

2024–2025 LS ELECTRIC Sustainability Report

SUSTAINABLE FUTURE WITH **GREEN ENERGY SOLUTION**



ABOUT THIS REPORT



Cover Story

LS ELECTRIC has established a leading position in the global marketplace with industry-leading technology and environmentally friendly energy solutions. The company continues to challenge the status quo and adapt flexibly to a rapidly changing environment to move towards a sustainable future. LS ELECTRIC's 2024-2025 Sustainability Report is a manifestation of the company's pioneering commitment and a new paradigm for pursuing a thriving centennial business firmly grounded in its 50-year legacy.



This report has been released as an Interactive PDF, enabling easy navigation to related pages and facilitating connections to external webpages.

Report Overview

Since 2015, LS ELECTRIC has published an annual Sustainability Report as a means of communicating with its stakeholders. This eleventh edition of the report provides a balanced and transparent account of the company's economic, environmental and social activities and performance in 2024. We remain committed to sustainable growth and development through open communication with our stakeholders.

Reporting Period

This Report was prepared based on data from January 1 to December 31, 2024, including some data from the first quarter of 2025. 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 nonfinancial quantitative data includes LS ELECTRIC, its major domestic subsidiaries, and overseas production subsidiaries (China and Vietnam). Any changes or differences in the data's reporting scope are duly noted.

Reporting Standards

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. It also reflects the UN Sustainable Development Goals (SDGs) and incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) standards. The financial performance is reported based on the consolidated financial statements in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Assurance

To ensure objectivity and credibility of the content, this Report was assured by the Korea Management Registrar (KMR), 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:

Address LS Tower, 127 LS-ro, Dongan-gu, Anyang-si, Gyeonggi-do, Korea
Website www.ls-electric.com
Contact esg@ls-electric.com

CONTENTS

ABOUT LS ELECTRIC

CEO Message	05
Company Profile	06
Global Business	07
Business Overview	08
R&D Strategy	13

ESG MANAGEMENT

ESG Highlight	17
ESG Driving Strategy	19
Materiality Analysis	20
Stakeholder Communication	22

ESG PERFORMANCE

Environmental

Environmental Management	24
Creating Eco-friendly Worksites	31
Climate Change Response	35

Social

Human Rights Management	40
Talent Management	43
Health and Safety Management	48
Data Protection and Information Security	53
Customer Value Creation	57
Shared Growth	60
Social Contribution	65

Governance

Establishing Sound Governance	67
Ethics Management	72
Compliance	75
Risk Management	77

APPENDIX

ESG Data	81
Reporting Guidelines	92
Engagement Initiatives	96
Awards and Memberships	98
GHG Verification Statement	99
Independent Assurance Statement	100

ABOUT LS ELECTRIC

CEO Message	05
Company Profile	06
Global Business	07
Business Overview	08
R&D Strategy	13

CEO Message

As we take a bold step toward becoming a centennial company, we invite you to join us on our journey of sustainable growth.



To our esteemed stakeholders,

In 2024, LS ELECTRIC achieved record results despite a challenging external environment. As we celebrate our 50th anniversary, this remarkable achievement would not have been possible without the continued interest and support of our valued stakeholders. As a token of our appreciation for your steadfast support, we will continue our efforts to meet and exceed your expectations.

Our growth in 2024 was largely driven by the expansion of our global operations, particularly in North America. As our global footprint has grown, so have our customers' expectations of ESG disclosure and compliance. As LS ELECTRIC grows from a leader in Korea into a truly global enterprise, ESG-centered management is no longer a choice, but a necessity of ever-increasing importance. In response, we are working diligently to align our ESG practices with global standards.

First, to address climate change, in 2022 we declared our commitment to carbon neutrality by 2040, and in 2023 we reaffirmed our commitment to the international community by joining the global RE100 initiative. Building on this momentum, we took our first steps toward transitioning to renewable energy in 2024 by investing in energy efficiency improvements in our operations and establishing a framework for calculating product-level carbon emissions. In addition, we are committed to both our own and our customers' paths towards carbon neutrality through various initiatives such as smart factories, factory energy management systems (FEMS), and smart energy businesses.

Second, we are actively implementing human rights policies in all areas of our business operations, guided by our Human Rights Management Declaration 2023. As part

of our commitment to diversity, equity and inclusion (D.E.I.), we organized the Green Voice, a choir composed of people with disabilities. In addition, we run various programs to support children, the elderly, people with disabilities and vulnerable families in local communities. We also continue to engage in activities to protect the environment and biodiversity in the areas we serve.

Third, we are pursuing a number of initiatives to embed ESG management into our business practices. We have incorporated ESG training into our onboarding programs and publish a bimonthly ESG magazine to help employees better understand the implications of ESG. We also regularly organize employee engagement programs to raise ESG awareness, such as plogging, blood donation drives, and donation campaigns. In addition, we hold regular meetings with our investee companies to encourage them to integrate ESG practices into their operations and conduct ongoing ESG training for our suppliers.

Over the past 50 years, we have consolidated our position as a corporate leader in Korea. We now welcome the next 50 years with aspirations of becoming a global leader. To achieve this, we are promoting the globalization of all aspects of our business, and ESG management will be no exception. LS ELECTRIC is now embarking on a journey to become a global leader in sustainability. We invite all our stakeholders to join us on this journey.

Thank you.

LS ELECTRIC Chairman & CEO
Ja-Kyun Koo

Company Profile

Company Overview

Name of Company

LS ELECTRIC Co., Ltd.

Date of Establishment

July 24, 1974

Chairman

Ja-Kyun Koo, Dae-Seok Chae

Head Office

LS Tower, 127 LS-ro,
Dongan-gu, Anyang-si, Gyeonggi-do, Korea

Employees

3,372 (As of the end of Dec. 2024)

Credit Rating

AA- in corporate bond, A1 in CP

Summarized Financial Statements in 2024(Consolidated)

Unit : KRW 100 million

Sale

45,518

Operating Income

3,897

Total Assets

44,852

Total Liabilities

25,951

Total Equity

18,901

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.

1995.09

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
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

2005.09

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
Incorporated LS Mecapion as a subsidiary

2010.02

Established LS Sauter

2010.04

Completed a plant in Busan
Spun off the Metal Processing Business Unit (currently known as LS Metal)

2010.10

Established a sales subsidiary in Japan

2011.10

Completed an HVDC plant in Busan

2011.11

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

Awarded at the 39th National Quality Management Convention

2014.05

Received the 49th Gold Tower Order of Industrial Service Merit on Invention Day

2015 - 2024

Era of Value Management

Opening up the future of smart energy

2015.01

Declared the guiding principles of value management

2015.03

Completed the R&D Campus

2016.03

R&D Campus acquired the BEMS certification as a first in Korea

2016.09

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

2017.06

Awarded as Korea's Best Enterprise for 10 consecutive years

2018.12

Received the Minister's Award at the Korea Technology Awards

Acquired the ESS business sector of Parker-Hannifin, a US-based company

2019.08

Completed the world's largest self-sufficient DC energy island on Seogeochoado

2019.12

Established a holding company in China

2020.03

Changed the company name to LS ELECTRIC Co., Ltd.

2020.07

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"

2021.03

Named one of the world's top 100 Innovative Companies for 10 consecutive years

Acquired LS ITC and AC&T as subsidiaries

2021.09

Named Lighthouse Factory by the World Economic Forum (WEF)

2022.03

Took over MCM Engineering II of the US

2022.04

Spun off the EV Relay Business Unit (currently known as LS e-Mobility Solutions)

2022.09

Established a sales subsidiary in Indonesia

2022.10

Established a sales subsidiary in Spain

Introduced ESG management

Completed construction of the Bac Ninh Plant in Vietnam

2022.11

Established a joint venture in Turkey (LSAS)

2023.07

LS ELECTRIC and KEPCO completed the superconducting current limiter test site

2023.09

Established a joint venture in Indonesia (PT. SYMPHOS ELECTRIC)

2023.12

'700 Million Dollar Export Tower' Award at the 60th Trade Day
Joined RE100

2024.02

Completed the construction of LS e-Mobility Solutions' Durango plant

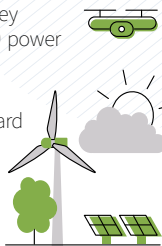
2024.05

Acquired KOC Electric for reinforcement of ultra-high-voltage transformer business

2024.10

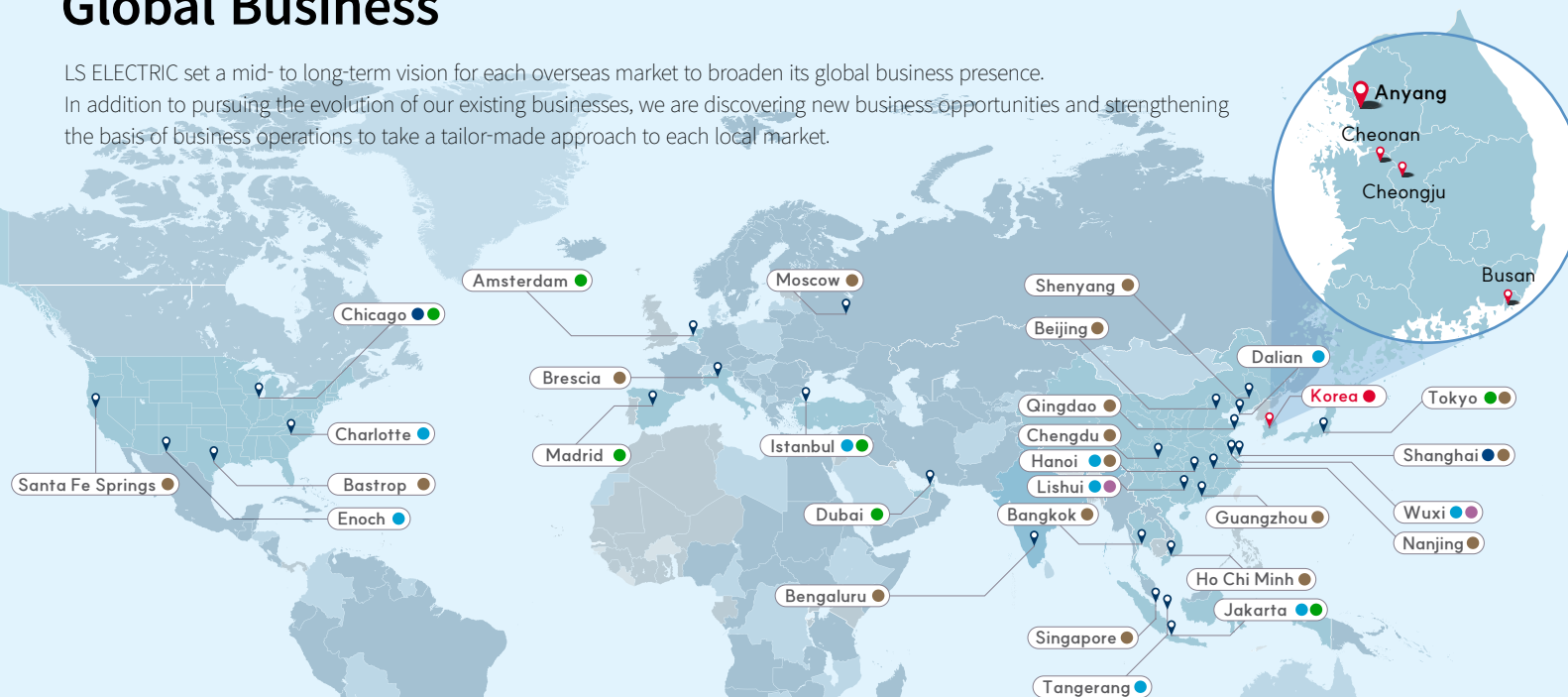
Completed the construction of Bottley Battery Energy Storage System (ESS) power plant in the UK

2024.12

'900 Million Dollar Export Tower' Award at the 61st 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

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, Korea
AC&T system Manufacturing industrial communication equipment Anyang-si, Gyeonggi-do, Korea	LS Power Solution Manufacturing transformers and electrical and electronic equipment systems Gangseo-gu, Busan, Korea	LS E&M Manufacturing logistics automation systems and industrial electrical machinery Anyang-si, Gyeonggi-do, Korea	LS THIRA-UTECH Supplying equipment and logistics automation software Gangnam-gu, Seoul, Korea	

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), Tangerang (Indonesia)

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)

Business Overview

Moving forward into the future and expanding into the global market

LS ELECTRIC's
integrated global brand

Beyond X
Beyond Expectations

Roles

LS ELECTRIC: Driving continuous
innovation

Beyond X: Shining at the heart
of the global market

Core values

Eco



- The prerequisite and goal for our business operations
- Fundamental pursuit and future value



Efficient



- Supporting our customers' business efficiency
- Providing optimized and customized solutions to stay competitive



Digital



- Connectivity and interoperability with internal and external products and businesses
- Data-driven smart technology to deliver innovation to our customers



K-Electric



- Responsibility and confidence in quality
- Prompt and flexible response, diligence, sincerity, respect for customers
- Reliable and trustworthy partner for customers

Business Overview

LS ELECTRIC stays competitive and leads the future market with its AI-based power demand forecasting and obsolete equipment management solutions

Over the past 50 years, LS ELECTRIC has introduced innovative products and solutions to respond to changes in local and international markets. To meet the recent global surge in demand for power equipment due to the skyrocketing demand for power for AI applications, the expansion of renewable energy, and the replacement of aging equipment, LS ELECTRIC offers total solutions that cover the entire power value chain from power generation to transmission, distribution, and consumption. In addition to ensuring the stability of our customers' power consumption, we are committed to developing advanced green products that contribute to decarbonization and economic efficiency. Looking ahead to the next 50 years, LS ELECTRIC aims to grow as a green energy company and a leader in the future power industry through close cooperation and communication with its customers.

Power System/Generation

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: LS ELECTRIC has entered into agreements with local governments and residents to achieve carbon neutrality amidst the ongoing climate crisis by expanding our renewable energy infrastructure and revitalizing local economies.

1 Micro-grid

A microgrid is an independent, small-scale electrical network capable of providing self-sufficient power to a small area. LS ELECTRIC is involved in a number of projects that embrace this trend towards decentralized distributed energy systems, implementing a variety of energy efficiency practices to address the issues of achieving carbon neutrality and managing rising energy prices.

Power Transmission

4 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 strengthen our position as an environmentally responsible company.

3 Energy Storage Systems (ESS)

ESS are the key to mitigating the instability of renewable energy systems, ensuring efficient power consumption with the ability to flexibly manage energy. At LS ELECTRIC, we handle all aspects of ESS projects, including design, procurement and construction. We are actively involved in overseas projects, including the UK, Australia, Vietnam, Malaysia, Japan and Taiwan, to achieve energy efficiency and the RE100 target on a global scale.

Power Transformation

5 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.

6 Arc Protection System

An Arc Protection System (APS) provides active protection for users and power equipment by immediately detecting and extinguishing an arc in the switchgear. It also helps prevent secondary damage from arc flash events. High-temperature fragments, intense light and pressure waves from arc flashes can cause serious injury and equipment damage. Eliminating the arc in the shortest possible time is critical to minimizing damage to personnel and equipment. The ARC is the most effective solution for protecting switchgear and personnel.

Power Distribution/User

7 Smart Switchboards

Smart switchboards outperform their conventional counterparts with greater reliability, ease of use and efficiency. These switchboards allow remote monitoring of onboard electrical equipment within the switchboard and provide self-diagnostic capabilities. They also provide energy data in visualized formats to help reduce energy consumption and costs.

8 Distribution-Level Reactive Power Compensation Device

A reactive power compensation device helps improve the stability of the power grid and the reliability of power system operations through effective reactive power management and voltage regulation. Capable of power factor control, it significantly improves facility efficiency, reduces energy costs and prevents potential damage to other facilities.

Business Overview

Data Center Products and Solutions



Data center systems are critical infrastructure. Even the smallest, transient disruptions can seriously affect service operations. This requires highly reliable systems to prevent power outages, service interruptions and business continuity. Given the enormous power demands of data centers, efficient and smart energy management systems are essential. With proven quality and reliability, LS ELECTRIC provides power solutions to leading data centers at home and abroad. As the leading solution provider in Korea, we offer total solutions that include comprehensive power infrastructure from low voltage to ultra-high voltage and integrated monitoring solutions.

Operational Infrastructure

Data Center Infrastructure Management (DCIM)

Powered by AI Transformation (AX), DCIM is a connected platform that integrates IT assets and facility infrastructure. It is designed to enable efficient and convenient system operation and maintenance, from energy and asset management to facility protection and management.

Electric Power Monitoring System (EPMS/SCADA)

Designed for stable power supply, accident prevention and prompt recovery, EPMS/SCADA enables remote monitoring and measurement of power facilities and transmission of data to a central server. Comprehensive monitoring and diagnosis of power and energy facilities helps reduce energy consumption and facility management costs.

Energy Management System (xEMS)

Our xEMS solutions provide customized monitoring tools and actionable energy savings measures. Real-time monitoring of energy data and hierarchical data and information integration to establish an energy baseline facilitate ongoing energy efficiency activities.



Power Infrastructure

Closed Transition Transfer Switch (CTTS)

In the event of planned power outages or other power disruptions due to incidents and restoration, CTTS on the main power source and emergency generator kick in to provide uninterrupted power. This eliminates the risk of service disruptions to critical infrastructure caused by power outages, increasing service stability, protecting equipment, and improving operational efficiency.

Skid UPS (PowerONE)

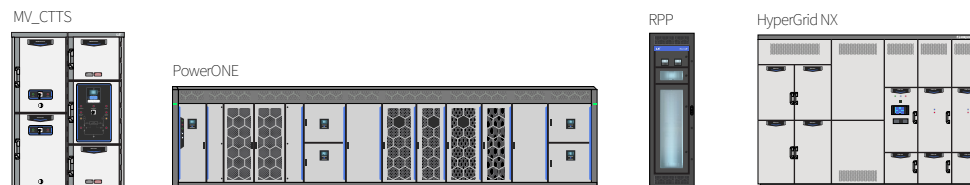
The PowerONE integrated solution integrates transformers, switchgear and UPS to provide stable power to data centers. It can be installed in less space, in less time and at a lower cost, and integrated software enables monitoring of critical power equipment.

Remote Power Panel (RPP)

RPPs are designed to provide stable power distribution to IT equipment, measure power quality, monitor energy consumption and enable remote control of branch circuits. Branch circuits can be easily replaced in the event of a malfunction or in response to the need to increase load or circuit breaker capacity, allowing for safe maintenance work without power interruption. In addition, power quality and energy consumption monitoring ensures stability and efficiency.

HyperGrid NX

HyperGrid NX is gaining attention as a solution capable of delivering high-capacity power to data centers through a compact transmission network and preventing damage propagation in the event of a power failure, thereby ensuring stable data center operations. Virtually free of electromagnetic wave emissions and transmission losses, this technology is seen as an enabler for enterprises to achieve their corporate ESG goals.



Business Overview

Automation

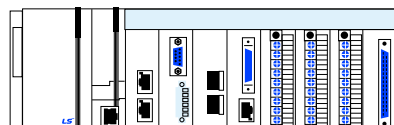


LS ELECTRIC has extensive expertise in the automation business. We manufacture, sell and service industrial automation solutions and industrial communication devices and systems. We are also experts in helping customers build smart factory systems tailored to their business environment to improve productivity, reduce defects and save process costs. Our automation business includes Programmable Logic Controllers (PLCs), AC drives (inverters), Human Machine Interfaces (HMIs), SERVO System, automation systems, building automation, and industrial communication equipment and systems. Key industries served include automotive, battery, electronics, semiconductor and display manufacturing, IT, smart factories, as well as local governments and energy efficiency specialists.

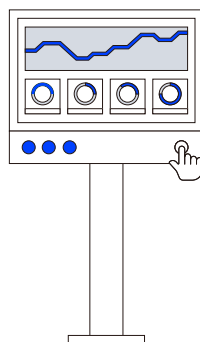
PLC



Programmable Logic Controllers are the brains of automation. They enable precise control of various electrical and mechanical devices according to user-programmed sequences. PLCs from LS ELECTRIC contribute to the safety and efficient operation of all industrial sites, including factories, power plants and buildings.



HMI

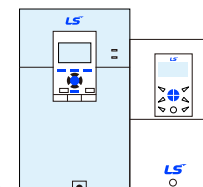


Human Machine Interfaces (HMIs) visualize the status of all equipment, including PLCs and drives, in diagrams and graphs. Users can remotely control the operation of specific devices by simply touching on the switches and buttons displayed on the screen.

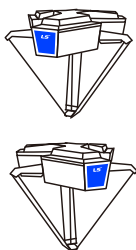
AC Drive



Also known as inverters or Variable Frequency Drivers (VFDs), AC drives supply power at the appropriate frequency to motors, allowing them to operate at the desired speed. LS ELECTRIC's AC drives are essential elements of air conditioning systems in residential and office buildings, ensuring a comfortable working and living environment for you.



Delta Robot

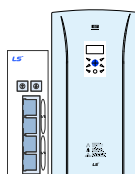


Delta robots have three arms that work synchronously on three axes. They have a simple structure but are effective in performing precise and agile movements. LS ELECTRIC's delta robots help speed up assembly and transportation in factories, enabling rapid product shipment.

RAPIDnet+



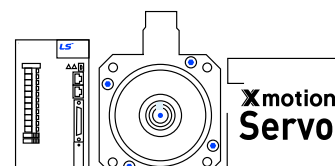
As the quintessence of LS ELECTRIC's network integration technology, it supports various Ethernet-based communication protocols commonly used in industrial sites. It provides a flexible approach to communication issues that may arise in industrial environments through its organic network configurations.



SERVO System



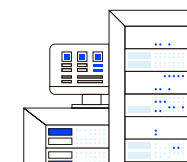
LS ELECTRIC's SERVO motor systems are driven by PLC and HMI commands, enabling precise positioning and speed control to support customized manufacturing.



DEXA



LS ELECTRIC's Data EXpert Agent (DEXA) is an essential software solution for the efficient operation of factories and power plants, integrating previously siloed network diagnostics, monitoring and backup functions to provide users with all-in-one functionality.



Business Overview

Automation Solutions



EdgeHub, a Solution that Connects OT and IT with Data

EdgeHub is an edge computing¹⁾ solution to process and analyze data collected by connecting various assets in the Operational Technology (OT) area and exchange the data freely with the IT (information technology) system. It collects, stores, analyzes, transmits, and visualizes equipment data by interfacing with real-time sensors that monitor equipment I/O, PLCs that control the equipment, and Manufacturing Execution System (MES) that manages production.

1) 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's Tech Square platform helps small and medium-sized manufacturers across industries solve pain points and facilitate communication. Tech Square provides manufacturing companies with plans to sharpen their competitive edge and pave the way for smart factories. Backed by expert advice, small manufacturers can create development roadmaps optimized for their factories and strengthen their competitiveness. In addition, the platform facilitates collaboration with competent solution providers to build smart factories powered by a range of solutions and systems.



Solution Square, an Integrated Cloud-Based Engineering Service Platform

The Solution Square (SSQ) is an online engineering platform dedicated to innovation and efficiency. This cloud platform promotes deep insight into a wide range of industries and agility in technology adaptation. The Solution Square's robust user network facilitates the discovery and exploration of new business opportunities. Online services integrated with IoT-enabled automation products dramatically improve the customer experience, enabling users to achieve significant time and cost savings throughout the engineering process. These features elevate SSQ beyond a simple platform and position it as a key tool in defining the future of the industry.

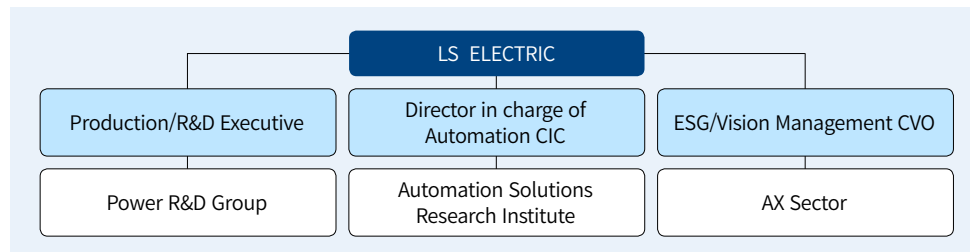
R&D Strategy

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 of 'Futuring Smart Energy', we maintain dedicated research institutes for energy and automation, respectively, to ensure a relentless pursuit of quality and technology in these areas. In addition, the AX Sector, led by the ESG/Vision Management CVO, leverages artificial intelligence, machine learning, and big data technologies to advance our businesses, thereby steering global market trends and solidifying our future competitiveness.

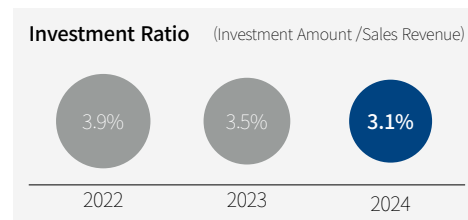
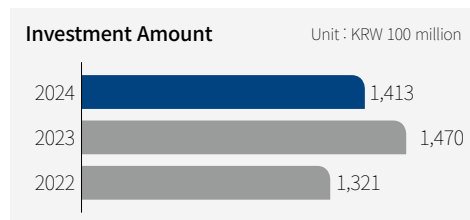


R&D Process

LS ELECTRIC is systematizing systems related to R&D, such as PLM, RMS, MDN, CDN, and MDM¹⁾, 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.

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

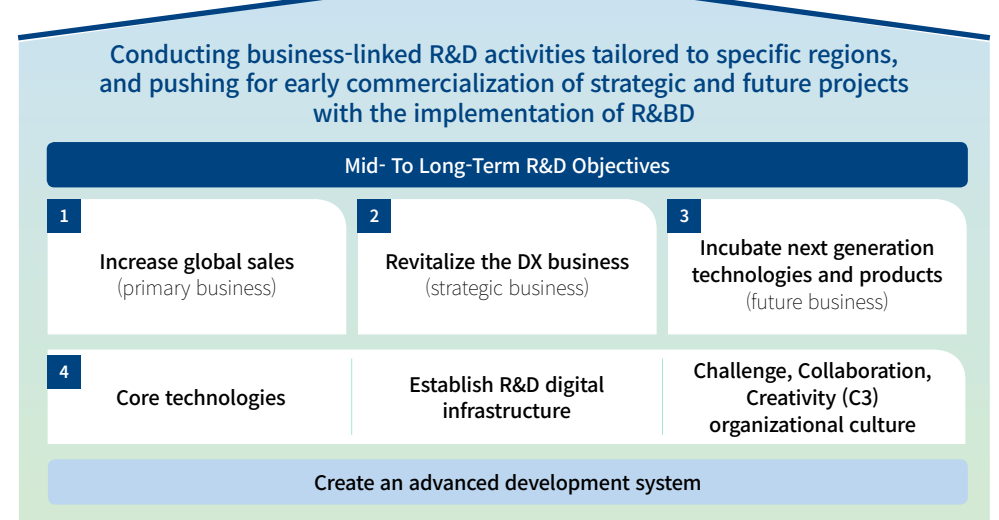
R&D Investment Overview



R&D Vision



R&D Strategy

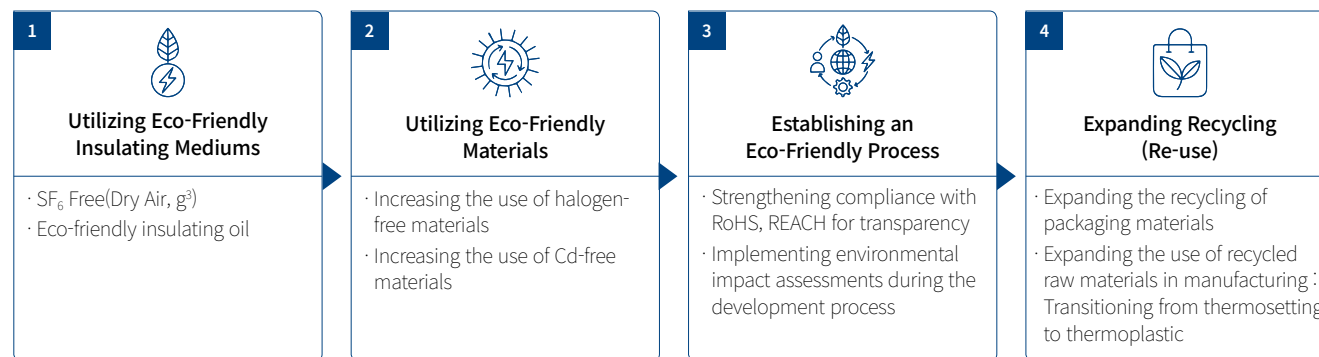


R&D Strategy

Eco-Friendly Product Development Roadmap

LS ELECTRIC is transforming itself into a leading green company by developing green systems across its product range, guided by green strategies and goals. Our 170 kV 50 kA Gas Insulated Switchgear (GIS) has replaced SF₆ with g³ gas for insulation, resulting in a breakthrough reduction of greenhouse gas emissions (CO₂ equivalent emissions) by more than 98%. Despite the use of environmentally friendly gas, we have maintained the same level of compactness as conventional products. We are also developing solutions that combine power and process data with digital technologies to ensure efficient energy use, emissions prediction, and ease of control. In automation, we are exploring new markets for our existing product line and strengthening our software-based integrated platform and engineering capabilities to move into solutions-based new businesses such as robotics and logistics. In addition, we are revising our R&D process to include environmental impact assessments, such as Life Cycle Assessments (LCA), to facilitate green 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)



2024 Key Achievements

Sectors	Key Projects	Results and Impact
Power	Environmentally friendly large-capacity superconducting power system	Won Human Security (Product in support of Human Security) and Smart Cities Awards at the CES Innovation Awards 2025
	Development of the Beyond X™ Asset Management Solution (AMS)	Leveraged digital technologies such as AI, big data, and cloud computing to diagnose physical performance of power equipment assets such as failure rates, remaining life, and replacement cycles.
Automation	Next-generation integrated functional safety system including the Safety Network	<ul style="list-style-type: none"> · Developed a solution that complies with U.S. and EU safety regulations, and verified its reliability through application in the automotive industry · Plans are underway to expand the application to various industrial machines, including semiconductor, display, and logistics.
	High-performance drive	<ul style="list-style-type: none"> · Global market competitiveness with SIL 2 safety compliance and 600V high capacity · Wide output range (0.4 to 250 kW) for different industrial environments · High-performance, high-efficiency drive technology for energy savings and system stability · Smart input for maximum reliability and operational efficiency

Intellectual Property Rights

LS ELECTRIC is committed to innovation in eco-friendly technology and product portfolio to sharpen its global competitive edge and develop drivers for sustainable growth. By the end of 2024, we have registered 449 patents for eco-friendly innovations, and our technological advancements have been demonstrated by patent registrations in Korea, the U.S., China, Germany, and the U.K. Going forward, LS ELECTRIC will continue its efforts to invest in core technologies to create value for generations to come.

