2022 LG H&H
TCFD Report
Task Force on Climate-related Financial Disclosures

LG H&H will fulfill its environmental responsibility for future generations by implementing carbon reduction tasks to achieve carbon neutrality by 2050 and will continue to expand customer values through the active practice of ESG management.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

LG H&H

About This Report

Report Overview

Since 2021 LG H&H has been releasing the TCFD Report to communicate its climate response and carbon neutrality implementation efforts to its stakeholders. This marks our second annual TCFD report, which presents climate response activities and performance for the year 2022. LG H&H is committed to transparently sharing the impact of climate change on our business and financial stability, as well as our endeavors to mitigate climate-related risks and maximize opportunities.

Report Scope and Period

This report encompasses the climate change response activities and accomplishments of all LG H&H's domestic business sites, including LG H&H, Coca-Cola Beverage, and Haitai htb. The reporting period spans from January 1 to December 31, 2022. To track progress, some climate-related metrics include data from the past three years. Any modifications to the reporting scope and reported data are indicated on the respective page.

Report Standard

This report has been prepared in accordance with the recommendations set forth by the TCFD(Task Force on Climate-related Financial Disclosures).

Report Assurance

The credibility of greenhouse gas emissions data and their calculation procedures presented in this report have been confirmed from KFA (Korea Foundation for Quality), an independent third-party assurance agency specializing in verification.

Changes

Certain environmental data in this report has been revised due to the recalculation of green house gas emissions, energy usage, and waste discharge in 2022. Any adjustments made are clearly indicated on the relevant page.

Inquiries

For any further inquiries regarding this report, please refer to the contact information provided below.

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Introduction

LG H&H's 2050 Carbon Neutrality Goal

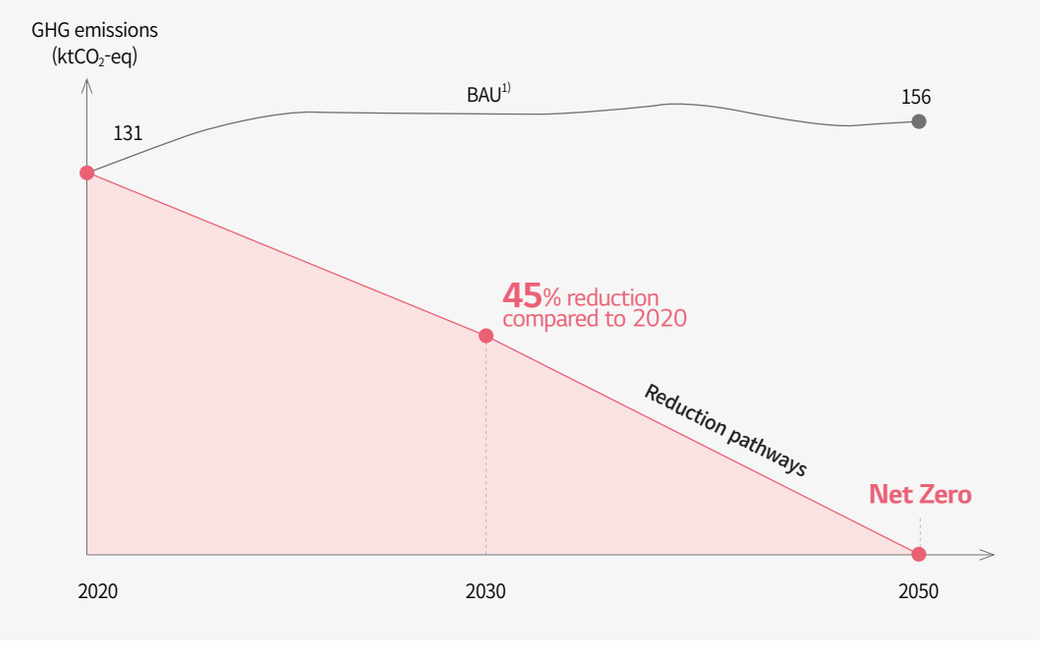
Climate change is one of the major challenges of our time, and it affects LG H&H's business in various aspects. In recent years, the economic impacts associated with climate change have become more noticeable, highlighting the need to respond to climate change. A clear example is the unprecedented earthquake that shook Türkiye in 2023, which temporarily damaged our supply chain.

Recognizing that such climate change risks could have serious impacts on our business, LG H&H declared the '2050 carbon neutrality' goal in 2022 and is actively carrying out climate change response activities. The carbon neutrality goal was set in accordance with the science-based methodology (SBTi), with the interim target of reducing Scope 1, 2 greenhouse gas(GHG) emissions by 45% in 2030 compared to 2020 level. To achieve our mid-to-long term carbon neutrality target, we systematically manage annual GHG emissions from our operations and reflect emissions reduction performance in the KPIs of the executives and relevant departments.

In addition, we have established an investment plan totaling KRW 200 billion to reduce GHG emissions by 2030. We have identified six measures to reduce GHG emissions (developing low-carbon products, improving process efficiency, switching to low-carbon fuels, increasing the share of electric vehicles, expanding renewable energy, and promoting carbon offset projects) and 84 feasible tasks to implement them, and are introducing them in phases. In 2022, a major effort was made to improve energy efficiency by supplementing facilities at business sites, with LG H&H investing KRW 2.2 billion, Coca-Cola Beverages KRW 1.1 billion, and Haitai htb KRW 500 million, respectively.

Over the long term, LG H&H plans to gradually increase the share of renewable energy by promoting activities such as installing solar and hydrogen power generation facilities at business sites and introducing hydrogen fuel cells. In addition, we plan to implement carbon offset projects, including afforestation and coastal wetland restoration to eliminate residual emissions.

Furthermore, we are committed to disseminating our climate change response efforts across the entire value chain, thereby contributing to the transition to a low-carbon economy. In 2022, we supported 13 suppliers in developing comprehensive and reliable inventories of their GHG emissions. In the upcoming years, we will further expand our climate actions, such as sharing our experience in GHG emissions management with our partner companies, to drive shared growth.



1) Business As Usual (BAU): Projected GHG emissions if current emissions trends continue without any emissions reduction efforts.
※ GHG emissions in 2020 (base year) and expected emissions in 2050 have been amended as GHG emissions have been recalculated by including LG H&H's direct stores, leased buildings, temporary warehouses, and corporate vehicles in the reporting boundary

Introduction

Key climate response actions and achievements in 2022

Sustainability ratings

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

- Listed in the Dow Jones Sustainability Index (DJSI World) for 5 consecutive years ('22.12)
- Ranked #1 among the companies in Household & Personal Products Sector

GHG emissions management

- Invested KRW 3.2 billion to advance carbon neutrality
- Introduced green vehicles and charging infrastructure at business sites
- Calculated Scope 3 emissions
- Assisted 13 suppliers with developing GHG inventories

International certification of resource circulation

- First in the domestic cosmetics industry to sell cosmetics in containers made from ISCC Plus-certified 'waste plastic pyrolysis oil'
  - 'Angel Aqua Moisture Soothing Cream' and 'Angel Aqua Moisturizing Barrier Cream'

Sustainability initiatives

WWF | PACT No Plastics in Nature
A WWF INITIATIVE FOR A CIRCULAR ECONOMY AND NO PLASTICS IN NATURE BY 2030

- Launched Plastic Action (PACT) with WWF Korea to reduce plastic waste

Introduction

Key climate response actions and achievements in 2022

Expansion of the eco-friendliness of products

- Launched Presian, a vegan makeup brand that uses certified BIO PET boxes made from sugarcane and puffs made from cornstarch.

- Developed label-free beverage containers such as “Sun’s After-Dinner W Tea”

Outreach

- Held beachcombing[1] campaign with young climate activists at Mangsang Beach in Donghae City
  - Cleanup of plastic, glass pieces, flotsam, and jetsam along the coast

1) Beach Combing: The act of picking up debris and trash, such as shells and shards of glass, as if combing the beach.

Biodiversity and forest conservation efforts

- Initiated the Urban beekeeping project with Ulsan City to restore bee habitat near Ulsan/Onsan Plant
  - Planted 1,000 shrubs to feed bees in a 4,700-pyung park

- Installed ‘Yeouido Saetgang Ecological Park Otter Playground’ torestore otter habitat in the Han River

Biodiversity (conservation of endemic plants)

- Opened ‘Cheongju and Ulleung Garden’ to preserve and restore endangered endemic plant species
  - MOU with National Biological Resources Center, National Arboretum, Korea Arboretum Garden Management Center, Ulleung County for the development of conservation for multiplication, and production technologies for plant genetic resources and utilization of resources

Governance

Board-level governance

LG H&H has an advanced governance structure centered on the board of directors(BOD) and pursues responsible management. The BOD consists of 2 inside directors, 1 non-executive director, and 4 independent directors and separates the CEO and chairman of the board for transparency and independence of the board, and is responsible for final decision-making on company-wide management issues. Within the board, 4 committees (Audit Committee, Internal Transaction Committee, Independent Directors Nomination Committee, and ESG Committee) have been established to strengthen the expertise and efficiency of decision-making. Each committee is responsible for deliberating on issues in its area of expertise and overseeing relevant activities. The committee also reports regularly to the BOD on the status of their operations.

