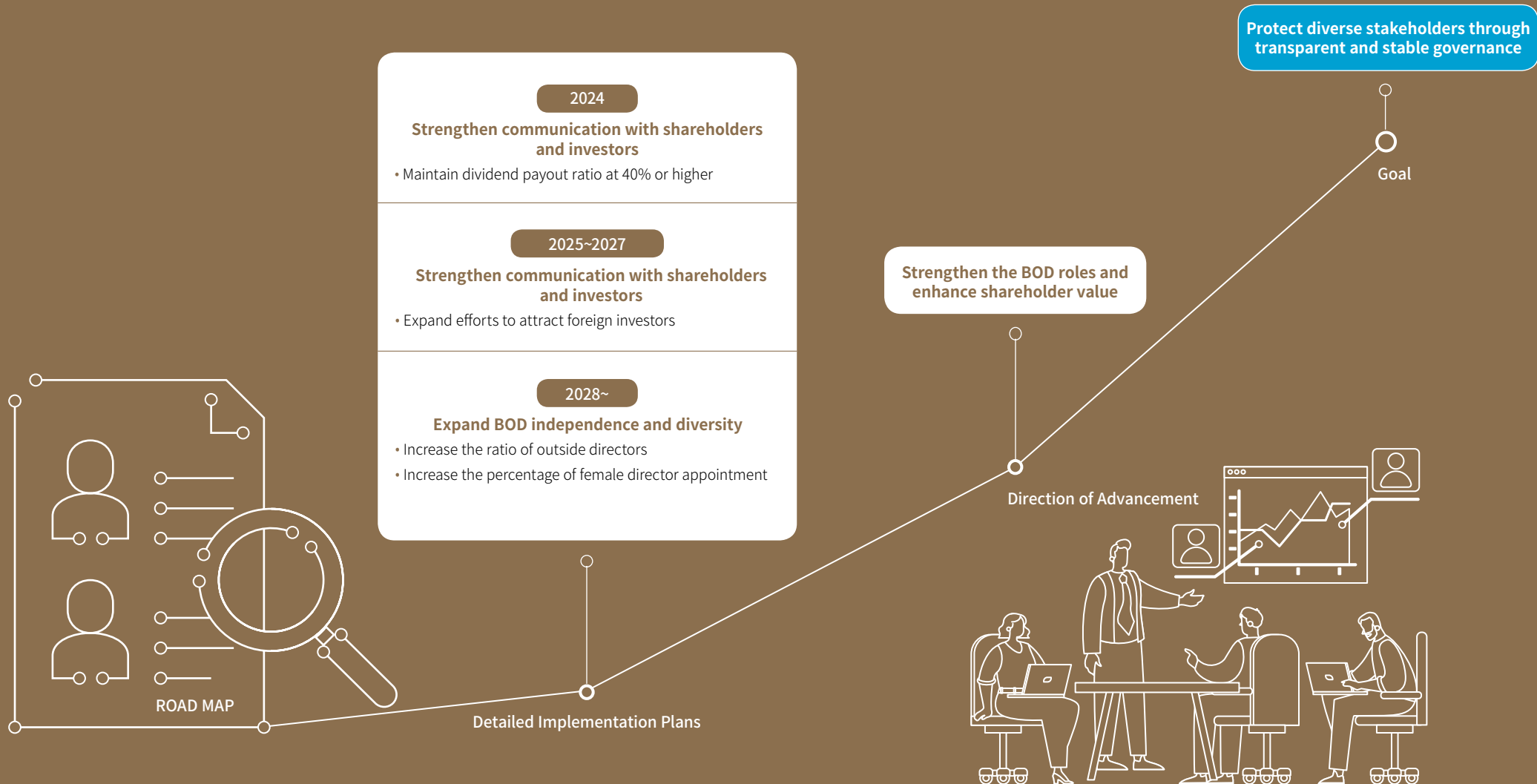
Social Contribution Governance



*E-Bridge : A communication body committed to creating an outstanding workplace, embedding an open culture, and spearheading social contribution activities.

Activity

Related UN SDGs	Category	Activity Details	Performance
	Donation to help neighbors in need	<ul style="list-style-type: none"> • Donation to the Community Chest of Korea • Support to protect the socially vulnerable • Donated reusable goods to social enterprises 	<ul style="list-style-type: none"> • Utilized LS Group’s collective donation fund of KRW 2 billion to contribute KRW 100 million to neighbor aid in Cheonan, Chungnam • Contributed KRW 170 million to relief efforts for areas affected by the Gangneung wildfire and flood damages • Delivered about 1,000 donated items from employees to the ‘Goodwill Store,’ a social enterprise
	Support for children	<ul style="list-style-type: none"> • Learning kits for new semester to local elementary school students from low-income families (Let’s Start with LS ELECTRIC campaign) 	<ul style="list-style-type: none"> • Delivered items for the new semester, including school bags to 150 elementary school students in the southern part of Gyeonggi-do, such as Anyang, Siheung, and Ansan • Supported the purchase of a safe school transportation vehicle for children in Yongsan-gu • Provided renewable energy education to 975 elementary students in Anyang
	Support for senior citizens	<ul style="list-style-type: none"> • 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 company to senior citizens living alone 	<ul style="list-style-type: none"> • Donated winter clothes to 150 senior citizens in Anyang City • Conducted home visits for senior citizens in Dokjeong 2-ri, Ipjang-myeon, Cheonan
	Support for people with disabilities	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Donated KRW 17 million raised by employees to the welfare center for people with disabilities in Cheongju City • Provided clothing support to 115 users of the local welfare center for people with disabilities in Cheonan City
	Environmental clean-up	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Developed a forest in Seongseong Lake Park, Cheonan (1,400 crape myrtle trees) • Two environmental improvement activities around Musim River in Cheongju • Thirteen environmental improvement activities near worksites in Cheongju, Cheonan, and Busan
	Support for rural regions	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Assisted with housing improvements for rural families in Dokjeong 2-ri, Ipjang-myeon, Cheonan



Governance

Establishing Sound Governance

UN SDGs



Establishing Sound Governance

Policy

BOD Independence and Diversity

LS ELECTRIC maintains its BOD's independence by having 5 out of 9 directors as outside directors. These outside directors are chosen through the Outside Director Candidate Recommendation Committee, which utilizes fair procedures and thorough reviews to select the candidates. When appointing outside directors, the company excludes discrimination based on gender, nationality, or profession. The company selects candidates such as certified public accountants specializing in finance and accounting, professors in relevant industrial fields, and experts in economics and administration. This approach ensures diversity by appointing professionals with both expertise and practical experience. The BOD's diversity is further strengthened by appointing a female outside director, and all committee chairs are filled by outside directors, strengthening their oversight over management.

Mid- to Long-term Shareholder Return Policy

LS ELECTRIC has established a mid- to long-term shareholder return policy to enhance shareholder value, with dividend resources determined by considering business performance, forecasts, and financial conditions. From fiscal year 2022 to 2024, we plan to maintain the dividend payout ratio of at least 40% of the current net profits based on the non-consolidated financial statements, and pay dividend of at least KRW 1,000 per share. Following a resolution by the BOD and approval at the general shareholders' meeting, LS ELECTRIC provides dividends to shareholders or registered lien holders noted in the shareholder register at each fiscal year-end, using cash, stock, or other properties. In the 50th period (fiscal year 2023), KRW 82,197 million was paid as dividend, with KRW 2,800 as the amount per share. Moving forward, LS ELECTRIC will continue dedicating efforts to respecting and strengthening shareholder rights by carrying out shareholder return at an appropriate level.

BOD Organization (as of March 21, 2024)

Category	Name	Gender	Date of Appointment (Expiration of Term)	Career Highlights	Board of Directors	Audit Committee	ESG Committee	Outside Director Candidate Recommendation Committee
Executive Directors	Ja-Kyun Koo	Male	Mar. 28, 2023 (Mar. 28, 2026)	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)	Current Executive Director of ESG, LS ELECTRIC	●		●	●
	Jong-Woo Kim	Male	Mar. 21, 2024 (Mar. 21, 2027)	Current Global CIC COO, LS ELECTRIC	●			
	Jae-Seok Oh	Male	Mar. 21, 2024 (Mar. 21, 2027)	Current Electric Power CIC COO, LS ELECTRIC	●			
Outside Directors	Jong-Won Choi	Male	Mar. 28, 2023 (Mar. 28, 2026)	Former Non-standing commissioner, Korea Fair Trade Commission Former Member of the Public Institutions Management Committee, Ministry of Economy and Finance Former Professor, Seoul National University Graduate School of Public Administration Current Director, Seoul National University Global Administration Development Institute	●	●	●	◎
	Won-Ja Song	Female	Mar. 28, 2022 (Mar. 28, 2025)	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	●	◎	◎	●
	Jae-Hong Kim	Male	Mar. 28, 2023 (Mar. 28, 2026)	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)	Former Professor, 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	●	●	●	
	Jeung-hyun Yoon	Male	Mar. 21, 2024 (Mar. 21, 2027)	Former Governor of the Financial Supervisory Service Former Minister of Strategy and Finance Former Acting Prime Minister Current Director, Yoon Economic Research Institute	●	●	●	

*The Remuneration Committee was newly established in November 2023.

Chairperson : ◎

Establishing Sound Governance

Activity

Activities of the BOD and Subcommittees

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

Category	Board of Directors	Audit Committee	ESG Committee	Outside Director Candidate Recommendation Committee	Remuneration Committee*
Role	• Decide key management goals and basic management strategies for the company and shareholder benefits, and oversee the management activities	• Audit the company's accounting and business operations	• Advance governance to enhance shareholder value and deliberate on corporate social and environmental responsibilities	• Recommend candidates for outside director to be appointed at the general shareholders' meeting	• Deliberate and resolve matters on executive compensation
Function	• Establish management goals and key management strategies • Appoint and dismiss, supervise, and assess the management and decide the compensation policy • Handle other matters prescribed by the statutes, Articles of Association, and BOD Regulations	• Handle matters related to accounting and outside auditors, etc. • Handle matters related to audit • Handle matters related to the status assessment of internal accounting management system operation • Handle other matters prescribed by the statutes and Articles of Association, or entrusted by the BOD	• Establish ESG strategies and plans • Analyze ESG policies and trends • Deliberate on internal transactions in advance	• Recommend outside director candidates • Handle other matters necessary for outside director candidate recommendation	• Issues related to executive's remuneration as determined necessary by the BOD or its committees.
Meetings Held	5	6	4	1	-
Attendance	97%	100%	100%	100%	-
Items Resolved	29	5	9	1	-
Items Reported	14	16	5	-	-

*The Remuneration Committee was newly established in November 2023.

BOD Assessment and Compensation

LS ELECTRIC has conducted a BOD assessment to assess whether the BOD is fulfilling its roles and responsibilities as mandated by laws and internal regulations, aiming to enhance the BOD's rationality, transparency, and efficiency. After the Q4 BOD meeting held in November 2023, a self-assessment of the BOD's activities for the year was conducted. This assessment involved all five outside directors participating anonymously. The four assessment categories are the BOD's role, responsibilities, structure, and operations, along with individual self-assessments of activities by the outside directors and assessments of subcommittees (ESG Committee, Outside Director Candidate Recommendation Committee, and Audit Committee). The results will be used for future BOD operations and improvements. Directors' compensation is managed transparently through BOD proposals. Final approval for directors' compensation is obtained through the general shareholders' meeting, with payments made within the approved limits.