Technology Classification	Domestic	Overseas	Total
Energy Management Systems	1	0	1
Energy Storage Devices	103	125	228
Electric Vehicles	24	39	63
Vacuum Circuit Breakers	2	5	7
Superconducting Fault Current Limiters	9	8	17
Eco-Friendly Gas Insulated Switchgear	8	3	11
Photovoltaic Power	58	64	122
Total			449

R&D Strategy

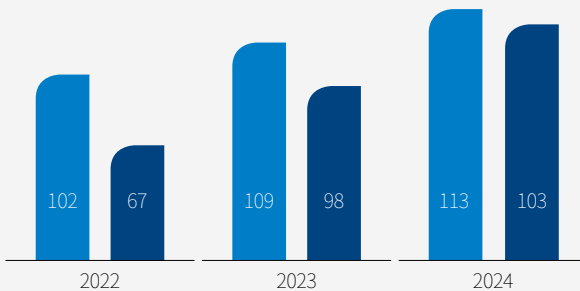
Open Innovation

At LS ELECTRIC, Open Innovation represents our commitment to research and development. Specifically, the LS ELECTRIC R&D STAR Partners Program is designed to promote shared growth by discovering partners with outstanding technology and facilitating technology cooperation and exchange.

In 2024, we selected four companies-NXN Systems, Hooxi Partners, AI Nation, and Korea Green Data-as LS ELECTRIC R&D STAR Partners, recognizing their innovative technologies, including thermal energy monitoring solutions for data centers, carbon emission measurement and business feasibility assessment capabilities, AI-based equipment predictive maintenance models, and process-energy data analysis models. By sharing technology and know-how with these startups, we are exploring opportunities for cooperation between a large corporation and startups, and building a healthy ecosystem for shared growth.

Open Innovation Overview

■ Case ■ Amount (KRW 100 million)



Eco-Friendly Material Development Activities

Expansion of Recycling (Reuse)



- LS ELECTRIC developed halogen-free materials tailored for power equipment, switching from halogen-based to halogen-free materials for insulating components such as cases and covers.
- These halogen-free substitutions have already been introduced in a portion of the MCCB and MC product lines, with the phased transition expected to be complete by 2026.

Eco-Friendly Cd-Free Contact Development



- The company is integrating eco-friendly, Cd-free contacts made from proprietary carbon nanotubes into its products.
- All cadmium oxide contacts in MS, MMS, MCCB, ELCB have been replaced with Cd-free alternatives in 2024.

Eco-Friendly Mold Transformer Epoxy Recipe Development



- Switched to a glycerin-based method for producing Epichlorohydrin (ECH)¹⁾, reducing carbon emissions compared to the traditional propylene method.

1) Ingredient for eco-friendly mold transformer epoxy resin

Development of Carbon-Reducing Plastics



- Using Post-Consumer Recycled (PCR) and Post-Industrial Recycled (PIR) materials
- Incorporating bio-plastics, derived from renewable plant sources, into product testing

Development of Quick-Setting Epoxy Recipes



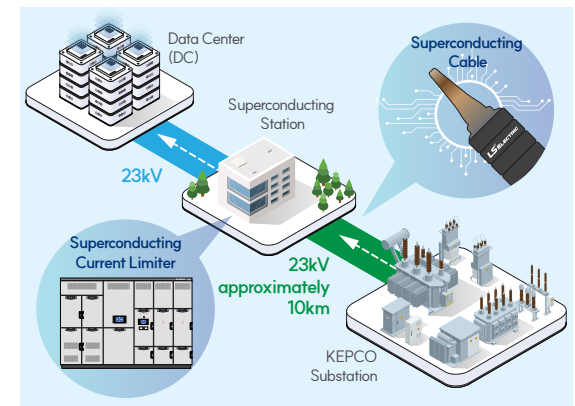
- By employing quick-setting epoxy, the curing time is halved, leading to reduced energy use.

Special Case

Innovative Next-Generation Superconducting Solution Wins CES 2025 Innovation Award

HyperGrid NX, an innovative next-generation superconducting solution developed by LS ELECTRIC and LS Cable & System, has won the Innovation Award at CES 2025. HyperGrid NX is an Internet Data Center (DC) power system. It combines LS ELECTRIC's superconducting current limiters with LS Cable and System's superconducting cables to improve grid stability and maximize transmission efficiency. In particular, it enables large-scale power supply without the need for additional substations and achieves both cost-effectiveness and environmental friendliness by reducing the size and electromagnetic wave emissions compared to conventional substations.

This solution is an optimal alternative to meet the growing demand for data center power and will be an important arsenal for us to capture domestic and international data center markets. Building on this CES Innovation Award, we will accelerate our global market entry and cultivate superconducting solutions as a core future business to achieve sustainable growth.



ESG MANAGEMENT

ESG Highlight	17
ESG Driving Strategy	19
Materiality Analysis	20
Stakeholder Communication	22

ESG Highlight



ENVIRONMENT

- **ISO 50001 certification**
 for energy efficiency
 (Domestic production sites)
- **Achieving RE100 by 2040**
Establishing a roadmap for implementation
Completed transition to 5% renewable energy
- **Develop a real-time power monitoring system**
 for measuring process-specific power consumption in real time



SOCIAL

- **Human rights impact**
 assessments for employees
- **Employee training satisfaction**
Average score of 4.6
 (out of 5)
- **ESG self-assessment and consulting**
 for shared growth with suppliers
- **Power sector customer satisfaction**
77 points
 (Industry average 67)



GOVERNANCE

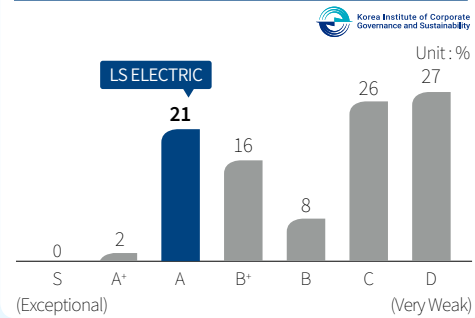
- **Cash dividend per share**
KRW 2,900
- **Ethical management training**
 for employees
- **Board assessment**
 for efficient board operations

ESG Highlight

Korea Institute of Corporate Governance and Sustainability(KCGS)

The Korea Institute of Corporate Governance and Sustainability is a leading ESG rating agency in Korea that evaluates the level of sustainability management of listed companies. In 2024, LS ELECTRIC achieved an overall rating of A, with specific ratings of A in Environment, A in Social Responsibility, and A in Governance.

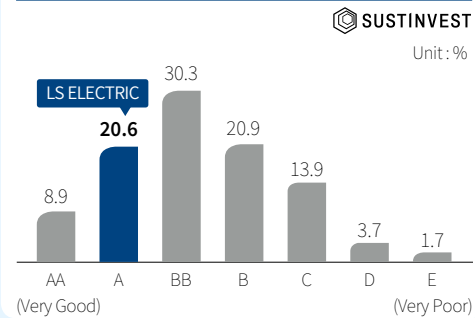
Rating **A** for 6 years in a row



SUSTINVEST

SUSTINVEST is an ESG assessment and research agency based in Korea. It conducts bi-annual ESG assessments for domestic listed companies. LS ELECTRIC received an A rating in both the first and second half assessments of 2024.

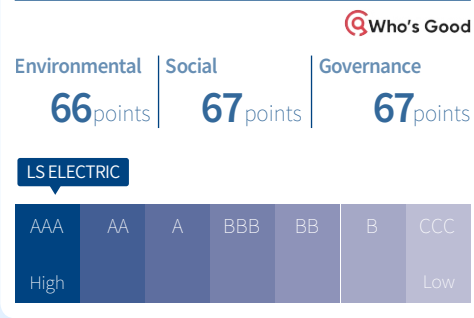
Rating **A**



Who's Good

Who's Good is an AI-based ESG rating agency. In 2024 Who's Good evaluation, LS ELECTRIC achieved an overall rating of AAA with 67 points overall, 66 points for the environment, 67 points for society, and 67 points for governance.

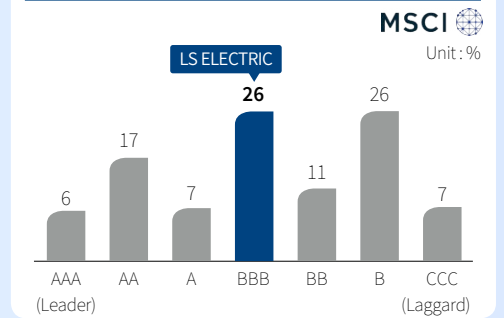
Rating **AAA**



MSCI

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.

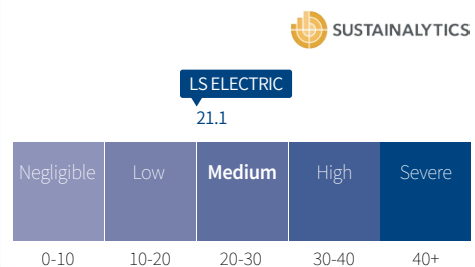
Rating **BBB**



Sustainalytics

Sustainalytics is a risk management-based ESG rating agency overseen by Morningstar. LS ELECTRIC received a Medium Risk rating, the same as last year.

ESG Risk Rating
Medium Risk Rating



S&P Global CSA

Each year, the S&P Global ESG Assessment provides a comprehensive evaluation of companies' economic, environmental and social performance. LS ELECTRIC achieved a total score of 52 points in 2024, an improvement of 13 points over the previous year.

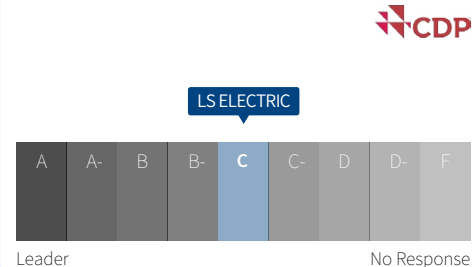
52 points

	Industry Average	LS ELECTRIC
Environment	33	57
Social	35	58
Governance	36	41

CDP

CDP is a UK-based not-for-profit organization that monitors carbon emissions from major listed companies worldwide. LS ELECTRIC received a C rating in the Climate Change category.

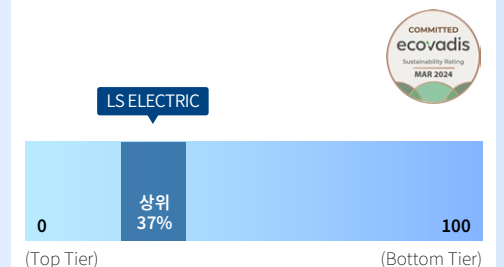
Rating **C**



Eco-Vadis

Eco-Vadis is a CSR rating platform that measures the environmental and social performance of global suppliers. It tracks the ESG performance of more than 50,000 companies in 150 countries across 190 industries. LS ELECTRIC has achieved a score of 56 points.

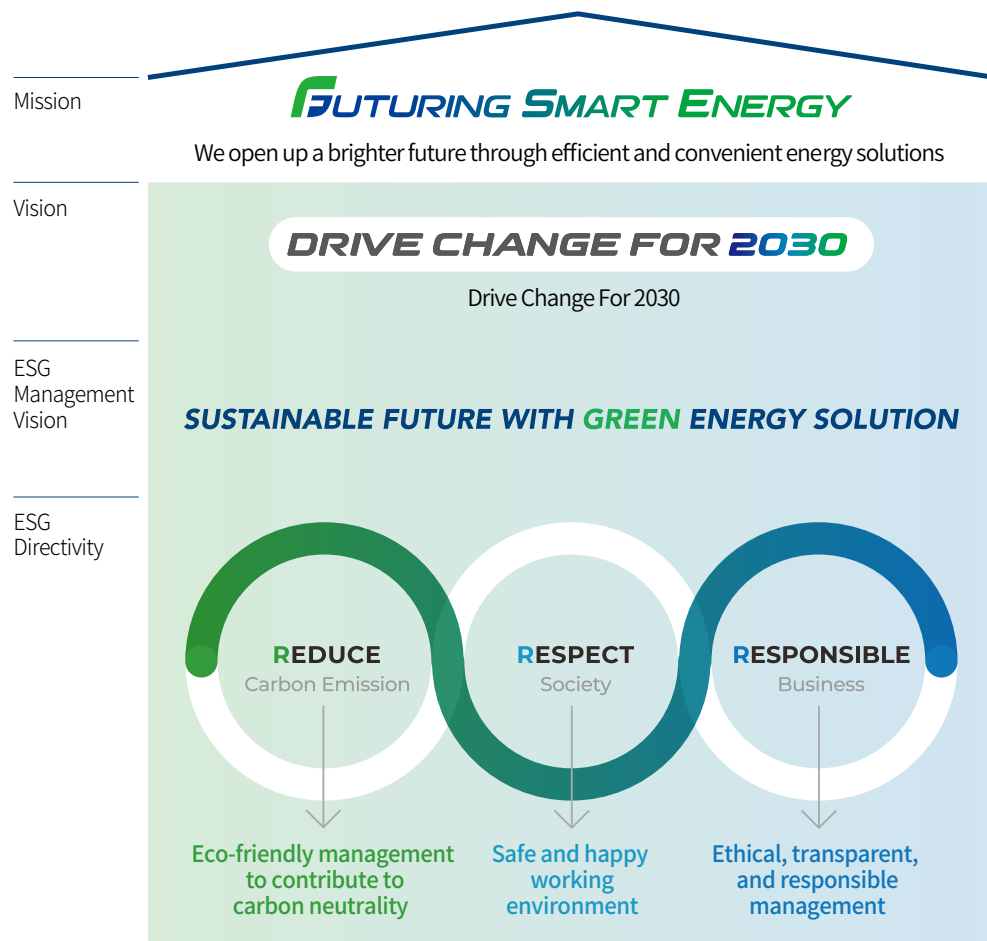
56 points



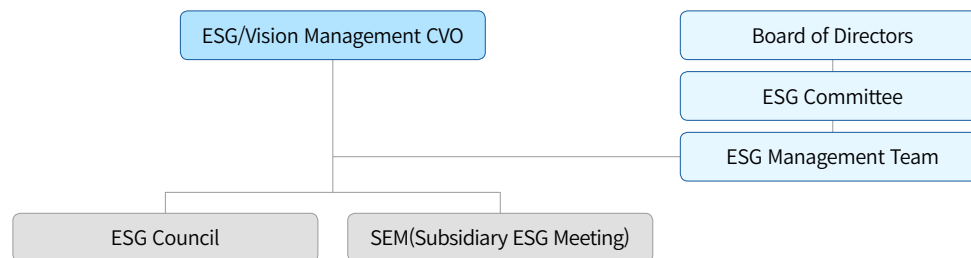
ESG Driving Strategy

Aiming to be a global leader that achieves sustainable growth and creates the future of smart energy, LS ELECTRIC declared its vision for ESG management "Sustainable Future with Green Energy Solution" in 2022. In order to establish transparent and progressive governance, we have established the ESG Committee under the Board of Directors to deliberate and decide on key ESG-related policies and strategies. For well-structured ESG management, the ESG Management Team has been established to lead the internal and external dissemination of ESG management practices. In addition, the ESG Council involves executives and organizational leaders from various internal value chains to implement ESG tasks and respond effectively to various ESG issues. In addition, the Subsidiary ESG Meeting (SEM) is held to disseminate ESG management to subsidiaries and overseas operations.

ESG Strategy System



ESG Organization



ESG Management Improvement Direction



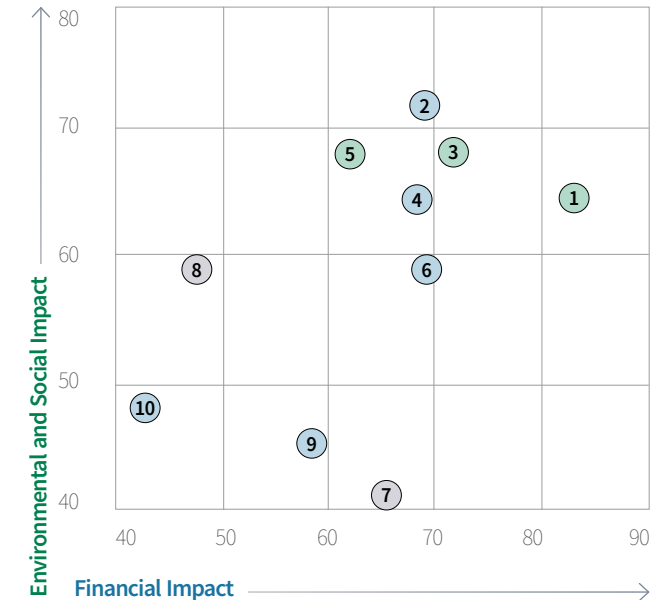
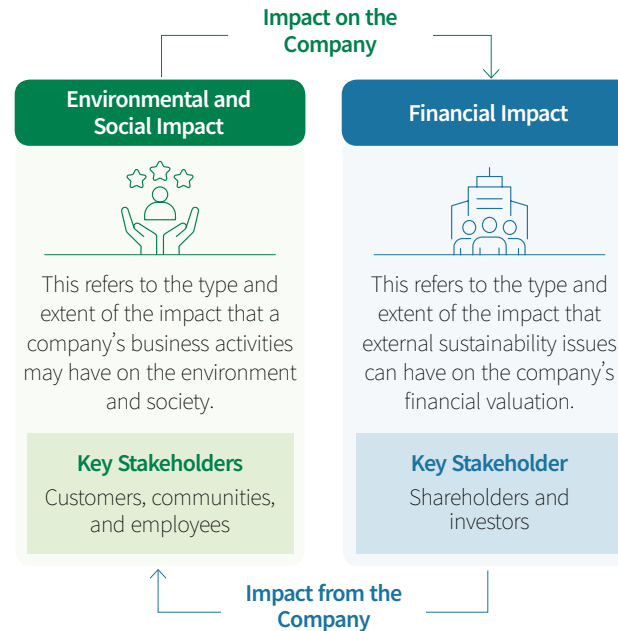
Materiality Analysis

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. 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.

Analysis Process

Impact Analysis	Organize a pool of ESG issues	<ul style="list-style-type: none"> Organize a pool of 20 issues by analyzing international standards and ESG assessment indicators including industry trends
	Impact Materiality (Environmental and Social Impact)	<ol style="list-style-type: none"> Media research Industry benchmarking ESG initiatives (GRI Standards, UNGC, ISO26000, UN SDGs) Stakeholder survey <ul style="list-style-type: none"> Participants: employees, customers, suppliers, experts Survey period: January 7-10, 2025
	Financial Materiality (Financial Impact)	<ol style="list-style-type: none"> Mega trends (trends in global regulations and ESG policies) ESG initiatives (MSCI, DJSI, KCGS, SASB, TCFD) Stakeholder Survey <ul style="list-style-type: none"> Participants: finance sector employees, shareholders/investors Survey period: January 7-10, 2025
	Select critical issues	<ul style="list-style-type: none"> Conduct a general assessment by applying weights by item to the impact analysis results Select 5 critical issues

Double Materiality Assessment Concept



No.		ESG Issue	Impact Materiality	Financial Materiality	Year-on-year comparison
1	E	Climate change response	64.4	83.1	-
2	S	Supply chain management and win-win management	71.4	69.3	▲2
3	E	Enhanced product energy efficiency and reduced environmental impact	67.8	71.5	▲3
4	S	Safe working environment	64.3	68.1	▼2
5	E	Discovering new business and securing eco-friendly technologies	67.8	61.7	▼2
6	S	Customer health and safety	58.4	69.5	▲1
7	G	Sound BOD organization	40.9	65.6	▲2
8	G	Ethics and compliance management Sound BOD organization	58.8	47.3	-
9	S	Talent acquisition and retention	44.6	58.4	▼4
10	S	Fair personnel management and benefits	47.9	42.9	▲4

Materiality Analysis

Material Issue Management Plans

No.	ESG Issue	Impact on Business and External Environments	Key Achievements	Mid-to Long-term Goals(KPIs)	Related Activities (Pages in this Report)
1	Climate change response	There is a growing need for emissions reporting and verification in response to international requirements for carbon neutrality and related regulations. It is essential to minimize negative impacts by reducing greenhouse gas emissions and improving energy efficiency.	<ul style="list-style-type: none"> Third-party verification of greenhouse gas emissions for major subsidiaries and overseas operations. A mid- to long-term renewable energy transition roadmap, including solar self-generation, REC purchases, and PPA agreements Transition to renewable energy for approximately 5% of total electricity use 	<ul style="list-style-type: none"> Achieve 60% by 2030 and 100% by 2040 under RE100 Achieve carbon neutrality (Scope 1 and 2) by 2040 	35 - 39
2	Supply chain management and win-win management	We are seeing increasing requests for ESG from global clients, primarily driven by the EU's Supply Chain Due Diligence Directive. It is necessary to proactively respond to risks that may arise in the value chain.	<ul style="list-style-type: none"> Tighter ESG risk management for suppliers An ESG self-assessment and diagnostic system for suppliers ESG consulting support (for 19 companies) 	<ul style="list-style-type: none"> Extend ESG self-assessments to more suppliers Estimate Scope 3 greenhouse gas emissions in upstream supply chain 	60 - 64
3	Enhanced product energy efficiency and reduced environmental impact	In response to demands to reduce the negative environmental impact of companies, such as reducing waste and pollutants, it is necessary to establish a structure for resource circulation.	<ul style="list-style-type: none"> LCA implementation and certification for key products such as inverters and ACBs Recycling technology for waste plastics (scrap) 	<ul style="list-style-type: none"> Establish a database for introducing an LCA calculation system Internalize scrap plastic recycling process 	31 - 34
4	Safe working environment	The occurrence of serious accidents creates economic and social risks. To ensure a safe working environment, it is necessary not only to prevent accidents, but also to manage various factors such as the health and quality of life of employees.	<ul style="list-style-type: none"> Zero serious accidents All domestic operations certified to ISO 45001 Occupational Health and Safety Management System standard 	<ul style="list-style-type: none"> Achieve zero serious accidents Further develop the ESH system for systematic performance management 	48 - 52
5	Discovering new business and securing eco-friendly technologies	Growing customer interest in green products and services provides opportunities for LS ELECTRIC to pursue new technologies such as ESS, solar power and superconducting solutions.	<ul style="list-style-type: none"> Integrating carbon emissions analysis process into R&D policy 	<ul style="list-style-type: none"> Introduce low-carbon product development processes 	13 - 15

Stakeholder Communication

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

Category	 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 ESG Partnership Meeting Performance sharing Shared growth portal (TOPS) Training second-generation leaders 	<ul style="list-style-type: none"> Exhibitions and seminars Customer meetings Meetings with sole distributors Customer service center Social media (LinkedIn, YouTube) 	<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 2024	<p>New Recruits</p> <p>377 persons</p> <p>Welfare Expenses per Person</p> <p>KRW 19.3 million</p>	<p>Donations</p> <p>KRW 828 million</p> <p>Social Contribution Participants</p> <p>3,883 persons (cumulative number)</p> <p>Social Contribution Beneficiaries</p> <p>2,406 persons</p>	<p>Financial Support</p> <p>KRW 8.1 100 million</p>	<p>Customer Satisfaction Score</p> <p>77 points</p>	<p>Cash Dividend per Share</p> <p>KRW 2,900</p> <p>Interest Expenses</p> <p>KRW 41,400 million</p>

ESG PERFORMANCE

Environmental

Environmental Management	24
Creating Eco-friendly Worksites	31
Climate Change Response	35

Social

Human Rights Management	40
Talent Management	43
Health and Safety Management	48
Data Protection and Information Security	53
Customer Value Creation	57
Shared Growth	60
Social Contribution	65

Governance

Establishing Sound Governance	67
Ethics Management	72
Compliance	75
Risk Management	77

ESG PERFORMANCE

Environmental Management

LS ELECTRIC recognizes green management activities as a core element of its management strategy and is committed to contributing to the preservation of the global environment and the creation of a sustainable society by fulfilling its corporate social responsibility. We will strive to internalize environmental management and create a green ecosystem throughout our business operations and value chain.

UN SDGs



ROAD MAP

Goal

Minimize environmental impact via eco-friendly management

Direction of Advancement

Widen the scope of environmental impact analysis and monitoring

Establish a biodiversity strategy tailored to the characteristics of the business

Detailed Implementation Plans

2025	2026 - 2029	2030
Build an energy management system	Minimize environmental impact and spread ESG management practices	Advance as a leading global eco-friendly company
Enhance the energy monitoring system	Improve efficiency and reduce greenhouse gas emissions through energy management monitoring	Achieve 60% of the global RE100 target
Implement energy management system (ISO 50001) operations	Promote LS ELECTRIC's own biodiversity conservation activities	Minimize environmental impact to ensure environmentally responsible business practices
	Expand the purchase of certified green products	
	Minimize environmental impact by developing environmentally friendly products	
	Develop products that minimize environmental impact	

Environmental Management

Policy

Environmental Management Implementation System

LS ELECTRIC strives to be a global leader in environmentally friendly business by practicing environmental management under its ESG management vision of "Sustainable Future with Green Energy Solution". After the first designation of the Cheongju Plant in 1997, all of our plants have received the Green Company Certification. In addition, we continue to carry out various activities at the corporate and plant levels to maintain the Green Company status. At the global level, we have obtained the ISO 14001 Environmental Management System Certification to ensure transparency in environmental management and build trust with our stakeholders. Our Environmental Management System Manual guides us in conducting annual environmental impact assessments of each division to understand the environmental impacts of our business activities and to develop and implement actionable plans to mitigate these impacts. In 2024, we were certified for the ISO 50001 energy management system standard, further demonstrating our firm commitment to environmentally friendly management. To achieve our core goal of minimizing our environmental impact and becoming a greener company, we have established environmental and energy policies that serve as benchmarks for measuring and evaluating our performance. We monitor key environmental impacts such as energy consumption and pollutant emissions and, based on the results of the evaluations, we set and implement improvement goals and action plans.