ESG Committee

In 2021, the ESG Committee was introduced to internalize non-financial factors, including climate change and biodiversity responses, into our decision-making process and strengthen our ESG execution capabilities. The committee is composed of one executive director and four non-executive directors and convenes at least twice a year.

The ESG Committee establishes a company-wide climate strategy and periodically monitors the implementation of relevant activities. In addition, the Committee provides final review and approval of climate-related information to be disclosed and is responsible for ensuring the consistent and transparent disclosure to provide meaning information to stakeholders. As the backbone of company-wide ESG governance, the Committee promotes implementation of climate actions at a company-wide level and close cooperation among departments to respond effectively to climate change.

In 2022, the Committee reviewed the GHG emissions reduction targets established to advance our climate strategy. It also approved the mid-to-long term climate strategy, including the investment plan, and the climate action plan for the current and next fiscal years.

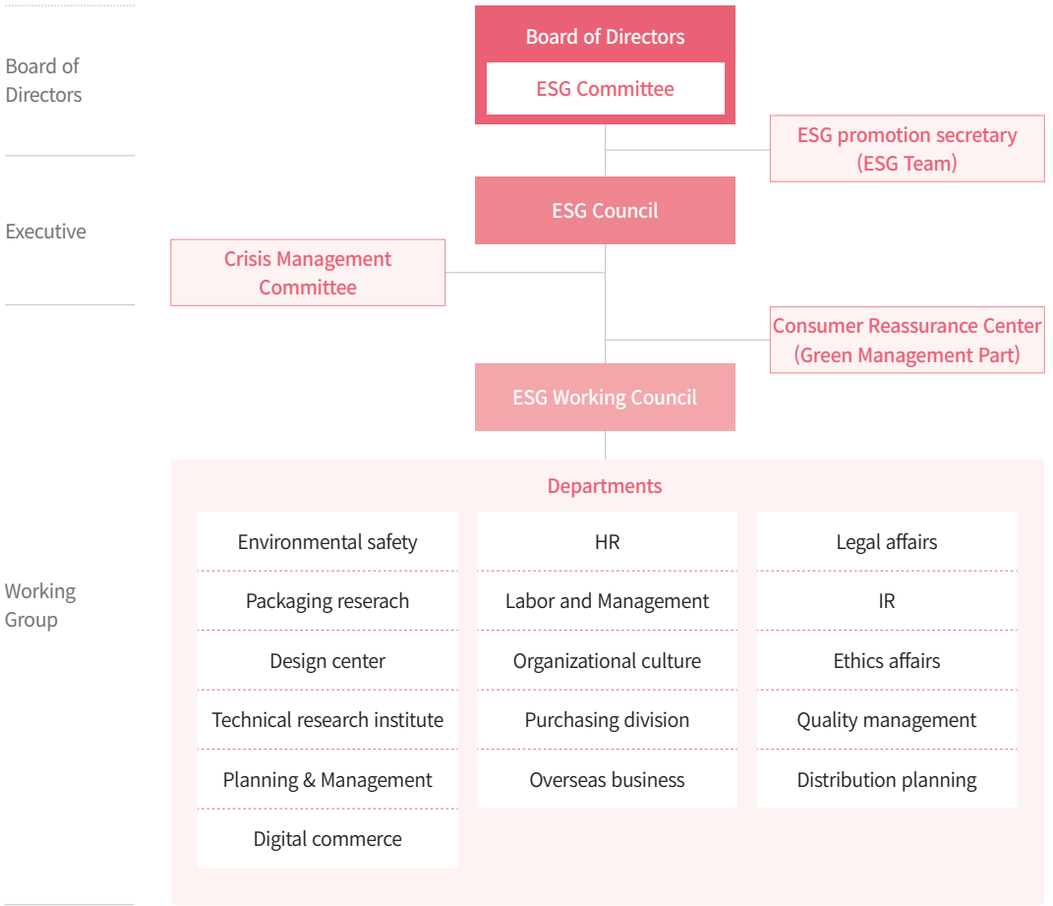
In the coming years, we will expand internal and external climate education. We will provide regular updates on the progress of ongoing climate actions to the Board of Directors (BOD) to strengthen their understanding and oversight of climate issues. Additionally, we will explore ways to offer climate education to our suppliers, aiming to enhance their ability to respond to climate challenges.

ESG Committee

Founded	April 2021	
Meeting intervals	Semi-annual (with ad hoc meetings as needed)	
Composition	Inside Director	Jungae Lee
	Independent Directors	Sanghun Kim (Chair), Wooyoung Lee, Taehee Lee, Jaehwan Kim
Purpose	Incorporate non-financial considerations into business activities and strengthen ESG practices	
Approved/ Reported Items	['22.02] The committee approved the mid-to-long term carbon-neutrality strategy and the status of green packaging activities was reported to the committee	
	['22. 11] The committee approved decarbonization activities to be implemented in 2022 and decarbonization plan for 2023. Progress of the Clean Beauty Inside activities and its future plans were reported to the committee	

Governance

LG H&H's climate governance structure



ESG Committee (Semi-anually)	• Establish company-wide ESG strategies and monitor improvement activities • Plan and review climate change action budgets
Crisis Management Committee (Six times a year)	• Deliberate on key issues in the operation of the crisis management system • Identify key risks and discuss high-risk remediation measures
ESG Council (Quarterly)	• Monitor and evaluate the implementation of ESG strategic tasks • Establish actions plans to address stakeholders' climate change and biodiversity needs
ESG Working Council	• Identify and execute on ESG challenges • Improve climate change response and biodiversity conservation efforts
ESG Team	• Respond to external disclosure and evaluation of ESG information and conduct due diligence of suppliers • Planning ESG core strategic tasks and promoting strategic tasks of climate change-related departments
Green Management Part	• Establish company-wide carbon neutral strategy and manage GHG reduction tasks • Response to greenhouse gas regulations and product carbon footprint management through LCA

Governance

Management-level governance

LG H&H has established an institutional foundation for systematic climate change response. In addition, we have assigned C-level executives to key governance organizations established for sustainability management, giving them shared responsibility for climate change issues. As a member of the ESG Committee under the Board of Directors, the CEO holds the final decision-making authority on company-wide climate change response activities, while the CFO chairs the ESG Committee and shares the company's climate change response direction with all members. In addition, the CRO chairs the Crisis Management Committee and the Green Product Review Council to strengthen climate change risk prevention activities from an integrated company-wide perspective and promote the transition to eco-friendly packaging. Furthermore, we link key environmental management indicators such as sales of green products and development of eco-friendly and differentiated packaging to the performance evaluations of C-level executives to strengthen their motivation to implement environmental management.

ESG Council

The ESG Council, held quarterly, is an organization under the ESG Committee that discusses ESG issues from an integrated company-wide perspective and reports the results to the ESG Committee to support related decision-making. The main functions of the council related to climate change include establishing a climate change response plan and monitoring and evaluating the implementation status of climate change strategic tasks.

In addition, we communicate the needs of investors and customers related to climate change, as well as trends in domestic and international greenhouse gas regulations, with relevant working departments and induce climate change response through organic collaboration between departments.

ESG Team

The ESG Team, which is the secretariat of the ESG Committee, plans and selects climate change strategic tasks in collaboration with relevant business units and provides support to business units in the process of implementing strategic tasks. The team also monitors company-wide GHG emission performance on a quarterly basis and reports to the ESG Committee. In addition, as part of our shared growth activities with suppliers, we provide consulting services for establishing GHG inventories and reducing GHG emissions. In 2022, we supported 13 suppliers in calculating their Scope 1 and 2 GHG emissions, enabling them to voluntarily manage their GHG emissions. In the future, LG Life Sciences will expand its support for all suppliers to build GHG inventories.