Category		Score
BOD assessment	Role	4.90
	Responsibilities	5.00
	Structure	5.00
	Operations	5.00
Subcommittee assessment	ESG Committee	5.00
	Outside Director Candidate Recommendation Committee	5.00
	Audit Committee	4.93
Individual outside director assessment	Self-assessment of activities	4.90
Overall average		4.97

Establishing Sound Governance

Activity

Training of Outside Directors

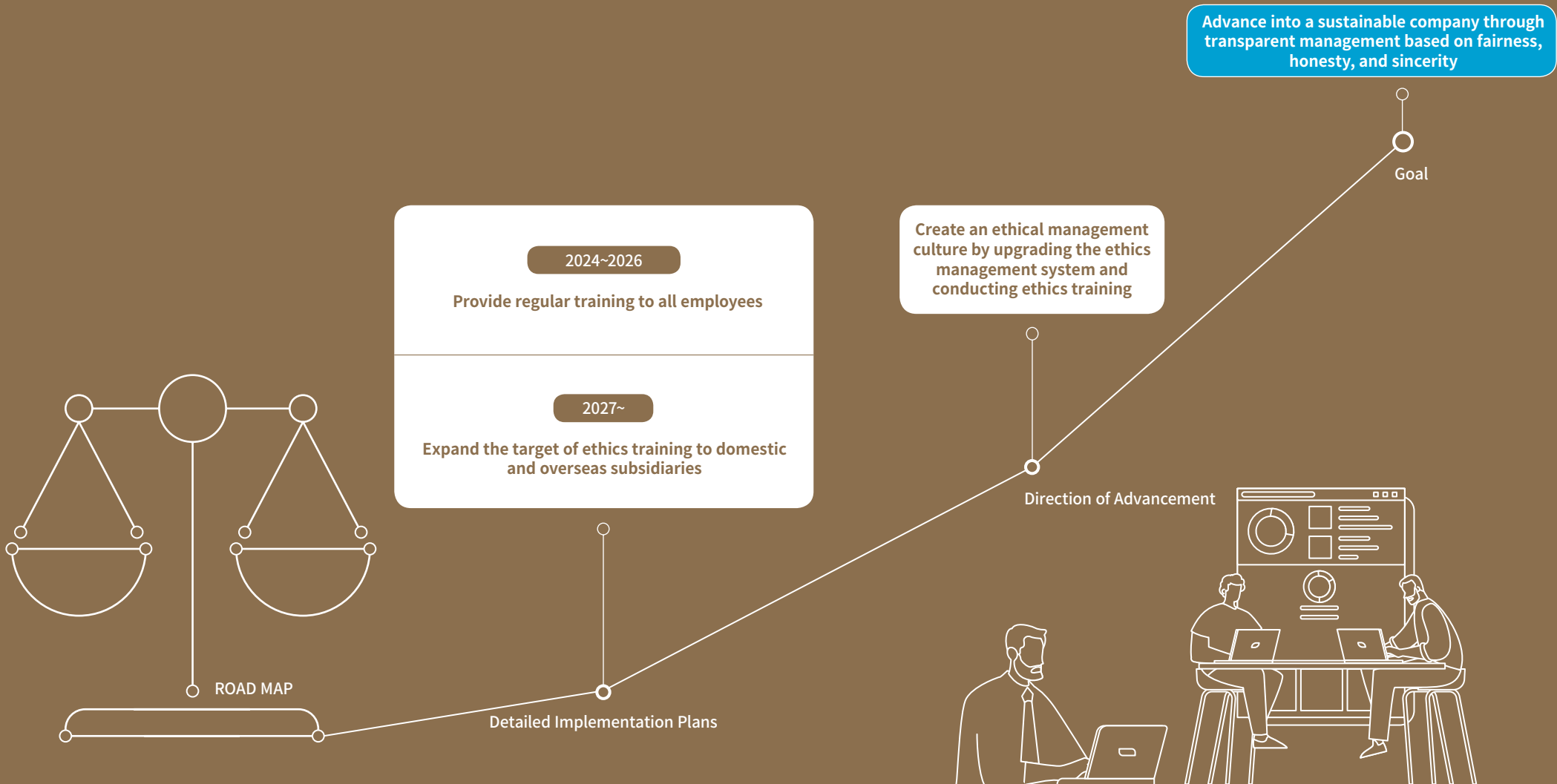
LS ELECTRIC actively facilitates training for outside directors conducted by various external experts to enhance their decision-making effectiveness and management oversight capabilities. In 2023, all outside directors attended four sessions of the 'Regular Forum for Auditing and Auditors' organized by the Audit Committee Forum, focusing on accounting, auditing, internal controls, legal aspects, and industry and market insights. Additionally, in October 2023, all outside directors attended a key issue briefing on capital markets for outside directors of listed companies, which included training on compliance management and relevant markets.

Shareholder Status

As of the end of 2023, 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 9.99% shareholding as of February 2024.

Expanding Communication with Shareholders and Investors

LS ELECTRIC has improved shareholder convenience in exercising voting rights by introducing the electronic voting system and the shadow voting recommendation system. The company discloses information related to the general shareholders meeting, such as the date, location, purpose, and method of voting right exercise, in the Data Analysis, Retrieval, and Transfer System (DART) of the Financial Supervisory Service. The BOD resolves a general shareholders meeting convocation and issues the convocation notice 43 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 is held targeting key domestic institutional investors every quarter and when requested by investors. NDR and group conference calls for overseas investors and IR activities are also conducted in the form of a corporate day meeting to introduce the company to investors and listen to investor needs. Additionally, the company hosts IR meetings for institutional investors seeking direct engagement, enhancing IR activities.



Governance

Ethics Management

UN SDGs



Ethical Management

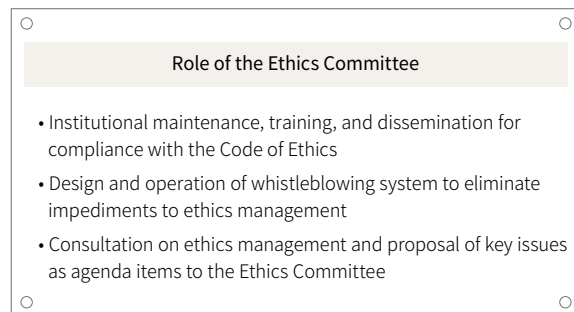
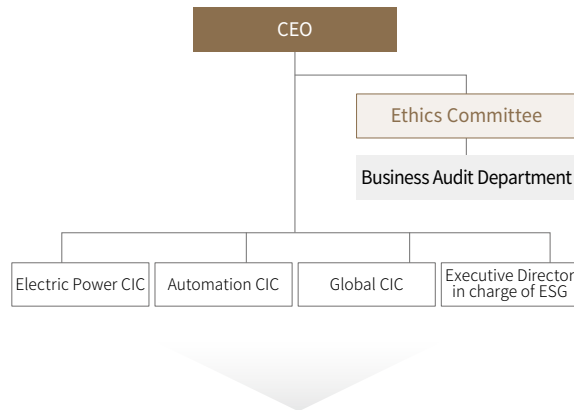
Policy

Ethical 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.

*Code of Ethics and Practice Guidelines 

Ethics Management Governance



Goal of Ethics Management



Whistleblowing System and Whistleblower Protection

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 conduct, and human rights violations including sexual harassment. The whistleblowing system is protected by 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 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 been operating 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 conduct in violation of the Code of Ethics and Practice 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.

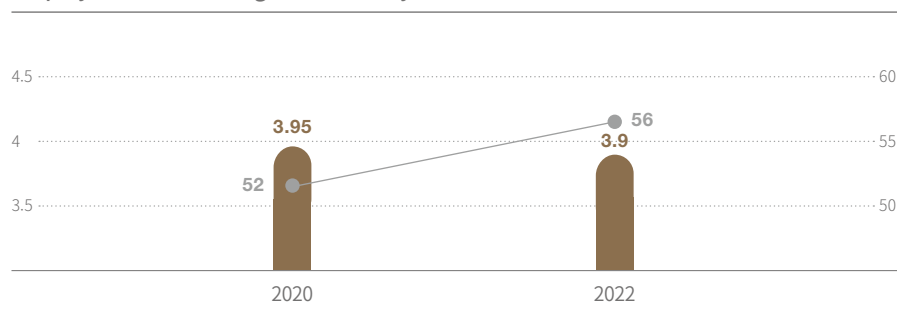
Ethical Management

Goal and Performance

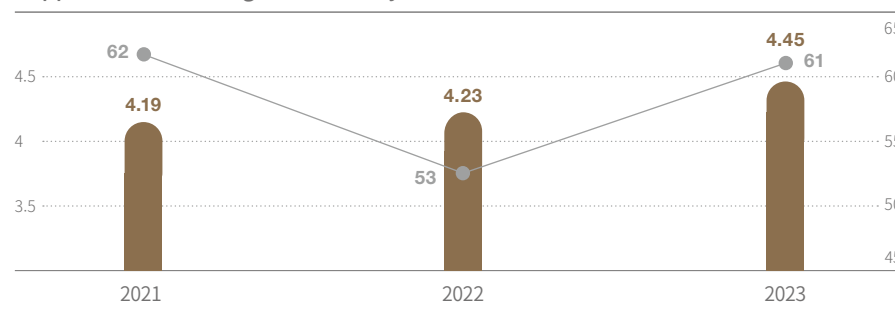
Ethical Management Survey

LS ELECTRIC conducts biannual ethical management questionnaire surveys among employees to assess compliance to the Code of Ethics Practice Guidelines and monitor satisfaction with the company's ethical management. In addition, annual surveys are carried out with the company's suppliers to evaluate their satisfaction with LS ELECTRIC's ethical management during transactions and to gather information on any experiences of illegal or corruptive practices. These surveys help collect feedback on the effectiveness of ethical management activities, compliance with the Code of Ethics Practice Guidelines, and the implementation level of ethical management. In 2023, the survey format was redesigned to simplify the response process, which led to an 8% increase in supplier response rates over the previous year. A similar rise in response rates is anticipated for the upcoming employee survey in 2024. Based on the ethical management issues and the current state identified through the survey, the company is consistently enhancing its ethical management system.

Results and Response Rates for the Employee Ethical Management Survey ■ Score (Unit : Points) ■ Response Rate (Unit : %)



Results and Response Rates for the Supplier Ethical Management Survey ■ Score (Unit : Points) ■ Response Rate (Unit : %)



Activity

Ethical Management Practice Training

Ethical management training is provided to employees at the LS Group-wide level. In 2023, the ethical management training materials were posted on the internal noticeboard. Furthermore, ethics training was also provided to 26 employees including new employees and expatriates, covering the importance of ethical management, understanding the Code of Ethics and Practice Guidelines, and training on unfair practice cases.