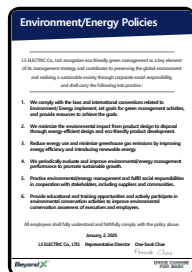


ISO 14001 / ISO 50001
Percentage of Certified
Worksites **100%**

* Domestic production sites

ISO 14001 certificate

ISO 50001 certificate

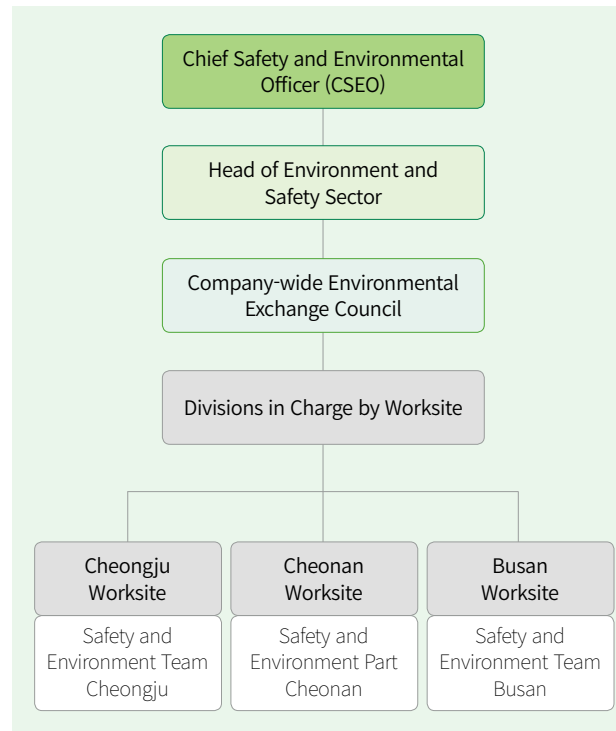


Environmental
Management Policy

Environmental Management Governance

At LS ELECTRIC, the Chief Safety and Environment Officer (CSEO)¹⁾ is the final decision maker on key environmental management issues and is responsible for defining environmental management strategies, tasks and investments. In addition, we hold quarterly company-wide Environmental Exchange Council meetings to share the environmental issues of each site and discuss the direction of company-wide environmental management. The Council meetings are led by the Head of Environment and Safety, who reports to the CSEO. Risks identified at the meetings are immediately addressed by the environmental and safety departments at each site.

1) CSEO : Chief Safety and Environment Officer



Environmental Risk Management

LS ELECTRIC has established a risk management process to identify and respond to risks that may arise in the course of environmental management. In addition, an emergency management system has been established to classify environmental incidents into levels A to C for rapid response in the event of an emergency. We also monitor our compliance with environmental regulations and strive to reduce environmental risks by, for example, installing pollution prevention equipment and using substitute materials to ensure compliance.

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	ESG/Vision Management CVO		
Notification	CIC COO	Group Leader	Plant Manager/ Manager of Business Division

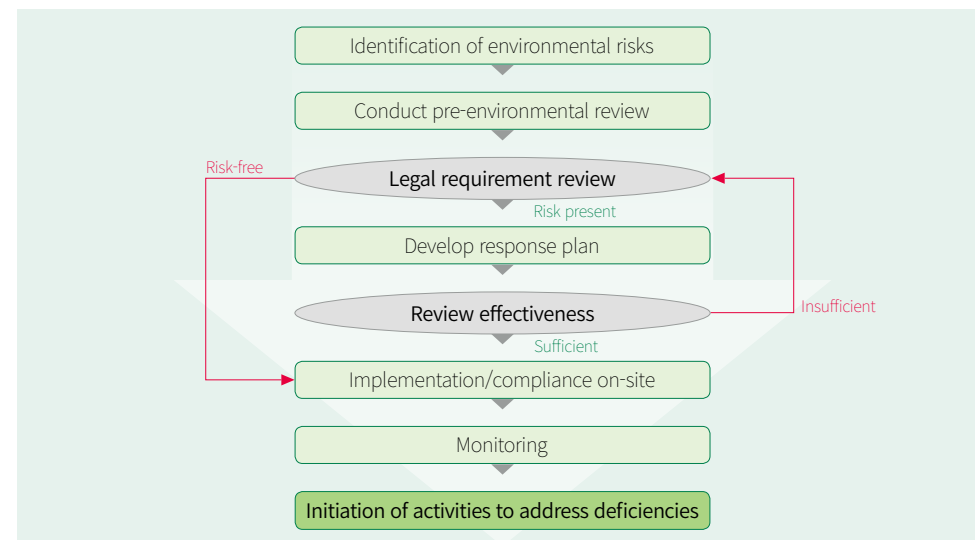
Environmental Management

Policy

Response to Environmental Legal Risks

Category	The Clean Air Conservation Act	The Chemical Substances Control Act	Act on the Registration and evaluation, etc. of Chemical Substances
Requirement	Install Internet of Things (IoT) measurement devices (Within 2025)	Comply with hazardous chemical handling criteria	Register imported chemicals
Response	Install IoT measurement devices at air pollution emission and prevention facilities(data transmitted to the Ministry of the Environment's Green Link system).	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

LS ELECTRIC strictly complies with national and international environmental regulations and regularly reviews relevant legislative and regulatory developments so that revisions and amendments are promptly incorporated into our internal regulations. Environmental managers at each facility receive regular training to keep them informed of the latest legal requirements and environmental issues. When environmental issues arise, we share detailed information with relevant managers and employees to ensure appropriate responses. These efforts have resulted in zero environmental violations in 2024, and we will continue to strive for zero violations through continued monitoring and strict compliance with environmental regulations.

Environmental regulation violations in 2024

0 Cases

Environmental Management

Activity

Environmental Training of Employees

LS ELECTRIC provides various environmental training programs to help employees better understand environmental management and develop their practical skills. Onboarding training for new employees, environmental technology specialist training, and department-specific environmental and safety officer training are designed to disseminate LS ELECTRIC's environmental management goals and strategies and to develop the professional knowledge and skills required for their respective roles.

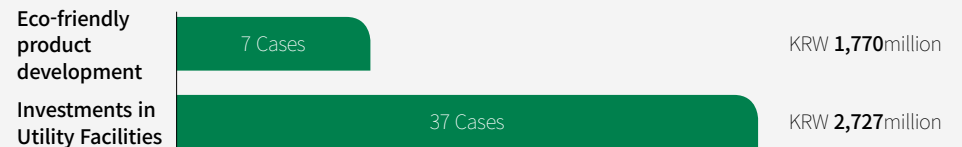
Name of Training	Description	Target	Participants	Hours
Training upon recruitment	<ul style="list-style-type: none"> ESG management Environmental Management Worksite operations 	New employees	124	75
Environmental engineer training	<ul style="list-style-type: none"> Statutory training for environmental engineers Environmental technical training 	Environmental engineers Chemicals managers	7	106
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	63	675

Eco-friendly Investment

LS ELECTRIC is increasing its investment in green energy equipment to minimize its environmental impact. An initiative is underway to replace power equipment such as transformers and GIS systems at its facilities with its own green counterparts. In August 2025, we plan to replace existing transformers with new ones that use environmentally friendly plant-based oil. In 2026, we will introduce green GIS systems that replace SF₆, a greenhouse gas, with g³ gas.

To reduce energy loss caused by aging equipment, we are replacing equipment with high-efficiency models in accordance with the Korea Electric Safety Corporation's recommended life and replacement cycles for electrical and utility equipment. In addition to equipment replacement, we also pursue general and preventive maintenance and efficiency improvement activities for utilities such as air conditioners and cooling towers to maximize energy efficiency. These efforts are coupled with continued investment in research and development for environmentally friendly products. We focus on reducing raw material consumption by reducing product size and extending product life, and developing substitutes for harmful chemicals to minimize environmental impact.

Environmental Investment in 2024



Environmental Due Diligence Support for Suppliers

LS ELECTRIC provides environmental and safety consulting services to help suppliers assess their environmental and safety management practices and prevent potential risks. In 2024, we conducted environmental and safety inspections for 19 suppliers. The safety and environment team carefully reviewed the suppliers' environmental management status, proposed improvement actions for identified risk factors, and carefully verified the results of the improvement measures taken. Ongoing follow-up management of suppliers' improvement efforts contributes to the continuous improvement of environmental and safety management standards.

Key items reviewed

- ✓ Environmental laws and regulations
- ✓ environmental facilities
- ✓ facilities handling hazardous chemicals

Number of suppliers subject to inspections

19

Environmental Management

Biodiversity

LS ELECTRIC recognizes that its operations are closely linked to the natural ecosystem and is committed to mitigating the risks of biodiversity loss and degradation through biodiversity conservation and protection activities. In line with the recommendations of the TNFD¹⁾, a global initiative for the disclosure of financial information related to biodiversity, we apply the LEAP²⁾ approach to risk assessment, whereby we identify the impacts and interdependencies of activities in our own operations and throughout the value chain on biodiversity and evaluate potential risks and opportunities. In particular, these assessments take into account the geographic and business characteristics of our domestic operations, and we plan to further extend the scope of biodiversity risk assessments to the entire value chain, including suppliers. Based on the results of the risk analysis, we will set specific targets for biodiversity conservation and continue our efforts to protect biodiversity in all aspects of our business.

1) TNFD: Taskforce on Nature-related Financial Disclosures.

2) LEAP: Locate, Evaluate, Assess, Prepare; an approach recommended by the TCFD for identifying and assessing issues related to nature.

Locate: Identify Contact Points with Nature

Identify Ecosystem Characteristics and Risks in Each Worksite

At LS ELECTRIC, we are aware that the manufacturing activities at our production sites depend on and can have an impact on nature. To fully understand the state of the local ecosystem and the impact of human activities, we have identified area-specific risk factors based on the World Wide Fund for Nature (WWF) Environmental Factors¹⁾ and Pressures on Biodiversity²⁾ framework.

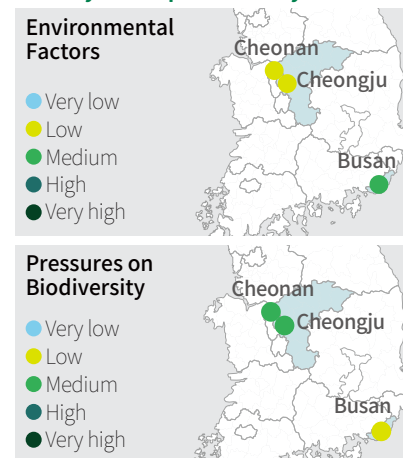
To assess our exposure to biodiversity-sensitive areas, we analyzed the vegetation surrounding our facilities and the species that inhabit the boundaries of these areas. We identified IBAT³⁾ protected areas, red-listed species and endangered species designated by the Ministry of Environment within a 50-kilometer radius as the scope of the analysis.

1) Negative impacts on community's environmental assets; lower risks mean less likelihood of biodiversity impacts.

2) Impacts of human and business activities on ecosystems; lower risks mean less human impact on nature.

3) Integrated Biodiversity Assessment Tool.

Identify area-specific ecosystem characteristics



Analysis elements	Cheongju Worksite	Cheonan Worksite	Busan Worksite
Protected/Conserved areas	●	●	●
Key Biodiversity areas	●	●	●
Other Important Delineated areas	●	●	●
Ecosystem Condition	●	●	●
Range Rarity	●	●	●

Analysis elements	Cheongju Worksite	Cheonan Worksite	Busan Worksite
Land, Freshwater and Sea Use Change	●	●	●
Forest Canopy Loss	●	●	●
Invasives	-	-	-
Pollution	●	●	●

Biota and protected areas

	Analysis elements	Cheongju Worksite	Cheonan Worksite	Busan Worksite
Nature reserves ¹⁾	Nationally protected areas	83	74	93
	Ramsar wetlands	0	0	1
	Important Bird and Biodiversity Areas	0	2	2
Globally endangered species ²⁾	Critically Endangered	0	5	11
	Endangered	12	39	48
	Vulnerable	18	49	60
District-specific endangered species designated by the Ministry of Environment		30	15	37

1) Nature reserves within a 50 km radius of the worksite

2) International Union for Conservation Nature (IUC) red-listed species within a 50 km radius of the worksite

Environmental Management

Biodiversity

Evaluate: Dependency and Impact Assessment

LS ELECTRIC conducted an analysis using the ENCORE¹⁾ tool in accordance with the TNFD recommendations to identify the links between its business activities and natural resources. The results showed a Medium dependence on certain ecosystem services, such as water supply and rainfall regulation services, which is related to the nature of the electrical equipment manufacturing industry. This suggests that stable water supply and rainfall patterns, rather than extreme weather events (floods, droughts), could affect the sustainability of our operations. In addition, water and soil pollutant emissions from our operations were found to have a High level of ecosystem service burden. This means that LS ELECTRIC's business activities may have a negative impact on the water and soil environment, and therefore careful management is essential. Based on the results of the ENCORE analysis, we will conduct business activities in consideration of their connection with natural capital and continue efforts to reduce environmental burdens.

1) Ecosystem Natural Capital Opportunities & Risks, a tool to analyze industry dependence and impact on natural capital based on global industry classification standards.

Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus

● Very low ● Low ● Medium ● High ● Very high

Indicator		Level
Dependence	Water supply	●
	Global climate regulation services	●
	Rainfall pattern regulation services (at sub-continental scale)	●
	Local (micro and meso) climate regulation services	●
	Air filtration services	●
	Soil and sediment retention services	●
	Solid waste remediation	●
	Water purification services	●
	Water flow regulation services	●
	Flood mitigation services	●
	Storm mitigation services	●
	Noise attenuation services	●
	Other regulating and maintenance service - Dilution by atmosphere and ecosystems	●
	Other regulating and maintenance service - Mediation of sensory impacts (other than noise)	●
Impact	Disturbances (e.g noise, light)	●
	Emissions of GHG	●
	Emissions of non-GHG air pollutants	●
	Generation and release of solid waste	●
	Area of land use	●
	Emissions of toxic pollutants to water and soil	●
	Volume of water use	●

Environmental Management

Biodiversity

Assess: Risks and Opportunities

LS ELECTRIC has identified risks and opportunities that natural capital may present to our business based on our dependence on and impact on natural capital.

Type	Risk/Opportunity	Dependence	Impact	Potential business impact	Term
Risk	Water shortage risk due to dependence on stable water resources	●	●	Disruption in product production and increased production costs	Mid-term
	Potential flood and storm damage from increased extreme weather events such as heavy rainfall	●		Damage to production facilities, increases in disaster recovery costs, and potential delays in product sales	Mid/long-term
	Potential increase in water purification costs as natural water purification weakens	●		Increased water and wastewater treatment costs	Mid-term
	Soil and water pollution from hazardous substance leakage		●	Increased costs for pollutant treatments, penalties for non-compliance, and reputational risks	Short/mid-term
Opportunity	Climate resilience with a system to respond to natural disasters (rain, floods, etc.)	●		Minimizing disaster damage and ensuring production continuity	Mid/long-term
	Implementation of biodiversity conservation and impact mitigation activities, sustainable use of resources		●	Better reputation for the company among stakeholders	Short/mid-term

Prepare: Response and Disclosure

LS ELECTRIC assesses the relationship between its major production facilities and nature, identifies the resulting risks and opportunities, and develops biodiversity conservation targets and management plans.

As part of our active efforts to mitigate environmental risks, we will conduct in-depth analyses of the impact of our business activities on society and our dependence on natural capital. We will also monitor the TNFD and national regulatory trends related to biodiversity, practice proactive environmental management, and establish an information disclosure system.



ESG PERFORMANCE

Creating Eco-friendly Worksites

[Environmental](#)
[Social](#)
[Governance](#)

ROAD MAP

Goal

Achieve pollution-free and loss-free operations

Direction of Advancement

Development of low-carbon materials and reduction of pollutant emissions

Environmental impact mitigation by expanding the lifecycle assessment (LCA)

Detailed Implementation Plans

2025	2026 - 2028	2029 -
Develop and mass-produce environmentally friendly materials - Halogen-free materials (50%)	Mass-produce environmentally friendly materials - Halogen-free materials (80%)	Mass-produce environmentally friendly materials - Halogen-free materials (100%)
Establish scrap recycling process	Expand scrap recycling (2% of total materials)	Expand scrap recycling (5% of total materials)
Advance the lifecycle assessment system	Develop a lifecycle assessment database Reduce chemicals by improving processes and using alternatives	Expand the lifecycle assessment database

UN SDGs

7



12



13



Creating Eco-friendly Worksites

Policy

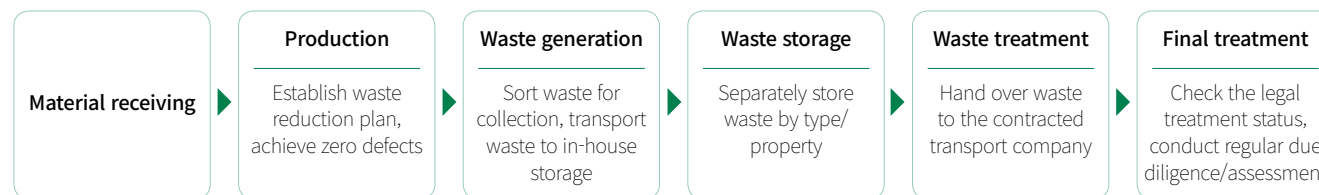
Establishment of Eco-friendly Worksite Systems

Aiming to minimize the environmental impact and maximize the resource circulation, LS ELECTRIC leverages an ESH management system for performance management and monitoring of environmental indicators including waste, pollutants and hazardous chemicals. In order to minimize the waste discharge, we sort the waste discharged from the worksites according to its recyclability and treat it lawfully by professional waste treatment service providers. Compliance with the waste treatment manual is ensured through annual conformity assessments. LS ELECTRIC's Cheongju and Cheonan worksites fully outsource wastewater treatment.

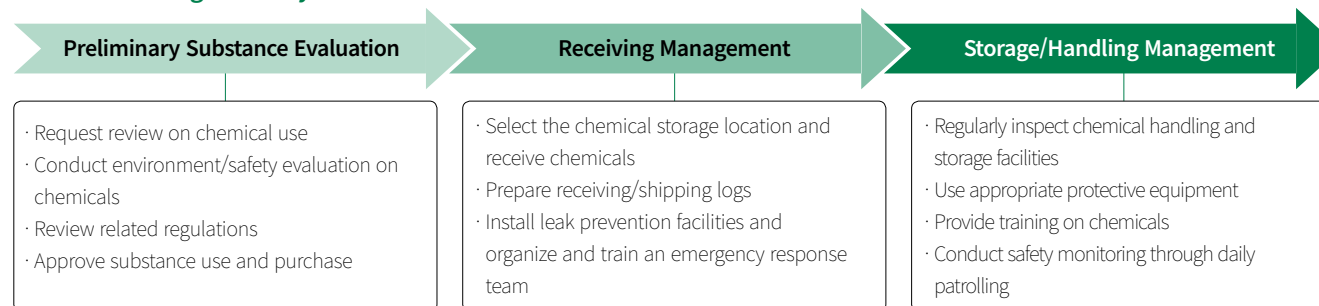
Although they are not bound by discharge regulations, they conduct raw water composition analysis to monitor pollution levels. At our Busan worksite, we ensure that the concentration of wastewater discharged meets the regulatory tolerances.

Our internal acceptance criteria for air pollution control are 50% stricter than the legal criteria. In addition, we repair and replace old air pollution control equipment to keep it in optimal condition. For chemicals, we conduct preliminary hazard assessments to address potential legal risks before chemicals are introduced to our worksites. For the handling of hazardous chemicals, facilities are equipped and routinely inspected to maintain oversight of chemical management operations. In addition, we establish and maintain worksite-specific records of legally regulated persistent organic pollutants. When disposing of such substances, we use licensed services and report the disposal to the local government.

Waste Management Process



Chemical Management System



Waste Plastic Resource Circulation Process

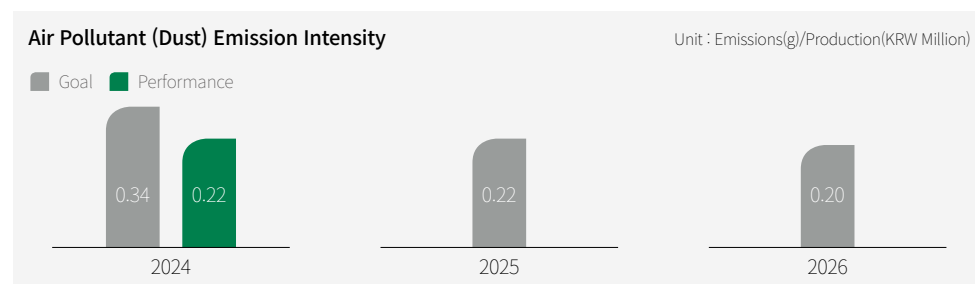
Plastic waste has become a serious global problem, highlighting the importance of establishing a circular economy system. The surge in plastic production has led to a sharp increase in waste generation and aggravated environmental pollution. Many countries are pursuing plastic circular economy policies and tightening regulations. In line with this global trend, LS ELECTRIC is actively addressing the issue of plastic waste. We have established a system to recycle scrap from the injection molding process in the production of plastic components, and we are working to implement this system in mass production. The recycling of plastic waste contributes to the prevention of resource depletion, the reduction of environmental damage, and the reduction of carbon emissions. In this light, LS ELECTRIC aims to establish a resource circulation system by recycling large amounts of scrap generated in the plastic injection molding process. We are committed to minimizing environmental impact and maximizing resource efficiency by recycling injection molding scrap that would otherwise be completely discarded. We have introduced dust removal and automatic material feeding systems for scrap recycling, ensuring that the quality of the products is equivalent to that of new raw materials. In doing so, we built a scrap recycling system at one of our suppliers in 2024 and completed a feasibility study to confirm that this technology can be applied to mass production. The scrap plastic recycling process technology and mass production will enable LS ELECTRIC to conserve raw materials, reduce manufacturing costs, waste generation and emissions, and improve production efficiency, thereby contributing to the establishment of a circular economy.

Creating Eco-friendly Worksites

Goals and Performance

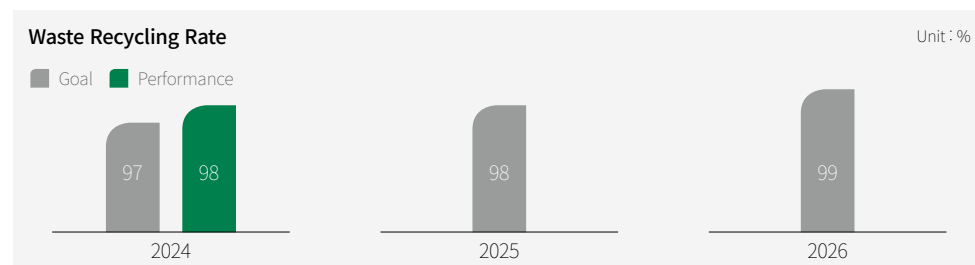
Reduction of Pollutant Emissions

To minimize the environmental impact of pollutants from our worksites, we analyze performance and set targets for priority management items. We strive to reduce environmental impacts by managing the intensity of pollutant emissions at each worksite.



Expansion of Waste Recycling

LS ELECTRIC strives to minimize its impact on the environment by recycling waste generated at its facilities. With the exception of certain types of waste that are prohibited from recycling under the Wastes Control Act, we aim to recycle all waste wherever possible. In addition, we are committed to researching alternatives and improving processes to replace materials that are difficult to recycle. In addition, for products subject to the EU's Waste Electrical and Electronic Equipment (WEEE) Directive, we have established internal guidelines to ensure that such products are collected and processed for recycling separately from general waste. These efforts represent our commitment to minimizing our environmental impact and facilitating the sustainable use of resources. LS ELECTRIC will continue to contribute to environmental management and lay the foundation for a more sustainable future.



* Waste generated within the worksites only

Activity

Real-time Power Monitoring System

Global environmental regulations primarily led by the European Union, such as the CBAM and Eco-Design Directives, are effectively acting as trade barriers. This highlights the need for systems to measure and optimize energy consumption. In response, LS ELECTRIC has implemented a real-time power monitoring system at selected manufacturing facilities in 2024. The power monitoring system, based on our proprietary Beyond X™ FEMS solution, enables real-time collection and monitoring of power consumption data to objectively assess energy consumption and drive energy management and reduction initiatives. The system consists of process monitoring and line monitoring elements. In particular, the process monitoring system is designed to verify power consumption and carbon emissions at the sub-process level, enabling compliance with various regulations and energy efficiency initiatives. We plan to gradually scale the system for effective monitoring.

Recycling Rate Calculation Program

In response to worsening resource depletion and environmental pollution, we have developed our own product recycling rate management system with the aim of building a virtuous cycle of resources. This system imports Bill of Materials (BOM) data on component weight and materials, and automatically calculates recycling rates according to KS Standards. Its web-based dashboard enhances accessibility, allowing anyone to easily view product material information and recycling rates. With this recycling rate management system, LS ELECTRIC aims to achieve product recycling rates on par with global leaders and strengthen its capabilities in developing environmentally friendly products.

Creating Eco-friendly Worksites

Activity

Reduction of Chemical Use

LS ELECTRIC has succeeded in developing a Cd (cadmium)-free contact material for electrical switches using carbon nanotubes (CNT). This environmentally friendly contact material was introduced into production in 2023, and in August 2024, we reached a significant milestone of fully replacing the contact material and completely eliminating the use of toxic cadmium. Going forward, LS ELECTRIC will continue to invest in and develop technologies to reduce negative environmental impacts.

Response to RoHS Regulations

LS ELECTRIC is proactively responding to the Restriction of Hazardous Substances (RoHS) Directive by introducing state-of-the-art analytical equipment that meets international standards and strengthening its internal and external analytical capabilities. In addition to RoHS analysis of components and products used in our products, we also conduct accurate analysis of heavy metals (lead, mercury, cadmium, etc.), hexavalent chromium, plastics and other materials according to customers' requirements in accordance with the international standard IEC 62321, and transparently disclose the analysis results. LS ELECTRIC has achieved more than 10 analyses with its own RoHS analysis system and continues to strive to ensure product safety and environmental compliance.

Lifecycle Assessment (LCA) Certification and System

LS ELECTRIC is proactively responding to stricter environmental regulations and increasing customer demand for environmental performance by conducting Life Cycle Assessments (LCAs) to evaluate the environmental impact of its products throughout their lifecycle. We have conducted LCAs for selected inverters and disconnected switch units (DSUs). In particular, we have obtained Environmental Product Declaration (EPD) certification for the DSUs. In addition, we have established our own product LCA and carbon footprint estimation system. To ensure the reliability of the analysis, we have adopted an internationally recognized database and are working to further improve the system to assess the environmental impact of products throughout their lifecycle, including materials, manufacturing, transportation, use, and disposal, based on the BOM. The results will be stored in a database to enable quantitative lifecycle management of products and systematic assessment of environmental impacts, which will also enable us to develop low-carbon products.

Environmental Management Activities

LS ELECTRIC organizes various environmental management activities to raise environmental awareness and strengthen the capabilities of its employees. We will strive to encourage our employees to play their roles in environmental management and provide them with more opportunities to participate.



Afforestation

- Under the "One Company, One Forest" initiative of the Geumgang Basin Environmental Office, each site takes care of trees in its vicinity.
- We planted 1,200 endangered plants at Yongam Elementary School in Cheongju.
- We created an urban ecological forest in Cheongwon-gu, Cheongju.



River cleanup

- We conduct voluntary river cleanup activities under an agreement with the Cheongju City River Policy Division.
- We removed invasive plants from the ecosystem around Musimcheon Stream in Cheongju.

ESG PERFORMANCE

Climate Change Response

[Environmental](#)
[Social](#)
[Governance](#)

ROAD MAP

Goal

Achieve carbon neutrality by 2040

Direction of
Advancement

Develop low-carbon materials and reduce pollutant emissions

Detailed
Implementation
Plans

2025

2026 - 2030

2031 -

Establish a basis for carbon
neutrality promotion

Implement strategies for
decarbonization

Achieve carbon
neutrality

Conduct third-party verification
of greenhouse gas emissions
for the parent company,
subsidiaries, and overseas
affiliates.

PPA agreements for the
parent company and domestic
subsidiaries

Fulfill RE100 commitments

Initiate the transition to
renewable energy at local
and overseas worksites.

Change 100% of company cars
to eco-friendly vehicles

Promote carbon-negative
strategies

Support the establishment of a
supply chain carbon emission
management system and
reduction activities Achieve
carbon neutrality


UN SDGs

7



13

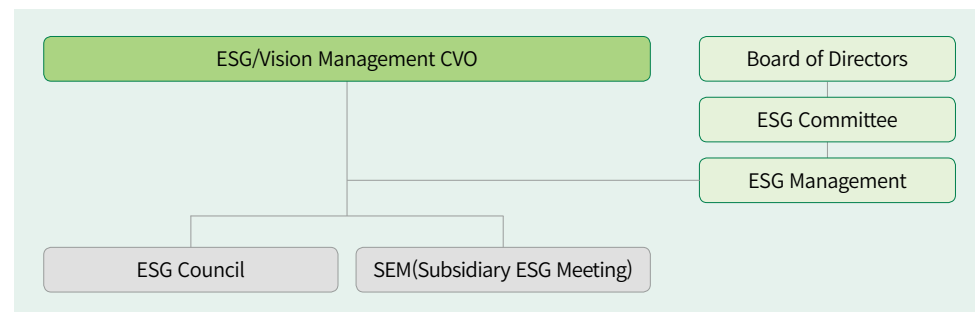


Climate Change Response

Reducing carbon emissions and meeting the 1.5°C target have become critical challenges for the global community. Most countries and companies are accelerating the energy transition through carbon neutrality and renewable energy expansion. RE100 and similar initiatives encourage companies to promote the use of renewable energy to achieve sustainable development. In this context, it is no longer a choice but a necessity. In order to effectively respond to this global trend and address the associated risks, LS ELECTRIC has developed a long-term strategy and joined the global RE100 initiative in 2023. Under this framework, we plan to achieve a transition to 60% renewable energy by 2030 and 100% by 2040. This will enable us to mitigate operational risks from climate change and achieve sustainable energy use. We are pursuing energy efficiency initiatives at home and abroad to reduce direct emissions, and we are committed to developing innovative energy solutions to help customers make greener choices.