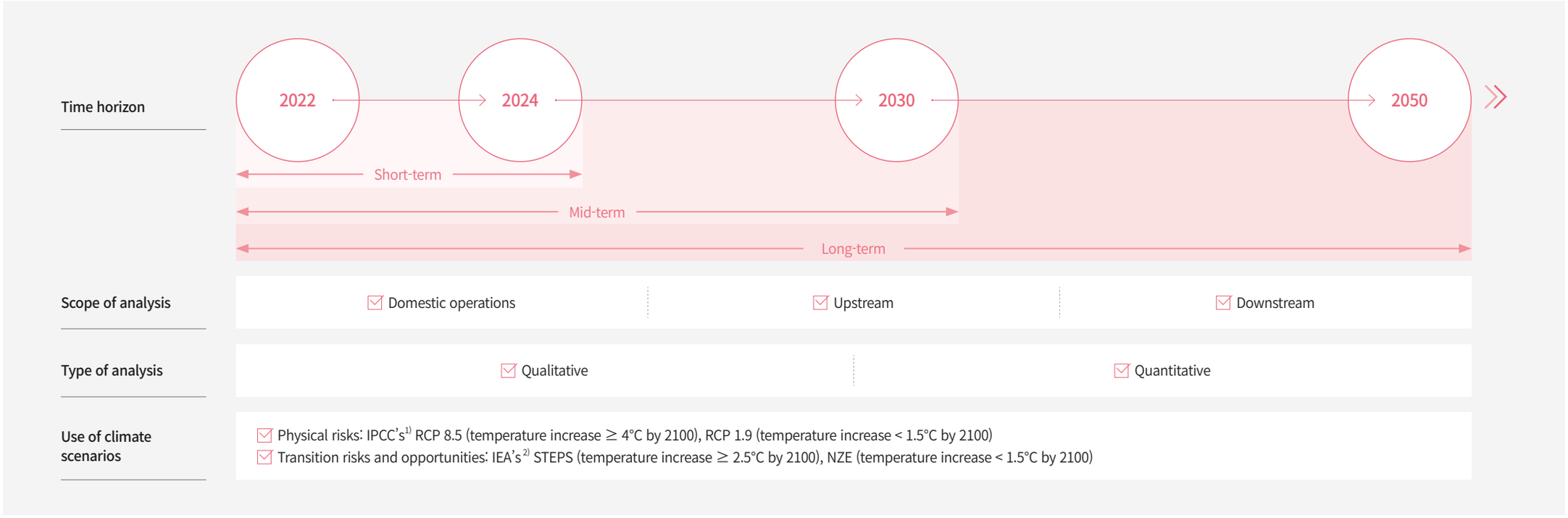
Green Management Part

The Green Management Part calculates domestic and overseas GHG emissions (Scope1, 2 and 3) and strives to achieve GHG reduction targets. Through regular meetings, we monitor trends in GHG reduction-related policies, technologies, and research, and collaborate with relevant departments to support implementation of reduction tasks and discovery of new tasks. In addition, the team calculates carbon footprint through life cycle evaluation of major products, and make efforts to obtain environmental certificates. Furthermore, we are responsible for responding to climate-related domestic and global initiatives, such as CDP Climate Change, and domestic greenhouse gas reduction systems.

Strategy

Methodology for analyzing the financial impacts of climate change

LG H&H recognizes that climate change can make or break a business. Climate change risks can reduce capital productivity and profitability, which can undermine business security. At the same time, climate change can also act as a catalyst for expanding access to new markets and reducing production costs. Therefore, it is important to closely examine the impact of climate change risks and opportunities on business activities and reflect them in business strategy and financial planning. LG H&H has established strategies to minimize the negative impacts of climate change and maximize the positive impacts by referring to the results of financial impact analysis based on climate change scenarios. We will continue to participate in the international community's efforts to respond to the climate crisis by harmoniously linking the two directions of overcoming the climate crisis and creating climate change-related business opportunities.



1) Intergovernmental Panel on Climate Change (IPCC)
2) International Energy Agency (IEA)

Strategy

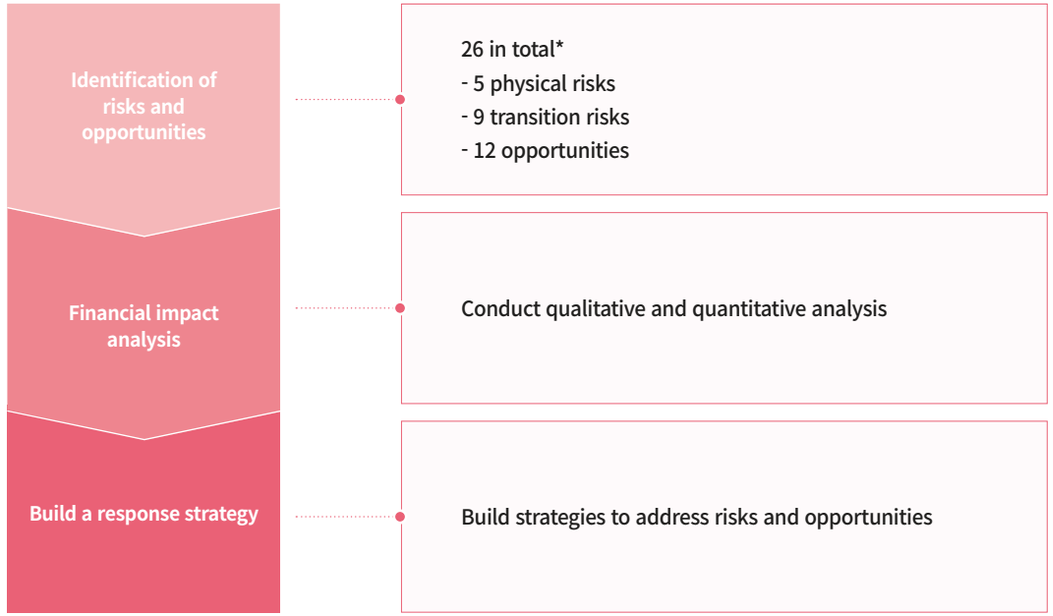
Time horizon and goal of the analysis

LG H&H regularly reviews the impact of climate change on its domestic business operations and value chain based on the time horizon of our carbon neutrality goal.

Risks/opportunities identification and assessment

In order to derive a pool of climate-related risks and opportunities that are material to our business, we conduct a thorough review of the TCFD's recommendations, disclosures from the industry peers, and opinions from climate experts. Then, we conduct a risk materiality assessment to assess the magnitude of each risk/opportunity's impact on the company.

In 2022, we went through this process to identified a total of 26 material climate change risks and opportunities. A stakeholder survey was followed to assess the importance of each risk/opportunity to our business. Afterwards, we conducted a qualitative climate scenario analyses to predict the time horizon of climate-related risks and opportunities. Additionally, risks and opportunities for which reasonable assumptions could be made were supplemented with quantitative analyses. Finally, the results of the qualitative and quantitative analyses were reflected in the company-wide policy-making to establish feasible response strategies.



* The pool of risks and opportunities does not apply to Coca-Cola Beverage and Haitai htb.

Strategy

Assessing resilience of our business under climate scenarios

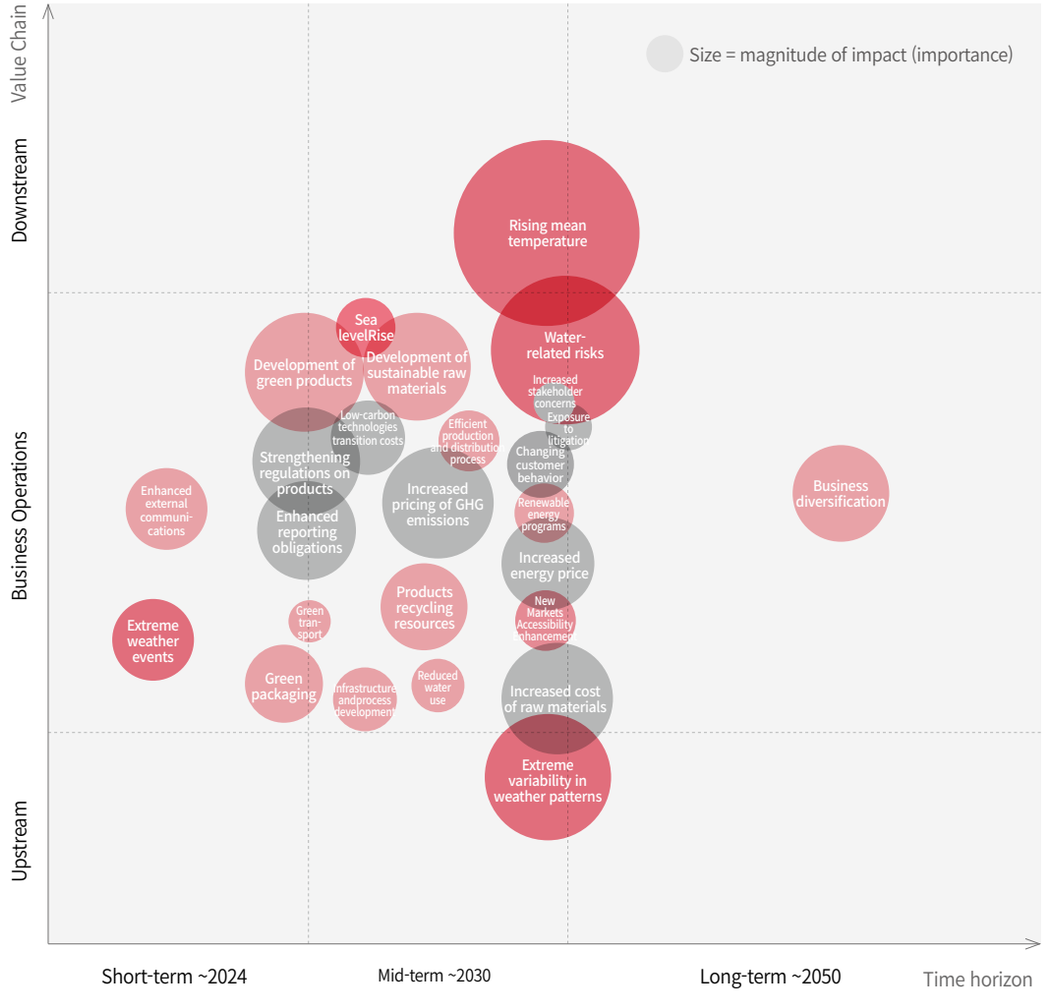
Risk/Opportunity	Scenario	Temperature increase by 2100	Description	Assumptions	Analytics perspective
Physical Risk	IPCCRCP 1.9	+1.5°C	• Low-carbon future scenario where sustainable growth and GHG mitigation are achieved in line with the goal of Paris Agreement	• Immediate transition to a low-carbon economy • Implementation of robust climate actions among economies	• Identify the most severe risks caused by climate-driven natural disasters and change in weather patterns
	IPCCRCP 8.5	+4°C	• Baseline scenario without any specific GHG mitigation efforts	• Failure to reduce carbon emissions • Continued use of fossil fuels for technical and urban development	
Transition risk/ Opportunity	IEA NZE	+1.5°C	• Scenario where global energy sector achieves net-zero by 2050	• GHG reduction efforts on a global-level • Economies achieve net-zero commitments	• Identify the most significant risks/ opportunities from transitioning to a low-carbon economy or responding to evolving climate policies
	IEA STEPS	+2.5°C	• High-carbon scenario without additional policy implementation	• Economies maintain climate actions at current levels	