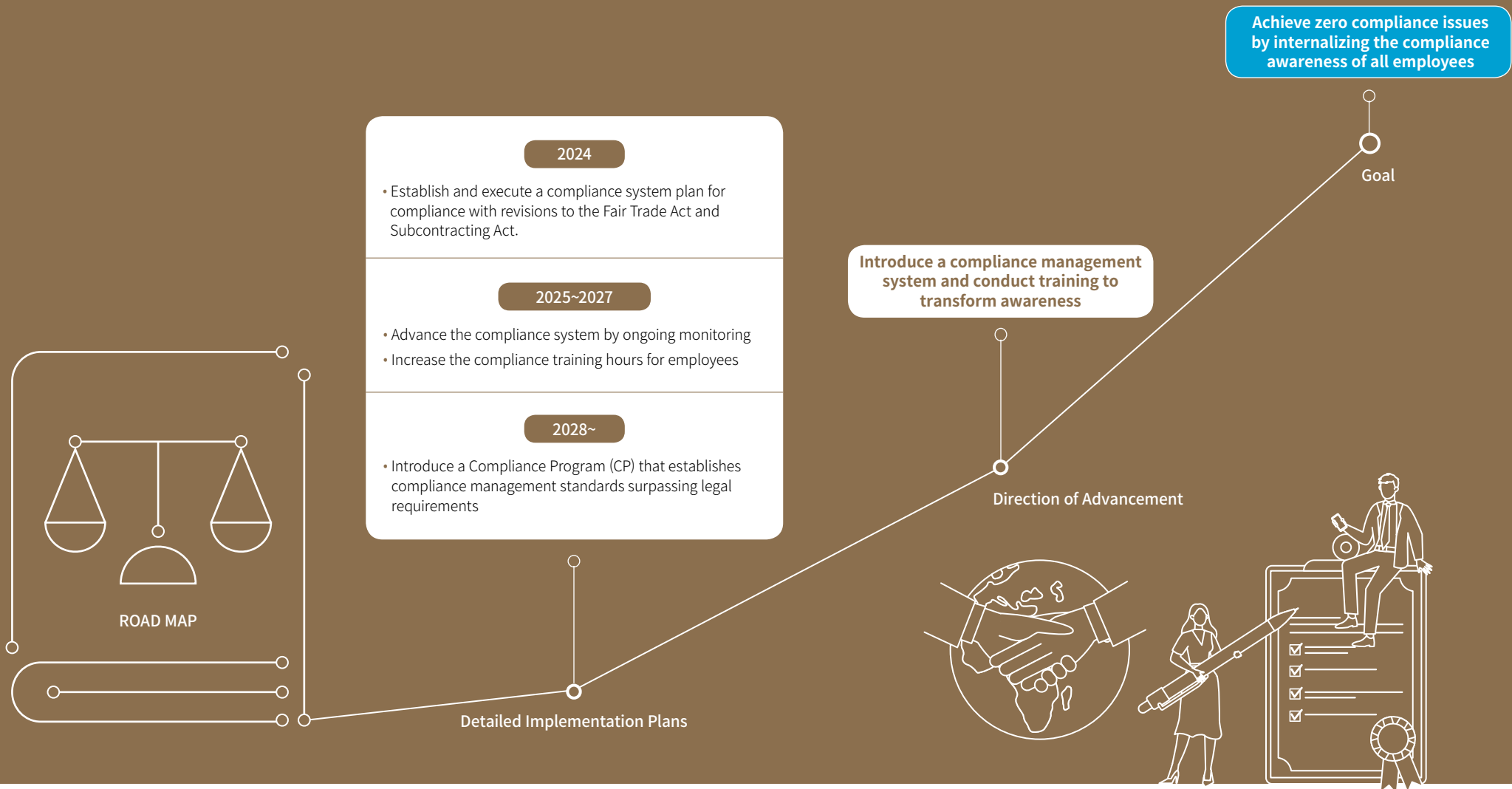
Ethical Management Pledge

To promote awareness of ethical management practices and establish transparent work processes, LS ELECTRIC requires all employees, including those at its subsidiaries, to sign the ethical management pledge every year. In 2023, all 3,871 employees signed the pledge. Starting in 2024, this requirement will also apply to local employees at the company's overseas subsidiaries.

Unethical Conduct Reporting

To eradicate ethical management violations, LS ELECTRIC receives reports on unethical conduct involving employees, suppliers, and customers over the phone, through email, via post, and on the online whistleblowing center at all times and takes the appropriate actions. In 2023, 33 reports were received, and these reports were handled 100% through the internal procedures.

Illegal/corruptive practices	Reports Received	10	Unfair operation handling	Reports Received	10
	Reports Handled	10		Reports Handled	10
Human rights	Reports Received	4	Claim	Reports Received	6
	Reports Handled	4		Reports Handled	6
Others	Reports Received	3	Handling Rate 100%		
	Reports Handled	3			



Governance

Compliance

UN SDGs

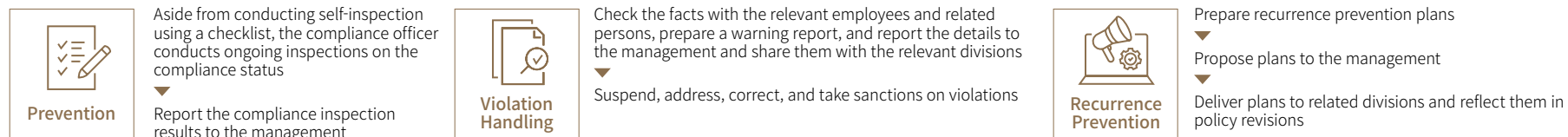


Compliance

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 subsidiaries. Under the leadership of the 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 2023, the BOD appointed the head of the Legal Affairs Team as compliance officer (reappointment every three years upon termination of office). The Compliance Management Team reports compliance activities to the BOD each year.

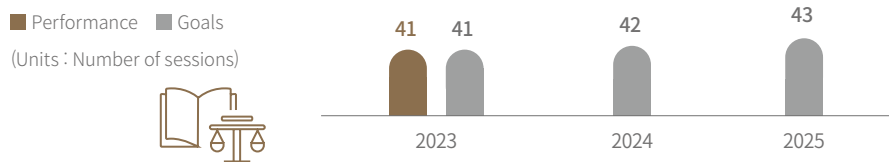


Goal and Performance

Compliance Management Training

LS ELECTRIC offers a range of compliance training programs designed to enable employees to proactively identify and respond to legal risks. In 2023, the company conducted 41 compliance training sessions focused on enhancing compliance management awareness across different job functions. Furthermore, to spread the culture of compliance, compliance training was also provided to subsidiaries. The plan is to gradually expand participants to prevent various legal risks that could occur during the performance of work processes.

Employee Training Goals and Performance



Employee Training in 2023

Targets	Description	Number of sessions
Sales	Fair Trade Act (collusion, unfair transactions)	13
Procurement	Training on revisions to the Subcontracting Act (delivery price linkage system)	4
Worksites including design, research labs	General subcontracting laws	23
Sales	Revisions to the export-import notice on strategic goods	1
Total		41

Activity

Fair Trade Compliance

In 2023, the BOD appointed the head of the Legal Affairs Team 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 2023, LS ELECTRIC's compliance support division frequently inspected violations of the fair trade-related statutes for a total of 12 cases 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. Every year, the compliance support division regularly updates legal risk categories and checklists, while supporting self-inspections. In 2023, with revisions to the Win-Win Cooperation Act and the Subcontracting Act, the company carried out training and preliminary inspections across relevant divisions and subsidiaries to enable the introduction of the delivery price linkage system.

Policy

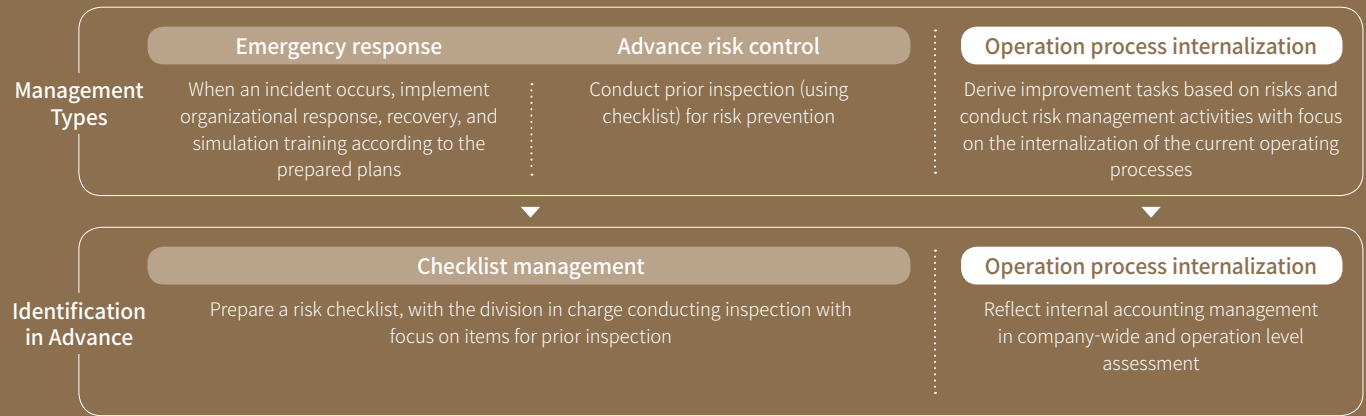
Risk Management Process

LS ELECTRIC recognizes 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 a thorough follow-up management process.



Advance Risk Identification

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.



Governance

Risk Management

UN SDGs



Risk Management

Policy

Financial Risk Management

Classification of Financial Risks	Management Plan
Foreign Exchange Risk Risk of exchange rate fluctuation that can occur in foreign currency transactions	<ul style="list-style-type: none"> • Regularly measure the exchange risk in relation to Korean won exchange rate fluctuations • Use financial derivatives • Enter into a currency forward contract to avoid exchange risk for foreign currency debts and bonds • Enter into a currency forward contract to manage exchange risk for expected sales and purchase transactions
Interest Rate Risk, Price Risk	<ul style="list-style-type: none"> • Regularly measure the interest rate risk caused by borrowings at variable rates • Measure the marketable fair value, regularly measure the price fluctuation risk occurring in equity instruments
Credit Risk 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"> • In addition to credit risk for accounts including amortized cost of financial assets, LS ELECTRIC's credit risk is also caused by payment guarantee limits • 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
Liquidity Risk	<ul style="list-style-type: none"> • Establish short-, mid-, and long-term fund management plans • Respond to the maturity of financial assets and liabilities by analyzing cash outflow budget and actual cash outflow

Capital Risk Management

For capital management, LS ELECTRIC maintains an optimal capital structure in order to continuously provide benefits to stakeholders 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.