Governance

At LS ELECTRIC, the ESG Committee under the Board of Directors is responsible for the management and oversight of climate change response strategies and related risks. The ESG Committee sets carbon reduction and renewable energy targets, monitors progress against these targets and actively responds to climate change. To ensure accountability, key executives are subject to quarterly assessments of their key performance indicators, the results of which are reflected in their compensation.

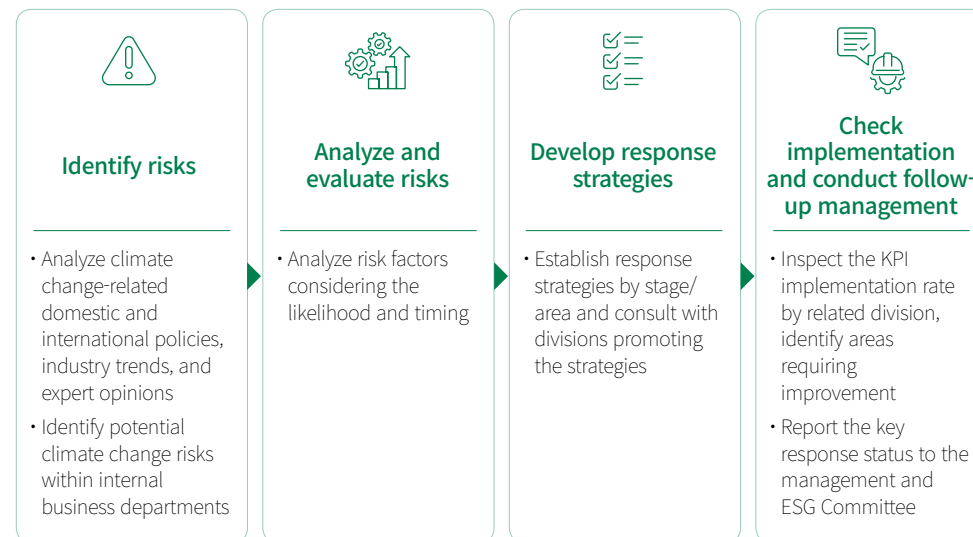


ESG Committee Meetings on Climate Change

Time	Agenda	Key Discussion
Nov 2023	RE100 Membership	RE100 membership overview, mid- to long-term plans, etc.
Nov 2024	RE100 Implementation Strategy	Corporate and regional renewable energy transition plans

Risk Management

LS ELECTRIC has established a framework to systematically manage climate change risks that may arise from its business activities. First, we identified potential climate change risks and analyzed their likelihood and financial impact. Based on these results, we have developed prevention and control strategies to address key risks. These response strategies are discussed with relevant departments to develop actionable plans and monitor progress on an ongoing basis. As part of the follow-up management process, key risks are reported to the CEO and material issues are reviewed and managed by the ESG Committee.



Climate Change Response

Strategy

Transitional Risk

Category	Risk Factors	Potential Financial Impact	LS ELECTRIC's Response
Policy and Legal	Enhanced carbon and GHG emission regulations	<ul style="list-style-type: none"> Costs incurred from inclusion in the emissions trading scheme Cost estimation (With ETS price of \$150 in 2030) 	<ul style="list-style-type: none"> Reduce energy consumption through process efficiency Transition to renewable energy
	Climate disclosure obligations	<ul style="list-style-type: none"> Increased ESG performance management costs resulting from stricter climate disclosure requirements 	<ul style="list-style-type: none"> Ongoing monitoring of climate disclosure regulations Consideration of an energy and greenhouse gas data platform
	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"> Costs associated with the introduction of low-carbon products and R&D Sales declines due to lower demand for high-carbon products 	<ul style="list-style-type: none"> Revise eco-friendly product development process
Market	Rising energy prices	<ul style="list-style-type: none"> Increases in electricity procurement costs due to increased share of renewables Estimated annual increase of KRW 2,516 million due to rising energy prices (Domestic electricity price increase from KRW 200 per kWh to KRW 220 per kWh) 	<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 disclosure of ESG goals and performance through various communications (sustainability reports, website, etc.)

Physical Risk

Category	Risk Factors	Possible Scenario	Potential Financial Impact	LS ELECTRIC's Response
Acute Risks	Natural disasters (such as typhoons, floods)	<ul style="list-style-type: none"> Extreme weather events 	<ul style="list-style-type: none"> Recovery costs and lower production due to damage to worksites Recovery costs and decrease in production volume due to damage to worksites 	<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"> Global average temperature rise Sea level rise 	<ul style="list-style-type: none"> Direct and indirect impact of extreme weather events on worksites and manufacturing facilities (decrease in sales) Increased electricity costs due to extended operation of cooling equipment Reduced productivity due to increased heat load 	<ul style="list-style-type: none"> Investing in building insulation, improving energy efficiency

Opportunity

Category	Risk Factors	Potential Financial Impact	LS ELECTRIC's Response
Energy Source	Increased 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	Increases in profits from 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
	Increases in power demand in the era of 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

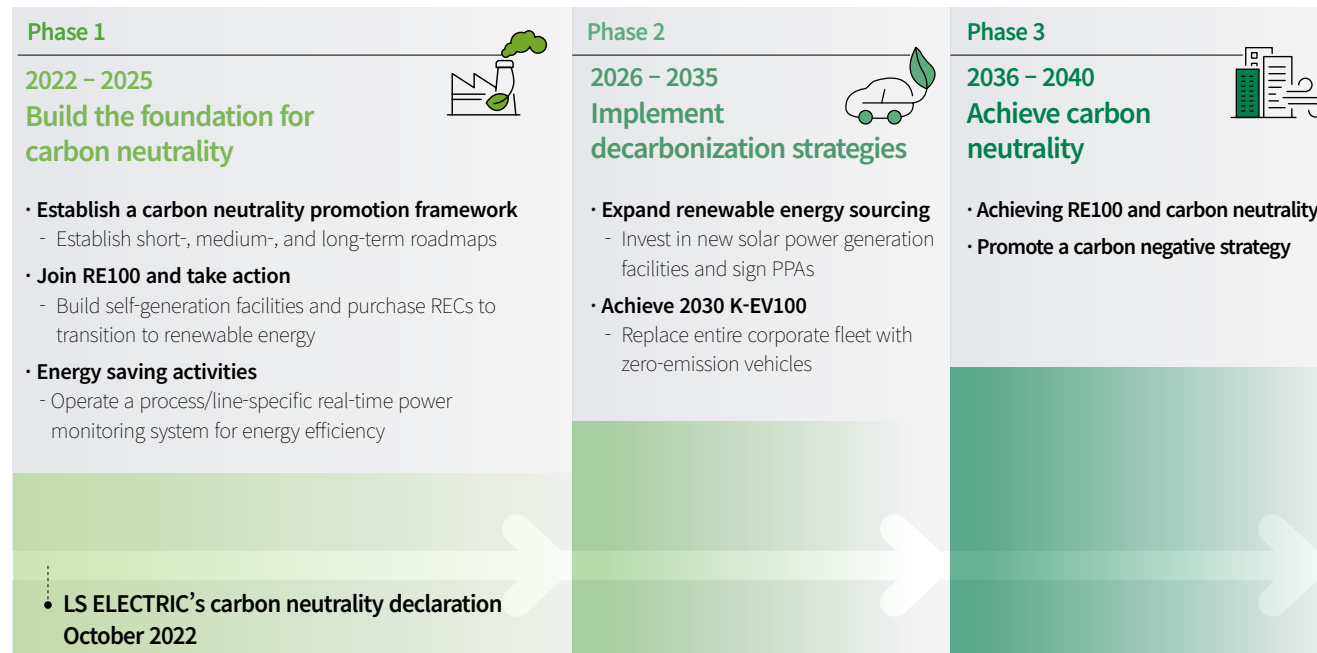
2040 Carbon Neutrality

To take part actively in the climate change response, LS ELECTRIC aims to achieve carbon neutrality in relation to Scope 1 and Scope 2 emissions by 2040. Recognizing that the risk caused by climate change is a material risk that affects not only the environment but also 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.

Commitment to RE100

In December 2023, LS ELECTRIC led the heavy electrical industry in Korea by joining the global RE100 initiative. RE100 is a global initiative that challenges companies to source 100% of their electricity from renewable sources. With its commitment to RE100, LS ELECTRIC aims to increase its use of renewable energy to 60% by 2030 and achieve 100% compliance by 2040. To achieve this goal, we are actively pursuing energy efficiency in our domestic and international operations and plan to leverage solar power systems, Renewable Energy Certificates (RECs) and Power Purchase Agreements (PPAs).

Roadmap for Achieving Carbon Neutrality



Roadmap for Achieving RE100



Climate Change Response

Activity

Renewable Energy Sourcing

LS ELECTRIC is actively pursuing the transition to renewable energy to achieve its RE100 goal. The Wuxi subsidiary in China took advantage of its easy access to renewable energy and achieved 100% renewable energy for its electricity consumption in October 2024. LS ELECTRIC's parent company in Korea completed the construction of self-generation facilities and purchased RECs. Through these efforts, it was able to convert and offset approximately 5% of its total electricity consumption with renewable energy sources. Going forward, LS ELECTRIC plans to continue to invest in self-generation facilities, sign PPAs and explore other innovative solutions to achieve its goal of sourcing 100% of its electricity from sustainable renewable sources by 2040.

Category	Means of transition	Amount (MWh)
Parent company	Self-generation	47
	RECs	6,894
Overseas entity (China)	GEC ¹⁾	905
Total		7,846

1) GEC (Green Electricity Certificate): A certificate for the use of renewable energy in China

• 2024 power consumption: 159,065 MWh (including parent company, overseas entities, and subsidiaries)

GHG Reduction and Energy Saving Activities

LS ELECTRIC promotes various activities to reduce greenhouse gas emissions in order to achieve carbon neutrality. These include optimizing energy efficiency by replacing old equipment, installing high-efficiency inverters, and regulating the temperature and operating time of heating equipment. Through these activities, we have achieved a 11.9% reduction in annual energy consumption compared to the previous year.

Category	Unit	2023	2024	Reduction
Energy consumption	TJ	650.4	573.0	11.9%
Energy intensity ¹⁾	TJ/sales (KRW 100 million)	0.0154	0.0126	18.2%

1) Energy intensity = Energy consumption (TJ) / Sales (KRW 100 million)

• Domestic parent company data only

K-EV100

K-EV100 is an initiative that encourages companies to reduce carbon emissions by converting all of their owned or leased fleet vehicles to electric vehicles. As an active supporter of the K-EV100 initiative, LS ELECTRIC plans to replace all 120 vehicles owned or leased by the company with electric vehicles by 2030. As of 2024, 37 electric vehicles have been introduced, representing a 30.8% conversion rate.

Category	2021	2022	2023	2024	2025	2027	2029	2030
Target (vehicles)	1	4	8	12	36	60	96	120
Actual (vehicles)	1	21	31	37	-	-	-	-
Conversion rate (%) ¹⁾	0.8	17.5	25.8	30.8	-	-	-	-
Total number to be converted (vehicles)	120							

1) Conversion rate: Cumulative actual result/Total number to be converted

CoREi

The Corporate Renewable Energy Initiative (CoREi) helps companies reduce carbon emissions and achieve sustainable operations through the use of renewable energy. LS ELECTRIC joined CoREi in 2023. Under this initiative, we have set renewable energy targets and are using various tools and data to achieve them. As part of our commitment to a greener future, we strive to play a leading role in policy improvements and market growth, fulfill our social responsibility by expanding the use of renewable energy, contribute to the development of sustainable energy systems, and focus on green technology development.

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.

ESG PERFORMANCE

Human Rights Management



UN SDGs


Environmental **Social** Governance

Human Rights Management

Talent Management

Health and Safety Management

Data Protection and Information Security

Customer Value Creation

Shared Growth

Social Contribution

Environmental

Social

Governance

ROAD MAP

Goal

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

Direction of Advancement

Establish and declare human rights policy

Establish and implement the human rights management system

Upgrade the human rights management system

Detailed Implementation Plans

2025

Develop a human rights risk assessment checklist

Identify human rights risks at domestic and international worksites

Operate a human rights management monitoring center



2026 - 2028

Strengthen human rights impact assessments and make improvements for risks

Strengthen on-site due diligence

Focus on managing areas of high human rights risk



2029 -

Internalize the human rights management system

Extend human rights protection activities (to suppliers, subsidiaries, etc.)

Promote and disseminate a culture of human rights protection



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.

Anti-discrimination <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>	Guaranteeing Occupational Safety <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>	Humane Treatment <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>	Guaranteeing Freedom of Association and Collective Bargaining <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>
Banning Forced Labor and Child Labor <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>	Complying with Working Conditions <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>	Protecting the Human Rights of Local Residents <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>	Protecting the Human Rights of Customers <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

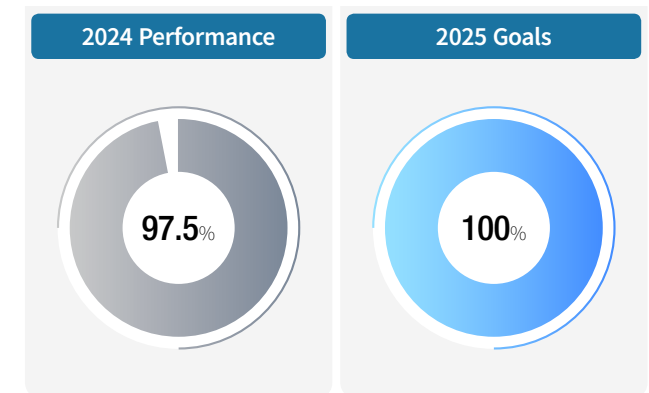
LS ELECTRIC manages and oversees its human rights management initiatives through various forums, including committees or executive meetings, with participation from critical division decision-makers, as well as operational meetings organized by decision-makers of the human rights management division.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

[Human Rights Management Declaration](#)

Goal and Performance

Human Rights Training

LS ELECTRIC provides training to raise employee awareness of human rights and the protection of human rights. To promote a healthy corporate culture and deepen understanding of disabilities, our employees receive mandatory annual online training on sexual harassment prevention and disability awareness. In 2024, 97.5% of employees completed the human rights training. LS ELECTRIC will continue to provide ongoing human rights training to cultivate a cooperative and respectful corporate culture and build a sustainable corporate culture.



Human Rights Management

Activity

E-Bridge Initiative (employee communication channel)

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.

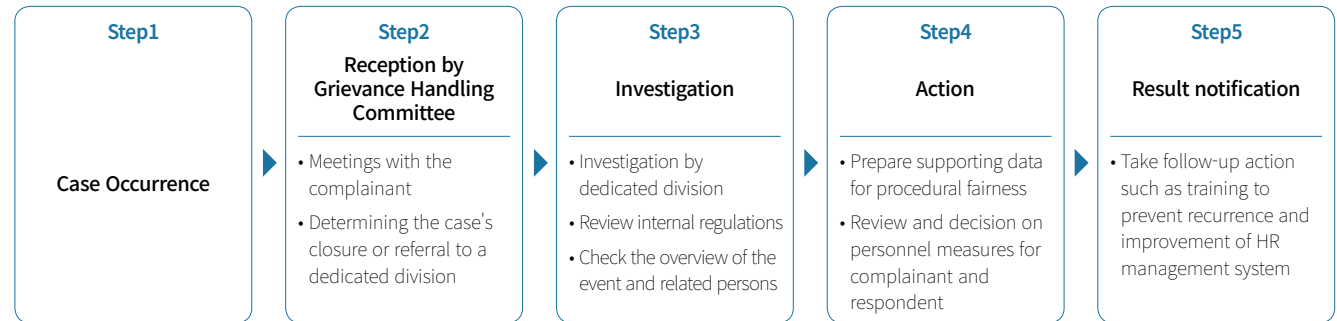
Diversity and Inclusiveness

As part of its commitment to diversity in the workplace, LS ELECTRIC strives to create quality jobs for people with disabilities. In addition to hiring Health Keepers (massage therapists), we also focus on attracting talent to cultural and artistic positions with the goal of improving the quality and quantity of positions available to people with disabilities. In 2023, we launched the "Green Voice" choir with 11 artists with developmental disabilities. The Green Voice has performed in New York, Charlotte and Washington D.C. in the U.S. In 2024, the choir also performed at local venues, sharing inspirational messages of encouragement and hope with the community. Going forward, LS ELECTRIC will continue its efforts to expand the employment and social awareness of people with disabilities.



Human Rights Grievance Handling Channels

LS ELECTRIC has established a human rights complaint channel that is open to everyone. The "Talk Together" channel on the intranet promotes open dialogue and two-way communication between employees and management. The complete anonymity of this channel encourages employees to speak openly and honestly. A cyber whistleblowing system and a sexual harassment reporting channel also complement the complaint handling mechanism. In 2022, we introduced an Employee Assistance Program (EAP) to provide psychological testing and counseling.



Operating the Labor-Management Council

LS ELECTRIC is committed to a mutually beneficial labor-management partnership. To that end, the company established a company-wide Labor-Management Council in 2023. The council is composed of an equal number of employer and employee representatives and is designed to promote mutual benefit through participation and cooperation. At quarterly council meetings, employees and management discuss a range of issues related to working conditions, welfare, benefits and business management. This helps build a fair and transparent labor-management culture.

Human Rights Impact Assessment

LS ELECTRIC conducts regular human rights impact assessments to identify and prevent potential negative impacts of its business activities on the rights of stakeholders and strengthen its human rights management. The human rights impact assessment is managed by the dedicated human rights management organization. It focuses on eight areas, including working conditions, grievance handling, freedom of association and occupational health and safety, with the aim of identifying areas for improvement in human rights management. The indicators are based on internationally recognized standards and the recommendations of the National Human Rights Commission. To ensure objectivity, the assessment is conducted using a 5-point checklist survey methodology.

The results of the 2024 Human Rights Impact Assessment survey identified opportunities for improvement in eight areas, including anti-discrimination and harassment in the workplace, prohibition of forced and child labor, compliance with working conditions, human rights management systems, grievance handling process, freedom of association and collective bargaining, employee safety and health, and human rights impacts of business operations. Going forward, LS ELECTRIC will continue to expand the scope of its human rights impact assessments and further develop the methodology to ensure that the rights of all employees are respected.

ESG PERFORMANCE

Talent Management

Environmental

Social

Governance

ROAD MAP

Goal

Secure competent talent through fair and transparent performance assessment, operate capability building programs

Direction of Advancement

Expand capability building programs customized to individual employees

Detailed Implementation Plans

Individual Employees

- Implement GPT and Power BI training to strengthen DT/AX
- Implement job-specific global skills development programs
- Provide employee experience and pride programs

- Diversify DT and AX training(Citizen/Expert Track)
- Training to internalize the way of working and management philosophy
- Special lectures on global mindset

Emerging Leader

- U.S. Regional expert development program
- Next-generation leadership development program
- Winning growth program

- Expand regional expert training programs (U.S., Vietnam)
- Training programs in conjunction with succession planning
- Global challenge program

Leader

- Team leader conferences and coaching academy
- Special lectures on American and Japanese history to promote global market understanding
- Leadership Challenge Program

- Expand job-specific professional development courses, such as future entrepreneurship programs
- (Advanced) special lectures for global market understanding
- Leadership Challenge Program



UN SDGs

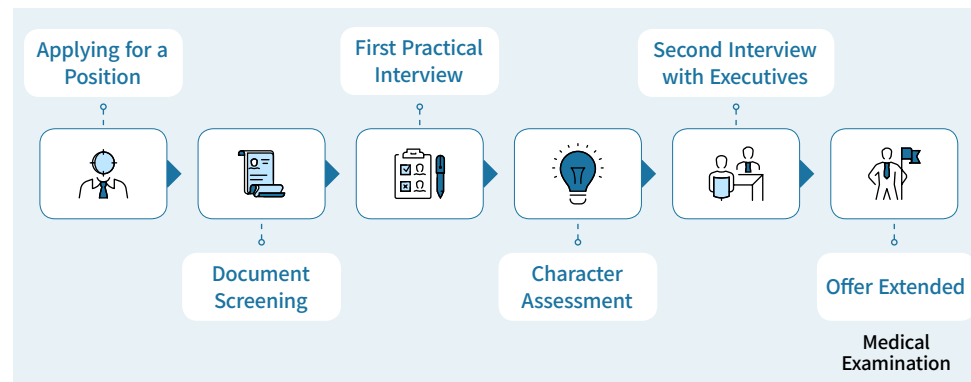


Talent Management

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 discloses recruitment criteria, including job functions, detailed eligibility requirements, and preferences, right from the job posting stage. Furthermore, document screening adheres to objective criteria to evaluate job-specific skills, 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 System

LS ELECTRIC offers various education and training programs, such as level-specific training, global training, organizational development training, job skills training, and more. The LS Learning Platform supports accessibility and ease of learning for employees. In addition, the presence of a group-level training center (LS Future Center) enables us to share and promote LSpartnership, the LS Group's management philosophy, develop employees' skills and cultivate outstanding leaders. We also offer various key talent training programs to select and develop the next generation of leaders who will drive change and innovation. A wide range of training, including MBA and graduate school courses, is offered to next-generation leadership candidates in management and research positions selected through recommendation and assessment. Candidates for expatriate positions in subsidiaries and branches in each country receive training to help them successfully settle into their new environment, including pre-training, language support and educational programs for their families. LS ELECTRIC also runs training programs for employees approaching retirement to help them plan for their post-retirement life, covering various topics including job transition, career planning, counseling and financial management to help them enjoy life after retirement.

Fair Assessment and Compensation

LS ELECTRIC strives for fair assessment and compensation as the basis for the company's development. For performance management, CIC groups, divisions and sectors set their own targets, which guide the target setting of subordinate teams and individuals. Goals for organizational leaders are based on Management Incentive Performance (MIP), and an ongoing performance management mechanism is in place to monitor and track organizational and individual assignments. Throughout the year, work objectives and deadlines for specific tasks are set with reviewers, and regular reviews are conducted to maintain consistency and objectivity. In addition, quarterly feedback sessions are used to review performance and identify areas for improvement. Year-end reviews take into account both organizational and individual performance, and the results are used as a reference for employee bonuses, salaries, promotions and career development. Finally, the LS ELECTRIC VISION 2030 Incentive Plan ensures that employees are rewarded according to their performance, thus keeping them motivated.

ESG-linked Assessment and Compensation

At LS ELECTRIC, climate change and other ESG aspects are included in the key performance indicators (KPIs) for organizational leaders and executives. They are evaluated on their achievement of the KPIs, and incentives are provided based on annual results. These include energy consumption, safety, accident prevention and green product strategies, which help ensure management and executive accountability for ESG.



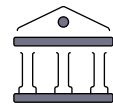
ENVIRONMENT

- Establishment of green product development processes
- Establishment of a global environmental regulation response system (EU Eco-design, etc.)
- Reduction of energy consumption in respond to climate change, etc.



SOCIAL

- ESG support for suppliers
- Safety accident prevention activities
- Human rights impact assessments



GOVERNANCE

- Fair trade/fair competition training
- A risk assessment system for overseas entities

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.

Category		Description
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	We offer maternity and childcare leave and reduced working hours for pregnant employees and those raising children. In 2024, we introduced a childbirth grant (KRW 7 million per child) and extended childbirth leave for spouses to 20 days. These demonstrate our leadership in providing support packages for childbirth and childcare.
	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 2024, 82 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

Category	Level	Global	Organizational development	Job	Client/supplier
Executives /officers	Special lectures on humanities for executives	1:1 language training for executives	Assimilation for organization leadership	SW <ul style="list-style-type: none"> Intermediate C programming Clean code for software maintenance Software architecture (structure and use) 	Power <ul style="list-style-type: none"> Introduction to power systems Power system analysis and fault analysis Digital protection relay practice X-GIPAM practice Power devices Understanding and application of grounding systems Power system protection and coordination Understanding and protecting generators, transformers, and electric motors Digital protection relay practice Customized training for clients (power)
	Insight Forum		Assimilation W/S		
	Executive seminars Training for new executives and officers		Harmony day	CAE <ul style="list-style-type: none"> ANSYS Maxwell / AEDT Icepak Altair_SimLab and OptiStruct structural analysis /SimSolid 	
			LSEmanship internalization activities		
Manager	Organization leader evaluation training	Skills training for production	PI workshop and training		
	Basic coaching for team leaders	Skills training for overseas sales		CAD <ul style="list-style-type: none"> Introduction to CREO 3D for power/automation equipment development/drawings Sheet metal working / mechanism for power/ automation equipment development AutoCAD Mechanical / Electrical PADS DxDesigner + AMS / Layout 	Automation <ul style="list-style-type: none"> Basic / advanced XGK Basic / advanced XGI XGK / XGI communication General XGR XGK network position control/servo XGI motion control HMI-XGT Panel HMI-XGT infoU Inverter basics Customized training for clients (automation)
	New team leader training	Skills training for R&D	DT Academy		
	Reemploy ability services	Skills training for management		System users and apps <ul style="list-style-type: none"> DataPortal - Power BI user training ERP / PLM / RMS PL / Power Apps / Automate 	
	Next-generation leader development course	Regional expert program	LS GPT course on the go		
	Winning Growth	Overseas training for outstanding employees		Quality <ul style="list-style-type: none"> EMC technology / CDS development / FMEA / ISO 9001 practice Quality management / quality management engineer for managerial positions (written and practical tests) Introduction to nuclear quality assurance / ISO9001 certification auditor Fundamentals of RCA (Root Cause Analysis) / PL basics Product environmental regulation response 	
	Mentoring program	Language support for expatriates			
	Career employee onboarding	Expatriate training course			Suppliers <ul style="list-style-type: none"> Approval procedure for development parts for quality personnell Supplier internal audit practice Supplier ESG management practice II GHG estimation and management in response to external regulations
	New employee onboarding	Expatriate family support program			
	Internship program	Expatriate capacity building		Production technology/power <ul style="list-style-type: none"> Basic/intermediate injection molding Introduction to metal and electrical materials Cutting / pressing / fastening technology PCB & SMT / basic arc welding Power solution system, theory, products, basic electricity 	
		Global Challenge Program	Domestic secondment		
		External language training programs	KOITA Forum		
		Internal language test support	LS MBA		

Talent Management

Policy

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 in 2024

Job Level

4.7 points

Job

4.7 points

Global

4.5 points

Customer Training

4.8 points

Non-Employees (Suppliers)

4.4 points

Average

4.6 points

*Rated on a scale of 5

ESG PERFORMANCE

Health and Safety Management

Environmental

Social

Governance

ROAD MAP

Goal

Establish a safe and healthy workplace

Direction of
Advancement

Practice safety
management

Remove occupational
health and safety risks

Build a safety culture

Detailed
Implementation
Plans

2025

2026 - 2028

2029 -

Strengthen and improve
processes and systems

Support subsidiaries in
establishing safety and health
management systems

Strengthen safety and
health cooperation
governance

Strengthen safety and
health management

Support subsidiaries in
establishing safety and health
management systems

Expand the safety and health
consultation body

Enhance the safety and health
management system

Provide safety and health
consulting for suppliers

Involve external experts
and stakeholders in safety
management

Stabilize ESH systems

Provide support for training
safety and health professionals

Establish a cooperative system
for safety and health

Measure and manage
safety culture


UN SDGs

3

GOOD HEALTH
AND WELL-BEING


8

DECENT WORK AND
ECONOMIC GROWTH


Health and Safety Management

Policy

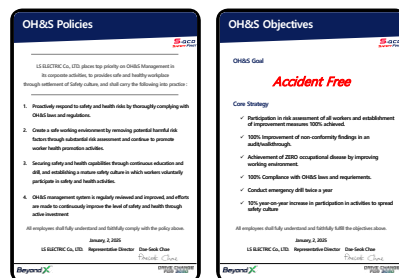
Health and Safety Management Promotion System

In its health and safety management practices, LS ELECTRIC places safety at the forefront of its management values to ensure a safe and healthy work environment for each employee and stakeholder. The company has developed a policy and five key strategies for health and safety management, prioritizing the S-QCD¹⁾ culture (Safety, Quality, Cost, Delivery-emphasizing that quality, cost and delivery are meaningless without safety). This approach fosters a culture where safety is consistently prioritized and practiced in all business activities.

1) S-QCD: Safety > Quality, Cost, Delivery

Five Health and Safety Management Strategies

- 1) Preplanning for hazardous work and conducting risk assessments
- 2) 100% improvement on nonconformities detected through safety inspections
- 3) ZERO job-related illnesses by enhancing work environments
- 4) 100% compliance with health and safety regulations
- 5) 100% implementation of emergency response drills



OH&S Policies and Objectives

Health and Safety Management System Certification

Committed to creating a working environment that meets global safety standards, LS ELECTRIC has achieved ISO 45001 Safety and Health Management System certification for its domestic worksites and part of its overseas entities (China and Vietnam).