Definition of climate-related risks and opportunities

Category		Definition
Physical risk	Acute	• Risks driven by the increased frequency and intensity of extreme weather events such as typhoons, floods, and wildfires
	Chronic	• Risks arising from a long-term change in weather patterns, such as sea level rise, heat waves, and change in precipitation
Transition risk	Policy and legal	• Risks associated with evolving climate policy and legislation (e.g. cap-and-trade, carbon border tax, climate disclosure requirements, climate-related litigation claims, etc.)
	Technology	• Additional costs associated with transitioning to green or low-carbon technologies, unsuccessful investment in new technologies
	Market	• Risks associated with changes in consumer behavior, commodities, and fluctuations in supply and demand for raw materials, goods, and services
	Reputation	• Risks from changing consumer and investor preferences and increased stakeholder concerns and negative feedback
Opportunity	Resource efficiency	• Enhanced efficiency through integration of energy, water, and waste reduction measures into infrastructure management, logistics and distribution process
	Products and services	• Development and expansion of low-carbon products and services
	Market	• Opportunities arising from gaining access to new market and assets or taking advantage of public sector incentives
	Resilience	• Enhanced financial and reputational stability by adopting sustainable solutions

Strategy

Materiality assessment



Category	Impact in Value Chain	Impact Size
Physical Risk		
Rising mean temperature	Operations, Downstream	High
Water-related risks	Operations, Downstream	High
Extreme variability in weather patterns	Domestic, Upstream	High
Extreme weather events	Operations	Medium
Rising sea level	Operations	Low
Transition Risk		
Increased pricing of GHG emissions	Operations	High
Strengthening regulations on products	Operations	Mid-high
Increased cost of raw materials	Domestic, Upstream	Mid-high
Enhanced emissions-reporting obligations	Operations	Mid-high
Increased energy price	Operations	Medium
Cost increase in low-carbon technology transition	Operations	Medium
Changing customer behavior	Operations	Medium
Exposure to litigation	Operations	Low
Increased stakeholder concerns	Operations	Low
Opportunities		
Development of green products	Operations	High
Development of sustainable raw materials	Operations	Mid-high
Business diversification	Operations	Mid-high
Use of recycling	Operations	Medium
Enhanced external communications	Operations	Medium
Green packaging	Operations	Medium
Efficient production and distribution process	Operations	Mid-low
Infrastructure and process development	Operations	Mid-low
Access to new markets	Operations	Mid-low
Renewable energy programs	Operations	Mid-low
Reduced water use	Operations	Low
Green transport	Operations	Low

Strategy

Climate-related risks & opportunities

Physical risks

The IPCC RCP1.9 and RCP8.5 scenarios were employed to assess the potential physical risks linked to climate change. The heightened occurrence of extreme weather events, such as typhoons and floods, can directly affect tangible assets, including factory facilities, resulting in decreased production capacity. Moreover, extreme fluctuations in weather patterns, such as unpredictable precipitation and heat waves, can lead to production and supply delays, increased procurement costs, deteriorating working conditions for employees, and ultimately a reduction in labor productivity.

Category	Risks	Time horizon	Likelihood of impact	Potential financial impact	Response
Acute Risk	Pr1 Extreme weather events (typhoons, floods, etc.)	Short term	Very likely	• Increased frequency and intensity of extreme weather events, such as typhoons and floods, causing damage to operations and reducing productivity	• Develop guidelines for natural disaster response(Designate responsible unit, provide training and manuals, introduce disaster prevention infrastructure) • Sign up for insurance to mitigate property damage loss
Chronic Risk	Pr2 Extreme variability in weather patterns (precipitation, etc.)	Mid-and-long terms	Medium	• Reduced agricultural productivity caused by increase in climate variability, leading to a surge in purchasing cost of raw materials	• Cultivate 500 native plant species to be used as resources for product development by 2028 (climate change and disaster risk mitigation)
	Pr3 Rising mean temperatures (heat waves, etc.)	Mid-and-long terms	Very likely	• Increased demand for cooling, affecting energy costs • Higher water price as global warming exacerbates water scarcity • Reduced productivity due to increased heat loads	• Improve energy efficiency by investing in building insulation, expanding efficiency, etc. • Expand water recycling options • Establishing standards for adjusting work hours and when heat advisory is issued
	Pr4 Water-related risks	Mid-and-long terms	Uncertain	• Additional investment costs due to the relocation of production facilities to secure water resources	• Strengthen natural disaster risk management (establish manuals, analyze scenarios, and take proactive steps to prepare for extreme weather) • Conduct a water risk assessment “Aqueduct” • Develop waterless cosmetic composition
	Pr5 Rising sea level	Mid-and-long terms	Medium	• Flooding of a factory located near the coast leads to a decrease in production and a decline in sales	• Conduct flood simulation and renovate infrastructure that needs improvement • Sign up for insurance to prevent asset loss

Strategy

Transition risks

The potential transition risks associated with climate change, projected based on the IEA NZE and STEPS scenarios, can be summarized as follows. A gradual increase in carbon price and the strengthening climate-related reporting obligations may result in additional operating costs. Moreover, the increasing inclination of investors to consider our business's climate commitment may limit the availability of our capital. In addition, the growing demand for low-carbon products is likely to impact the demand and sales of our existing product portfolio.

Category	Risks	Time horizon	Likelihood of impact	Potential financial impact	Response
Policy and Legal Risk	Tr1 Increased pricing of GHG emissions	Mid term	Certain	• Expanding production or export locations into regions with carbon taxes incurs response costs	• Build a carbon footprint (LCA) to reduce carbon emissions • Monitor domestic and international trends and regulations
	Tr2 Enhanced emissions-reporting obligations	Short-and-mid terms	Certain	• Increase in carbon management and mitigation costs attributed to enhanced carbon emissions-reporting obligations	• Monitor GHG regulations applicable to our business on periodic basis • Update GHG inventory to enhance accuracy of the calculation
	Tr3 Strengthening regulations on products	Short-and-mid terms	Certain	• Increase in operational costs to respond to expanding regulations on food additives such as sugar • Increased in operational costs due to strengthening regulations on the cross-border movement and disposal of hazardous waste (e.g., non-recyclable plastics) • Strengthened recycling regulations, such as the cosmetics recycling grade labeling system, incurs costs to maintain the recycling management system	• Periodic review of regulatory outlook in the target markets • Conduct ESG assessments and due diligence on suppliers
	Tr4 Exposure to litigation	Mid-and-long terms	Average	• Non-compliance with climate change-relating regulations or failure to meet climate disclosure obligations leading to litigation	• Monitor developments in climate change-related regulations and disclosure standards (CBAM, US SEC, etc.)
Technology Risk	Tr5 Cost increase in low-carbon technology transition emissions technology (approximately KRW 90.5 billion)[1]	Mid-term	Certain	• Adopting low-carbon technologies and R&D may incur additional cost for operation	• Improve efficiency of the production process, (e.g. replacement of energy-intensive equipment) - preform lightening, portfolio and product development
Markets Risk	Tr6 Changing customer behavior (approximately KRW 35.3 billion)	Mid-and-long terms	Average	• Reducing demand for traditional products as customers prefer low-carbon products may result in decrease in sales • Rising mean temperatures are expected to increase demand for beverage products, but failing to respond appropriately could result in loss of sales (approximately KRW 35.28 billion per year)[2]	• Acquire eco-labeling and environmental certification
	Tr7 Increased cost of raw materials (approximately KRW 2.3 billion)	Mid-and-long terms	Certain	• Increased cost of raw materials procurement due to higher ecosystem destruction • By 2030, the operational cost of our suppliers that provide plastic goods may increase due to their low-carbon transition efforts and the cost could be passed over to our business, which may increase the procurement cost by approximately $2.3 billion[3]	• Expand investments in local biodiversity conservation projects and conduct fair procurement checks • Promote projects relating to resource recycling and adoption of alternative containers
	Tr8 Increased energy price (approximately KRW 31.7 billion)	Mid-and-long terms	Very Certain	• General power purchase costs will reach approximately KRW 31.7 billion in 2030, representing a significant increase of approximately 42% compared to the costs in 2022. • Domestic energy transition plan may mandate adoption of renewable energy, leading to increase in energy price	• Install solar panels on business sites • Incorporate renewable energy generation as a standard investment component in new infrastructure construction plans • Introduce hydrogen fuel cells • An additional budget of KRW 43.6 billion[4] for fuel conversion and RE100 implementation until 2030
Reputation Risk	Tr9 Increased stakeholder concerns	Mid-and-long terms	Certain	• Failure to address climate change effectively can lead to a negative reputation, resulting in decreased investment and revenues	• Transparent and regular disclosure of GHG emissions and mitigation activities

