

LG H&H Biodiversity Protection and Deforestation Prevention Policy

Enactment: Apr. 2022
Revision: May. 2023

Purpose

01

- LG H&H declares this biodiversity protection and deforestation prevention policy to actively prevent the destruction of ecosystems and forests, implement biodiversity protection and deforestation prevention caused by its business operations, and mitigate related risks. LG H&H will comply with the following international standards and guidelines to enforce policies to protect biodiversity and prevent deforestation.
- We respect the efforts of the global community, such as the Convention on Biological Diversity agreed by the international community under the leadership of the United Nations Environment Program (UNEP), the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and Global Protected Areas Programme by International Union for Conservation of Nature (IUCN) etc. To participate in these global efforts, we plan to promote biodiversity conservation activities in the surrounding areas and local communities, including our business sites, based on the environmental impact assessment under relevant laws and regulations on the natural ecological environment, air environment, water quality environment, and soil environment field during business activities.
- In addition, we respect the direction and activities of global standards, including the United Nations Strategic Plan for Forests and GFGs, and intend to continue promoting projects such as eradication of deforestation and degradation, and enhancement of forest carbon stocks following the principles of the United Nations Forest Initiative (UN REDD+, Reducing Emission from Deforestation and Forest Degradation Plus Conservation). We will also strive to prevent adverse environmental impacts on the International Union for Conservation of Nature's Protected Area Categories (IUCN) due to our business operations.
- LG H&H will promote biodiversity protection and deforestation prevention activities based on sincerity and trust, thereby contributing to the transition to an eco-friendly economic society, the common agenda of the global community, based on its management philosophy of pursuing the best living culture company that realizes the beauty and dreams of customers.

Scope

02

- LG H&H headquarters, all domestic and overseas business sites, and executives and employees of subsidiaries are subject to this policy. In addition, LG H&H recommends this policy to stakeholders, such as suppliers and business partners, to spread and increase the need to protect biodiversity and deforestation.
- Based on this policy, LG H&H manages biodiversity and deforestation risks that occur throughout its business operations but preferentially complies with local laws/regulations related to biodiversity and deforestation, if any.

1) Biodiversity assessment and protection procedures

- Based on this biodiversity protection policy, LG H&H supports the procedures for checking
 - 1) biodiversity (species) and distribution status (numbers) and
 - 2) potential biodiversity risks. LG H&H strives to implement appropriate measures and response systems to protect biodiversity when biodiversity degradation/loss is confirmed or when biodiversity-related risks are recognized.
- LG H&H also continuously manages whether biodiversity protection measures and response activities are being implemented as planned.

- 1 LG H&H identifies the current status of biodiversity in the vicinity of its business sites, implements natural habitat protection activities to maintain/expand, and checks the progress of its implementation.
- 2 LG H&H examines the impact of biodiversity in the vicinity of its business sites and local communities in decision-making, such as establishment, change, and expansion of its business sites, and prepares measures to protect species in danger.
- 3 As part of the 'Code of Conduct for Suppliers', LG H&H inspects suppliers' business operations for biodiversity risks and provides improvement measures for high-risk biodiversity risks.
- 4 LG H&H inspects biodiversity degradation or loss at the source and guides improvement measures to protect endangered species for sustainable raw material procurement.
- 5 LG H&H collects opinions from local communities and stakeholders on biodiversity degradation and loss and natural habitat destruction due to its business operation and provides improvement measures for reasonable concerns.

2) Deforestation assessment and protection procedures

- LG H&H establishes procedures to check
 - 1) the current status of deforestation and
 - 2) the possibility of potential deforestation risks,
 focusing on 'protected areas' to achieve the 'direction' of this deforestation prevention policy.
- When aware of the status of deforestation confirmed or the risk of deforestation, LG H&H prepares a response system to take appropriate measures to protect or restore forest areas. LG H&H also regularly checks whether forest area protection or restoration measures are being implemented as planned.

Basic principle

03

- 1 LG H&H checks and responds to risks of deforestation that may occur in the course of its business operation, establishes a greening plan and procedure to maintain/expand the green area of the local community, and monitors the implementation progress.
- 2 As part of the 'Code of Conduct for Business Partners,' LG H&H identifies whether there is any risk of deforestation in its business partners' business operations and checks the progress of improvement for high-risk threats.
- 3 LG H&H inspects the status of deforestation at the source for sustainable procurement of raw materials and ensures that their rights are respected in areas where deforestation has occurred.
- 4 LG H&H manages issues raised by stakeholders (local residents, etc.) who engage in economic activities or live in forested areas affected by its business operations.

Management

04

1) Responsibility

- LG H&H has the top management and ESG committee, which manage and supervise biodiversity and deforestation risks.
- Their primary roles include discussing the establishment/revision of biodiversity protection and deforestation prevention policies, reviewing biodiversity/deforestation-related risk and response plan thereof, and other matters deemed necessary for biodiversity and forest conservation-restoration-expansion. The top management and the ESG committee review and deliberate on other laws and regulations in the biodiversity/forest sector that significantly impact its business operations.