Each worksite employs the PDCA (Plan, Do, Check, and Action) approach to systematic management of health and safety and continuously improves its management system through strategic planning and goal setting.



ISO 45001

Percentage of
Certified Worksites
100%

* Domestic production worksites
ISO 45001 certificate

Health and Safety Governance

LS ELECTRIC has appointed a Chief Safety and Environment Officer (CSEO) who oversees an overarching health and safety organization responsible for developing and implementing a company-wide health and safety management system. The CSEO chairs the Serious Accident Prevention Committee, the highest decision-making body for health and safety matters. The committee meets at least twice a year to evaluate health and safety management and improve implementation efforts. Each worksite also has a health and safety organization that supports health and safety managers and conducts biannual inspections to monitor compliance with health and safety objectives.

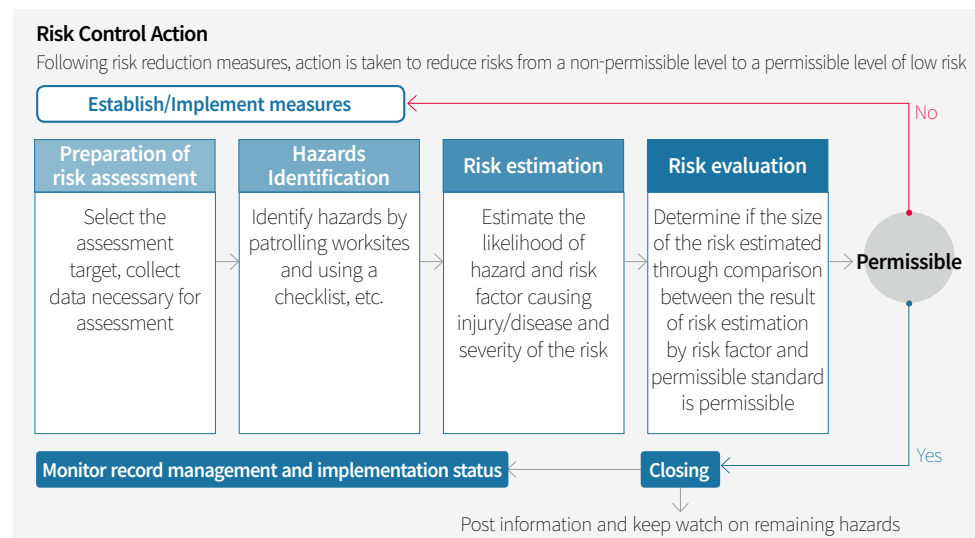
Serious Accident Prevention Committee

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.

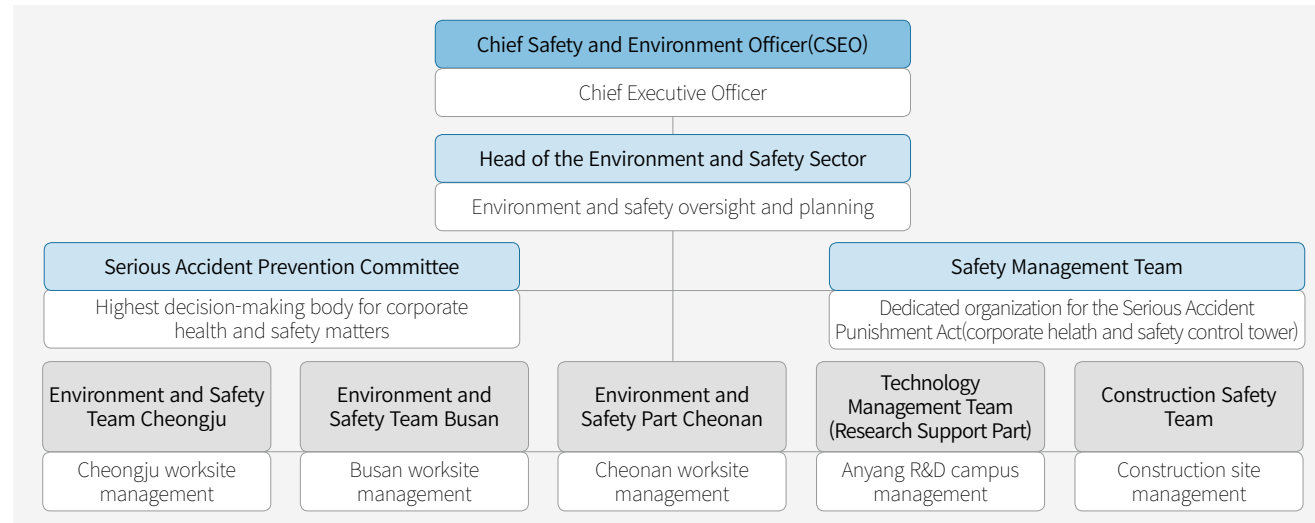
Risk Assessment Process



Health and Safety Management

Policy

Health and Safety Governance

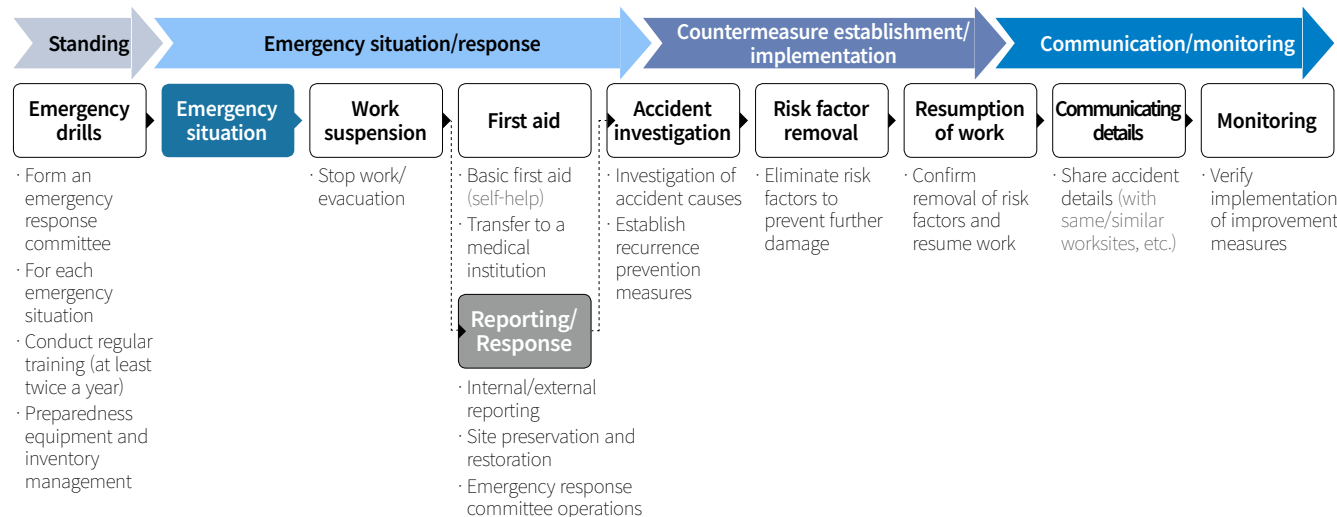


Integrated ESH Management System

LS ELECTRIC has implemented an integrated health and safety management system. The ESH(Environment, Safety, Health) System allows us to systematically record and manage safety and health activities across all worksites, providing standardized safety and health work procedures across all facilities, and preliminary risk identification functions such as risk assessments and work permits to track and manage improvements to address identified risks and ultimately contribute to accident prevention. LS ELECTRIC plans to keep this system updated to improve the user experience and further strengthen its health and safety management.



Emergency Response System



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.

Category	Details Description
Outcome Indicators	Number of incidents by accident grade
Process Indicators	<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
Additional Points	<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 zero accidents, LS ELECTRIC controls the occupational accident rate and the number of serious accidents as management indicators to achieve this goal. In 2024, our occupational accident rate was 0.02% and the number of serious accidents was 0. LS ELECTRIC will make every effort to achieve zero occupational accidents by continuously identifying and improving hazards.

Category	Unit	2024	2025	2026
Accident rate	Target	0.00	0.00	0.00
	Actual	0.02	-	-
Number of serious accidents	Target	0	0	0
	Actual	0	-	-

Activity

Strengthening Safety Inspection at Worksites

LS ELECTRIC is committed to preventing safety incidents and promoting a culture of safety. To this end, we conduct regular inspections and health and safety departments, led by the CSEO, conduct spot checks to assess safety management practices at each worksite. Nonconformities identified during these inspections are addressed by the relevant position holders and management to analyze risks and causes and formulate measures to prevent recurrence. In 2024, we conducted 481 inspections and identified 1,139 nonconformities for which corrective actions have been taken or are ongoing. We will continue to follow up on these items to further reduce health and safety risks.

Type of inspection	Number of inspections
CSEO Inspection	2
Spot Check by Head of Environment and Safety	190
Spot Check by Construction Safety Team	261
HQ Safety Inspection	28
Total	481

On-site inspection by management



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
Statutory training (Occupational Safety and Health Act)	Training upon recruitment	New employees
	Regular training	Field workers
	Supervisor training	Field supervisors
	Special training in task specifics	Workers subject to special training (39categories)
	Training for changes	Workers undergoing changes in task specifics
Specialized training	Training on accident prevention measures	Personnel Involved in accidents (including suppliers)
	Construction safety role-specific training	Contracted PJT personnel (including suppliers)
Inhouse training	Joint fire drills	Worksite employees
	Cardiopulmonary resuscitation (CPR) training	Head office employees

Employee safety and health training



Health and Safety Management

Activity

Healthcare Support

To support employee healthcare, each of our worksites has a health center staffed by healthcare professionals (nurses) who provide a range of activities to improve employee wellbeing, including first aid, health counseling and wellness programs. We conduct regular work-related and musculoskeletal stress surveys of employees to prevent not only physical injuries from accidents, but also musculoskeletal and mental health problems. Workers exposed to hazards are offered special health examinations, and those with early signs of disease are offered specialist consultations on treatment options such as prescription drugs, surgery and exercise therapy, as well as follow-up care. We remain committed to supporting the health of all our employees.

Healthcare Newsletter

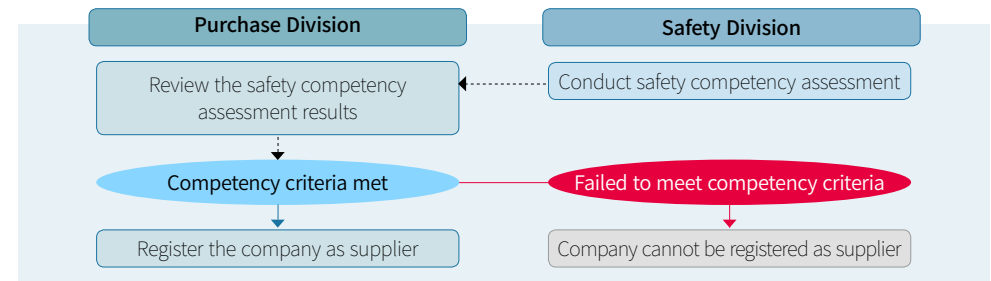
To promote employee health and disease prevention, we distribute regular newsletters on a variety of topics, including health tips, seasonal illness prevention and epidemics.



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



Safety and Health Feedback from Suppliers

LS ELECTRIC actively seeks input from suppliers to ensure the health and safety of their employees. We hold monthly health and safety meetings to discuss issues such as working hours, communication protocols and risk assessment procedures. In addition, the Head of Health and Safety, subcontractor owners and workers participate in quarterly joint inspections. Manufacturing worksites hold annual safety meetings with key suppliers, and the Construction Safety Team holds semi-annual meetings with 43 construction subcontractors. In addition to fulfilling legal obligations, LS ELECTRIC is committed to incorporating supplier feedback through these consultative bodies, with the responsible departments developing and implementing appropriate improvement actions.

Suppliers' health and safety grievance handling in 2024

Cases received

6 Cases

Cases resolved

6 Cases

Resolution rate

100 %

ESG PERFORMANCE

Data Protection and Information Security

[Environmental](#)
[Social](#)
[Governance](#)

ROAD MAP

Goal

Secure reliability by protecting information assets and customer information

Direction of Advancement

Establish a cybersecurity system in response to the AI era

Detailed Implementation Plans

2025	2026 - 2028	2029 -
Establish security systems for overseas entities (production)	Expand security systems for overseas entities (sales)	Establish an integrated security threat control system for domestic and overseas operations
Expand international standard information security certification	Expand international standard information security certification to more worksites	Develop an advanced smart factory and OT security
Develop and operate a smart factory and OT security system (based on IEC 62443)	Internalize smart factory and OT security	
Establish and operate a drawing security system for suppliers	Review and support suppliers' security diagnosis systems	
Strengthen monitoring to prevent information leakage (dark web, etc.)	Conduct security diagnosis of subsidiaries	

UN SDGs



Data Protection and Information Security

Policy

Information Security Management System

To meet the growing global demand for information security, LS ELECTRIC is committed to data protection and information security. We have a dedicated data protection organization to protect our information assets and effectively counter internal and external threats. Well-structured protocols have been established to prevent malware attacks and information leaks, and responsible personnel have been designated. To further strengthen security, we conduct regular internal audits in accordance with LS Group's security management system.

To proactively respond to the evolving global security environment and growing certification requirements, we obtained ISO 27001 certification — the international standard for information security — for the first time in 2022. In 2024, we successfully renewed the certification by transitioning to the updated ISO 27001:2022 version. Currently, the head office, LS Yongsan Tower, R&D Campus, and Cheonan Worksite are certified, and we plan to further expand the scope of certification. In addition, we engage a third-party specialist to conduct periodic ISO 27001 follow-up audits and identify areas for improvement in information security.

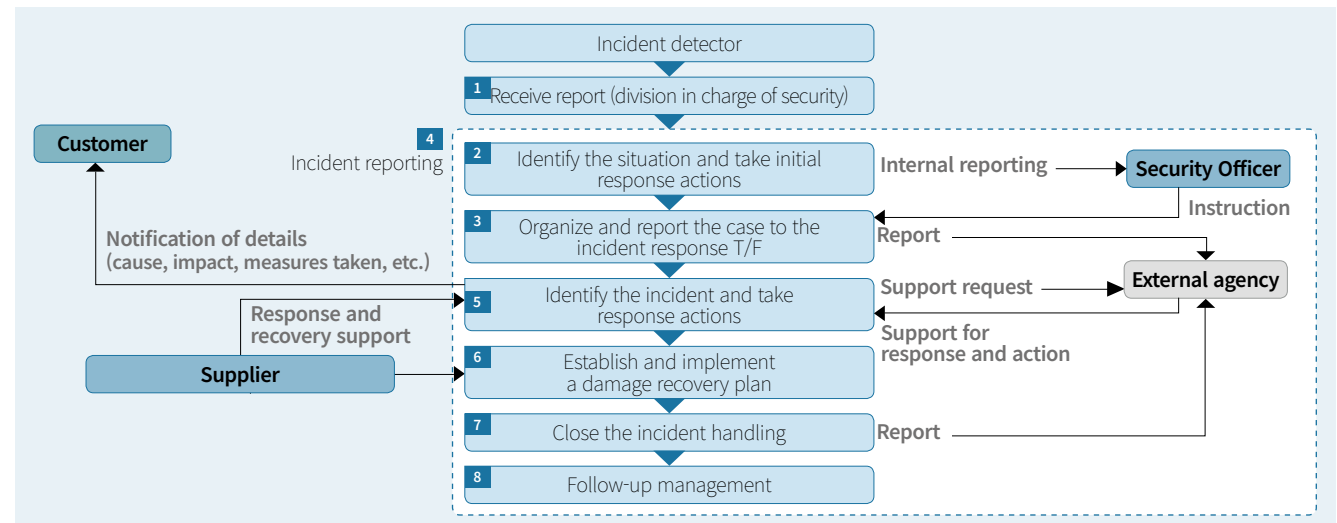
Our efforts to ensure protection against occupational accidents include security activities in the area of operational technology (OT). Our global R&D campus has achieved IEC 62443-1¹⁾ certification for industrial control system security in 2022, followed by certification for the power research institute in 2024.

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

ISO27001 certificate

Information Security Incident Response Procedure

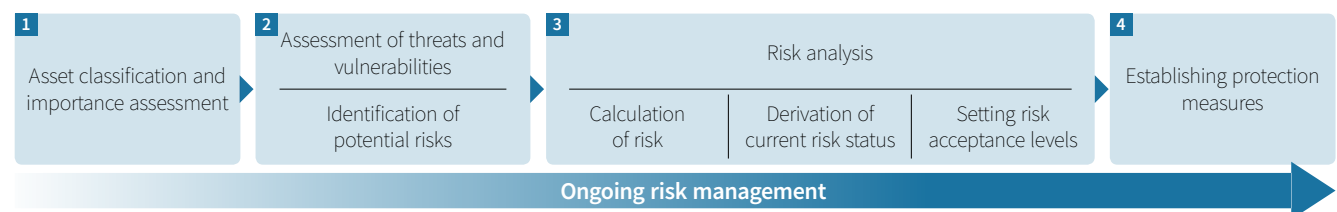
LS ELECTRIC receives reports of information security issues through an online reporting channel. All reports are handled in accordance with our incident response procedures.



Information Security Risk Assessment

LS ELECTRIC practices proactive control of the digital security environment by conducting annual information security risk assessments in accordance with ISO 27001 standards. Based on the assessment results, we identify and prioritize potential risk factors and develop customized response strategies to strengthen preventive security and continuously improve the company's cyber resilience.

Risk Assessment Methodology



Data Protection and Information Security

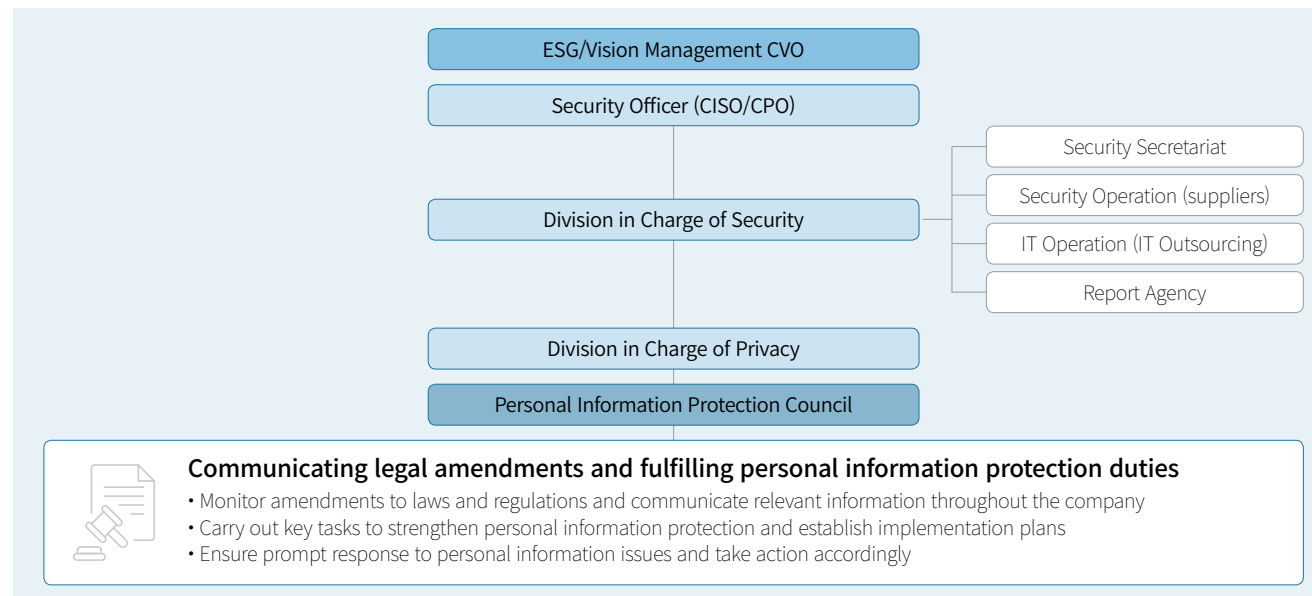
Policy

Information Security and Personal Information Protection Governance

LS ELECTRIC is committed to ensuring a structured response to internal and external security threats and to protecting the information of its customers, suppliers and employees by strengthening its information security and personal information management systems. To this end, we have appointed the Chief Information Security Officer (CISO) as the head of information security and operate a dedicated information protection team. Additionally, we have designated a Chief Privacy Officer (CPO) at the company-wide level to clearly define responsibilities for personal data protection. In addition, a dedicated information security organization provides a crystal-clear framework of accountability for the protection of personal information. The division in charge of security management employs intelligent intrusion monitoring systems to detect threats and monitor malicious traffic in real time. The division in charge of personal information protection monitors the enactment and amendment of relevant laws and regulations and incorporates the changes into the company's personal information protection policy. To ensure effective cooperation among relevant organizations, we hold regular personal information protection council meetings to facilitate information sharing and policy implementation. When security anomalies are detected, the response system is activated to ensure immediate information sharing and handling of the incident, and customized countermeasures are developed in cooperation with the security secretariat. The Security Committee discusses major security issues, and ongoing efforts are made to promote proactive responses and governance improvements to prevent recurrence. Going forward, LS ELECTRIC will continue to build sustainable security systems and strengthen its cyber threat response capabilities to create a trustworthy digital environment and fulfill its responsibility to protect personal information.

Privacy Policy

In full compliance with the Personal Information Production Act, LS ELECTRIC places the highest priority on protecting the information and rights of all stakeholders, including customers. To ensure that privacy-related complaints are processed and handled in a timely manner, we have established the Privacy Policy, which is available on our website. This policy details key aspects of our personal information protection practices, including the purpose of processing, retention periods, disclosure to third parties, outsourcing of processing and disposal. LS ELECTRIC manages personal information transparently in accordance with this policy and never uses it for purposes other than those explicitly stated. Any personal information collected is stored securely and destroyed promptly upon fulfillment of the purpose for which it was collected.

[Privacy Policy](#)


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. Through these efforts, we proactively prevent security risks and strengthen our company-wide security management system. Moving forward, we will continue to expand structured training and practical programs to enhance employees’ security capabilities and build a safe and trustworthy security environment.

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.

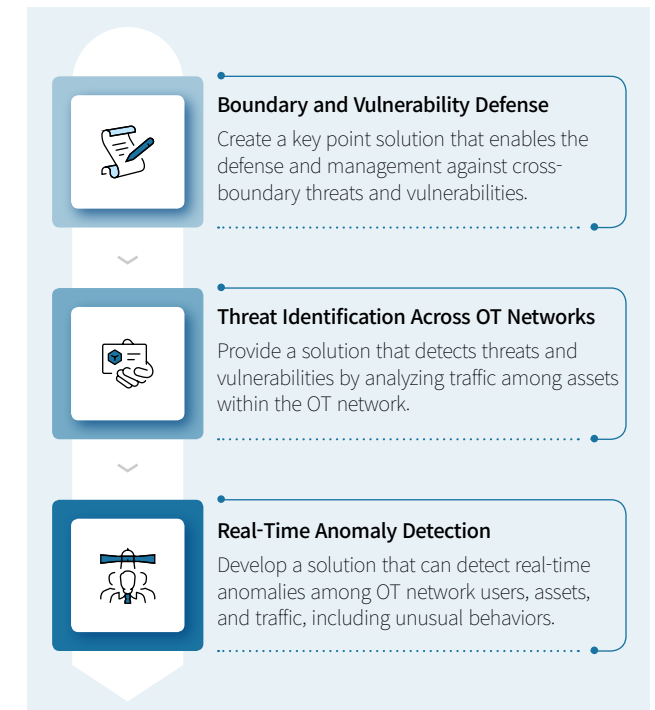
Data Protection and Information Security Training

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	Inspection on data snatching and hacking response level for external systems	Web application manager	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 hires	Internal security regulations and processes	New/experienced hires	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
Pre-assignment training for expatriates	Basic training on security requirements for overseas entities	Newly assigned expatriates	Once a year
AIP document encryption training	Security training on office document encryption	All employees	One-off

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



ESG PERFORMANCE

Customer Value Creation

[Environmental](#)
[Social](#)
[Governance](#)

ROAD MAP




Goal

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

Direction of Advancement

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

Detailed Implementation Plans

2025	2026 - 2028	2029 -
Build expanded management systems for regulated materials specific to each country.	Strengthen the real-time anomaly management system and achieve internalization through monitoring, by building an automated inspection system at suppliers.	Secure autonomous quality assurance systems at suppliers.
Build a process quality inspection system based on statistical methods.	Enhance the inspection system to improve reliability and extend its application.	Transition to DT-based, smart quality processes.
Secure SVC specialists through competency assessments at designated service points.	Increase the number of global SVC specialists.	Boost customer value by securing global SVC competency.
Raise quality standards uniformly across worksites, domestically and internationally, through quality assessments and horizontal deployment.	Stabilize and improve utility of the QMS (Quality Management System) 3.0	
		

UN SDGs



FOCUS

ON

CUSTOMER

NEEDS

FIRST

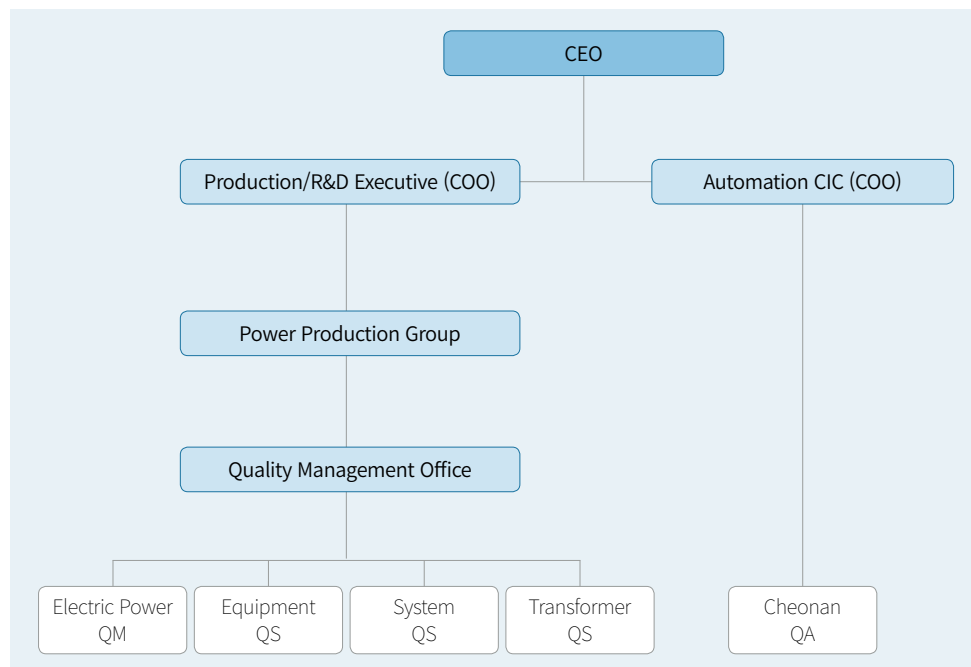
Customer Value Creation

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. To standardize quality management and operations, we have established a Quality Management System (QMS) 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



Internal Quality Audit and Assessment System

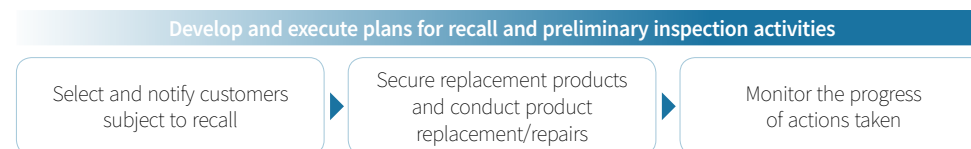
To maintain stable quality and management standards, LS ELECTRIC has a dual approach of annual internal audits and quantifiable quality assessments of all processes from design to calibration and testing. This allows us to verify compliance with the ISO 9001:2015 Quality Management System standards and our internal quality standards, ensuring that all relevant requirements are effectively met, thereby maintaining the overall quality level. In 2024, we further upgraded the existing Quality Information System to the Quality Management System (QMS) 3.0. Our overseas worksites(Vietnam, Indonesia, Wuxi, and Dalian) undergo annual QMS evaluations using LS ELECTRIC's standard quality evaluation criteria to proactively identify and eliminate potential quality risks. Applying uniform standards to both domestic and overseas operations helps to maintain consistent quality and narrow the gap in quality control between worksites, thereby maximizing the momentum for business growth.

Quality Management System (QMS) Assessment Process



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.