1) Based on the internal investment plan, we calculate the investment required to reduce GHG emissions from currently operating production facilities.
2) Calculated based on 2022 sales of beverages and expected sales growth of beverages.
3) Calculated by referring to the cost of plastic purchases, the 2030 GHG reduction target for the industrial sector (11.5%), the average settlement price of carbon credits (IEA), and the proportion of the supplier's low-carbon transition costs passed on to the company (internal data).
4) Based on the internal investment plan, we calculated the investment cost required to reduce GHGs generated by the use of thermal energy in currently operating production facilities and implement RE100.

Strategy

Opportunities

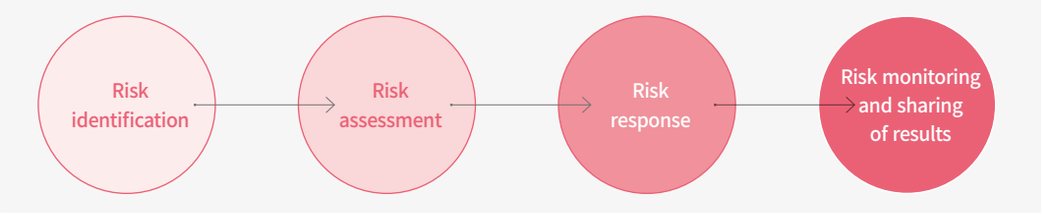
Under the IEA's NZE and STEPS scenarios, we identified climate-related opportunities that are significant to our business. The efficient use of resource would reduce the operating costs, including costs associated with waste management, use of energy and water resources. In addition, growth in demand is expected for certain product lines, such as soft drinks which is a result of rising mean temperature. In response to meet growing demand, LG H&H will endeavor to expand its business portfolio.

Category	Risks	Time horizon	Likelihood of impact	Potential financial impact	Response
Resource Efficiency	O1 Green transport	Short-and-mid terms	Certain	• Mitigate GHG emissions and reduce fuel costs by replacing conventional vehicles with green vehicles • Mitigate GHG emissions from transport and reduce logistics costs by using low-carbon transport	• Adopt green vehicles and install EV charging units • Use of delivery drones
	O2 Use of more efficient production and distribution processes	Mid term	Average	• Improve energy efficiency and reduce energy bills by replacing old equipment and improving production process • Mitigate GHG emissions and reduce cost of production through application of green packaging technology • Reduce operational and logistics costs by increasing operational efficiency and streamlining distribution process, and improving brand presence on online platforms	• Green Packaging Guide aimed at advancing green packaging technology • Diversity channels for product distribution, and digitalize sales platforms
	O3 Use of recycling	Mid term	Certain	• Reduce waste management costs by product recycling & upcycling • Sales of recycled products leading to increase in revenue	• Improve the system for resource recycling - Creating an upcycling ecosystem, expand post-consumer plastic pyrolysis oil product containers and refills
	O4 Reduced water use	Mid term	Average	• Reduce water procurement costs by reducing water consumption • Reduced production costs by improving water efficiency	• Expand water reuse
	O5 Infrastructure and process development	Short-and-mid terms	Certain	• Save energy bills by constructing energy efficient infrastructure	• Develop a low-temperature emulsification process to increase energy efficiency • Acquire Green Building Certification (LEED) [1]
Products and Services	O6 Development of sustainable raw materials	Short-and-mid terms	Certain	• Increasing the development/utilization of eco-friendly materials to raise awareness of eco-friendly companies and increase consumer product purchases	• Foster a strong green brand image, avoid false marketing
	O7 Development of green products	Short-and-mid terms	Certain	• Growing awareness of consumers' towards green products lead to increase in sales • Global warming increases demand for beverages and body care products	• Expand products with eco-label, carbon footprints, and low-carbon certifications
	O8 Green packaging	Short-and-mid terms	Certain	• Reduce production costs by advancing product packaging technology with the Green Packaging Guide	• Continuously develop technology for green packaging and promote activities to reduce production costs - Partner with companies with innovative technologies
	O9 Enhanced external communication	Short term	Certain	• Join green initiatives, enhance climate change disclosure • Improved brand reputation and image due to implementation of environmental programs that benefit our consumers	• Actively respond to ESG ratings (DJSI, CDP, etc.) and implement appropriate actions to improve the performance • Provide environmental education targeting young generation through Metaverse to disseminate the need for climate change action
Market	O10 Business diversification	Long term	Uncertain	• Increase in liquid assets due to new green investments	• Prepare to issue green bonds
	O11 Access to new markets	Mid-and-long terms	Average	• Develop new products to help consumers in areas with extreme climate change, such as water shortages, to adapt to the climate	• Explore opportunities in new markets (climate vulnerable regions) • Develop products targeting GEN-Z consumers
Resilience	O12 Participate in renewable energy programs	Mid-and-long terms	Uncertain	• Increased investment in renewable energy and a more eco-friendly image to encourage consumers to purchase products.	• Join RE100 and continue to expand our renewable energy investments

1) LEED (Leadership in Energy & Environmental Design): A green building certification system established by the U.S. Green Building Council.

Risk management

Climate-related risk management



LG H&H has implemented an integrated company-wide risk management system to effectively address potential disruptions to our business operations. Risks are classified into four main categories: strategy, finance, operations, and risk, and specific types of risks are identified for management purposes. Depending on the nature of the business, either the department responsible for company-wide risk management or the respective department within each business division carries out monitoring and response activities.

Risk identification

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), LG H&H actively categorizes and defines climate-related risks to proactively identify factors that may impact our business. We categorize climate-related risks into two main types: physical risks and transition risks. Physical risks encompass damages caused by hazards (acute) or changes in weather patterns (chronic). Transition risks, on the other hand, are associated with the transition towards a low-carbon economy and are further categorized into policy and legal, technology, market, and reputational risks.

Risk assessment

LG H&H conducts a comprehensive assessment to assess the potential impact of the identified risks on our business.

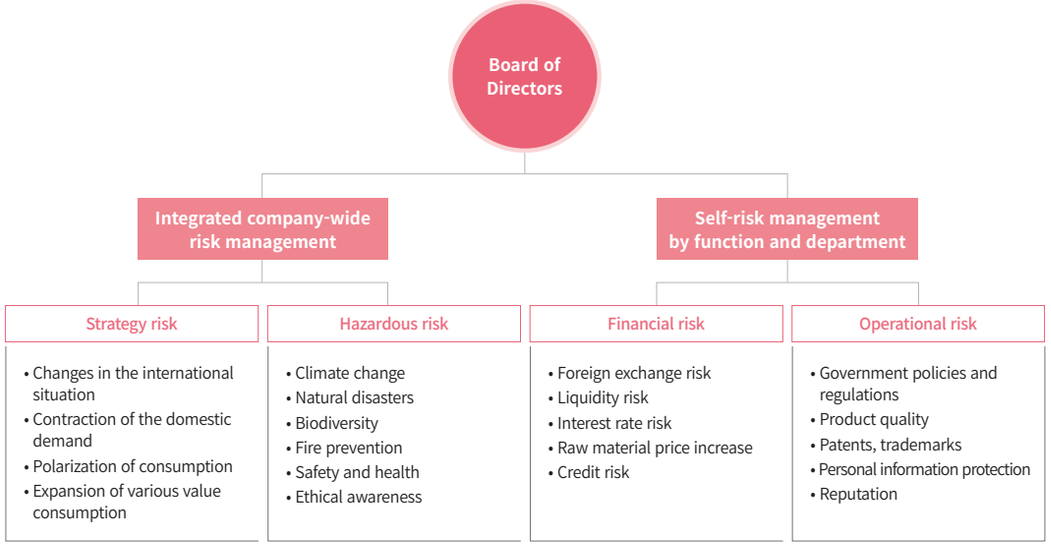
Both quantitative and qualitative analyses are conducted to project when these risks might occur, and mapped to our business time horizon. The results of these analyses are then discussed with the relevant departments to identify priority risks that require immediate preventive actions.