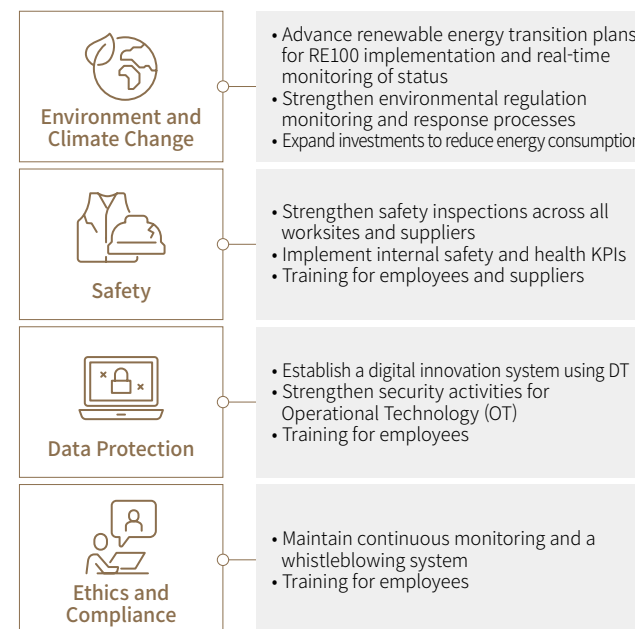
Tax Risk Management

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 (BEPS). 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 system operating rules it established. We also established a consolidated internal accounting management system—an integrated system for the LS Group—to improve our risk management to a global standard from 2023. While reestablishing the assessment and certification procedures by spreading the internal accounting management system to LS ELECTRIC subsidiaries, we design and operate risk management processes considering each subsidiary's scale and characteristics. The CEO inspects the standalone and consolidated internal accounting management system status and reports details at the general shareholders' meeting and to the BOD and Audit Committee. The Audit Committee reports the results of the status assessment of the standalone and consolidated internal accounting management system to the BOD.

Non-financial Risk Management



Appendix

What is the hopeful today created by LS ELECTRIC?



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95 Awards and Memberships

96 GHG Verification Statement

97 Independent Assurance Statement

ESG Data

Financial Statements (Consolidated)

Summarized Statement of Financial Position

(Unit : KRW million)

Particulars	2021	2022	2023
Assets	2,796,732	3,322,805	3,732,892
Current assets	1,887,748	2,341,252	2,605,193
Non-current assets	908,983	981,553	1,127,699
Liabilities	1,323,312	1,773,514	2,008,850
Current liabilities	845,301	1,390,210	1,448,677
Non-current liabilities	478,012	383,304	560,173
Equity	1,473,419	1,549,291	1,724,042
Total equity attributable to shareholders of the company	1,481,633	1,553,494	1,712,770
Non-controlling interests	(8,214)	(4,203)	11,272
Total liabilities and equity	2,796,732	3,322,805	3,732,892

Summarized Statement of Comprehensive Income

(Unit : KRW million)

Particulars	2021	2022	2023
Sales	2,668,265	3,377,070	4,230,483
Operating income	155,132	187,524	324,878
Income from continuing operations before tax	110,750	126,967	264,096
Net income	85,310	91,210	207,673
Total comprehensive income for the current term	107,906	104,027	197,563

Summarized Statement of Cash Flow

(Unit : KRW million)

Particulars	2021	2022	2023
Cash flow from operating activities	101,544	(145,446)	214,646
Cash flow from investing activities	(120,431)	(131,065)	(193,360)
Cash flow from financing activities	34,813	134,654	2,612
Change in cash and cash equivalents	15,926	(141,857)	23,898
Cash and cash equivalents at the beginning of the year	683,235	701,597	556,086
Effects of exchange rate changes on cash and cash equivalents	2,436	(3,654)	3,941
Cash and cash equivalents at the end of the year	701,597	556,086	583,925

Balance in Government Subsidies

(Unit : KRW million)

Particulars	2021	2022	2023
Buildings	167	162	156
Machinery	333	295	258
Tools and equipment	25	21	15
Office equipment	217	223	171
Development expenses	184	115	80
Other non-tangible assets	18	14	10

ESG Data

LS ELECTRIC Environmental Performance

Environmental

Category		Unit	2021	2022	2023	Remarks		
Investment in environment and safety		KRW million	6,541	7,870	11,124			
Air pollutant emissions ¹⁾	Dust	kg	841	1,006	1,168			
	NOx	kg	4,068	3,092	3,530			
	SOx	kg	-	-	-			
	VOC	kg	3,233	2,954	1,404			
Water pollutant emissions ²⁾	BOD	kg	-	-	-			
	TOC	kg	0	22.80	43.20			
	SS	kg	0	0	12			
	T-N	kg	19.20	20.40	14.40			
	T-P	kg	0	1.79	6.11			
	Other	kg	-	-	-			
Water ³⁾	Water consumption	Cheongju Worksite	Service water	m ³	32,670	35,445	36,790	Performance includes LS e-Mobility Solutions (Cheongju Worksite)
			Industrial water	m ³	51,765	54,355	51,215	
		Cheonan Worksite	Service water	m ³	44,082	25,397	28,658	
			Industrial water	m ³	1,392	28,569	18,853	
		Busan Worksite	Service water	m ³	37,000	14,404	10,960	
			Industrial water	m ³	11,426	59,458	78,457	
			Wastewater discharged	m ³	104	159	209	
			Reuse	m ³	-	-	-	

Category		Unit	2021	2022	2023	Remarks
Energy ⁴⁾	Power consumption	TJ	637.3	602.6	564.2	
	Fuel consumption	TJ	87.5	94.4 ⁷⁾	86.2	LNG, LPG, gasoline, diesel
	Total energy consumption	TJ	724.8	697.0	650.4	
	Energy intensity	TJ/KRW 100 million	0.04	0.03	0.02	
	Renewable energy consumption	TJ	-	-	-	
	GHG ⁵⁾	Amount discharged	Scope 1	tCO ₂ eq	4,587	4,913
Scope 2			tCO ₂ eq	30,498	28,836	26,998
Total			tCO₂eq	35,085	33,749	31,523
GHG Intensity		tCO ₂ eq/KRW 100 million	1.87	1.48	1.05	Scope : Scope 1+Scope 2, standalone sales basis
Scope 3 emissions	Fuel and energy	tCO ₂ eq	-	2,178	2,038	GHG emissions from power transmission and distribution losses
	Waste	tCO ₂ eq	-	112	108	
	Employee business travel	tCO ₂ eq	-	8,027	9,130	Business travel by air (international), train, and personal vehicle (domestic)
	Commuting	tCO ₂ eq	-	3,731 ⁸⁾	3,667	Commuter bus operation (Cheongju, Cheonan, Busan)
	Leased assets	tCO ₂ eq	-	11,462	11,462	
	Total	tCO₂eq	-	23,332	26,405	
Hazardous chemical usage ⁶⁾	kg	0.3	1,598.8	5,667.3	Increase in total hazardous chemical usage due to expansion of classification following amendment of National Toxic Substances Designation Notice (June 22, 2021)	

1) 2) 3) 6) Data scope : Cheongju/Cheonan/Busan Worksites

4) 5) Data Scope : Head Office, LS Yongsan Tower, R&D Campus, 3 Worksites (Cheongju, Cheonan, Busan), 8 Sales Offices (Daejeon, Daegu, Busan, Ulsan, Naju, Gwangyang, Gunsan, Uiwang)

7) Data correction due to simple error in previous year's report

8) Data correction due to calculation error in previous year's report

ESG Data

LS ELECTRIC Environmental Performance

Environmental

Category	Unit	2021	2022	2023	Remarks		
Green procurement ¹⁾	KRW million	265	739	615			
Eco-friendly product development	KRW million	7,602	11,644	14,588			
Sales from Eco-friendly Products and Services ²⁾	KRW 100 million	1,969	2,620	4,527			
Raw materials	Steel	ton	9,470	13,104	21,613		
	Non-ferrous metal	ton	3,419	4,129	4,288		
	Resin	ton	2,278	2,148	374		
	Recycled materials	ton	0	0	0		
Waste ³⁾	Designated waste	Landfill	ton	0.91	1.65	1.03	
		Incineration	ton	55.84	44.50	43.79	
		Recycling	ton	46.41	37.16	58.13	
		Other	ton	-	-	-	
	Subtotal	ton	103.16	83.31	102.95	Performance includes LS e-Mobility Solutions (Cheongju Worksite)	
	General waste	Landfill	ton	7.23	1.91		-
		Incineration	ton	498.40	228.02		37.59
		Recycling	ton	3,074.87	3,422.62		3,575.30
		Other	ton	-	-		-
	Subtotal	ton	3,580.50	3,652.55	3,612.89		
Total	ton	3,683.66	3,735.86	3,715.84			
Waste treatment	%	84.7	92.6	97.8			

1) Green product standards are calculated as environmental labeling products, excellent recycling (GR) products, and low carbon certified products in accordance with the Framework Act on Carbon Neutrality and Green Growth to Respond to Climate Crisis

2) The eco-friendly sales standard is internal self-standard (SF6 reduction, renewable energy generation, energy efficiency product line, etc.)

3) Data scope : Cheongju/Cheonan/Busan Worksites

LS ELECTRIC Social Performance

Employees

Category	Unit	2021	2022	2023	Remarks	
Employee count by employment type	Permanent employees	Males	Persons	2,771	2,645	2,716
		Females	Persons	322	335	357
	Temporary employees	Males	Persons	74	78	87
		Females	Persons	55	54	44
	Total	Persons	3,222	3,112	3,204	
	Employee count by age group	20s	Males	Persons	128	186
Females			Persons	57	82	82
30s		Males	Persons	681	648	618
		Females	Persons	105	102	104
40s		Males	Persons	918	885	887
		Females	Persons	179	170	160
50 and older		Males	Persons	1,118	1,004	1,070
		Females	Persons	36	35	55
Total		Persons	3,222	3,112	3,204	
Employee count by work location		Korea		Persons	3,177	3,065
	Asia-Pacific (excl. Korea)		Persons	37	38	35
	North America		Persons	4	5	11
	Europe		Persons	4	4	6
	Other		Persons	-	-	-
	Total	Persons	3,222	3,112	3,204	
	New recruits	Males		Persons	146	192
Females		Persons	60	63	64	
Total		Persons	206	255	285	
Employee turnover	Total employee turnover count		Persons	243	364	258
	Overall turnover rate		%	7.6	11.5	8.2
	Voluntary employee turnover count		Persons	110	150	123
	Voluntary turnover rate		%	3.4	4.8	3.9

ESG Data

LS ELECTRIC Social Performance

Employees

Category		Unit	2021	2022	2023	Remarks
Performance evaluation	Number of employees evaluated	Persons	2,066	1,771	1,781	
	Performance evaluation review rate	%	64.1	56.9	55.6	
Length of service	Males	Years	17.6	17.5	17.5	
	Females	Years	16.5	15.8	16.1	
Workforce diversity	Number of female employees	Persons	377	388	401	
	Percentage of female employees	%	11.7	12.5	12.5	
	Number of female managers	Persons	66	69	79	Managers at the level of assistant manager or above
	Percentage of female managers	%	4.2	4.5	5.1	
	Number of female executives	Persons	0	1	1	
	Percentage of female executives	%	0	3.7	4.0	
	Number of women in revenue-generating departments	Persons	66	68	71	
	Percentage of women in revenue-generating departments	%	9	9.8	9.9	
	Number of women in STEM positions	Persons	62	62	72	
	Percentage of women in STEM positions	%	7	7.3	8.5	
	Number of employees with disabilities	Persons	39	35	41	
	Percentage of employees with disabilities	%	1.2	1.1	1.6	
	Number of veterans	Persons	64	58	55	
	Percentage of veterans	%	2.0	1.9	1.7	
Equal pay	All employees	Times	0.81	0.77	0.80	Women's average salary/men's average salary
	Managers	Times	0.89	0.90	0.86	Above assistant manager but below executive
	Non-managers	Times	0.87	0.85	1.01	