Customer Value Creation

Activity

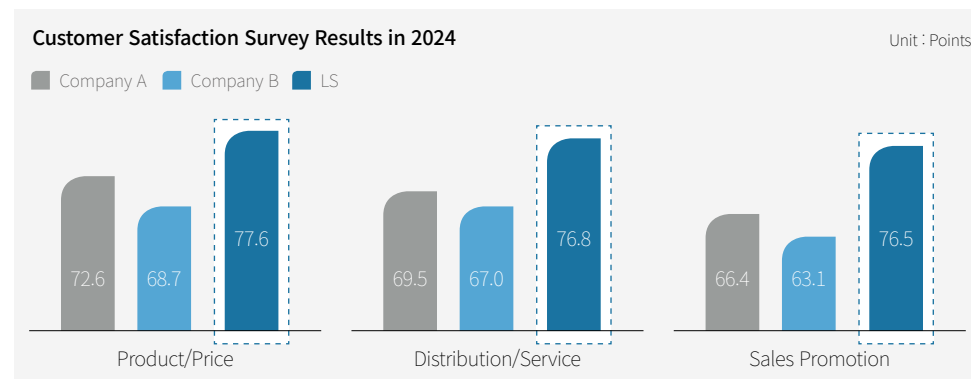
Quality Training

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	Training content	No. of training sessions	No. of participants
Reliability/Quality	Ensuring quality, reliability, and stability of products and systems	24	453
ISO/QMS	Training internal auditors for ISO audit responses	3	39
Basic Production Technologies	Developing basic knowledge and training specialists in production technology	11	187

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 2024, the survey was conducted on 15 items, targeting around 180 customers. The average score was 77 points, which is higher than that of other companies.



Enhancing Product Reliability

In response to the changing power supply and consumption environment, LS ELECTRIC is strengthening reliability analysis to diagnose conditions, perform predictive maintenance and predict the service life of power equipment. The accumulated product reliability database facilitates the development of efficient power management and operation platforms and services that meet customer needs and support economical and stable power asset management.



ESG PERFORMANCE

Shared Growth

UN SDGs



Environmental Social Governance

Human Rights
Management

Talent
Management

Health and Safety
Management

Data Protection and
Information Security

Customer Value
Creation

Shared
Growth

Social
Contribution

Environmental

Social

Governance

ROAD MAP

Goal

Sustainable Value Creation

Direction of
Advancement

Enhance the integrity
of the supply chain

Establish a
shared growth culture

Establish a sustainable
supply chain

Detailed
Implementation
Plans

2025

2026 - 2028

2029 -

Strengthen the basis for
shared growth

Enhance global supplier
competitiveness

Drive sustainable
shared growth

Strengthen suppliers' ESG
management capabilities

Enhance data-driven ESG
management across the supply
chain

Create value and fulfill social
responsibility

Strengthen suppliers' voluntary
management systems

Cultivate global supplier
capabilities

Achieve sustainable global
competitiveness

Comply with the LS ELECTRIC
supplier code of conduct

Promote shared growth with
suppliers

Foster shared growth with
second and third-tier suppliers


Shared Growth

Policy

To achieve sustainable growth with business partners, LS ELECTRIC has established five shared growth policies under which we carry out a series of activities in pursuit of five core values: ensuring fair trade practices, enhancing global competitiveness, building trust-based relationships, establishing an eco-friendly supply chain, and raising ESG awareness. We support our suppliers in practicing fair trade and complying with relevant regulations to help build a healthy industrial ecosystem. We also offer customized programs aimed at enhancing global market competitiveness. In addition, we are expanding communication channels to foster mutual trust and establish a culture of shared growth. To minimize the environmental impact of the supply chain, local and international environmental regulations and conflict minerals management systems are in place. In addition, the Supplier Code of Conduct has been established to raise suppliers' awareness of ESG management and to support them in fulfilling their social responsibilities. All basic contracts we sign with suppliers clearly specify the requirement to comply with local and international environmental and safety laws and regulations and environmental standards. In 2025, LS ELECTRIC plans to establish a sustainable supply chain management policy and a sustainable sourcing policy to enable sustainable growth of suppliers.

[LS ELECTRIC Supplier Code of Conduct](#)
[Supply Chain ESG Management Policy](#)
[Sustainable Procurement Policy](#)

Five Shared Growth Policies

Comply with fair trade and other related statutes <ul style="list-style-type: none"> Conduct activities to disseminate the fair trade culture and the Fair Transactions in Subcontracting Act Operate the Internal Subcontracting Audit Committee and Subcontract Dispute Settlement Committee Implement the Basic Trade Contract and the Pledge for Ethics Management Practice 	Improve global competitiveness <ul style="list-style-type: none"> Operate the ACE Club system, targeting excellent suppliers Support the welfare of suppliers' workers Improve the subcontract payment conditions (cash payment for amounts less than KRW 100 million) Carry out management support activities to strengthen competitiveness Provide financial support, technological protection, and environment and safety consulting Operate the origin management system, and bolster the competency of suppliers' employees 	Build a relationship of communication and trust <ul style="list-style-type: none"> New Year's Meeting and Performance Sharing Promote various communication activities with Tier 1 and Tier 2 suppliers Conduct quarterly investigations on trade-related irrationalities and unfairness Activate TOPS (shared growth portal) operation
Establish an eco-friendly supply chain <ul style="list-style-type: none"> Enhance the ESG management awareness of suppliers Form consensus on management philosophy based on the Supplier Code of Conduct Secure transparency for responsible mineral sourcing through response to conflict mineral regulations Comply with regulations including the Restricted Hazardous Substances (RoHS) Directive 	Disseminate a shared growth culture <ul style="list-style-type: none"> Continuously expand the Shared Growth Agreement with suppliers Activate a win-win payment system Support suppliers in facility investment and purchase operations Carry out corporate social responsibility activities 	

Key Points of the LS ELECTRIC Supplier Code of Conduct

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

Suppliers Committed to the Code of Conduct

Total number of suppliers¹⁾	Number of suppliers that have signed the Code of Conduct	Percentage of suppliers that have signed the Code of Conduct
124	104	84 %

1) Suppliers that account for 80% of total purchases

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 visits the candidate and conducts a comprehensive assessment that examines design, production, sourcing and quality aspects. To become a qualified supplier, the candidate must meet the minimum score requirements. To optimize quality, delivery service and innovation throughout the supply chain, we conduct annual supplier quality, cost, delivery (QCD) and competency assessments. This rating system is designed to facilitate an in-depth examination of their quality, delivery, cost competitiveness and shared growth friendliness, and the best performers are selected as ACE Club members. The ACE Club, which stands for agility in Activity, aspiring Challenge to push the boundaries, and Excellent performance and partnership, recognizes suppliers that excel in these three aspects. Through this program, we share our experience and expertise in quality, production and business management with them as our partners for shared growth. In addition, in order to reduce greenhouse gas emissions and environmental pollution from suppliers, we not only conduct general supplier evaluation along with quality and process evaluation, but also include environmental evaluation as a mandatory requirement. In particular, when evaluating suppliers for parts where the management of hazardous substances in the coating, plating, and heat treatment processes is important, environmental and safety evaluation criteria are strictly applied in accordance with the rules for responding to environmental regulations for products. Furthermore, with the goal of effective hazardous substance management, we have established the Material Data Management System (MDMS) for 2020 and have required suppliers to register the RoHS and REACH-related reports and warranties. Moreover, additional points are awarded for ESG activities such as ethical management and social responsibility to encourage supplier 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

The Conflict Minerals Regulation, first adopted by the United States, is increasingly spreading to Europe and other advanced countries. To respond to this regulatory framework for conflict minerals and prevent potential risks from suppliers, LS ELECTRIC has used the RMI's Conflict Minerals Reporting Template (CMRT) to develop a conflict minerals management system that monitors information on the status of conflict minerals and smelters throughout the supply chain. To ensure consistency in the data provided by suppliers, we implement a process to verify the use and source of conflict minerals in the parts and raw materials supplied, and provide ongoing briefings and training. In addition, we require suppliers to comply with the ban on minerals from conflict areas when we enter into the Basic Trade Contract with them.

[Conflict Minerals Policy](#)

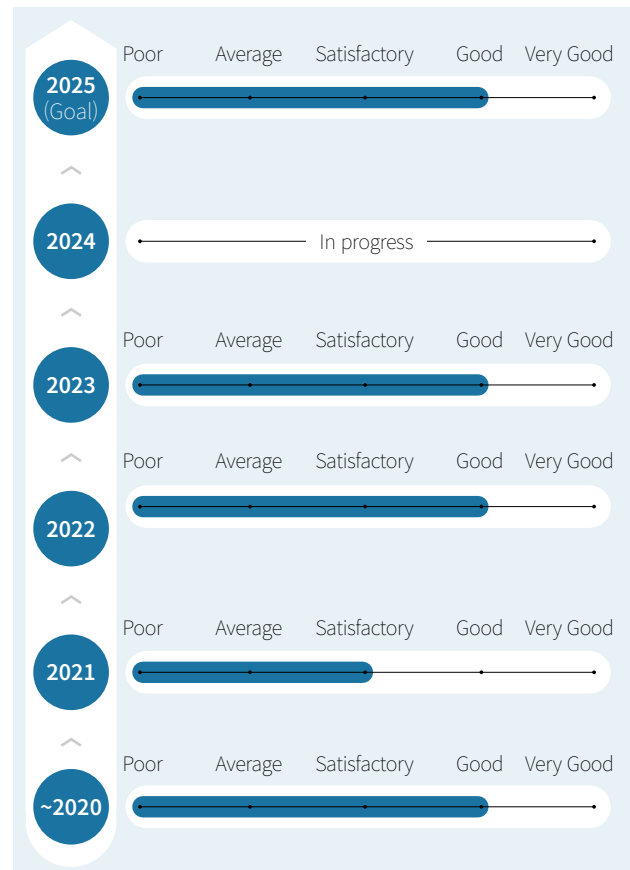
Shared Growth

Goals and Performance

Shared Growth Index

LS ELECTRIC promotes shared growth partnerships with its suppliers and annually manages performance based on the results of the Fair Trade Agreement Implementation Assessment by the Fair Trade Commission and the Win-Win Growth Index conducted by the Korea Commission for Corporate Partnership.

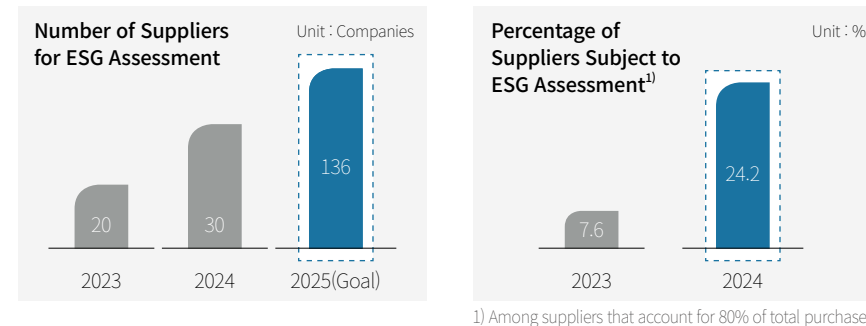
Shared Growth Index Results and Targets



Activity

Supplier ESG Assessment

In 2019, LS ELECTRIC established the Supplier Code of Conduct to support suppliers' sustainable growth and promote ESG management. The Supplier Code of Conduct reflects various aspects of human rights, environment, health, safety and ethics, as enshrined in the laws and regulations of the regions in which we operate, as well as the Responsible Business Alliance (RBA) Code of Conduct. All suppliers are encouraged to fully comply with these standards. In 2023, we expanded the scope of the Supplier Code of Conduct from 16 to 42 rules, based on the OECD Guidelines for Multinational Enterprises, the RBA Code of Conduct, and input from relevant divisions. Since 2023, LS ELECTRIC has conducted regular annual ESG assessments for its suppliers. In 2024, we developed a self-assessment tool to help suppliers understand their level of ESG management and track improvements. Thirty companies, including 25 ACE Club members and five key suppliers, completed the ESG self-assessment. Based on the assessment results, LS ELECTRIC identifies areas for improvement for its suppliers, and our procurement managers continuously verify the implementation of corrective actions through on-site audits.



Supply Chain Environment and Safety Risk

LS ELECTRIC conducts annual environmental and safety audits of its key suppliers and helps them improve based on the results. The risk audit involves selecting target companies, conducting on-site audits, identifying areas for improvement, establishing improvement plans and monitoring the progress of improvement actions. In 2024, LS ELECTRIC conducted risk audits for 19 suppliers, identifying 182 areas for improvement, and 96% of these improvements have been confirmed as completed. LS ELECTRIC actively supports its suppliers in implementing the identified improvements to enhance their environmental and safety capabilities, which will ultimately contribute to building a stable and reliable supply chain.

Supply Chain Environment and Safety Risk Assessment Process






Supplier ESG Assessment Areas and Items

Category	Details Description
Environment	<ul style="list-style-type: none"> GHG reduction Pollutant and waste management Introduction of renewable energy, etc.
Safety	<ul style="list-style-type: none"> Serious accident prevention process Industrial hygiene compliance Safety training, etc.
Ethics	<ul style="list-style-type: none"> Anti-corruption and business integrity audits Whistleblowing system for ethical violations Compliance management practices, etc.
Human Rights	<ul style="list-style-type: none"> Humane treatment regulations No involuntary labor and child labor Anti-discrimination against workers, etc.

Shared Growth

Activity

Key Support for Suppliers in 2024

Category	Program	Support Details	Performance
Support for Shared Growth 	「ACE Club」	· Conduct CSR activities, CEO Forum, and Reflection sessions for key suppliers	· Donated KRW 2 million to ChildFund Korea
	Financial Support	· Provide interest-free or low-interest loans to improve supplier productivity	· Provided financial support worth KRW 8.1 billion to 44 suppliers
	Win-Win Payment System	· Operate a win-win payment system for better payment conditions	· Paid KRW 1 trillion and 343.4 billion to 878 suppliers under the win-win payment system
	FTA Country of Origin Management System	· Support supplier system establishment and management operation to secure the consistency of certificates of origin	· Provided system development and consulting support to 41 suppliers
	Technology Protection	· Support the Certification of Original Document of Trade Secrets to protect suppliers' technologies and trade secrets	· Assisted 3 suppliers in dealing with 8 Certification of Original Document of Trade Secrets cases
	Education and Training Support	· Support specialized training customized to SMEs · Strengthen the ESG Management competency of SMEs	· Provided training support for 194 employees of 161 suppliers · Provided training support for 35 employees of 29 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 people from 39 suppliers (worth KRW 800 million)
	New Year's Meeting and Performance Sharing	· Promote online and offline communication to share LS ELECTRIC's business direction and procurement policy	· 147 primary and secondary suppliers participated (annually)
	ESG Partnership Meeting	· Share best practices and improvement activities to enhance ESG management	· Held 4 offline meetings with 30 key suppliers annually
	Handling Supplier Complaints	· Receive issues in trade relationships through the shared growth portal site (TOPS)	· Received 75 issues concerning suppliers' pain points and quality deterioration (mold, facility maintenance, etc.) in 2024: 31 completed, 33 in progress, 11 rejected
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	· 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

ESG PERFORMANCE

Social Contribution

UN SDGs



Environmental Social Governance

[Human Rights Management](#)
[Talent Management](#)
[Health and Safety Management](#)
[Data Protection and Information Security](#)
[Customer Value Creation](#)
[Shared Growth](#)
[Social Contribution](#)
[Environmental](#)
[Social](#)
[Governance](#)

ROAD MAP

Goal

Create an eco-friendly world through joint efforts for the future generations

Direction of Advancement

Create sustainable support models for the underprivileged in local communities

Secure eco-friendly ecosystem restoration models

Develop systematic and substantial programs to support the future generations

Secure channels for effective communication with local communities

Detailed Implementation Plans

2025	2026 - 2028	2029 -
Strengthen the continuity of key programs to support local communities	Expand employee engagement	Promote the quantitative expansion of social contribution expends including donations
Expand initiatives to support education for future generations	Establish a consultative body for sharing and communication with local communities	Enhance awareness of sharing management within the LS ELECTRIC corporate brand
Ensure the sustainability of eco-conservation programs	Develop a nationwide campaign	

Social Contribution

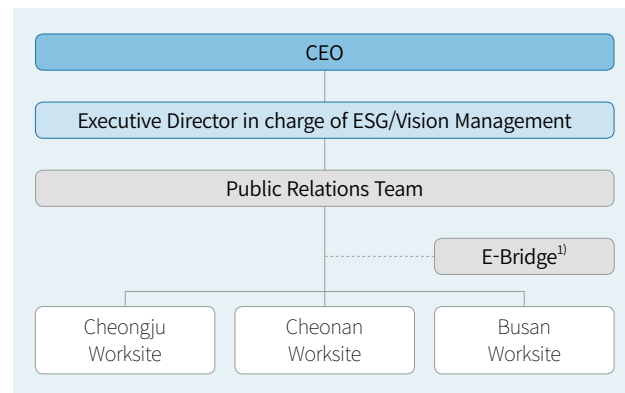
Policy

Social Contribution Strategy

LS ELECTRIC is guided by the LS Group's management philosophy of "LSpartnership" to pursue social contribution activities for sustainable ESG management. Our social contribution vision of "an eco-friendly world through joint efforts for future generations" is realized through area-specific strategies.

To fulfill our social responsibility and contribute to the creation of a society driven by sustainable development and sharing, we are engaged in various social contribution activities. In doing so, we draw on our experience in the power, automation, and green energy businesses to develop programs that are in line with our management strategy. Focusing on creating greater value through sharing and cooperation among beneficiaries and volunteers, we organize structured social contribution campaigns in five key areas: creating a green ecosystem, supporting senior citizens, supporting children and youth, supporting people with disabilities, and communicating with local communities, driven by three overarching principles of partnership, initiative, and sustainability. In 2025, we will continue to organize various programs in pursuit of sustainability in these five areas and encourage all employees to play their part in our journey.

Social Contribution Governance



1) 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 group 	<ul style="list-style-type: none"> Donated KRW 100 million to Cheongju City and the Cheongju Office of Education in Chungcheongbuk-do Province from the LS Group's CSR fund of KRW 2 billion. Donated KRW 110 million to relief efforts for typhoon-affected areas in Vietnam.
	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"> Donated school bags and other school supplies to 150 elementary school students in the southern Gyeonggi region, including Anyang, Uiwang, and Gunpo Sponsored the development of the Neulbom Education Program for elementary school students in Gyeonggi and Incheon (400 participants) Provided green renewable energy education to 900 elementary school students in southern Gyeonggi Province.
	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 clothing to 150 elderly people in Anyang City Sponsored a community event for elderly people in Gangseo-gu, Busan
	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 16 million raised by employees to a facility for people with disabilities in Cheongju City
	Environmental clean-up	<ul style="list-style-type: none"> Activities for the conservation of local natural ecosystems (Let's Make Green with LS ELECTRIC campaign) Creation of urban forests and promotional campaigns in cooperation with the media Environmental clean-up on Green Day in areas where worksites are based 	<ul style="list-style-type: none"> Established an ecological education center at Yongam Elementary School in Cheongju (with 1,200 endangered plants) The LS ELECTRIC-Newsis volunteer group participated in the creation of an urban ecological forest in Cheongwon-gu, Cheongju Cheongju and Cheonan worksites participated in four cleanup activities under the "One Company, One River" initiative Conducted 13 environmental improvement activities around plants in Cheongju, Cheonan, Busan, and others
	Support for Vulnerable Families	<ul style="list-style-type: none"> Support for welfare facilities for single-parent families Support for shelters for victims of domestic violence 	<ul style="list-style-type: none"> Donated clothes worth KRW 10 million to shelters for vulnerable families such as single parent families and victims of domestic violence

ESG PERFORMANCE

Establishing Sound Governance

ROAD MAP




Goal

Protect diverse stakeholders through transparent and stable governance

Direction of Advancement

Strengthen the BOD roles and enhance shareholder value

Detailed Implementation Plans

2025	2026 - 2028	2029 -
Establish detailed plans to maximize shareholder value	Strengthen communication with shareholders and investors	Expand BOD independence and diversity
Establish a new dividend and shareholder return policy	Enhance communication with domestic and international investors	Increase the ratio of Independent directors
	Communicate our business strategy and vision to enhance value	Increase the percentage of female director appointment
		

UN SDGs



Establishing Sound Governance

Policy

Expertise, Independence, and Diversity of the Board of Directors

At LS ELECTRIC, independent directors are appointed from among experts in their respective fields, such as finance and accounting, law, management, and research and development. The company's Board of Directors is independent of major shareholders and management. In accordance with the majority requirements of the Commercial Act, five members of the Board are independent directors. To ensure fairness and independence in the appointment of independent directors, candidates are rigorously screened by the Independent Director Recommendation Committee prior to final appointment by the General Meeting of Shareholders.

Director Appointment Process

The Independent Director Recommendation Committee, established in accordance with Article 542-8 of the Commercial Act, selects candidates for independent directors through a fair and comprehensive screening process. The majority representation of independent directors ensures the independence of the Committee. In recommending candidates, the Independent Director Recommendation Committee considers the Commercial Act and relevant laws and regulations, as well as other matters such as independence, expertise and representation of various stakeholders. The recommended candidates are appointed after approval by the General Meeting of Shareholders. In accordance with the law, no independent director serves for more than six years.



CEO Succession Policy

A company's CEO must have the ability to manage the business in a manner consistent with the interests of the company and its shareholders, and to effectively implement the company's core values and vision. To identify and develop CEO candidates with these qualities, the GHR department has established a structured talent development system for each functional area and mid- to long-term development goals. The CEO and key executives regularly review potential candidates for key positions through the Talent Development Committee and also consider external recruitment when necessary. Selected candidates undergo various assignments and coaching in line with long-term development goals. We also offer them further development opportunities through executive courses at leading universities. The CEO Candidate Recommendation Committee selects the most suitable candidate from among the candidates trained through this system as a candidate for an executive director to be appointed as the CEO by a resolution of the Board of Directors in accordance with Article 30 of the Articles of Incorporation. In the absence of the CEO, the CEO Candidate Recommendation Committee is convened, and a single selected candidate is appointed as CEO by the Board of Directors. In the event of a vacancy in all CEO positions, the most senior executive director serves as the Acting CEO until a new CEO is appointed. In the event of vacancies in all CEO and executive director positions, the most senior executive officer among the executives who are not registered directors serves as the Acting CEO until a new CEO is appointed.

Mid to Long-term Shareholder Return Policy

LS ELECTRIC has established a mid to long-term shareholder return policy aimed at increasing shareholder value. Dividend payout ratios are determined by taking into account operating performance, business outlook and financial condition, with the objective of maintaining a target payout ratio of 40% or more of net income as reported in the separate financial statements. At LS ELECTRIC, dividends are paid in the form of cash, shares or other assets to shareholders listed in the shareholder register and registered pledgees as at the end of each fiscal term, subject to the approval of the Board of Directors and the General Meeting of Shareholders. For Term 51 (2024), we paid a total dividend of KRW 86,134 million, or KRW 2,900 per share. We plan to maintain the shareholder return policy at a reasonable level to strengthen shareholder rights.

Establishing Sound Governance

Policy

BOD Organization (as of March 25, 2025)

Category	Name	Gender	Date of Appointment (Expiration of Term)	Career Highlights	Board of Directors	Audit Committee	ESG Committee	Remuneration Committee	Independent Director Recommendation Committee
Executive Directors	Ja-Kyun Koo	Male	Mar. 28, 2023 (Mar. 28, 2026)	<ul style="list-style-type: none"> Former) Professor, Korea University Graduate School of International and Public Affairs Current) Chairman, Korea Smart Grid Association Current) Chairman & CEO, LS ELECTRIC 	●				
	Dae-Seok Chae	Male	Mar. 25, 2025 (Mar. 25, 2028)	<ul style="list-style-type: none"> Current) ESG/Vision Management CVO, LS ELECTRIC 	●		●	●	●
	Jong-Woo Kim	Male	Mar. 21, 2024 (Mar. 21, 2027)	<ul style="list-style-type: none"> Current) Electric Power CIC COO, LS ELECTRIC 	●				
	Jae-Seok Oh	Male	Mar. 21, 2024 (Mar. 21, 2027)	<ul style="list-style-type: none"> Current) Production and R&D COO, LS ELECTRIC 	●				
Independent Directors	Jong-Won Choi	Male	Mar. 28, 2023 (Mar. 28, 2026)	<ul style="list-style-type: none"> 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. 25, 2025 (Mar. 25, 2028)	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> Former) Professor, College of Policy Science, Hanyang University Former) CEO, Korea Trade-Investment Promotion Agency Current) Independent director at LF Current) Policy adviser, Korea Electrical Contractors Association Current) Adviser, SK Telecom 	●	●	●	●	●
	Gil-Su Jang	Male	Mar. 28, 2023 (Mar. 28, 2026)	<ul style="list-style-type: none"> Former) President, Korea University Power System Research Institute Current) Director, Dept. of Planning and Budget, Korea University Current) Professor of electrical and electronic engineering, Korea University Current) Director, American Korean Foundation 	●	●	●	●	●
	Jeung-hyun Yoon	Male	Mar. 21, 2024 (Mar. 21, 2027)	<ul style="list-style-type: none"> Former) Governor of the Financial Supervisory Service Former) Minister of Strategy and Finance Former) Acting Prime Minister Current) Director, Yoon Economic Research Institute 	●	●	●	●	●

Establishing Sound Governance

Activity

Activities of the BOD and Subcommittees

At LS ELECTRIC, four subcommittees facilitate timely and efficient decision-making by the Board of Directors. Each subcommittee operates in accordance with its own regulations.

	Role	Function	Meetings Held	Attendance	Items Resolved	Items Reported
Board of Directors	Decide key management goals and basic management strategies for the company and shareholder benefits, and oversee the management activities	<ul style="list-style-type: none"> 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 	6	91%	28	15
Audit Committee	Audit the company's accounting and business operations	<ul style="list-style-type: none"> 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 	8	98%	6	20
ESG Committee	Achieve sustainable growth through structured and strategic ESG management	<ul style="list-style-type: none"> Establish ESG strategies and plans Analyze ESG policies and trends Deliberate on internal transactions in advance 	5	97%	10	3
Independent Director Recommendation Committee	Recommend candidates for Independent director to be appointed at the general shareholders' meeting	<ul style="list-style-type: none"> Recommend Independent director candidates Handle other matters necessary for Independent director candidate recommendation 	1	100%	1	-
Remuneration Committee	Deliberate and resolve matters on executive compensation	<ul style="list-style-type: none"> Issues related to executive's remuneration as determined necessary by the BOD or its committees. 	1	100%	2	-

BOD Assessment and Compensation

Since 2023, LS ELECTRIC has introduced an annual Board of Directors' evaluation to ensure that the Board of Directors fulfills its roles and responsibilities as prescribed by law and internal regulations, with the aim of improving the rationality, transparency and efficiency of the Board's activities.

A self-assessment of the Board's activities for the year was conducted after the fourth quarterly meeting of the Board in November 2024. The assessment included the roles, responsibilities, structure and operations of the Board. In addition, the independent directors conducted self-assessments and the subcommittees (ESG, Independent Director Recommendation, Audit and Compensation Committees) underwent assessments.

2024 Annual assessment

	Category	Score
BOD assessment	Role	4.80
	Responsibilities	4.97
	Structure	5.00
	Operations	4.70
Individual Independent director assessment	Self-assessment of activities	4.65
Subcommittee assessment	ESG Committee	4.93
	Independent Director Recommendation Committee	5.00
	Audit Committee	4.73
Overall average		4.85

Establishing Sound Governance

Activity

Training of Independent Directors

LS ELECTRIC provides training for independent directors by external experts to help them better understand the role of the Board of Directors and contribute to the sustainable management of the company. In 2024, they attended training sessions on management analysis and investment decision making by the Korea Listed Companies Association and on key capital market issues by the KOSDAQ Listed Companies Association.

Date	Key topics	Directors attended	Provider
2024.08.30	<ul style="list-style-type: none"> Understanding the stages of finance and accounting Key points of cash flow analysis and case studies Business analysis using the activity inded Understanding corporate valuation and business feasibility for investment decision making 	Jeung-hyun Yoon	Korea Listed Companies Association
2024.11.11~ 2024.12.01	<ul style="list-style-type: none"> Key cases related to disclosure by listed companies Precautions regarding unfair trading practices under the Capital Markets Act Key issues related to FY 2024 settlement Corporate Value-Up Program overview 	Jong-Won Choi Gil-Su Jang Won-Ja Song Jae-Hong Kim	KOSDAQ Listed Companies Association

Audit Committee Member Training

Date	Key topics	Directors attended	Provider
2024.06.13	<ul style="list-style-type: none"> Key changes in the consolidated internal accounting system in 2024 	Won-Ja Song Jeung-hyun Yoon Jong-Won Choi Jae-Hong Kim Gil-Su Jang	Deloitte Anjin LLC
2024.09.24	<ul style="list-style-type: none"> Amendments to laws concerning listed companies' governance 	Won-Ja Song Jeung-hyun Yoon Jong-Won Choi Jae-Hong Kim Gil-Su Jang	Internal Accounting Management Team

Shareholder Status

LS ELECTRIC is a publicly listed on the stock exchange with 30,000,000 shares issued as of the end of 2024. The largest shareholder is LS Co., Ltd. with 48.46% (14,539,000 shares). The second largest shareholder, the National Pension Service, holds a 9.25% stake as of the end of 2024.