Responding to risk

LG H&H establishes a management strategy/direction for all potential risks it identifies. In particular, for prioritized risks, we conduct activities to prevent their occurrence or mitigate the negative effects of their manifestation. Furthermore, in the response process, relevant departments collaborate to examine ways to link risks to company-wide business opportunities and use risks as growth engines rather than simply as mitigation targets.

Risk monitoring and sharing of results

The ESG team regularly monitors climate-related risks on a quarterly basis to ensure that we stay well-informed about the potential impact on our business. The progress of our climate change response activities is also regularly monitored, with the ESG Council and ESG Working Council overseeing this task. The progress and performance of our responses are reported to the ESG Committee and ultimately to the board of directors.



Metrics and targets

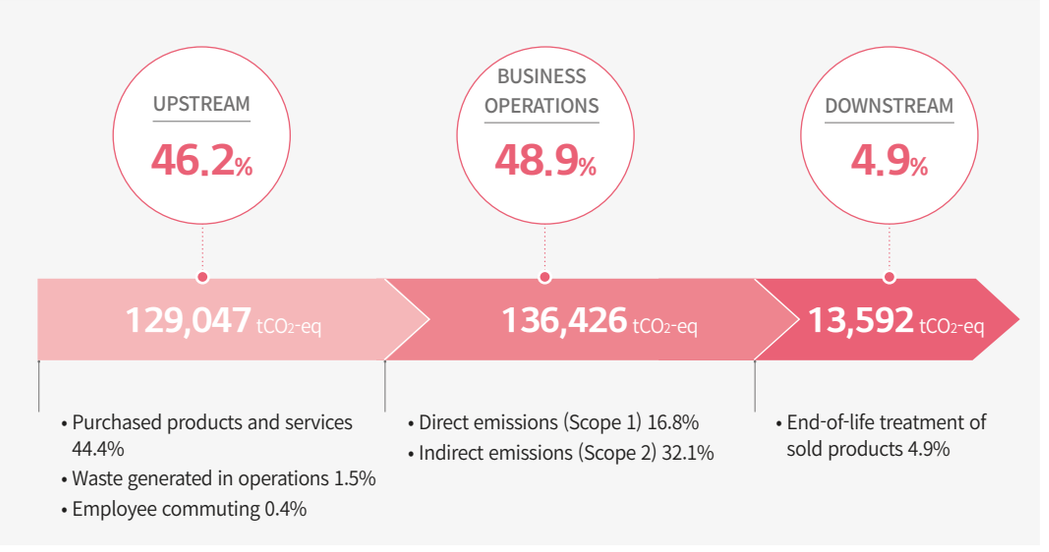
Metrics

LG H&H recognizes the importance of establishing and monitoring measurable indicators related to climate change in order to effectively anticipate associated risks and opportunities. We actively manage GHG emissions, which are the primary drivers of climate change, along with other environmental factors that indirectly contribute to its acceleration.

These factors include energy and water consumption, wastewater and waste management. In terms of GHG emissions, we oversee direct emissions from our business premises (Scope 1), indirect emissions associated with the purchased energy (Scope 2), and other indirect emissions arising from the value chain (Scope 3). We regularly measure environmental indicators related to climate change and analyze the data to identify trends. This enables us to forecast potential risks and opportunities linked to climate change across our operations.

In addition, LG H&H shares climate change-related information with stakeholders through the ESG Report and CDP Climate Change Response Paper. Moving forward, we will progressively expand the calculation of Scope 3 GHG emissions and continuously enhance our calculation methodologies to align with evolving climate information disclosure regulations.

GHG emissions from the value chain



Metrics and targets

Targets

GHG management

Target	2022 Performance
Carbon neutrality by 2050 **45**% reduction in 2030 (compared to 2020)	**136,426** tCO_2-eq

LG H&H has made a commitment to achieving net-zero emissions by 2050. In order to actively address the climate crisis, we have joined global efforts and set an ambitious goal of attaining carbon neutrality by 2050. To align with our target of reducing Scope 1, 2 GHG emissions by 45% by 2030 compared to 2020 levels and ultimately achieving carbon neutrality by 2050, we will implement decarbonization measures in a phased approach to mitigate GHG emissions.

※ GHG emissions were recalculated by including LG H&H's direct stores, leased buildings, temporary warehouses and corporate vehicles.

Scope 1&2 emissions

Business locations		Unit	2020	2021	2022
LG H&H	Scope 1	tCO_2-eq	9,219	9,679	8,564
	Scope 2		41,361	45,328	44,175
	Total emissions (Scope 1&2)		50,574	55,000	52,733
	Total emissions (intensity)	tCO_2-eq/ product-t	0.14	0.16	0.18
Coca-Cola Beverage	Scope 1	tCO_2-eq	20,408	18,552	21,617
	Scope 2		24,106	24,638	25,671
	Total emissions (Scope 1&2)		44,512	43,190	47,287
	Total emissions (intensity)	tCO_2-eq/ product-t	0.06	0.06	0.06
Haitai htb	Scope 1	tCO_2-eq	17,735	16,304	16,697
	Scope 2		18,515	19,497	19,710
	Total emissions (Scope 1&2)		36,246	35,800	36,406
	Total emissions (intensity)	tCO_2-eq/ product-t	0.07	0.07	0.07
Total	**Scope 1**	**tCO_2-eq**	**47,362**	**44,535**	**46,878**
	Scope 2		**83,982**	**89,463**	**89,556**
	Total emissions (Scope 1&2)		**131,332**	**133,990**	**136,425**
	Total emissions (intensity)	**tCO_2-eq/ product-t**	**0.08**	**0.08**	**0.09**

※ There may be a difference from the actual value due to truncating in integer units

Metrics and targets

Scope 3 emissions

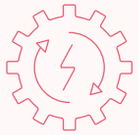
Business locations		Unit	2020	2021	2022
Total	(C1) Purchased goods and services	tCO_2-eq	-	-	123,891
	(C2) Capital goods	tCO_2-eq	-	-	-
	(C3) Emissions from fuel and energy	tCO_2-eq	-	-	-
	(C4) Upstream transportation and distribution	tCO_2-eq	-	-	-
	(C5) Waste generated in operations	tCO_2-eq	2,885	2,408	4,177
	(C6) Business travel	tCO_2-eq	-	-	-
	(C7) Employee commuting	tCO_2-eq	562	934	979
	(C8) Upstream leased assets	tCO_2-eq	-	-	-
	(C9) Downstream transportation and distribution	tCO_2-eq	-	-	-
	(C10) Processing of sold products	tCO_2-eq	-	-	-
	(C11) Use of sold products	tCO_2-eq	-	-	-
	(C12) End-of-life treatment of sold products	tCO_2-eq	-	-	13,592
	(C13) Downstream leased assets	tCO_2-eq	-	-	-
	(C14) Franchises	tCO_2-eq	-	-	-
	(C15) Investments	tCO_2-eq	-	-	-
	Total emissions	**tCO_2-eq**	**3,447**	**3,342**	**142,639**

※ C2, C3, C4, C6, C9, C10, C11, C14, C15 : Calculation under review
C8, C13 : Included in Scope 1 and 2, but excluded from Scope 3 to avoid double counting

Business locations		Unit	2020	2021	2022
LG H&H	(C1) Purchased goods and services	tCO_2-eq			83
	(C5) Waste generated in operations	tCO_2-eq	2,394	1,545	3,484
	(C7) Employee commuting	tCO_2-eq	562	934	979
	(C12) End-of-life treatment of sold products	tCO_2-eq			5
	Total emissions	**tCO_2-eq**	**2,956**	**2,479**	**4,551**
Coca-Cola Beverage	(C1) Purchased goods and services	tCO_2-eq			111,665
	(C5) Waste generated in operations	tCO_2-eq	91	79	122
	(C12) End-of-life treatment of sold products	tCO_2-eq			11,978
	Total emissions	**tCO_2-eq**	**91**	**79**	**123,765**
Haitai htb	(C1) Purchased goods and services	tCO_2-eq			12,143
	(C5) Waste generated in operations	tCO_2-eq	400	784	571
	(C12) End-of-life treatment of sold products	tCO_2-eq			1,609
	Total emissions	**tCO_2-eq**	**400**	**784**	**14,323**

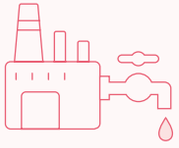
Metrics and targets

Energy management



Target	2022 Performance
Continued efforts to enhance energy efficiency	1.77 GJ/product-t