Category		Unit	2021	2022	2023	Remarks
Pay gap between CEO and other employees		Times	43.13	43.01	40.98	
Training expenses		KRW 1,000/person	1,487	1,572	1,949	Includes dispatched employees
Training hours		PD/person	10	7.6	7.9	
Welfare expenses		KRW Million/person	16.6	17.4	17.9	
Welfare expense as a percentage of sales		%	2.8	2.4	1.9	
Employees taking maternity leave	Males	Persons	80	80	67	Spousal paternity leave
	Females	Persons	4	7	4	
Employees taking parental leave	Males	Persons	9	15	18	
	Females	Persons	5	16	8	
Employees taking parental leave	Males	%	100	100	100	
	Females	%	100	100	100	
Rate of employees who stay for more than 1 year after returning from parental leave	Males	%	100	100	100	
	Females	%	100	100	100	

Retirement Pension Fund Management

Category		Unit	2021	2022	2023	Remarks
Defined benefit (DB)	Funds under management	KRW million	233,995	250,342	252,769	
	Subscribers	Persons	2,707	2,475	2,365	
Defined contribution (DC)	Funds under management	KRW million	-	-	-	
	Subscribers	Persons	404	461	574	

ESG Data

LS ELECTRIC Social Performance

Health and Safety

Category	Unit	2021	2022	2023	Remarks	
Employee industrial accidents	Industrial accident rate	%	0.01	0.06	0.03	
	Number of fatalities	Persons	0	0	0	
	Lost time due to injury	days	15	39	0	
	Number of lost time injuries (LTJ)	Cases	1	3	0	Based on approval by the Korea Workers' Compensation and Welfare Service
	LTIFR(Lost Time Injuries Frequency Rate) ¹⁾	Incidents per million working hours	0.149	0.463	0	
Industrial accidents at suppliers	Number of industrial accidents	Cases	0	2	0	
	Number of fatalities	Persons	0	0	0	
Safety	Training	Hours completed	hour	61,023	53,260	52,760
		Participants	Persons	28,250	26,659	26,710
	Total training expenses	KRW million	3.65	13.98	24.18	
Health	Checkup Expenses	KRW million	699	638	589	
	Support for medical expenses	KRW million	1,100	1,003	1,111	

Purchase by Region

Category	Unit	2021	2022	2023	Remarks
Asia (excluding Middle East)	%	69	69	62	Region-specific percentage of overseas purchase amount
Europe	%	21	21	20	
Americas	%	10	9	15	
Middle East	%	-	0	0	
Others (Oceania and Africa)	%	-	1	3	
Total	%	100	100	100	

1) Data correction due to changes in approval details by the Korea Workers' Compensation and Welfare Service

Shared Growth

Category	Unit	2021	2022	2023	Remarks
Supplier ethics management satisfaction ²⁾	Points	4.19	4.23	4.45	
Number of shared growth agreements signed	Cases	324	337	325	
Financial support for suppliers	Support amount	KRW Billion	69	56	72
	Supported suppliers	Companies	43	50	41
Win-win payment support for suppliers total amount	KRW Billion	8,777	10,893	14,547	
Training support for suppliers participants	Persons	122	163	137	
Number of training support sessions for suppliers	Times	9	8	8	
Technical support for suppliers	Number of suppliers benefiting from technology sharing	Companies	37	0	30
	Number of technology protection support cases	Cases	17	9	14
	Technology cooperation projects	Cases	22	41	16
	Support amount	KRW Billion	17	35	18
ACE Club (suppliers association) Member companies	Companies	16	20	20	
Innovation capacity support for ACE Club	Supported suppliers	Companies	16	20	20
	Supported employees	Persons	16	20	20
Supplier performance sharing participating suppliers	Companies	133	100	105	

2) Data correction due to changes in calculation standards

Social Contribution

Category	Unit	2021	2022	2023	Remarks
Donations	KRW million	3,426	4,778	815	Consolidated
Social contribution expenses	KRW million	151	152	185	
Social contribution activities	Cases	55	56	62	
Participants in social contribution activities	Persons	4,511	3,478	3,167	
Beneficiaries of social contribution activities	Persons	1,471	901	2,189	

ESG Data

Environmental Performance by Subsidiary (2023)

Category	Unit	LS Metal	AC&T	LS ITC	LS Mecapion	LS e-Mobility Solutions ¹⁾	LS Sauter	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary		
Investment in environment and safety	KRW million	250	-	-	8	58	-	-	342	381		
Air pollutant emissions	Dust	kg	512.0	-	-	27.9	50.0	-	17.6	153.6	-	
	NOx	kg	0	-	-	-	-	-	99.8	-		
	SOx	kg	130.0	-	-	-	-	-	2.6	-		
	VOC	kg	0	-	-	-	-	-	2.9	-		
Water pollutant emissions	BOD	kg	50.1	-	-	-	-	2.9	-	27.5		
	COD	kg	-	-	-	-	-	4,667.6	568.7	52.1		
	SS	kg	81.4	-	-	-	-	460.5	171.4	11.0		
	T-N	kg	105.6	-	-	-	-	596.2	111.6	25.2		
	T-P	kg	0.1	-	-	-	-	70.7	10.5	1.1		
Water	Consumption by source	Service water	m ³	23,941	1,488	-	1,196	-	12,447	680	11,342	
		Industrial water	m ³	119,861	8	-	-	-	0	2,721	0	
	Wastewater discharged	m ³	31,351	-	-	-	-	10,580	2,721	9,074		
	Reuse	m ³	0	0	0	0	0	0	0	0		
GHG	Amount discharged	Scope 1	tCO ₂ eq	2,318.18	35.13	48.38	67.34	7.85	50.26	43.80	147.90	18.03
		Scope 2	tCO ₂ eq	23,984.10	146.73	144.89	304.10	690.73	22.80	1,885.66	321.05	689.77
		Total	tCO₂eq	26,302.27	181.86	193.26	371.45	698.58	73.05	1,929.46	468.95	707.80
	GHG intensity	tCO ₂ eq/ KRW 100 million	4.67	0.77	-	0.93	1.50	0.18	1.80	0.95	0.57	
Chemicals	Hazardous chemicals used	kg	114,595	-	-	44	3,500	0	5	2,095	0	
	Steel	ton	0	0	0	129.50	0	0	22.55	0	996.64	
Raw materials	Non-ferrous metal	ton	43,495.37	0	0	95.30	0	0	77.42	184.93	193.16	
	Resin	ton	0	0	0	8.20	0	0	0	0	5.73	

1) Water and waste data from LS e-Mobility Solutions Cheongju Worksite are included in LS ELECTRIC's environmental performance

ESG Data

Environmental Performance by Subsidiary (2023)

Category		Unit	LS Metal	AC&T	LS ITC	LS Mecapion	LS e-Mobility Solutions ¹⁾	LS Sauter	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary	
Waste	Designated waste	Landfill	ton	0	-	-	-	-	-	2.08	0.19	
		Incineration	ton	24.69	-	-	-	-	-	0	0	
		Recycling	ton	1,141.88	-	-	-	-	-	0	0	
		Other	ton	0	-	-	-	-	1.81	0	0	
		Subtotal	ton	1,166.57	-	-	-	-	-	1.81	2.08	0.19
	General waste	Landfill	ton	480.24	-	-	-	-	-	-	-	50.34
		Incineration	ton	89.34	-	-	-	-	-	-	-	0
		Recycling	ton	39.96	-	-	-	-	-	-	-	0
		Other	ton	0	-	-	6.25	-	-	68.16	-	0
		Subtotal	ton	609.54	-	-	6.25	-	-	68.16	-	50.34
Total	ton	1,776.11	-	-	6.25	-	-	69.97	-	50.53		
Waste treatment		%	66.54	-	-	0	-	-	0	0	0	

1) Water and waste data from LS e-Mobility Solutions Cheongju Worksite are included in LS ELECTRIC's environmental performance

ESG Data

Social Performance by Subsidiary (2023)

Employees

Category			Unit	LS Metal	AC&T	LS ITC	LS Mecapion	LS e-Mobility Solutions	LS Sauter	Shanghai Holding Company	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary
Employee count by employment type	Permanent employees	Males	Persons	237	70	157	150	119	43	102	197	123	221
		Females	Persons	16	13	46	14	28	5	39	164	18	74
	Temporary employees	Males	Persons	18	2	10	9	5	1	0	0	0	1
		Females	Persons	7	1	1	3	0	3	1	0	0	3
	Total		Persons	278	86	214	176	152	52	142	361	141	299
Employee count by age group	20s	Males	Persons	37	14	14	22	11	2	7	17	5	87
		Females	Persons	7	3	23	3	10	4	3	9	1	20
	30s	Males	Persons	59	24	63	70	45	18	45	69	24	91
		Females	Persons	11	6	22	7	7	2	20	69	8	40
	40s	Males	Persons	80	28	67	52	40	18	35	92	53	38
		Females	Persons	5	2	1	4	9	1	17	82	9	14
	50 and older	Males	Persons	79	6	23	15	28	6	15	19	41	6
		Females	Persons	0	3	1	3	2	1	0	4	0	3
	Total		Persons	278	86	214	176	152	52	142	361	141	299
	Employee count by work location	Korea		Persons	275	86	214	175	144	52	0	0	0
Asia-Pacific (excl. Korea)		Persons	3	0	0	1	1	0	142	361	141	299	
North America		Persons	0	0	0	0	7	0	0	0	0	0	
Europe		Persons	0	0	0	0	0	0	0	0	0	0	
Others		Persons	0	0	0	0	0	0	0	0	0	0	
Total			Persons	278	86	214	176	152	52	142	361	141	299
New recruits	Males		Persons	74	6	39	18	32	14	7	16	3	79
	Females		Persons	6	0	20	3	10	1	6	19	0	14
	Total		Persons	80	6	59	21	42	15	13	35	3	93

ESG Data

Social Performance by Subsidiary (2023)