Expanding Communication with Shareholders and Investors

LS ELECTRIC has improved the convenience of shareholders in exercising their voting rights by introducing an electronic voting system and a proxy voting recommendation system. The information related to the General Meeting, such as the date, venue, purpose and method of voting, is published in the Data Analysis, Retrieval and Transfer System (DART) of the Financial Supervisory Service. The Board of Directors resolves to convene a general meeting of shareholders 47 days in advance and issues the notice of meeting 4 weeks in advance, so that shareholders have sufficient time to consider the agenda and exercise their voting rights accordingly. Non-Deal Roadshow (NDRs) for major domestic institutional investors are held after each earnings announcement on a quarterly basis and upon request. For international investors, we organize international NDRs, group conference calls and corporate day events to inform them and listen to their expectations. We also arrange IR meetings for institutional investors seeking direct engagement.



ESG PERFORMANCE

Ethics Management

[Environmental](#)
[Social](#)
[Governance](#)

ROAD MAP

Goal

Advance into a sustainable company through transparent management based on fairness, honesty, and sincerity

Direction of Advancement

Create an ethical management culture by upgrading the ethics management system and conducting ethics training

Detailed Implementation Plans

2025 - 2027	2028 -
Provide regular training to all employees	Expand the target of ethics training to domestic and overseas subsidiaries and enhance program contents
Provide online training for all employees (as needed)	Conduct training for employees of subsidiaries and overseas entities
Expand the scope of offline training for new expatriates	Online training, offline workshops, case studies, etc.
	

Ethics Management

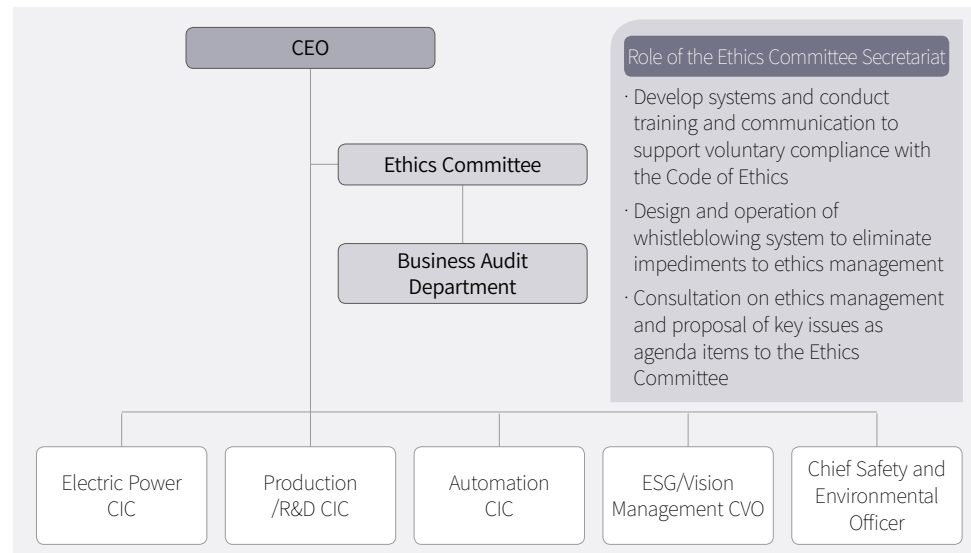
Policy

Ethical Management Operation System

Based on the management philosophy of LSPartnership, 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



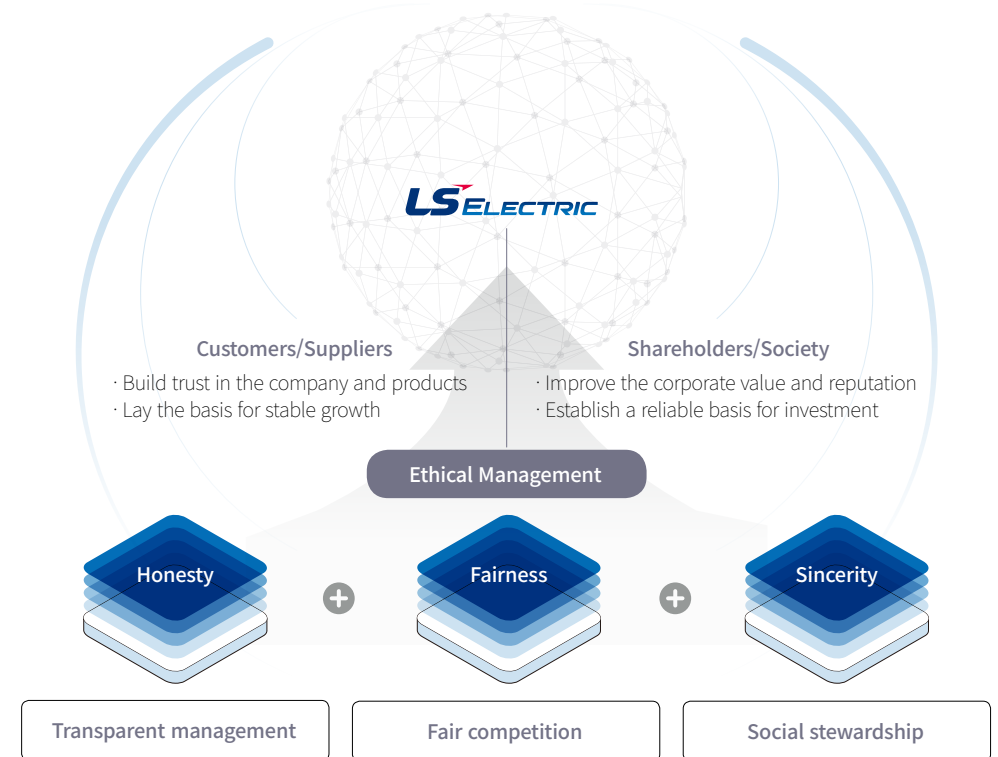
Whistleblowing System and Whistleblower Protection

LS ELECTRIC operates an online whistleblowing center that is accessible to all stakeholders. This enables us to address issues that may affect our corporate culture, such as corruption and human rights violations, in a fair and timely manner. The whistleblower system is protected by a security system and the identity of the whistleblower and the details of the report are never disclosed without the whistleblower's consent. In the event that whistleblowers are adversely affected by failure to comply with this protection, we will take responsibility for restitution or equivalent compensation.

Whistleblower Reward System

To eradicate any unethical practices by employees and other stakeholders and create a sound corporate culture, LS ELECTRIC operates a whistleblower reward system. Rewards are given to whistleblowers who raise concerns about unfair conduct by an employee or stakeholder that has resulted in loss or damage to the company, acceptance of bribes or entertainment from stakeholders in relation to their duties, and other conduct that violates the Code of Ethics and Practice Guidelines. The amount of the reward is determined based on the increase in profit or prevention of loss made possible by the report, ranging from a minimum of KRW 1 million to a maximum of KRW 10 million. If the gain or loss is spread over a long period of time, the reward will be based on an expected annual amount of gain or loss. For reports of conduct not directly related to the company's profit or loss, KRW 500,000 is paid for reports of accepting bribes or entertainment, and KRW 300,000 is paid for reports of calculation manipulation or false reporting.

Goal of Ethics Management



Ethics Management

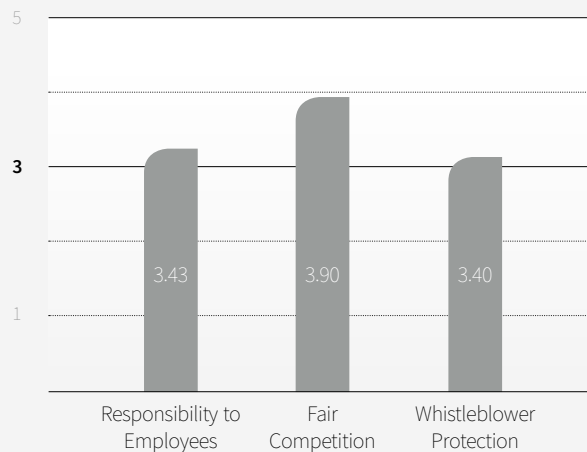
Goals and Performance

Ethical Management Survey

LS ELECTRIC surveys its employees every two years on their compliance with the Code of Ethics Practice Guidelines and their satisfaction with ethical management. We also conduct annual surveys of our suppliers to understand their satisfaction with our ethical practices in doing business with them and encourage them to raise any concerns about fraud and corruption.

These surveys help us better understand the effectiveness of our ethical management practices, compliance with the Code of Ethics Practice Guidelines and the level of ethical management. Continuous efforts are made to update and improve the questionnaires. As a result, the response rate to the employee ethics survey was 59%, an increase of 3%p from 2022. We strive to continuously improve our ethical management system based on the ethical management issues and concerns identified through these surveys.

Satisfaction with Ethical Management



Activity

Ethical Management Practice Training

At LS ELECTRIC, ethical management training for employees is provided as part of the group-wide training framework. In 2024, we provided online training for employees, offline training for new expatriates, and regularly posted ethical management training materials on internal bulletin boards. These training programs cover topics such as corruption, conflicts of interest, fair trade and money laundering. Our goal is for all employees to complete the training by 2028. These efforts represent our commitment to ethical management and encourage all employees to become familiar with the importance of ethical management, ethical codes, practical guidelines and examples of unfair practices.



Unethical Conduct Reporting

We receive and respond to reports of unethical conduct from employees, suppliers and customers through a variety of channels, including telephone, email, mail and online reporting channels. In 2024, we received 24 reports, all of which were handled in accordance with our internal procedures. This represents a 27% decrease in the number of reports of unethical conduct compared to 33 in 2023. LS ELECTRIC is committed to ethical practices for its stakeholders and eliminating unethical conduct.

Category	Reports Received	Reports Handled
Illegal/corruptive practices	6	6
Human rights	1	1
Unfair operation handling	7	7
Claim	6	6
Others	4	4
Handling Rate	24	24

ESG PERFORMANCE

Compliance



UN SDGs


[Environmental](#)
[Social](#)
[Governance](#)
[Establishing Sound Governance](#)
[Ethics Management](#)
[Compliance](#)
[Risk Management](#)
[Environmental](#)
[Social](#)
[Governance](#)

ROAD MAP


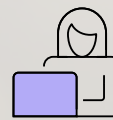
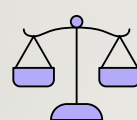
Goal

Achieve zero compliance issues by internalizing the compliance awareness of all employees

Direction of Advancement

Introduce a compliance management system and conduct training to transform awareness

Detailed Implementation Plans

2025	2026 - 2028	2029 -
<p>Achieve ISO 37301 (Compliance Management System)</p> <p>Establish and execute a compliance system plan for compliance with revisions to the Fair Trade Act and Subcontracting Act.</p> 	<p>Advance the compliance system by ongoing monitoring</p> <p>Increase the compliance training hours for employees</p> 	<p>Introduce a Compliance Program (CP) that establishes compliance management standards surpassing legal requirements</p> 

Compliance

Policy

Compliance Management Structure

Following the introduction of the Compliance Officer in 2012, LS ELECTRIC publicly declared its commitment to compliance management and adopted the Compliance Program (CP) in 2014. We also support our employees in ensuring compliance in the performance of their duties through self-directed reviews. In addition, regular compliance training is provided to subsidiaries. The Compliance Officer takes the lead in thorough compliance risk management by categorizing legal risks, conducting self-directed reviews and providing structured compliance training. Under the direct supervision of the Board of Directors, the Compliance Officer was established in accordance with Article 542-13 of the Commercial Code. In 2023, the Company's Head of Legal Affairs was appointed by the Board of Directors as Compliance Officer, who reports annually to the Board of Directors on compliance activities in order to provide the Board of Directors with an in-depth understanding and insight into compliance and risk management. In the event of a violation, we verify the facts with the employees and parties involved and prepare a warning report that is reported to management and shared with relevant departments. This enables us to take immediate action to stop, improve, correct or impose sanctions for the violation, and establish preventive measures recommended to management. These measures to prevent recurrence are communicated to relevant departments and incorporated into future policy revisions to ensure continuous improvement and prevention throughout the company. These efforts represent our commitment to building a robust and well-structured post-incident management system and creating a sustainable environment for compliance management.

Prevention

Aside from conducting self-inspection using a checklist, the compliance officer conducts ongoing inspections on the compliance status



Report the compliance inspection results to the management

Violation Handling

Check the facts with the relevant employees and related persons, prepare a warning report, and report the details to the management and share them with the relevant divisions



Suspend, address, correct, and take sanctions on violations

Recurrence Prevention

Prepare recurrence prevention plans



Propose plans to the management



Deliver plans to related divisions and reflect them in policy revisions

Goals 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 2024, the company conducted 42 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 in 2024

Targets	Description	Number of sessions
Procurement	Advanced training on the Subcontracting Act	8
Worksites including design, research labs	General subcontracting laws	26
Sales	Fair Trade Act (collusion, unfair transactions)	7
	Strategic goods control trends and general guidance	1

Activity

Fair Trade Compliance

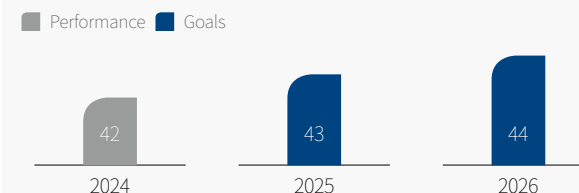
In 2023, the Board of Directors appointed the Head of Legal Affairs as the Fair Trade and Compliance Officer. In 2024, LS ELECTRIC's compliance support department conducted 15 spot checks for violations of fair trade laws in accordance with the Fair Trade and Compliance Program. This was followed by meetings with relevant departments to explain the intent and provisions of relevant laws and regulations and discuss case studies to prevent violations.

Self-Inspection

LS ELECTRIC has developed a checklist to enable working-level departments to categorize legal risks related to their business activities and conduct self-initiated reviews and controls. The compliance support department updates the legal risk categories and checklist annually and supports self-initiated reviews.

Employee Training Goals and Performance

unit : cases



ESG PERFORMANCE

Risk Management



Risk Management

Policy

Risk Management Structure

LS ELECTRIC is committed to structured risk management by identifying potential risk factors that may arise in its business operations and taking proactive measures to minimize risk and ensure business stability. For systemic management, risks are classified into five areas: external environment, strategy, operations, finance and compliance. The risk management department establishes risk control and response policies and monitors company-wide risk management through quarterly quantitative assessments of risk levels. When the risk level reaches a certain threshold, the Chief Risk Officer (CRO) convenes the Risk Management Committee to decide on response actions, and significant risks are reported to management for incorporation into management strategies. These activities are followed by analyses to understand the effectiveness of the activities and to identify areas for further improvement, which are then incorporated into relevant manuals and standards. We are committed to continuously improving our risk management framework to ensure proactive and forward-looking risk management.

Risk Management Committee Governance



Risk Management Process



Risk Classification

External Environment	Strategy	Operations	Finance	Compliance
Natural disasters caused by climate change	New business development and investment	R&D	Foreign exchange risk	Fair trade
Supply chain disruptions	Business portfolio	Sales and marketing	Interest rate risk	Environmental and safety regulations
Decline in corporate market value	Brand and reputation	Procurement and sourcing	Credit risk	Labor standards and labor laws
Overly fierce competition	Business planning	Project management	Tax risk	Ethical management
		IT equipment operations	Internal accounting risk	

Risk Management

Policy

Financial Risk Management

Financial Risk Management

Classification of Risks	Management Plan
Foreign Exchange Risk Risk of exchange rate fluctuation arising from 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 and 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

At LS ELECTRIC, the purpose of capital management is to maintain an optimal capital structure to provide sustainable returns to shareholders and stakeholders and to reduce capital costs as a going concern. Measures used to maintain or adjust the capital structure include adjusting dividends, returning capital to shareholders, issuing new shares and selling assets to reduce debt.

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 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 operates in accordance with its internal accounting management and system operating rules. In order to further upgrade our risk management to a global standard, we have developed an internal accounting management system consolidated with the LS Group's accounting framework. Under this system, internal accounting controls are applied to LS ELECTRIC subsidiaries for assessment and certification, and entity-specific risk management processes are designed and operated taking into account the size and characteristics of each subsidiary. The CEO is responsible for reviewing the operation of the separate and consolidated internal accounting practice and reporting to the General Meeting of Shareholders, the Board of Directors and the Audit Committee. The Audit Committee evaluates the separate and consolidated internal accounting controls and reports its findings to the Board of Directors.

Non-financial Risk Management

Classification of Risks	Management Plan
Environment and Climate Change	<ul style="list-style-type: none"> Advance renewable energy transition plans for RE100 implementation and real-time monitoring of status Strengthen environmental regulation monitoring and response processes Expand investments to reduce energy consumption
Safety	<ul style="list-style-type: none"> Strengthen safety inspections across all worksites and suppliers Implement internal safety and health KPIs Training for employees and suppliers
Data Protection	<ul style="list-style-type: none"> Establish a digital innovation system using DT Strengthen security activities for Operational Technology (OT) Training for employees
Ethics and Compliance	<ul style="list-style-type: none"> Maintain continuous monitoring and a whistleblowing system Training for employees

APPENDIX

ESG Data	81
Reporting Guidelines	92
Engagement Initiatives	96
Awards and Memberships	98
GHG Verification Statement	99
Independent Assurance Statement	100

ESG Data

Financial Statements (Consolidated)

Summarized Statement of Financial Position

Unit : KRW million

Particulars	2022	2023	2024
Assets	3,322,805	3,732,892	4,485,197
Current assets	2,341,252	2,605,193	3,052,192
Non-current assets	981,553	1,127,699	1,433,006
Liabilities	1,773,514	2,008,850	2,595,105
Current liabilities	1,390,210	1,448,677	1,846,350
Non-current liabilities	383,304	560,173	748,755
Equity	1,549,291	1,724,042	1,890,092
Total equity attributable to shareholders of the company	1,553,494	1,712,770	1,838,756
Non-controlling interests	(4,203)	11,272	51,336
Total liabilities and equity	3,322,805	3,732,892	4,485,197

Summarized Statement of Comprehensive Income

Unit : KRW million

Particulars	2022	2023	2024
Sales	3,377,070	4,230,483	4,551,837
Operating income	187,524	324,878	389,717
Income from continuing operations before tax	126,967	264,096	333,367
Net income	91,210	207,673	242,238
Total comprehensive income for the current term	104,027	197,563	212,792

Summarized Statement of Cash Flow

Unit : KRW million

Particulars	2022	2023	2024
Cash flow from operating activities	(145,446)	214,646	230,147
Cash flow from investing activities	(131,065)	(193,360)	(255,797)
Cash flow from financing activities	134,654	2,612	82,042
Change in cash and cash equivalents	(141,857)	23,898	56,392
Cash and cash equivalents at the beginning of the year	701,597	556,086	583,925
Effects of exchange rate changes on cash and cash equivalents	(3,654)	3,941	19,787
Cash and cash equivalents at the end of the year	556,086	583,925	660,104

Balance in Government Subsidies

Unit : KRW million

Particulars	2022	2023	2024
Buildings	162	156	152
Machinery	295	258	245
Tools and equipment	21	15	8
Office equipment	223	171	223
Development expenses	115	80	45
Other non-tangible assets	14	10	90
Structure	-	-	2
Industrial property rights	-	-	13

ESG Data

LS ELECTRIC Environmental Performance

Environmental

Category				Unit	2022	2023	2024
Investment in environment and safety				KRW million	7,870	11,124	9,266
Air pollutant emissions ¹⁾	Dust			kg	1,006	1,168	713
	NOx			kg	3,092	3,530	2,749
	SOx			kg	-	-	-
	VOC			kg	2,954	1,404	1,468
Water pollutant emissions ²⁾	BOD			kg	-	-	-
	TOC			kg	22.80	43.20	44.16
	SS			kg	0	12.00	12.00
	T-N			kg	20.40	14.40	16.08
	T-P			kg	1.79	6.11	6.17
	Other			kg	-	-	-
Water	Water consumption	Cheongju Worksite ³⁾	Service water	m ³	35,445	36,790	36,255
			Industrial water	m ³	54,335	51,215	44,860
		Cheonan Worksite	Service water	m ³	25,397	28,658	23,099
			Industrial water	m ³	28,569	18,853	16,855
		Busan Worksite	Service water	m ³	14,404	10,960	10,063
			Industrial water	m ³	59,458	78,457	55,352
	Wastewater discharged			m ³	159.3	209.5	211.3
	Reuse			m ³	-	-	-

1) 2) Data scope : Cheongju, Cheonan, Busan Worksites

3) Performance includes LS e-Mobility Solutions

Environmental

Category			Unit	2022	2023	2024	
Energy ¹⁾	Energy	Power consumption	TJ	602.577	564.162	493.036	
		Fuel consumption	TJ	94.413	86.243	79.954	
		Total	TJ	696.99	650.405	572.99	
	Renewable energy	Energy intensity	TJ/KRW 100 million	0.0206	0.0154	0.0126	
		Purchase REC	TJ	-	-	66.18	
		Self- generation (PV)	TJ	-	-	0.45	
		Total	TJ	-	-	66.63	
Energy ²⁾	Amount discharged	Scope 1	tCO ₂ eq	4,913.000	4,525.002	4,180.875	
		Scope 2	tCO ₂ eq	28,836.000	26,998.156	23,574.856	
		Total	tCO₂eq	33,749.000	31,523.158	27,755.731	
	GHG Intensity ³⁾		tCO ₂ eq/ KRW 100 million	1.48	1.05	0.89	
		Scope3 emissions ⁴⁾	Category 3 - Fuel and energy ⁵⁾	tCO ₂ eq	2,178.074	2,037.967	4,169.310 ⁶⁾
			Category 5 - Waste		112.398	108.089	103.997
			Category 6 - Employee business travel ⁷⁾		5,575.122 ⁸⁾	9,129.799	5,001.288
			Category 7 - Commuting ⁹⁾		3,730.902	3,666.957	3,725.234
			Category 13 - Leased assets		11,461.975	11,461.975	13,218.571
			Total		23,058.472	26,404.787	26,218.400
Hazardous chemical usage		ton	1.60	5.67	2.15		

1) 2) Data Scope : Head Office, LS Yongsan Tower, R&D Campus, 3 Worksites (Cheongju, Cheonan, Busan), 8Sales Offices

(Daejeon, Daegu, Busan, Ulsan, Naju, Gwangyang, Gunsan, Uiwang)

3) Scope : Scope 1+Scope 2, standalone sales basis

4) Internally generated data

5) GHG emissions from power transmission and distribution losses

6) Change in emission factor standards

7) Business travel by air (international), train, and personal vehicle (domestic)

8) Changes due to data errors

9) Commuter bus operation (Cheongju, Cheonan, Busan)

ESG Data

LS ELECTRIC Environmental Performance

Environmental

Category			Unit	2022	2023	2024
Green procurement ¹⁾			KRW million	739	615	778
Eco-friendly product development			KRW million	11,644	14,588	1,770
Sales from Eco-friendly Products and Services ²⁾			KRW 100 million	2,620	4,527	3,226
Raw materials ³⁾	Steel		ton	36,989	39,017	34,085
	Non-ferrous metal		ton	11,711	13,719	11,804
	Resin		ton	3,389	3,242	3,328
	Recycled materials		ton	0	0	0
Waste ⁴⁾	Designated waste	Landfill	ton	1.65	1.03	8.97
		Incineration	ton	44.50	43.79	37.37
		Recycling	ton	37.16	58.13	44.55
		Other	ton	-	-	3.07
		Subtotal	ton	83.31	102.95	93.96
	General waste	Landfill	ton	1.91	-	2.87
		Incineration	ton	228.02	37.59	-
		Recycling	ton	3,422.62	3,575.30	3,130.67
		Other	ton	-	-	-
		Subtotal	ton	3,652.55	3,612.89	3,133.54
	Total		ton	3,735.86	3,715.84	3,227.50
	Waste treatment		%	92.6	97.8	98.5

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 Response to Climate Crisis

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

3) Changes in data for the past three years following changes in management standards

4) Data scope : Cheongju/Cheonan/Busan Worksites

LS ELECTRIC Social Performance

Employees

Category			Unit	2022	2023	2024
Employee count by employment type ¹⁾	Permanent employees	Males	Persons	2,594	2,675	2,717
		Females	Persons	332	355	408
	Temporary employees	Males	Persons	130	128	154
		Females	Persons	56	46	93
	Total		Persons	3,112	3,204	3,372
Employee count by age group	20s	Males	Persons	186	228	302
		Females	Persons	82	82	169
	30s	Males	Persons	648	618	616
		Females	Persons	102	104	112
	40s	Males	Persons	885	887	875
		Females	Persons	170	160	131
	50 and older	Males	Persons	1,004	1,070	1,078
		Females	Persons	35	55	89
	Total		Persons	3,112	3,204	3,372
Employee count by work location	Korea		Persons	3,065	3,152	3,317
	Asia-Pacific (excl. Korea)		Persons	38	35	32
	North America		Persons	5	11	17
	Europe		Persons	4	6	6
	Other		Persons	-	-	-
	Total		Persons	3,112	3,204	3,372
New recruits	Males		Persons	192	221	225
	Females		Persons	63	64	152
	Total		Persons	255	285	377
Employee turnover	Total employee turnover count		Persons	367 ²⁾	258	243
	Overall turnover rate		%	11.8	8.1	7.2
	Voluntary employee turnover count		Persons	150	123	105
	Voluntary turnover rate		%	4.8	3.8	3.1

1) Executives are included in temporary employees

2) Changes due to data errors

ESG Data

LS ELECTRIC Social Performance

Employees

Category		Unit	2022	2023	2024
Performance evaluation	Number of employees evaluated	Persons	1,771	1,781	2,098
	Performance evaluation review rate	%	56.9	55.6	62.2
Length of service	Males	Years	17.5	17.5	17.2
	Females	Years	15.8	16.1	13.6
Workforce diversity	Number of female employees	Persons	388	401	501
	Percentage of female employees	%	12.5	12.5	14.9
	Number of female managers ¹⁾	Persons	69	79	87
	Percentage of female managers	%	4.5	5.1	5.7
	Female junior managers	Persons	63	72	81
	Percentage of female junior managers	%	5.2	5.9	7.1
	Number of female executives	Persons	1	1	2
	Percentage of female executives	%	3.7	4.0	7.1
	Number of women in revenue-generating departments	Persons	68	71	101
	Percentage of women in revenue-generating departments	%	9.8	9.9	14.6
	Number of women in STEM positions	Persons	62	72	107
	Percentage of women in STEM positions	%	7.3	8.5	11.3
	Number of employees with disabilities ²⁾	Persons	35	41	44
	Percentage of employees with disabilities	%	1.1	1.6	1.3
	Number of veterans	Persons	58	55	52
	Percentage of veterans	%	1.9	1.7	1.5
Equal pay	All employees	Times	0.77	0.80	0.75
	Managers	Times	0.90	0.86	0.85
	Non-managers	Times	0.85	1.01	0.94
Pay gap between CEO and other employees		Times	43.01	40.98	84.02
Training expenses		KRW 1,000/person	1,572	1,949	1,723
Training hours ³⁾		hour/person	63.3	60.8	78.8
Welfare expenses		KRW Million/person	17.4	17.9	19.3

1) Managers at the level of assistant manager or above

2) As reported to the Korea Employment Agency for Persons with Disabilities

3) Changes in data for the past three years following changes in time aggregation standards

Category		Unit	2022	2023	2024
Welfare expense as a percentage of sales		%	2.4	1.9	2.1
Employees taking maternity leave	Males ¹⁾	Persons	80	67	59
	Females	Persons	7	4	9
Employees taking parental leave	Males	Persons	15	18	26
	Females	Persons	16	8	8
Number of people eligible for parental leave ²⁾	Males	Persons	81	62	56
	Females	Persons	7	4	6
Percentage of employees on parental leave ²⁾	Males	%	2.5	4.8	12.5
	Females	%	100	100	33.3
Number of employees anticipated to return from parental leave	Males	Persons	2	8	14
	Females	Persons	7	7	1
Number of employees who have returned from parental leave	Males	Persons	13	10	14
	Females	Persons	9	1	1
Rate of employees who have returned from 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
Labor Union	Number of employees eligible for union membership	Persons	3,014	3,045	3,119
	Number of employees who have joined the union	Persons	948	910	880
	%	%	31	30	28

1) Spousal paternity leave

2) Change in three-year data due to change in childcare leave eligibility criteria

Health and Safety

Category		Unit	2022	2023	2024
Safety Training	Hours completed	hour	53,260	52,760	53,350
	Participants	Persons	26,659	26,710	27,005
	Total training expenses	KRW million	14	24	64