Water management



Target	2022 Performance
1.46 t/product-t in 2025 (Target applies to LG H&H only)	2.45 t/product-t

Energy use

Business locations		Unit	2020	2021	2022
LG H&H	Usage	TJ	1,091	1,200	1,147
	Intensity	GJ/product-t	2.94	3.40	3.88
Coca-Cola Beverage	Usage	TJ	867	851	924
	Intensity	GJ/product-t	1.12	1.20	1.24
Haitai htb	Usage	TJ	676	727	736
	Intensity	GJ/product-t t	1.24	1.38	1.36
Total	**Usage**	**TJ**	**2,634**	**2,778**	**2,807**
	Intensity	**GJ/product-t**	**1.61**	**1.75**	**1.77**

※ Energy-related data has been recalculated by including LG H&H's direct stores, leased buildings, and temporary warehouses in the reporting boundary

Water use

Business locations		Unit	2020	2021	2022
LG H&H	Usage	t	555,420	595,782	575,270
	Intensity	t/product-t	1.50	1.69	1.95
Coca-Cola Beverage	Usage	t	1,726,739	1,772,995	1,917,543
	Intensity	t/product-t	2.38	2.51	2.57
Haitai htb	Usage	t	1,217,063	1,256,855	1,395,174
	Intensity	t/product-t	2.24	2.38	2.57
Total	**Usage**	**t**	**3,499,222**	**3,625,632**	**3,887,987**
	Intensity	**t/product-t**	**2.14**	**2.28**	**2.45**

Metrics and targets

Wastewater management

Target	2022 Performance
0.275 kg/product-t by 2025	1.19 kg/product-t

Waste management

Target	2022 Performance
Enhance waste emissions intensity	14.95 kg/product-t

Wastewater discharge

Business locations		Unit	2020	2021	2022
LG H&H	Discharge	t	101,243	122,645	105,730
	Intensity	t/product-t	0.27	0.35	0.36
Coca-Cola Beverage	Discharge	t	938,682	940,976	1,014,701
	Intensity	t/product-t	1.30	1.33	1.36
Haitai htb	Discharge	t	612,031	729,861	761,439
	Intensity	t/product-t	1.13	1.38	1.40
Total	**Discharge**	**t**	**1,651,956**	**1,793,482**	**1,881,870**
	Intensity	**t/product-t**	**1.01**	**1.13**	**1.19**

Waste discharge[1)]

Business locations		Unit	2020	2021	2022
LG H&H	Discharge	t	10,535	11,307	10,303
	Intensity	kg/product-t	28.42	32.06	34.83
Coca-Cola Beverage	Discharge	t	6,663	6,906	6,957
	Intensity	kg/product-t	9.19	9.76	9.31
Haitai htb	Discharge	t	7,424	5,837	6,432
	Intensity	kg/product-t	13.67	11.07	11.86
Total	**Discharge**	**t**	**24,622**	**24,050**	**23,692**
	Intensity	**kg/product-t**	**15.02**	**15.15**	**14.95**

1) Waste emission data has been recalculated by adding LG H&H's waste paper and scrap metal emissions.

Appendix

TCFD Balance Sheet

TCFD Recommended Disclosures	Corresponding Page	CDP Index
Governance		
a) Board of directors oversight of risks and opportunities related to climate change	6~7	C1.1a, C1.1b
b) Management's role in assessing and managing climate change-related risks and opportunities	7~8	C1.2
Strategy		
a) Climate change-related risks and opportunities identified in the short, medium, and long term	9~15	C2.1a, C2.3, C2.3.a, C2.4, C2.4a
b) The impact of climate change-related risks and opportunities on the organization's business, strategic, and financial plans	9~15	C2.3.a, C2.4a, C3.2a, C3.2b, C3.3, C3.4
c) An organization's climate strategy that considers climate change scenarios, such as a 2°C or less increase in surface temperature.	9~15	C3.2, C3.2a, C3.2b
Risk management		
a) The organization's process for identifying and assessing climate change-related risks	16	C2.a, C2.2, C2.2a
b) The organization's process for managing climate change-related risks	16	C2.1, C2.2
c) How to integrate climate change-related risk identification, assessment, and management processes into enterprise risk management processes.	16	C2.2
Metrics and targets		
a) Metrics used by the organization to assess climate change-related risks and opportunities	17	C4.2, C4.2a, C4.2b, C9.1
b) Scope 1, 2, and 3 greenhouse gas emissions and associated risks	18~19	C6.1, C6.3, C6.5, C6.5a
c) Performance against goals and objectives used by the organization to manage climate change-related risks and opportunities	18~21	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b

Appendix

Greenhouse Gas Emission Verification Statement (LG H&H)

Verification Target

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Greenhouse Gas Emissions (hereinafter 'GHG Inventory') of LG Household & Health Care Co., for 2022.

Verification Scope

Scope 1 and 2 emissions were targeted at all GHG emission facilities in all business sites under operational control.

Scope 3 emissions were conducted for emissions from January 1st , 2022 to December 31st within the category range selected by the company itself.

Verification Criteria

Scope 1 and 2 emissions are "Guidelines for reporting and certification of greenhouse gas emissions trading system (Ministry of Environment Notice No. 2022-279)" and "Verification Guidelines for Greenhouse Gas Emission Trading System Operation (Ministry of Environment Notice No. 2021-112)" and Based on "ISO14064-3".

Scope 3 emissions are based on "WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard", "Environmental Product Declaration Guidelines (Ministry of Environment Notice No. 2021-65)" and "ISO14064-3".

Level of Assurance

Scope 1 and 2 verification was planned and performed in accordance with the procedures stipulated in the verification guidelines for the operation of the greenhouse gas emissions trading system, and the assurance level of verification was performed to satisfy a reasonable level of assurance.

Scope3 verification was performed according to the procedures stipulated in ISO 14064-3, and the assurance level of verification was performed to satisfy the limited assurance level.

Verification Limitation

This verification is not intended to verify the validity of the calculation criteria set by the company itself. Assurance results contain inherent limits of uncertainty inherent in the company's own calculation standards. Depending on our own calculation standards, significant differences may occur in the emission calculation results, which may affect comparability.

Verification Opinions

Through the verification process according to the 'ISO 14064-3:2006' KFQ could obtain reasonable basis to express following conclusion on the Greenhouse Gas Emission Report.

1) Scope 3 emissions for 2022 of LG Household & Health Care Co., wa s properly calculated according to the verification standards.
2) The result of material discrepancy satisfied the criteria for an organization that emits less than 500,000tCO2-e shall not exceed 5% from total emission as per 'Rules for verification of operating the greenhouse gas emission trading scheme'
3) For Scope 3 emissions, no material errors or omissions were found, except for emissions information not considered within the selected category range.
4) The criteria and process established or estimated/assumed by the company to calculate emissions were transparently reflected in the internal calculation process.

June 16th, 2023

CEO **Ji Young Song**

Korean Foundation for Quality

kfq Korean Foundation for Quality

Ji Young Song

Appendix

LG H&H Co. Summary of GHG Emission Results

(Unit: tCO_2eq)

Business locations	Scope1 & Scope2 Emissions		Scope3 Emissions	
Headquarters	Scope1	821.623	Category1. Purchased goods & services	83
	Scope2	1,242.694		
	Subtotal	2,064		
Cheongju	Scope1	72.897		
	Scope2	10,736.969		
	Subtotal	10,809		
Cheongju TP	Scope1	780.602		
	Scope2	4,701.689		
	Subtotal	5,482		
Ulsan	Scope1	5,363.122	Category5. Waste Generated in Operations	3,484
	Scope2	11,334.912		
	Subtotal	16,698		
Onsan	Scope1	1,142.272		
	Scope2	6,571.296		
	Subtotal	7,713		
Naju	Scope1	-		
	Scope2	380.919		
	Subtotal	380		
Incheon	Scope1	146.165		
	Scope2	370.392		
	Subtotal	516		
Daejeon OBM Lap	Scope1	-	Category7. Employee Commuting	979
	Scope2	104.839		
	Subtotal	104		
Magok SP Labs	Scope1	46.304		
	Scope2	4,977.157		
	Subtotal	5,023		
Daejeon Research Institute	Scope1	98.495		
	Scope2	685.786		
	Subtotal	784		
Warehouse	Scope1	84.685	Category12. End of Life Treatment of Sold Products	5
	Scope2	2,885.942		
	Subtotal	2,970		
Direct Sales	Scope1	-		
	Scope2	190.434		
	Subtotal	190		
Total[1](Scope 1 + Scope 2)		**52,733**	**Total(Scope 3)**	**4,551**

1) In the process of calculating the total emission for each business site, the actual value may differ by less than ±1 tCO2eq by truncation to an integer unit.