2) Implementation

- LG H&H installs an organization that implements policies to protect biodiversity and prevent deforestation at the headquarters and has them carry out related tasks at its business sites.
- Their leading roles include operation of biodiversity/deforestation risk inspection procedures, implementation of biodiversity/forest conservation-restoration-expansion activities, receipt and handling of related grievances, education and dissemination for biodiversity/forest protection, cooperation with external stakeholders and partner organizations, etc.
- LG H&H builds a cooperative system with external experts and non-profit organizations to promote biodiversity/forest protection-restoration-expansion activities.
- LG H&H promotes the effectiveness of biodiversity/forest protection-restoration-expansion activities based on the expertise in the forestry field possessed by external organizations and an understanding of the specificity of the local forest area.

3) Performance management

- LG H&H sets and manages mid- to long-term goals for expanding activities to reduce biodiversity and deforestation risks through its business operations.
- LG H&H sets this goal by comprehensively considering domestic and international laws and regulations, trends in industrial biodiversity management, and biodiversity/deforestation risks identified in the value chain.

(1) Biodiversity conservation direction

▪ NNL/NPI

LG H&H will conduct biodiversity protection activities within – and in the vicinity of – its business sites to achieve No Net Loss (NNL) by 2050. Investment and activities to achieve a Net Positive Impact (NPI), progressively and incrementally, will also be expanded.

▪ Strategic Mitigation

LG H&H primarily protects and observes species with a high biodiversity risk, such as endangered species.

▪ External Collaboration

LG H&H establishes a cooperative system with industries, local communities, and specialized organizations to protect biodiversity.

(2) Directions to prevent deforestation

▪ Future Reforestation

LG H&H actively promotes forest protection, reforestation, communication, and education activities to ensure natural ecosystems flourish by collaborating with the organizations, sectors and stakeholders responsible for forest management to restore sustainable ecosystems.

▪ End All Deforestation

LG H&H continues to invest in global forestry and landscape restoration until 2050 to fulfill its global commitment to ecosystem restoration and achieve internationally agreed goals.

▪ Carbon Offset

LG H&H strives to reduce residual greenhouse gas emissions through various forest carbon offset activities by 2050.

(3) Biodiversity conservation direction

- LG H&H regularly inspects its mid-to-long term biodiversity/forest conservation goal implementation status. LG H&H comprehensively examines the effectiveness of its activities carried out to achieve the goal, difficulties in the process of implementing the goal, etc, and, if necessary, adjusts its mid-to-long-term goals based on the inspection results.
- LG H&H comprehensively considers the laws and regulations on protecting domestic and foreign biodiversity or wildlife and the ICUN(International Union for Conservation of Nature) Category I to IV Protected Areas to assess biodiversity and define protected areas.
- LG H&H promotes conservation-restoration-expansion activities by considering the biodiversity/forest composition, role and potential, and historical, cultural, scientific, and educational significance of biodiversity/forest in the region when its business is located in or near the area or its supply chains, including suppliers and origins are located, or its business operation is clearly found to harm the area.

1 International Conservation Area (ICUN Category Ia, etc.)

It is an area where a natural ecosystem recognized by the international community is established and various species of living things prosper. The area has not been affected by artificial effects and can be destroyed by even the slightest artificial influence.

2 Primordial wilderness intact area (ICUN Category Ib, etc.)

It is an area inhabited by an indigenous community that maintains the appearance of a native wild natural ecosystem and has a primitive and wild lifestyle, allowing minimal impact for educational/scientific purposes.

3 National protected areas (ICUN Category II, etc.)

It is an area designated at the national level to permanently preserve the natural ecosystem formation process, with high importance for religious, scientific, educational, recreation/tourism, etc, along with protecting native flora and fauna.

4 Natural and cultural heritage areas (ICUN Category III, etc.)

It is a natural ecosystem formed by nature or by faith and culture, with a high historical value from the point of view of archeology, anthropology, history, and geography.

5 Species and habitat management areas (ICUN Category IV, etc.)

It is an area designated by an international, national or local organization for protecting species and habitats, requiring active management/intervention to promote biodiversity.

Operation of reporting channel

05

Grievance-filing

- LG H&H operates a channel through which employees and other organizations (individuals) can report grievances related to biodiversity and deforestation that occur in the course of business operations.
- We do not disclose any information that reveals or suggests the informant's identity without their consent.

Representative reporting channel

- Department: ESG Team
- Email: lgesg@lghnh.com
- Tel: 82-2-6924-6082

Education and information disclosure

06

1) Education

LG H&H raises awareness of the importance and necessity of biodiversity and forest conservation among executives, employees, and the socially disadvantaged and encourages them to consider biodiversity/forest conservation in their work. In addition, when issues related to biodiversity/deforestation are discovered, LG H&H encourages them to report those issues.

2) Information Disclosure

LG H&H discloses biodiversity/forest conservation-restoration-expansion activities and performance information through its website, sustainability report, or a separate channel, making related information available through channels easy to access and clearly understandable by stakeholders, including employees.