ESG Data

LS ELECTRIC Social Performance

Health and Safety

Category		Unit	2022	2023	2024
Health	Checkup Expenses	KRW million	638	589	666
	Support for medical expenses	KRW million	1,003	1,111	1,235
Employee industrial accidents ¹⁾	Industrial accident rate	%	0.06	0.03	0.02
	Number of fatalities	Persons	0	0	0
	Lost work days	days	39	0	16
	Number of lost time injuries (LTI)	Cases	3	0	1
	LTIFR(Lost Time Injuries Frequency Rate)	Incidents per million working	0.463	0	0.144
Industrial accidents at suppliers	Number of industrial accidents	%	0	0	0
	Number of fatalities	Persons	0	0	0

1) Based on approval by the Korea Workers' Compensation and Welfare Service

Retirement Pension Fund Management

Category		Unit	2022	2023	2024
Defined benefit (DB)	Funds under management	KRW million	284,795	290,573	288,344
	Subscribers	Persons	2,475	2,365	2,328
Defined contribution (DC)	Subscribers	Persons	461	574	707

Social Contribution

Category		Unit	2022	2023	2024
Donations ¹⁾		KRW million	4,778	815	828
Social contribution expenses		KRW million	152	185	56
Social contribution activities		Cases	56	62	69
Participants in social contribution activities		Persons	3,478	3,167	3,883
Beneficiaries of social contribution activities		Persons	901	2,189	2,406

1) Consolidated

Shared Growth and Social Contribution

Category		Unit	2022	2023	2024
Supplier ethics management satisfaction		Points	4.23	4.45	4.46
Number of shared growth agreements signed		Cases	337	325	312
Financial support for suppliers	Support amount	KRW 100 million	56	72	81
	Supported suppliers	Companies	50	41	44
Win-win payment support for suppliers total amount		KRW 100 million	10,893	14,547	13,434
Training support for suppliers participants		Persons	163	137	229
Number of training support sessions for suppliers		Times	8	8	12
Technical support for suppliers	Number of suppliers benefiting from technology sharing	Companies	0	30	0
	Number of technology protection support cases	Cases	9	14	8
	Technology Development	Cases	41	16	41
	Support amount	KRW 100 million	35	18	33
ACE Club (suppliers association) Member companies		Companies	20	20	25
Innovation capacity support for ACE Club	Supported suppliers	Companies	20	20	25
	Supported employees	Persons	20	20	25
Supplier performance sharing participating suppliers		Companies	100	105	147

Purchase by Region¹⁾

Category	Unit	2022	2023	2024
Asia(excluding Middle East)	%	68.8	62.1	62.0
Europe	%	21.3	20.4	27.8
Americas	%	9.1	14.5	9.5
Middle East	%	0.2	0	0.3
Others(Oceania and Africa)	%	0.7	3.0	0.4
Total	%	100	100	100

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

ESG Data

Environmental Performance by Subsidiary (2024)

Environmental

Category			Unit	LS Metal	AC&T	LS ITC	LS Power Solution	LS Mecapion	LS e-Mobility Solutions ¹⁾	LS Sauter	CX Solution	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary
Investment in environment and safety			KRW million	218.97	6.83	-	157.80	16.84	76.53	-	-	-	5.65	405.51
Air pollutant emissions	Dust		kg	235,688	-	-	-	22	5	-	-	16	142	-
	NOx		kg	0	-	-	-	0	0	-	-	0	73	
	SOx		kg	0	-	-	-	0	0	-	-	0	2	-
	VOC		kg	0	-	-	-	0	0	-	-	0	0.08	-
Water pollutant emissions	BOD		kg	30.5	-	-	-	-	-	-	-	0	0	79.0
	COD		kg	77.3	-	-	-	-	-	-	-	1672.5	502.0	131.5
	SS		kg	191.1	-	-	-	-	-	-	-	399.4	260.0	47.6
	T-N		kg	451.7	-	-	-	-	-	-	-	200.9	84.0	47.6
	T-P		kg	0.2	-	-	-	-	-	-	-	19.2	8.0	7.3
Water	Consumption by source	Service water	m³	19,012	1,333	-	4,353	1,274	-	-	-	14,684	580	10,461
		Industrial water	m³	94,908	0	-	0	0	-	-	-	0	2,322	0
	Wastewater discharged		m³	47,288.7	0	-	4,353	0	-	-	-	12,481	2,902	8,066
	Reuse		m³	0	0	-	0	0	-	-	-	0	0	0
GHG	Amount discharged	Scope 1	tCO ₂ eq	2,191,453	36,875	54,529	267,106	68,018	109,815 ²⁾	76,748	160,217	45,191	146,334	57,099
		Scope 2	tCO ₂ eq	24,494,409	142,344	166,576	2,032,874	337,320	4,648,264 ²⁾	51,912	38,635	1,670,447	313,094	712,343
	Total		tCO ₂ eq	26,685,862	179,219	221,105	2,299,980	405,338	4,758,079 ²⁾	128,660	198,852	1,715,638	459,428	769,442
	GHG intensity		tCO ₂ eq/ KRW 100 million	4.14	17.86	0.19	2.10	1.01	8.05	0.25	0.92	1.77	0.75	0.50
Hazardous chemicals used			kg	76,476	-	-	1,280,730	26	1,296	-	-	5	2,255	-
Raw materials	Steel		ton	0	0	0	0	168.25	245.00	0	-	27.00	0	1,000.33
	Non-ferrous metal		ton	37,520.15	0	0	1,466.00	90.71	245.00	0	-	86.48	159.47	343.15
	Resin		ton	0	0	0	438.00	7.86	155.00	0	-	0	0	8.51

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

2) Data scope : domestic/Wux/Mexico Worksites

ESG Data

Environmental Performance by Subsidiary (2024)

Environmental

Category				Unit	LS Metal	AC&T	LS ITC	LS Power Solution	LS Mecapion	LS e-Mobility Solutions ¹⁾	LS Sauter	CX Solution	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary	
Waste	Designated waste	By treatment type	Landfill	ton	0	-	-	0	0	-	-	-	-	2.03	0.12	
			Incineration	ton	46.77	-	-	0	0	-	-	-	-	-	-	
		By treatment method	Other	ton	0	-	-	0	0	-	-	-	-	1.00	-	-
			In-house treatment	ton	0	-	-	0	0	-	-	-	-	-	-	-
			Outsourced treatment	ton	46.77	-	-	0	0	-	-	-	-	1.00	2.03	-
		Subtotal			ton	46.77	-	-	0	0	-	-	-	1.00	2.03	0.12
	General waste	By treatment type	Landfill	ton	367.71	-	-	0	0	-	-	-	-	-	-	51.37
			Incineration	ton	99.63	-	-	0	0	-	-	-	-	-	-	-
		By treatment method	Other	ton	0	-	-	0	5.56	-	-	-	-	-	-	-
			In-house treatment	ton	0	-	-	0	0	-	-	-	-	-	-	-
			Outsourced treatment	ton	467.34	-	-	91.00	5.56	-	-	-	-	57.75	-	51.37
		Subtotal			ton	467.34	-	-	91.00	5.56	-	-	-	57.75	-	51.37
	Total			ton	514.11	-	-	91.00	5.56	-	-	-	58.75	2.03	51.37	
	Waste treatment			%	70.24	-	-	0	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 (2024)

Employees

Category			Unit	LS Metal	AC&T	LS ITC	LS Power Solution	LS Mecapion	LS e-Mobility Solutions	LS Sauter	CX Solution	Shanghai Holding Company	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary
Employee count by employment type	Permanent employees	Males	Persons	244	67	162	195	144	124	49	43	99	183	117	270
		Females	Persons	17	13	52	32	16	29	9	7	47	150	19	88
	Temporary employees	Males	Persons	26	6	9	9	14	4	1	0.3	0	0	0	12
		Females	Persons	3	0	2	1	3	1	0	0	1	0	0	0
	Total		Persons	290	86	225	237	177	158	59	53	147	333	136	370
Number of employees by age	20s	Males	Persons	47	13	13	25	21	12	5	18	5	10	4	125
		Females	Persons	1	3	24	6	3	11	5	3	2	12	3	29
	30s	Males	Persons	58	24	65	56	61	45	20	13	39	67	22	108
		Females	Persons	13	6	25	16	8	7	2	4	26	50	7	41
	40s	Males	Persons	84	30	62	57	59	42	18	4	43	86	45	44
		Females	Persons	6	0	4	3	5	9	1	0	19	81	9	17
	50 and older	Males	Persons	81	6	31	66	17	29	7	11	12	20	46	5
		Females	Persons	0	4	1	8	3	3	1	0	1	7	0	1
	Total		Persons	290	86	225	237	177	158	59	53	147	333	136	370
Employee count by work location	Korea		Persons	286	86	225	237	177	150	59	53	0	0	0	0
	Asia-Pacific (excl. Korea)		Persons	4	0	0	0	0	1	0	0	147	333	136	370
	North America		Persons	0	0	0	0	0	7	0	0	0	0	0	0
	Europe		Persons	0	0	0	0	0	0	0	0	0	0	0	0
	Other		Persons	0	0	0	0	0	0	0	0	0	0	0	0
	Total		Persons	290	86	225	237	177	158	59	53	147	333	136	370
New recruits	Males		Persons	38	11	31	39	26	16	11	12	9	9	0	90
	Females		Persons	2	1	22	7	3	4	2	3	9	9	2	29
	Total		Persons	40	12	53	46	29	20	13	15	18	18	2	119

ESG Data

Social Performance by Subsidiary (2024)

Employees

Category		Unit	LS Metal	AC&T	LS ITC	LS Power Solution	LS Mecapion	LS e-Mobility Solutions	LS Sauter	CX Solution	Shanghai Holding Company	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary
Employee turnover	Total employee turnover count	Persons	65	11	42	24	28	13	6	1	20	48	7	56
	Overall turnover rate	%	22.4	12.8	18.7	10.1	15.8	8.2	10.2	1.9	13.6	14.4	5.2	15.1
	Voluntary employee turnover count	Persons	23	11	24	20	25	12	6	1	9	17	7	54
	Voluntary turnover rate	%	7.9	12.0	10.7	8.4	14.1	7.6	10.2	1.9	6.1	5.1	5.2	14.6
Performance evaluation	Number of employees evaluated	Persons	224	85	222	202	119	115	47	-	147	323	136	214
	Performance evaluation review rate	%	77.2	98.8	98.7	85.2	67.2	72.8	79.7	-	100.0	96.9	100.0	57.8
Union membership rate		%	51.4	0	0	0	0	19.0	0	0	0	72.7	19.0	94.1
Length of service	Males	Years	13.2	7.8	4.7	6.7	9.7	10.3	4.8	1.8	9.8	9.8	19.0	6.2
	Females	Years	9.1	6.7	3.7	6.7	10.0	12.8	5.2	1.2	9.2	10.6	12.8	6.7
Workforce diversity	Number of female employees	Persons	20	13	54	33	19	30	9	7	48	150	19	88
	Percentage of female employees	%	6.9	15.1	24.0	13.9	10.7	19.0	15.3	13.0	32.6	45.0	14.0	23.8
	Number of female managers	Persons	3	4	14	7	7	1	3	0	12	19	5	21
	Percentage of female managers	%	4.7	4.7	9.6	6.0	7.9	1.6	10.0	0	18.2	19.8	13.2	29.2
	Female junior managers	Persons	3	3	13	5	7	1	1	0	0	9	0	22
	Percentage of female junior managers	%	4.9	9.1	13.3	7.5	13.7	2.1	11.1	0	0	56.3	0	27.2
	Number of female executives	Persons	0	0	0	1	0	0	0	0	0	1	0	0
	Percentage of female executives	%	0	0	0	7.7	0	0	0	0	0	9.1	0	0
	Number of women in revenue-generating departments	Persons	8	1	0	5	5	2	2	0	28	32	4	21
	Percentage of women in revenue-generating departments	%	28.6	3.1	0	33.3	14.7	22.2	7.1	0	26.2	32.0	20.0	42.0
	Number of women in STEM positions	Persons	0	5	43	10	5	5	2	0	0	42	0	3
	Percentage of women in STEM positions	%	0	20.8	22.8	15.4	10.9	10.0	50.0	0	0	42.4	0	6.3
	Number of employees with disabilities	Persons	3	0	2	2	2	2	0	0	0	1	0	0
	Percentage of employees with disabilities	%	1.0	0	0.9	0.8	1.1	1.3	0	0	0	0.3	0	0
	Number of veterans	Persons	1	0	0	0	0	0	0	0	-	-	-	-
	Percentage of veterans	%	0.3	0	0	0	0	0	0	0	-	-	-	-

ESG Data

Social Performance by Subsidiary (2024)

Health and Safety

Category			Unit	LS Metal	AC&T	LS ITC	LS Power Solution	LS Mecapion	LS e-Mobility Solutions	LS Sauter	CX Solution	Shanghai Holding Company	Wuxi Subsidiary	Dalian Subsidiary	Vietnam Subsidiary
Employee industrial accidents	Industrial accident rate		%	1.16	0	0	0	0	0	0	0	0	0	0	0
	Number of fatalities		Persons	0	0	0	0	0	0	0	0	0	0	0	0
	Lost time due to injury		Days	45	0	0	0	0	0	0	0	0	0	0	0
	Number of lost time injuries (LTI)		Incidents	1	0	0	0	0	0	0	0	0	0	0	0
	LTIFR (Lost Time Injuries Frequency Rate)		Incidents per million working hours	1.720	0	0	0	0	0	0	0	0	0	0	0
Certifications	Health and safety management system (ISO 45001)	Eligible worksites	Worksites	0	1	0	2	1	1	1	-	-	1	1	1
		Certified worksites	Worksites	3	1	0	2	1	1	1	-	-	1	1	1
		Adoption rate	%	100	100	-	100	100	100	100	-	-	100	100	100
Safety Training	Completion hours		hour	5,000	2,220	-	5,328	846	2,792	638	-	-	136	138	13,047
	Total participants		Persons	2,241	195	-	1,597	282	1,276	106	-	-	5	84	1,229
	Total training expenses		KRW million	1.6	197.2	-	14.0	2.3	0.4	1.1	-	-	0.9	0.2	8.7
Health	Checkup Expenses		KRW million	87.7	19.7	60.0	4.0	39.2	58.6	13.7	-	-	14.8	6.0	7.5
	Support for medical expenses		KRW million	197.6	2.3	159.0	0	164.0	127.4	0	0	0	0	0	0

Reporting Guidelines

GRI STANDARDS INDEX

Indicator	Description	Page	Remarks
GRI 2: General Disclosure 2021			
2-1	Name of organization	6	
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	-	Annotated in footnotes
2-5	External assurance	100	
2-6	Activities, value chain and other business relationships	8	
2-7	Employees	83	
2-8	Workers who are not employees	83	
2-9	Governance structure and composition	69	
2-10	Nomination and selection of the highest governance body	68	
2-11	Chair of the highest governance body	69	
2-12	Role of the highest governance body in overseeing the management of impacts	69 - 71	
2-13	Delegation of responsibility for managing impacts	69 - 71	
2-14	Role of the highest governance body in sustainability reporting	19	
2-15	Conflicts of interest	69 - 71	
2-16	Communication of critical concerns	69 - 71	
2-17	Collective knowledge of the highest governance body	69 - 71	
2-18	Evaluation of the performance of the highest governance body	70	
2-19	Remuneration policies	70	
2-20	Process for determining remuneration	70	
2-21	Annual total compensation ratio	84	
2-22	Statement on sustainable development strategy	5	
2-23	Commitment to policies	19	
2-24	Embedding policy commitments	19	
2-25	Processes to remediate negative impacts	42, 74	
2-26	Mechanisms for seeking advice and raising concerns	42, 74	
2-27	Compliance with laws and regulations	75 - 76	
2-28	Membership associations	65	
2-29	Approach to stakeholder engagement	22	
2-30	Collective bargaining agreements	84	

Material Issue	Indicator	Description	Page	Remarks
Climate change response	GRI 3: Material Topics 2021			
	3-1	Process to determine material topics	20	
	3-2	List of material topics	21	
	GRI 3: Material Topics 2021			
	3-3	Management of material topics	35	
	GRI 201 Economic Performance 2016			
	201-2	Financial implications and other risks and opportunities due to climate change	37	
	GRI 305 Emissions 2016			
	305-1	Direct (Scope 1) GHG emissions	82	
	305-2	Energy indirect (Scope 2) GHG emissions	82	
	305-3	Other indirect (Scope 3) GHG emissions	82	
	305-4	GHG emissions intensity	82	
	305-5	Reduction of GHG emissions	82	
	305-6	Emissions of ozone-depleting substances (ODS)	-	No discharge
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	82	
Safe working environment	GRI 3: Material Topics 2021			
	3-3	Management of material topics	60	
	GRI 308 Supplier Environmental Assessment 2016			
	308-1	New suppliers that were screened using environmental criteria	62	
	308-2	Negative environmental impacts in the supply chain and actions taken	63	
	GRI 408 Child Labor 2016			
	408-1	Operations and suppliers at significant risk for incidents of child labor	63	
	GRI 409 Forced or Compulsory Labor 2016			
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	63	
	GRI 414 Supplier Social Assessment 2016			
	414-1	New suppliers that were screened using social criteria	62	
	414-2	Negative social impacts in the supply chain and actions taken	63	

Reporting Guidelines

GRI STANDARDS INDEX

Material Issue	Indicator	Description	Page	Remarks
Enhanced product energy efficiency and reduced environmental impact	GRI 3: Material Topics 2021			
	3-3	Management of material issues	31	
	GRI 303 Water and Effluents 2018			
	303-2	Management of water discharge related impacts	82	
	303-3	Water withdrawal	82	
	303-4	Water discharge	82	
	303-5	Water consumption	82	No water consumption as a non-water-consuming industry
	GRI 306 Waste 2020			
	306-1	Waste generation and key waste-related impacts	32	
	306-2	Management of significant waste-related impacts	32	
	306-3	Waste generated	83	
	306-4	Waste diverted from disposal	83	
	306-5	Waste directed to disposal	83	

Material Issue	Indicator	Description	Page	Remarks
Safe working environment	GRI 3: Material Topics 2021			
	3-3	Management of material topics	48	
	GRI 403 Occupational Health and Safety 2018			
	403-1	Occupational health and safety management system	49	
	403-2	Hazard identification, risk assessment, and incident investigation	49	
	403-3	Occupational health services	52	
	403-4	Worker participation, consultation, and communication on occupational health and safety	49	
	403-5	Worker training on occupational health and safety	51	
	403-6	Promotion of worker health	52	
	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	49	
	403-9	Work-related injuries	85	
	403-10	Work-related ill health	85	
Discovering new business and securing eco-friendly technologies	GRI 3: Material Topics 2021			
	3-3	Management of material issues	13	
	GRI 201 Economic Performance 2016			
	201-1	Direct economic value generated and distributed (EVG&D)	6	

Reporting Guidelines

TCFD INDEX

Category	Description	Page
Governance	a. Describe the Board's oversight of climate-related risks and opportunities	36
	b. Describe the management's role in assessing and managing climate-related risks and opportunities	
Strategy	a. Describe the climate-related risks and opportunities identified by the organization from the short-, medium-, and long-term perspectives	37
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	37
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	-
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	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
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	37
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and related risks	82
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	38

SASB INDEX(ELECTRICAL & ELECTRONIC EQUIPMENT)

Category	SASB Code	SASB Index	Unit	2024 status
Energy management	RT-EE-130a.1	Total energy consumed	GJ	580,700
		Percentage grid electricity	%	86.1
		Percentage renewable	%	11.5
Hazardous waste management	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled	Ton, %	102.92, 48.8
	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-410a.3	Revenue from renewable energy-related and energy efficiency-related products	KRW million	322,578
Material procurement	RT-EE-440a.1	Description of management of risks associated with the use of critical materials	-	62
Business ethics	RT-EE-510a.1	Description of policies and practices for the prevention of: (1) Corruption and bribery and (2) anti-competitive behavior	-	73
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	KRW	0
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	KRW	0
Activity Metrics	RT-EE-000.A	Number of units produced by product category	KRW million	Electricity : 2,765,004 Automation : 343,457
	RT-EE-000.B	Number of employees	Persons	3,372

*Based on separate financial statements

Reporting Guidelines

IFRS S1 / S2 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	20 - 21
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	81 - 85

S2

Category	Description	Page
Governance	(Governance body) The governance body or individual responsible for oversight of climate-related risks and opportunities	36
	(Management's role) Management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities	36
Strategy	(Risks and opportunities) Climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	37
	(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	37
	(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	36
	(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	37
	(Climate resilience) The resilience of the entity's strategy and business model to climate-related changes, developments, or uncertainties	36

S2

Category	Description	Page
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	36
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	82
	(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	37
	(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	-
	(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.	94
	(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	38
	(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	99
	(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	38

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 Activity	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> · Enact a human rights management declaration · Conduct human rights impact assessments 	41
Strategy	2. make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> · Operate a grievance handling system · Operate a grievance handling committee · Conduct human rights training for employees 	42
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> · Operate a labor-management council · Operate E-bridge (Junior Board) 	42
	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;	<ul style="list-style-type: none"> · Establish environmental management policies · Develop carbon neutrality and RE100 strategies · Execute environmental impact assessments · Acquire and maintain ISO14001 and ISO50001 certification 	25, 38
	8. undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> · Expand eco-friendly investments · Biodiversity management activities · Water stress management activities · Perform product lifecycle assessments 	27-28, 34
	9. encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> · Recycle waste plastics · Develop eco-friendly materials 	32
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> · 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 	73-77

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 Activity	Page
<p>End poverty in all its forms everywhere</p>	<ul style="list-style-type: none"> Donated KRW 100 million to Cheongju City and the Cheongju Office of Education in Chungcheongbuk-do Province from the LS Group's CSR fund of KRW 2 billion. Contributed KRW 170 million to relief efforts for areas affected by the Gangneung wildfire and flood damages Delivered about 4,000 donated items from employees to the 'Goodwill Store,' a social enterprise 	66
<p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> Regular health checkups for employees and medical expense support Implement programs to prevent musculoskeletal issues and job-related stress screenings. Operate maternity protection programs (parental leave, nursing rooms, and infertility treatment support) 	52
<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<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, Uiwang and Gunpo Sponsored the development of the Neulbom Education Program for elementary school students in Gyeonggi and Incheon (400 participants) Provided green renewable energy education to 900 elementary school students in southern Gyeonggi Province. 	66
<p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p>	<ul style="list-style-type: none"> Procure 100% of power consumption from renewable energy by 2040 Expand the Factory Energy Management System (FEMS) and the photovoltaic energy businesses 	35-39
<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all</p>	<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 Operate a fair and reasonable system for employee evaluation and compensation 	42, 44
<p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> Achieved a 97% waste recycling rate in 2024 Reduced hazardous chemicals by developing Cd-free materials Minimized environmental impact of products by conducting Life Cycle Assessments (LCA) 	34
<p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> Contributed to national GHG reduction targets by expanding the DX-based high-efficiency energy business Self-generating solar power on idle company land Declared carbon neutrality by 2040 and joined the RE100 Manage GHG emissions from subsidiaries and foreign entities 	35-39
<p>Protect, restore, and promote sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<ul style="list-style-type: none"> Analyzed and managed biodiversity risks at domestic worksites Established an ecological education center at Yongam Elementary School in Cheongju (with 1,200 endangered plants) The LS ELECTRIC-Newsis volunteer group participated in the creation of an urban ecological forest in Cheongwon-gu, Cheongju Conducted river cleaning and removal of invasive plants around worksites 	34
<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<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 Independent directors Strengthened transparency by operating an independent audit committee Pursued inclusive management activities by engaging with diverse stakeholders, including the Labor-Management Council 	68, 73, 76

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, CAN in Automation

AWARDS

Category	Date (Month/Year)	Award	Hosting Organization	Award Description
Company	2024.12	Export Tower Award	Ministry of Trade, Industry, and Energy	900 million dollars
Individual	2024.7	Citation for Safety and Health	Head of Cheongju Branch Office, Ministry of Employment and Labor	Citation

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 2024.

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
- Operational guidelines for reporting and certification of the Greenhouse Gas emissions trading scheme
- WRI/WBCSD GHG Protocol

PROCEDURE

The assurance was conducted by the KMR based on a risk analysis approach and data evaluation. The data and factors applied to the calculation of GHG emissions were determined to be appropriate based on objective evidence.

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

- The assurance engagement was performed to satisfy a limited assurance level, and no significant distortions were found in the verification results
- According to KMR’s approach, nothing was found that would lead to a finding that LS ELECTRIC Co., Ltd. Group failed to disclose data and information that was accurate and reliable in all material respects.
- Criticality: meets the criterion, which is less than 5%

	Corporation	Direct emissions (Scope 1)	Indirect Emission (Scope2)	Total (tCO ₂ -eq)
2024	LS ELECTRIC Co., Ltd.	4,180.875	23,574.856	27,755.731
	LS ELECTRIC China Co., Ltd.	205.211	1,998.183	2,203.394
	LS ELECTRIC Vietnam Co., Ltd	57.099	712.343	769.442
	AC&T System Co., Ltd.	36.875	142.344	179.219
	LS e-Mobility Solutions	74.654	3,815.552	3,890.206
	LS e-Mobility Solutions(Wuxi)	6.338	602.393	608.731
	LS e-Mobility Solutions(Mexico)	28.823	230.319	259.142
	LS ITC Co., Ltd	54.529	166.576	221.105
	LS MECAPION Co., Ltd.	68.018	337.320	405.338
	LS SAUTER Co., Ltd.	76.748	51.912	128.660
	LS Metal Co., Ltd.	2,191.453	24,494.409	26,685.862
	LS Metal VINA LLC.	70.924	12,469.643	12,540.567
	CX Solution Co., Ltd.	160.217	38.635	198.852
	LS Power Solution Co., Ltd.	267.106	2,032.874	2,299.980
	Total	7,478.870	70,667.359	78,146.229

RESULTS

Based on the above assurance criteria, we did not identify any inappropriate calculations or errors for the emissions of major emitting facilities.

Independent Assurance Statement

To readers of 2024-2025 LS ELECTRIC Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by LS ELECTRIC to conduct an independent assurance of its 2024-2025 Sustainability Report (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of LS ELECTRIC. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with LS ELECTRIC and issue an assurance statement.

Scope and Standards

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

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

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
 - GRI 201 Economic Performance : 201-1
 - GRI 303 Water : 303-2, 303-3, 303-4, 303-5
 - GRI 305: Emissions
 - GRI 306: Waste
 - GRI 308: Supplier Environmental Assessment
 - GRI 403: Occupational Health and Safety
 - GRI 408: Child Labor
 - GRI 409: Forced or Compulsory Labor
 - GRI 414: Supplier Social Assessment

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

KMR's Approach

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

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

Limitations and Recommendations

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

Independent Assurance Statement

Conclusion and Opinion

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

• Inclusivity

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

• Materiality

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

• Responsiveness

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

• Impact

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

Reliability of Specific Sustainability Performance Information

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

Competence and Independence

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

May 2025 Seoul, Korea



CEO

E. J. Hwang

Date Issued

May 2025

Issued by

LS ELECTRIC Co., Ltd.

Production Management

ESG Management Team - Yu-Seok Hong, Ji-Hye Kim, Soon-Ho Jeong, Jung-Yeop Yu

Special Thanks To

Division	Person in Charge
Material/Core Tech Part	Tae-Yun Kang
Public Relations Department	Do-Yup Kwon
Marketing Team	Yong-Jik Kwon, Gi-Won Lee, See-Young Lee
Safety Management Team	Dong-Hyun Kim
Financial Strategy Team	Eung-Il Kim
Quality Management Team	Yun-Seog Nam
Compliance Management Team	Sang-Hyung Ryu
IT Innovation Team(CyberSecurity Part)	Min-Kyeong Byun
Value-up Team	Nathan Seo
Win-Win Growth Team	Han-Sol Suh
Automation R&D Strategy Team	Du-Kyun Suk
Intellectual Property Team	Jong-Hoon Sung
Corporate Planning Team	Han-Jun Ryu
Internal Control Team	Sang-Eun Yoon
Business Audit Department	Sung-Up Yun
HR Operation Team(Anyang Part)	Jae-Eun Lee
GHR Team(BP Part)	Jung-Ho Lee
Human Resources Development Team	Hee-Jung Jang
Safety & Environment Team(Cheongju)	Jin-Bin Jeong
Technology Management Team	Jin-Sang Jo
Strategy Planning Team	Ho-Seok Joo
HR Operation Team	Da-Hoi Hur, Bo-Min Kim

Subsidiary	Person in Charge
LS Metal	I-Rae Kim
AC&T	Min-Woo Cho, Jun-Young Bang
LS ITC	Sue-Min Kwon
LS Power Solution	Ik-Sang Kwon
LS Mecapion	Jung-Hwan Park
LS e-Mobility Solutions	Won-Ho Chae
LS Sauter	Jun-Su Kim
CX Solution	Seong-Min Kim
Shanghai (Holdings Company)	ZHENG JUN MU
Wuxi (Production Subsidiary)	ZEHN DONGJUN
Dalian (Production Subsidiary)	PEI CHENG XIAN
Vietnam (Production Subsidiary)	Jeong-Su Kim