Appendix

Greenhouse Gas Emission Verification Statement (Coca-Cola Beverage)

Verification Target

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Greenhouse Gas Emissions (hereinafter 'GHG Inventory') of Coca Cola Beverage Company for 2022.

Verification Scope

Scope 1 and 2 emissions were targeted at all GHG emission facilities in all business sites under operational control.

Scope 3 emissions were conducted for emissions from January 1st, 2022 to December 31st within the category range selected by the company itself.

Verification Criteria

Scope 1 and 2 emissions are "Guidelines for reporting and certification of greenhouse gas emissions trading system (Ministry of Environment Notice No. 2022-279)" and "Verification Guidelines for Greenhouse Gas Emission Trading System Operation (Ministry of Environment Notice No. 2021-112)" and Based on "ISO14064-3".

Scope 3 emissions are based on "WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard", "Environmental Product Declaration Guidelines (Ministry of Environment Notice No. 2021-65)" and "ISO14064-3".

Level of Assurance

Scope 1 and 2 verification was planned and performed in accordance with the procedures stipulated in the verification guidelines for the operation of the greenhouse gas emissions trading system, and the assurance level of verification was performed to satisfy a reasonable level of assurance.

Scope3 verification was performed according to the procedures stipulated in ISO 14064-3, and the assurance level of verification was performed to satisfy the limited assurance level.

Verification Limitation

This verification is not intended to verify the validity of the calculation criteria set by the company itself. Assurance results contain inherent limits of uncertainty inherent in the company's own calculation standards. Depending on our own calculation standards, significant differences may occur in the emission calculation results, which may affect comparability.

Verification Opinions

Through the verification process according to the 'ISO 14064-3:2006' KFQ could obtain reasonable basis to express following conclusion on the Greenhouse Gas Emission Report.

1) Scope 3 emissions for 2022 of Coca Cola Beverage Company was properly calculated according to the verification standards.
2) The result of material discrepancy satisfied the criteria for an organization that emits less than 500,000tCO_2-e shall not exceed 5% from total emission as per 'Rules for verification of operating the greenhouse gas emission trading scheme'
3) For Scope 3 emissions, no material errors or omissions were found, except for emissions information not considered within the selected category range.
4) The criteria and process established or estimated/assumed by the company to calculate emissions were transparently reflected in the internal calculation process.

June 16th, 2023

CEO **Ji Young Song**

Korean Foundation for Quality

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Ji Young Song

Appendix

COCA COLA Beverage Company Summary of GHG Emission Results

(Unit: tCO_2eq)

Business locations	Scope1 & Scope2 Emissions		Scope3 Emissions	
Yeoju	Scope 1	8,367.744	Category1. Purchased goods & services	111,665
	Scope 2	12,809.353		
	Subtotal	21,177		
Yangsan	Scope 1	2,418.872		
	Scope 2	5,954.205		
	Subtotal	8,373	Category5. Waste Generated in Operations	122
Gwangju	Scope 1	1,798.285		
	Scope 2	4,828.464		
	Subtotal	6,626		
Warehouse	Scope 1	9,032.230	Category12. End of Life Treatment of Sold Products	11,978
	Scope 2	2,078.978		
	Subtotal	11,111		
Total[1](Scope 1 + Scope 2)		**47,287**	**Total(Scope 3)**	**123,765**

1) In the process of calculating the total emission for each business site, the actual value may differ by less than ±1 tCO_2eq by truncation to an integer unit.

Appendix

Greenhouse Gas Emission Verification Statement (HAITAI htb)

Verification Target

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Greenhouse Gas Emissions (hereinafter 'GHG Inventory') of HAITAI htb Co., Ltd. for 2022.

Verification Scope

Scope 1 and 2 emissions were targeted at all GHG emission facilities in all business sites under operational control.

Scope 3 emissions were conducted for emissions from January 1st, 2022 to December 31st within the category range selected by the company itself.

Verification Criteria

Scope 1 and 2 emissions are "Guidelines for reporting and certification of greenhouse gas emissions trading system (Ministry of Environment Notice No. 2022-279)" and "Verification Guidelines for Greenhouse Gas Emission Trading System Operation (Ministry of Environment Notice No. 2021-112)" and Based on "ISO14064-3".

Scope 3 emissions are based on "WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard", "Environmental Product Declaration Guidelines (Ministry of Environment Notice No. 2021-65)" and "ISO14064-3".

Level of Assurance

Scope 1 and 2 verification was planned and performed in accordance with the procedures stipulated in the verification guidelines for the operation of the greenhouse gas emissions trading system, and the assurance level of verification was performed to satisfy a reasonable level of assurance.

Scope3 verification was performed according to the procedures stipulated in ISO 14064-3, and the assurance level of verification was performed to satisfy the limited assurance level.

Verification Limitation

This verification is not intended to verify the validity of the calculation criteria set by the company itself. Assurance results contain inherent limits of uncertainty inherent in the company's own calculation standards. Depending on our own calculation standards, significant differences may occur in the emission calculation results, which may affect comparability.

Verification Opinions

Through the verification process according to the 'ISO 14064-3:2006' KFQ could obtain reasonable basis to express following conclusion on the Greenhouse Gas Emission Report.

1) Scope 3 emissions for 2022 of HAITAI htb was properly calculated according to the verification standards.
2) The result of material discrepancy satisfied the criteria for an organization that emits less than 500,000tCO_2-e shall not exceed 5% from total emission as per 'Rules for verification of operating the greenhouse gas emission trading scheme'
3) For Scope 3 emissions, no material errors or omissions were found, except for emissions information not considered within the selected category range.
4) The criteria and process established or estimated/assumed by the company to calculate emissions were transparently reflected in the internal calculation process.

June 16th, 2023

CEO **Ji Young Song**

Korean Foundation for Quality

kfq Korean Foundation for Quality

Ji Young Song

Appendix

HAITAI htb Co Ltd. Summary of GHG Emission Results

(Unit: tCO_2eq)

Business locations	Scope1 & Scope2 Emissions		Scope3 Emissions	
Cheonan	Scope 1	13,482.809	Category1. Purchased goods & services	12,143
	Scope 2	10,310.778		
	Subtotal	23,793		
Pyeongchang	Scope 1	66.154		
	Scope 2	6,175.019		
	Subtotal	6,241		
Cheorwon	Scope 1	2.974	Category5. Waste Generated in Operations	571
	Scope 2	864.460		
	Subtotal	867		
Iksan1	Scope 1	1,141.984		
	Scope 2	934.092		
	Subtotal	2,076		
Iksan2	Scope 1	382.187	Category12. End of Life Treatment of Sold Products	1,609
	Scope 2	1,095.904		
	Subtotal	1,478		
Warehouse	Scope 1	1,621.066		
	Scope 2	330.000		
	Subtotal	1,951		
Total[1](Scope 1 + Scope 2)		**36,406**	**Total(Scope 3)**	**14,323**

1) In the process of calculating the total emission for each business site, the actual value may differ by less than ±1 tCO_2eq by truncation to an integer unit.

Appendix

Green Taxonomy

LG H&H's industries are not included in the carbon-intensive industries with the most significant potential for climate change mitigation or adaptation by the European Commission. LG H&H's business activities preemptively reviewed "Eligible Activities" and "Aligned Activities" defined by the EU Green Taxonomy to enhance stakeholders' understanding of the sustainability of our business activities.

LG H&H classified eligible and suitable activities for turnover, operating expenses (OpEx), and capital expenses (CapEx[1)])as of the end of December 2022 (FY 2022) as follows.

1)Capital Expenses: Expenditures related to "qualifying activities" of capital expenditures accounted for 16.2%.
These capital costs centered on building acquisition and management activities cannot be classified as "Eligible activities".

EU Taxonomy Activities of LG H&H			CAPEX	
			KRW 1 million	% of total CapEx
Eligible activities			**23,812**	**16.40%**
1	**Forestry**		**2,220**	**1.50%**
	1.2)	Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event	2,220	1.50%
4	**Energy**		**1,945**	**1.40%**
	4.1)	Electricity generation using solar photovoltaic technology	1,696	1.20%
	4.2)	Electricity generation using concentrated solar power (CSP) technology	249	0.20%
5	**Water supply, sewerage, waste management and remediation**		**1,912**	**1.30%**
	5.9)	Material recovery from non-hazardous waste	1,912	1.30%
7	**Construction and real estate activities**		**16,544**	**11.30%**
	7.1)	Construction of new buildings	6,633	4.50%
	7.2)	Renovation of existing buildings	1,146	0.80%
	7.3)	Installation, maintenance and repair of energy efficiency equipment	1,883	1.30%
	7.5)	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	1,666	1.10%
	7.6)	Installation, maintenance and repair of renewable energy technologies	5,107	3.50%
	7.7)	Acquisition and ownership of buildings	108	0.10%
8	**Information and communication**		**1,191**	**0.90%**
	8.1)	Data processing, hosting and related activities	78	0.10%
	8.2)	Data-driven solutions for GHG emissions reductions	1,113	0.80%


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