Employees

Category	Unit	LS Metal	AC&T	LS ITC	LS Mecapion	LS e-Mobility Solutions	LS Sauter	Shanghai Holding Company	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary	
Employee turnover	Total employee turnover count	Persons	72	8	41	33	9	10	22	59	2	41
	Overall turnover rate	%	26.3	9.4	20.0	18.1	6.6	20.2	17.6	15.8	1.4	14.3
	Voluntary employee turnover count	Persons	40	8	22	21	6	10	6	30	2	38
	Voluntary turnover rate	%	14.6	9.4	10.8	11.5	4.4	20.2	4.8	8.0	1.4	13.2
Performance evaluation	Number of employees evaluated	Persons	198	85	203	120	106	-	142	352	116	199
	Performance evaluation review rate	%	71.2	98.8	94.9	68.2	69.7	-	100.0	97.5	82.3	66.8
Length of service	Males	Years	13.6	8.0	4.5	8.4	10.4	4.8	9.3	8.9	17.1	6.4
	Females	Years	7.4	6.6	3.9	9.5	12.8	5.5	8.8	9.9	13.6	7.5
Workforce diversity	Number of female employees	Persons	23	14	47	17	28	8	40	164	18	74
	Percentage of female employees	%	8.3	16.3	22.0	9.7	18.4	15.4	28.1	45.0	12.8	24.7
	Number of female managers	Persons	2	4	9	7	0	2	11	19	5	20
	Percentage of female managers	%	3.1	8.3	6.7	7.7	0	5.4	16.9	19.0	13.0	32.8
	Number of female executives	Persons	0	0	0	0	0	0	0	1	0	0
	Percentage of female executives	%	0	0	0	0	0	0	0	7.1	0	0
	Number of women in revenue-generating departments	Persons	7	1	0	4	2	0	34	25	4	15
	Percentage of women in revenue-generating departments	%	23.3	3.2	0	11.1	18.2	0	26.5	27.2	16.0	41.7
	Number of women in STEM positions	Persons	0	6	43	4	7	1	0	53	0	3
	Percentage of women in STEM positions	%	0	25.0	22.6	9.5	14.3	2.7	0	43.8	0	6.5
	Number of employees with disabilities	Persons	5	0	1	2	2	0	0	1	0	0
	Percentage of employees with disabilities	%	1.8	0	0.5	1.1	1.3	0	0	0.3	0	0
Number of veterans	Persons	1	0	0	0	0	0	-	-	-	-	
Percentage of veterans	%	0.4	0	0	0	0	0	-	-	-	-	

ESG Data

Social Performance by Subsidiary (2023)

Employees

Category		Unit	LS Metal	AC&T	LS ITC	LS Mecapion	LS e-Mobility Solutions	LS Sauter	Shanghai Holding Company	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary
Equal pay	All employees	Times	0.67	0.74	0.68	0.74	0.89	0.74	0.67	0.62	0.89	0.94
	Managers	Times	0.72	0.90	0.83	0.73	0.75	0.99	0.67	0.76	0.84	0.96
	Non-managers	Times	0.71	0.98	0.86	0.94	1.03	0.94	0.92	0.79	0.91	0.94
Pay gap between CEO and other employees		Times	6.80	2.73	2.87	4.99	6.51	3.20	10.30	-	13.49	-
Training expenses		KRW 1,000/person	1,724	66	602	164	775	105	-	47	18	350
Training hours		Hour/person	35	31	19	36	6	19	-	11	16	3
Welfare expenses		KRW Million/person	15.0	10.0	12.0	18.0	15.9	9.1	0.8	2.6	9.4	0.5
Welfare expense as a percentage of sales		%	0.81	3.65	2.59	8.39	4.20	1.14	0.03	0.86	2.66	0.13
Employees taking maternity leave	Males	Persons	3	0	0	5	3	0	0	0	0	14
	Females	Persons	1	1	2	2	0	0	1	2	0	2
Employees taking parental leave	Males	Persons	0	0	0	0	0	0	0	5	0	0
	Females	Persons	0	0	2	3	0	0	0	5	0	0
Rate of return after parental leave	Males	%	-	-	-	100	100	-	-	100	-	-
	Females	%	100	100	100	-	-	-	100	100	-	-
Rate of employees who stay for more than 1 year after returning from parental leave	Males	%	-	-	-	-	-	-	-	100	-	-
	Females	%	-	-	-	100	-	-	-	100	-	-

ESG Data

Social Performance by Subsidiary (2023)

Health and Safety

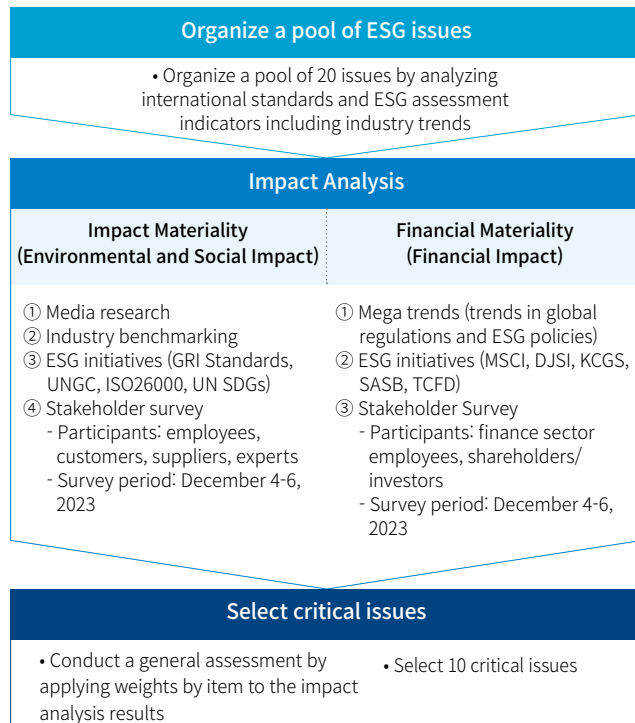
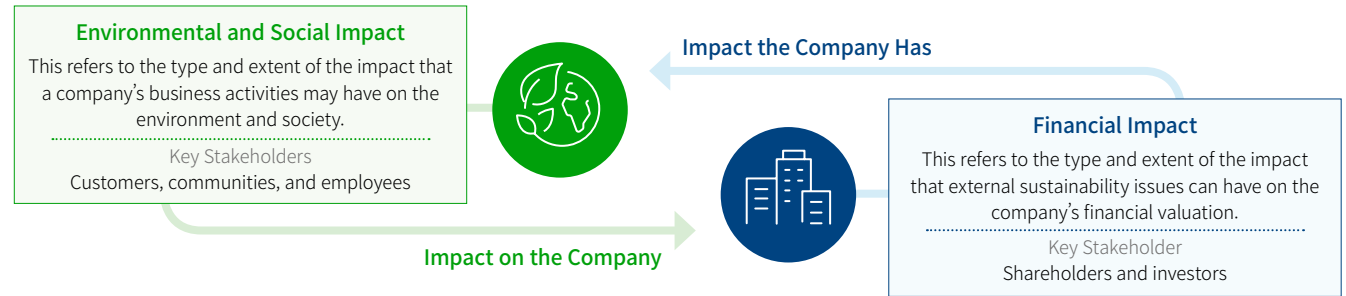
Category		Unit	LS Metal	AC&T	LS ITC	LS Mecapion	LS e-Mobility Solutions	LS Sauter	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary	
Employee industrial accidents	Industrial accident rate	%	1.95	0	0	0	0	0	0	0	0	
	Number of fatalities	Persons	0	0	0	0	0	0	0	0	0	
	Lost time due to injury	Days	32	0	0	0	0	0	0	0	0	
	Number of lost time injuries (LTI)	Incidents	2	0	0	0	0	0	0	0	0	
	LTIFR(Lost Time Injuries Frequency Rate)	Incidents per million working hours	3.4	0	0	0	0	0	0	0	0	
Certifications	Health and safety management system (ISO 45001)	Eligible worksites	Worksites	3	1	0	1	1	1	1	1	
		Certified worksites	Worksites	3	1	0	1	1	1	1	0	
		Adoption rate	%	100	100	-	100	100	100	100	100	-
Safety	Training	Completion hours	hour	5,058	2,308	-	1,326	986	1,010	568	240	8,341
		Total participants	Persons	2,239	395	-	739	344	173	5	121	350
		Total training expenses	KRW million	1	210	-	4	4	3	3	0	8
Health	Checkup	Expenses	KRW million	89.3	15.4	41.0	49.7	45.2	6.8	14.1	5.3	5.3
	Support for medical expenses	Expenses	KRW million	154.8	1.2	137.0	177.0	77.1	1.1	0	0	0

Materiality Analysis

Analysis Process

LS ELECTRIC undertakes an annual materiality analysis to identify significant sustainability issues that affect our business and stakeholders. We ensure these issues are effectively managed within our company-wide risk management system. In 2023, we implemented the Double Materiality Assessment concept, following guidelines from the GRI and the EU's Corporate Sustainability Reporting Directive (CSRD). This approach evaluates both the environmental and social impact, as well as financial implications, to identify important issues. The analysis process has been validated by a third-party auditor.

Double Materiality Assessment Concept



No.	ESG Issue	Impact			Stakeholders				
		Environmental/ social	Financial	Double materiality	Employees	Customers	Suppliers	Shareholders/ Investors	Experts
1	E Climate change response	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
2	S Safe working environment	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡
3	E Discovering new business and securing eco-friendly technologies	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
4	S Supply chain management and win-win management	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡
5	S Talent acquisition and retention	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡
6	E Enhanced product energy efficiency and reduced environmental impact	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
7	S Customer health and safety	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡
8	G Ethics and compliance management	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡
9	G Sound BOD organization	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡
10	S Human rights protection	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡

Reporting Guidelines

GRI Standards Index

Indicator	Description	Page
GRI 2	General Disclosure 2021	
2-1	Name of organization	9
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	79-81
2-5	External assurance	97
2-6	Activities, value chain and other business relationships	9
2-7	Employees	79
2-8	Workers who are not employees	79
2-9	Governance structure and composition	66
2-10	Nomination and selection of the highest governance body	66
2-11	Chair of the highest governance body	66
2-12	Role of the highest governance body in overseeing the management of impacts	65-68
2-13	Delegation of responsibility for managing impacts	66
2-14	Role of the highest governance body in sustainability reporting	67
2-15	Conflicts of interest	65-68
2-16	Communication of critical concerns	65-68
2-17	Collective knowledge of the highest governance body	65-68
2-18	Evaluation of the performance of the highest governance body	67
2-19	Remuneration policies	67
2-20	Process for determining remuneration	67
2-21	Annual total compensation ratio	80
2-22	Statement on sustainable development strategy	7
2-23	Commitment to policies	19, 25, 38, 47
2-24	Embedding policy commitments	25, 38, 47
2-25	Processes to remediate negative impacts	40, 70
2-26	Mechanisms for seeking advice and raising concerns	40, 70
2-27	Compliance with laws and regulations	72, 73
2-28	Membership associations	95
2-29	Approach to stakeholder engagement	22
2-30	Collective bargaining agreements	40

Material Issue	Indicator	Description	Page
	GRI 3	Material Topics 2021	
	3-1	Process to determine material topics	88
	3-2	List of material topics	88
	GRI 3	Material Topics 2021	
	3-3	Management of material topics	33
	GRI 201	Economic Performance 2016	
	201-2	Financial implications and other risks and opportunities due to climate change	34
	GRI 305	Emissions 2016	
Climate change response	305-1	Direct (Scope 1) GHG emissions	78
	305-2	Energy indirect (Scope 2) GHG emissions	78
	305-3	Other indirect (Scope 3) GHG emissions	78
	305-4	GHG emissions intensity	78
	305-5	Reduction of GHG emissions	78
	305-6	Emissions of ozone-depleting substances (ODS)	No emissions
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	78
	GRI 3	Material Topics 2021	
	3-3	Management of material topics	46
	GRI 403	Occupational Health and Safety 2018	
Safe working environment	403-1	Occupational health and safety management system	47
	403-2	Hazard identification, risk assessment, and incident investigation	47
	403-3	Occupational health services	51
	403-4	Worker participation, consultation, and communication on occupational health and safety	48
	403-5	Worker training on occupational health and safety	51
	403-6	Promotion of worker health	51
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	49
	403-8	Workers covered by an occupational health and safety management system	47
	403-9	Work-related injuries	81
	403-10	Work-related ill health	81

Reporting Guidelines

GRI Standards Index

Material Issue	Indicator	Description	Page
Discovering new business and securing eco-friendly technologies	GRI 3	Material Topics 2021	
	3-3	Management of material issues	15
	GRI 201	Economic Performance 2016	
	201-1	Direct economic value generated and distributed (EVG&D)	8
Supply chain management and win-win management	GRI 3	Material Topics 2021	
	3-3	Management of material issues	58
	GRI 308	Supplier Environmental Assessment 2016	
	308-1	New suppliers that were screened using environmental criteria	60
	308-2	Negative environmental impacts in the supply chain and actions taken	61
	GRI 408	Child Labor 2016	
	408-1	Operations and suppliers at significant risk for incidents of child labor	61
	GRI 409	Forced or Compulsory Labor 2016	
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	61
	GRI 414	Supplier Social Assessment 2016	
	414-1	New suppliers that were screened using social criteria	61
414-2	Negative social impacts in the supply chain and actions taken	61	
Talent acquisition and retention	GRI 3	Material Topics 2021	
	3-3	Management of material issues	41
	GRI 401	Employment 2016	
	401-1	New employee hires and employee turnover	79
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	43
	401-3	Parental leave	80
	GRI 404	Training and Education 2016	
	404-1	Average hours of training per year per employee	80
404-2	Programs for upgrading employee skills and transition assistance programs	43	
404-3	Percentage of employees receiving regular performance and career development reviews	80	
Enhanced product energy efficiency and reduced environmental impact	GRI 3	Material Topics 2021	
	3-3	Management of material issues	29
	GRI 303	Water and Effluents 2018	
	303-3	Water withdrawal	78

Material Issue	Indicator	Description	Page
Enhanced product energy efficiency and reduced environmental impact	303-4	Water discharge	78
	303-5	Water consumption	78
	GRI 306	Waste 2020	
	306-2	Management of significant waste-related impacts	31
	306-3	Waste generated	79
	306-4	Waste diverted from disposal	79
	306-5	Waste directed to disposal	79
Customer health and safety	GRI 3	Material Topics 2021	
	3-3	Management of material issues	55
	GRI 416	Customer Health and Safety 2016	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violations
Ethics and compliance management	GRI 3	Material Topics 2021	
	3-3	Management of material issues	69, 72
	GRI 205	Anti-corruption 2016	
	205-2	Communication and training about anti-corruption policies and procedures	71
	205-3	Confirmed incidents of corruption and actions taken	71
Sound BOD organization	GRI 3	Material Topics 2021	
	3-3	Management of material issues	65
	GRI 206	Anti-competitive Behavior 2016	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No violations
Human rights protection	GRI 3	Material Topics 2021	
	3-3	Management of material issues	37
	GRI 405	Diversity and Equal Opportunity 2016	
	405-1	Diversity of governance bodies and employees	39
	405-2	Ratio of basic salary and remuneration of women to men	80
	GRI 407	Freedom of Association and Collective Bargaining 2016	
	407-1	Freedom of association and collective bargaining may be at risk	40

Reporting Guidelines

TCFD Index

Category	Recommended Disclosures	Page
Governance	a. Describe the Board's oversight of climate-related risks and opportunities	34
	b. Describe the management's role in assessing and managing climate-related risks and opportunities	34
Strategy	a. Describe the climate-related risks and opportunities identified by the organization from the short-, medium-, and long-term perspectives	34
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	34
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	34
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks	36
	b. Describe the organization's processes for managing climate-related risks	36
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	36
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	35
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and related risks	78
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	35

SASB Index

Category	SASB Code	SASB Index	Unit	2023 status
Energy management	RT-EE-130a.1	Total energy consumed	GJ	650,405
		Percentage grid electricity	%	86.7
		Percentage renewable	%	0
Hazardous waste management	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled	Ton, %	96.69, 53.65%
	RT-EE-150a.2	Number of reportable spills, aggregate quantity of reportable spills	Products, kg	No hazardous chemical spills
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	KRW million	-
Material procurement	RT-EE-440a.1	Description of management of risks associated with the use of critical materials	-	p.60
	RT-EE-510a.1	Description of policies and practices for the prevention of: (1) Corruption and bribery and (2) anti-competitive behavior	-	p.69-73
Business ethics	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
		RT-EE-000.A	Number of units produced by product category	KRW million
Activity Metrics	RT-EE-000.B	Number of employees	Persons	3,204

Reporting Guidelines

ISSB Index

S1

Category	Description	Page
Governance	The processes, controls, and procedures used by the entity to monitor and manage sustainability-related risks and opportunities	19
Strategy	The entity's strategy for managing sustainability-related risks and opportunities	19
Risk Management	The processes the entity uses to identify, assess, prioritize, and monitor sustainability-related risks and opportunities, and the processes for assessing the overall effectiveness of risk management	75
Metrics and Targets	The entity's performance in relation to sustainability-related risks and opportunities, including progress towards the targets the entity has set or is required to meet by law or regulation	77-87

S2

Category	Description	Page
Governance	(Governance body) The governance body or individual responsible for oversight of climate-related risks and opportunities	34
	(Management's role) Management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities	34
Strategy	(Risks and opportunities) Climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	34
	(Impact on business model and value chain) The current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain	34
	(Impact on strategy and decision-making) The impact of climate-related risks and opportunities on the entity's strategy and decision-making, including its transition plans	34
	(Current and anticipated financial impact) The effects of climate-related risks and opportunities on the entity's financial position, financial performance, and cash flows for the reporting period and over the short, medium, and long term	-
	(Climate resilience) The resilience of the entity's strategy and business model to climate-related changes, developments, or uncertainties	-
Risk Management	(Risk processes and policies) The processes and policies used to identify, assess, prioritize, and monitor climate-related risks	36
	(Opportunity processes) The processes used to identify, assess, prioritize, and monitor climate-related opportunities	36
	(Integration into overall risk management) The extent to which and how the processes for identifying, assessing, and prioritizing climate-related risks and opportunities are integrated into the entity's overall risk management process	-
Metrics and Targets	(Industry-wide metrics) Disclose the following seven metrics regardless of the industry to which the entity belongs	
	(1)(GHG emissions) Separately disclose Scope 1, 2, and 3 GHG emissions expressed as CO ₂ equivalent	78
	(2)(Transition risks) Proportion of assets or business activities vulnerable to climate-related transition risks	-
	(3)(Physical risks) Amount and proportion of assets or business activities vulnerable to climate-related physical risks	-
	(4)(Opportunities) Amount and proportion of assets or business activities aligned with climate-related opportunities	-
	(5)(Capital allocation) Capital expenditures, financing, and investment amounts related to climate-related risks and opportunities	-
	(6)(Internal carbon price) Whether and how the entity uses an internal carbon price in decision-making, and the price per metric ton of GHG emissions used to assess the costs of GHG emissions	-
	(7)(Remuneration) Whether and how climate-related considerations are factored into executive remuneration, and the proportion of executive remuneration linked to climate-related considerations	42
	(Industry-based metrics) Disclose metrics that may vary depending on the industry to which the entity belongs	
	When determining the metrics to disclose, refer to the disclosure topics and related industry-based metrics within the industry-based guidance for implementing IFRS S2.	91
(Climate-related targets) Disclose the entity's climate-related targets and the review of those targets		
(1)(Targets) Quantitative and qualitative targets set by the entity, targets required to meet legal or regulatory requirements, and the timeframes and scope to which the targets apply	35	
(2)(Review of targets) Approach to setting and reviewing targets, whether the targets have been validated by a third party, how progress against the targets is monitored, and the metrics used to monitor progress	96	
(3)(GHG emissions targets) Types of greenhouse gases included and the targets for absolute emissions, and for net emissions targets, the intended use of carbon credits	35	

Engagement Initiatives

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.

Category	Principles	LS ELECTRIC Activities	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	• Enact a human rights management declaration	38
	2. make sure that they are not complicit in human rights abuses.	• Operate a grievance handling system • Operate a grievance handling committee • Conduct human rights training for employees	40, 44
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	• Operate a labor-management council • Operate E-bridge (Junior Board)	39-40
	4. the elimination of all forms of forced and compulsory labor;		
	5. the effective abolition of child labor; and		
	6. the elimination of discrimination in respect of employment and occupation.		
Environmental	7. Businesses should support a precautionary approach to environmental challenges;	• Establish environmental management policies • Develop carbon neutrality and RE100 strategies • Execute environmental impact assessments • Acquire and maintain Environmental Management System (ISO14001) certification	25, 35
	8. undertake initiatives to promote greater environmental responsibility; and	• Expand eco-friendly investments • Biodiversity management activities • Water stress management activities • Perform product lifecycle assessments	28, 32
	9. encourage the development and diffusion of environmentally friendly technologies.	• Recycle waste plastics • Develop eco-friendly materials	32
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Enact a Code of Ethics and Practice Guidelines • Ethics management and anti-corruption training • Operate a cyber whistleblower system • Implement ethics management pledges • Fair trade compliance activities	69-73

Engagement Initiatives

UN SDGs

The UN has defined 17 goals and 169 targets across economic, environmental, and social sectors, formulating the Sustainable Development Goals (SDGs) to advance the sustainable development of humanity. LS ELECTRIC is actively engaged in the following balanced sustainable development activities to support the fulfillment of these UN SDGs.

UN SDGs	LS ELECTRIC Activities	Page
 End poverty in all its forms everywhere	<ul style="list-style-type: none"> Utilized LS Group's collective donation fund of KRW 2 billion to contribute KRW 100 million to neighbor aid in Cheonan, Chungnam Contributed KRW 170 million to relief efforts for areas affected by the Gangneung wildfire and flood damages 	<ul style="list-style-type: none"> Delivered about 1,000 donated items from employees to the 'Goodwill Store,' a social enterprise 64
 Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Regular health checkups and medical expenses for employees Implement programs to prevent musculoskeletal issues and job-related stress screenings. 	<ul style="list-style-type: none"> Operate maternity protection programs (parental leave, nursing rooms, and infertility treatment support) 51
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Delivered items for new semester including school bags to 150 elementary school students in the southern part of Gyeonggi-do, such as Anyang, Siheung, and Ansan Supported the purchase of a safe school transportation vehicle for children in Yongsan-gu 	<ul style="list-style-type: none"> Provided renewable energy education to 975 elementary students in Anyang 64
 Ensure access to affordable, reliable, sustainable, and modern energy for all	<ul style="list-style-type: none"> Procure 100% of power consumption from renewable energy by 2040 	<ul style="list-style-type: none"> Expand the Factory Energy Management System (FEMS) and the photovoltaic energy businesses 10
 Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> Create jobs for vulnerable populations through the employment of people with disabilities Implement various training programs to strengthen employee competency 	<ul style="list-style-type: none"> Operate a fair and reasonable system for employee evaluation and compensation 39, 42
 Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Achieved a 97% waste recycling rate in 2023 Reduced hazardous chemicals by developing Cd-free materials 	<ul style="list-style-type: none"> Minimized environmental impact of products by conducting Life Cycle Assessments (LCA) 30, 32
 Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> Contributed to national GHG reduction targets by expanding the DX-based high-efficiency, low-carbon energy solutions business Self-generating solar power on idle company land 	<ul style="list-style-type: none"> Declared carbon neutrality by 2040 and joined the RE100 Expanded management over Scope 3 GHG emissions in domestic and overseas subsidiaries 10, 35, 82
 Protect, restore, and promote sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> Analyzed and managed biodiversity risks at domestic worksites Planted 1,400 crape myrtle trees at Cheonan Seongseong Lake Park 	<ul style="list-style-type: none"> Conducted river cleaning and removal of invasive plants around worksites 28
 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> Practiced transparent and responsible management through compliance and ethical management Maintained independent and balanced governance independence and balance with half of the board comprising outside directors 	<ul style="list-style-type: none"> Strengthened transparency by operating an independent audit committee Pursued inclusive management activities by engaging with diverse stakeholders, including the Labor-Management Council 66

Awards and Memberships

Memberships in associations

Domestic	Korea Chamber of Commerce and Industry, Korea International Trade Association, Federation of Korean Industries, Korea Electrical Manufacturers Association, Korea Smart Grid Association, Korean Standards Association, Korea-Japan Economic Association, Korea Electric Association, Korean Institute of Electrical Engineers, Korea Electrical Contractors Association, International Contractors Association of Korea, Korea Listed Companies Association, Korea Engineering & Consulting Association, Korea New & Renewable Energy, Korea Photovoltaic Industry Association, Korea Fire Safety Institute, Construction Association of Korea, Korea Customs Brokers Association, Open Network DeviceNet Korea, Korea Industrial Technology Association, Korea Information & Communication Contractors Association, Korea Railway Association, Korea Railway Signal Engineering Association, Korea Fire Facility Association, Korea Electric Engineers Association, Korea Products Safety Association, Korean Institute of Power Electronics, Korean Institute of Electrical and Electronic Material Engineers, Korea Software Industry Association, Korea Software Technology Association, Korean Association for Intellectual Property Services, Korea Industrial Safety Association, Korea Association of Standards and Testing Organizations, Green Company, Environmental Preservation Association, and CF Alliance, etc.
Overseas	UN Global Compact, Mechatro Link, ETG(EtherCAT Tenchnology Group), IERE, CIGRE KNC, CIGRE, CAN in Automation

Awards

Category	Date (Month/Year)	Award	Hosting Organization	Award Description
Company	Apr. 2023	2023 JoongAng ESG Awards	JoongAng Ilbo	Outstanding Company
	Nov. 2023	Export Tower Award	Ministry of Trade, Industry, and Energy	700 million dollars

GHG Verification Statement

LS ELECTRIC Co., Ltd Group

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 Group (hereinafter “the Company”) in 2023.

SCOPE

Verification of places of business and emission facilities under the control of the company.

STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National Greenhouse Gas Inventories(2006)
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme

PROCEDURE

We conducted a risk analysis approach and on-site verification based on data evaluation, and we identified the appropriateness of the data and factors applied to GHG emission calculations based on objective evidence. The verification team verified the GHG emissions during the reporting period in a reasonable way based on the verification guidelines.

INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

LIMITATIONS

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

OPINION

- 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 “unmodified” opinion.
- Criticality : meets the criterion, which is less than 5%
- GHG Emissions

	GHGs Emission	Direct Emission (Scope1)	Indirect Emission (Scope2)	Total (tCO ₂ -eq)
	LS ELECTRIC Co., Ltd	4,525.002	26,998.156	31,523.158
	LS ELECTRIC China Co., Ltd	206.794	2,225.135	2,431.929
	LS ELECTRIC Vietnam Co., Ltd	18.030	689.768	707.798
	AC&T System Co., Ltd	35.127	146.731	181.858
	LS e-Mobility Solution Co., Ltd	131.831	3,638.580	3,770.411
2023	LS e-Mobility Solution(Wuxi)	7.850	690.734	698.584
	LS ITC Co., Ltd	48.379	144.885	193.264
	LS MECAPION Co., Ltd	67.343	304.102	371.445
	LS SAUTER Co., Ltd	50.257	22.796	73.053
	LS Metal Co., Ltd	2,318.176	23,984.095	26,302.271
	LS Metal Vina LLC.	33.573	9,362.551	9,396.124
	Total	7,442.362	68,207.533	75,649.895

RESULTS

We confirm through verification that the emissions from major emission facilities have been calculated and reported without omission.

※ The abovementioned company is responsible for preparing verification data in accordance with the “Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)”, and KMR’s responsibility is limited to the party in the verification contract according to the agreed contract terms. and is not responsible for other decisions, including investment decisions based on this verification statement.

※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.



April 19, 2024
Authorized By CEO Eun-Ju Hwang

E J Hwang

Independent Assurance Statement

Dear Stakeholders of LS ELECTRIC

Korean Foundation for Quality (further 'KFQ') has been requested by LS ELECTRIC to conduct an independent verification on the 「2023-2024 Sustainability Report for LS ELECTRIC」 (further 'the Report'). KFQ has responsibility to provide an independent verification opinion against the criteria and scope as specified below. LS ELECTRIC has sole responsibility for the preparation of the Report.

Verification Criteria and Scope

- Verification Criteria: AA1000AS(v3) and AA1000AP (2018)
- Verification Type: Type 2 [Verification of compliance of 4 reporting principles]
- Verification Level: Moderate [Verification based on limited evidence has been obtained]
- Verification Boundary: LS ELECTRIC and domestic subsidiaries, major overseas production corporation (China, Vietnam)
- Verification Scope: Compliance with AA1000AP Four Principles and GRI Standards 2021 Reporting Requirements

※ GRI Standards (2021) Reporting Principles

- Universal Standards

Reporting in accordance with GRI Standards (2021), compliance with the following requirements

Requirements	Compliance	Requirements	Compliance
1. Reporting principles	<input type="radio"/>	6. Provide reasons for omission	<input type="radio"/>
2. General Disclosures	<input type="radio"/>	7. Publish a GRI content index	<input type="radio"/>
3. Determine material topics	<input type="radio"/>	8. Provide a statement of use	<input type="radio"/>
4. Report the disclosures in GRI 3: Material Topics 2021	<input type="radio"/>	9. Notify GRI	<input type="radio"/>
5. Report disclosures from the GRI Topic Standards for each material topic	<input type="radio"/>		

- Topic Standards

Requirements	GRI Standards/Topic Disclosure	
Reporting material issues according to the GRI Topic Standards	· GRI 205 : Anti-corruption	· GRI 404 : Training and Education
	· GRI 206 : Anti-competitive Behavior	· GRI 405 : Diversity and Equal Opportunity
	· GRI 303 : Water and Effluents	· GRI 406 : Non-Discrimination
	· GRI 305 : Emissions	· GRI 407 : Freedom of Association and Collective
	· GRI 306 : Waste	· GRI 408 : Child Labor
	· GRI 308 : Supplier Environmental Assessment	· GRI 409 : Forced or Compulsory
	· GRI 401 : Employment	· GRI 414 : Supplier Social Assessments
	· GRI 403 : Occupational Health and Safety	

Methodology

In order to assess the reliability of the sustainability performance in the Report against above mentioned criteria, the audit team reviewed sustainability-related processes, systems, internal control procedures, and available performance data. The documentation the audit team reviewed during the verification includes:

- Non-financial information e.g., data provided by LS ELECTRIC., disclosed Business Reports, and information obtained from media and/or the internet; and
- Financial information i.e., financial statements data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage were used, but these contents are not included in the scope of verification

The assessment was performed by document review and interviews person in charge including on-site assessment. The validity of the materiality assessment process in the Report and the material issue selection considering stakeholders, data collection & management, and validity of the report preparation procedure as well as the description in the Report were assessed, but external stakeholder interviews were not conducted. Afterwards, it was confirmed that some errors, inappropriate information and misstatement found in the above steps were appropriately revised before publishing the Report

Independent Assurance Statement

Competency and independence

The audit team was consisted in accordance with KFQ's internal regulations. KFQ has no conflict of interest to the LS ELECTRIC business which could threaten the impartiality of verification, other than providing third-party verification services.

Limitations

The completeness and responsiveness of sustainability performance represented in the Report have inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. The audit team assessed the information and evidence in accordance with the terms of the contract, but we did not perform any further assessment on raw data.

Findings and Conclusions

As a result of the verification, the Report was prepared in accordance with the requirements for 'in accordance with GRI standard 2021' and the audit team found reasonable objectives to guarantee the 4 reporting principles of AA1000AP(2018) and AA1000AS(V3) Type 2 assurance level. We also found no significant errors or inadequacies in the Report regarding compliance with reporting principles.

• Inclusivity

LS ELECTRIC defines five key stakeholder groups (members, communities, partners, customers, and shareholders/investors) and identifies material ESG issues related to stakeholders' interests through the communication channels considering the characteristics of each group. The audit team could not find any major stakeholders that were omitted during this process, and it was confirmed that LS ELECTRIC efforts to reflect identified stakeholders' opinion in their management activities.

• Materiality

LS ELECTRIC has identified 20 material issues through analysis of international standards and ESG evaluation indicators, industry trend analysis, and selected 10 key issues through media research, industry benchmarking, and surveys for financial impact and environmental & social impact. In this process, the company enhanced the justification for selecting key issues by examining the potential impacts of the company on society and environment, as well as the impacts of society and the environment on the company. The audit team confirmed that the identified material issues were highlighted in the Report, and it was reported without any omission.

• Responsiveness

LS ELECTRIC cares to respond in a timely manner to the needs and key interests gathered from stakeholders. Nothing came to our attention to suggest that its responses and performance are inappropriately described in the Report.

• Impact

LS ELECTRIC identifies and monitors the impact of stakeholder-related material issues throughout its management activities and reports them in the Report as much as possible. Nothing came to our attention to suggest that it does not properly assess and report impacts relating to material issues.

Recommendation for improvement

- We, KFQ confirmed that LS Electric has established reporting criteria and directions and applied them equally to deliver more meaningful ESG performance to stakeholders when reporting the performance of 10 domestic subsidiaries and overseas production corporation. We expect to internalize these processes more robustly through continuous monitoring of ESG performance-related data generation, collection, and management processes.
- We hope that various channels to be operated to collect feedback from stakeholders regarding LS ELECTRIC ESG management efforts and performance contained in this Report, and that LS ELECTRIC ESG management performance can be communicated more widely through the continuous improvement of the materiality assessment process.

May, 2024
Seoul, Korea
Ji Young Song, CEO
Korean Foundation for Quality (KFQ)



Ji Young Song

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Special Thanks To

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