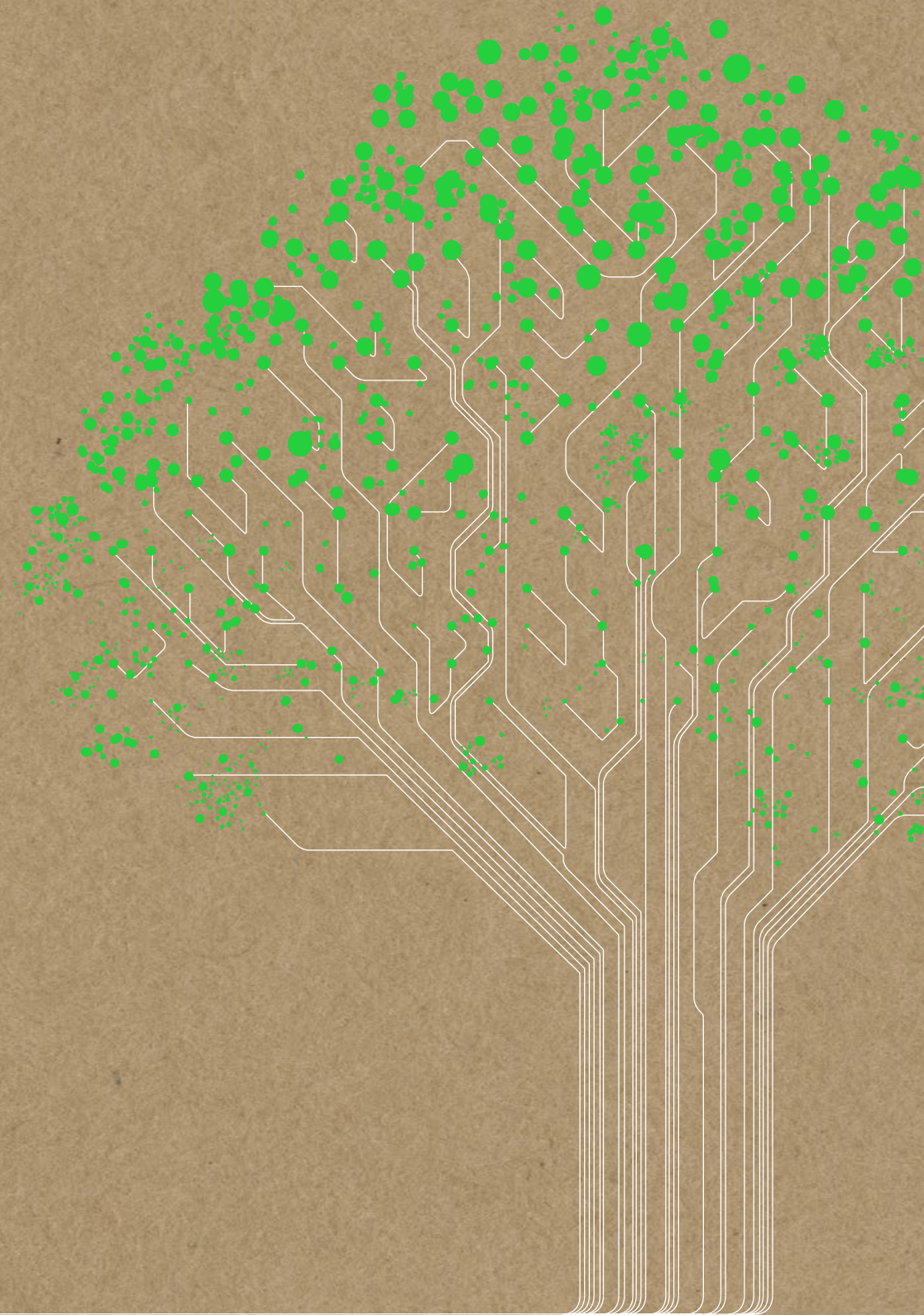


# LEADING A SUSTAINABLE FUTURE WITH 'GREEN' CABLE SOLUTIONS

**LS** Cable & System

2021 - 2022

Sustainability Report + Annual Report





About This Report

LS (Leading Solution)

For LS Cable & System, sustainable management means our belief in the value of going forward together. It is not simply a resolution, but something that must be put into action on a daily basis. We resolutely believe in and act upon our vision to enhance the quality of life of our stakeholders, including suppliers, customers, investors, and local communities. Our goal for sustainable management is to create a society defined by coexistence and a prosperous future.

Since 2010, we have been publishing this report on an annual basis to disclose our efforts toward sustainable management and share the key related achievements. We will continue to utilize this report as a channel for communication with the diverse stakeholders involved.

Reporting guidelines

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards Core option and fulfills the AA1000 AccountAbility Principles of inclusivity, materiality, responsiveness, and impact. No material changes have been made from the previous year in reporting boundaries, scope, or measurements. For any changes in a data collection method, adjustment has been made using the 2021 method and details are specified in the report.

Reporting period

The period is from January 1 to December 31, 2021. Three-year data from 2019 to 2021 is provided to keep track of performance trends. The 2022 issues up to the second quarter deemed necessary to be reported as meaningful performance are also included.

Reporting scope and boundary

The scope includes domestic worksites (the head office, Seoul office, plants in Gumi, Indong, and Donghae, and Central Research Lab) and domestic and overseas subsidiaries. Financial information is based on consolidated data. Where some of the social and environmental data falls in different reporting scopes, this fact is noted.

Reliability of this report

For the accuracy, objectivity, and reliability of this report, a review was conducted by the independent verification agency KMR in accordance with international standards. In addition, financial data in the report has been audited by an independent auditor.

Reporting cycle

Annually (publication date of the latest report: June 2021)

Key changes in terms of the size, structure, and ownership of the organization

None

For further information on LS C&S, please visit [www.lscns.co.kr](http://www.lscns.co.kr).  
Contact details are as follows:

LS Cable & System ESG Management Team	
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LEADING  
A SUSTAINABLE FUTURE  
WITH 'GREEN'  
CABLE SOLUTIONS

2021 - 2022  
Sustainability Report + Annual Report

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## Moving toward a better future by creating value beyond cables

We are joining the global effort toward  
a more sustainable future in order to create a positive impact  
on local communities and ensure shared value.





## CEO's Message

“

On the occasion of our 60<sup>th</sup> anniversary, we will seek to renew ourselves and make our utmost efforts at promoting long-term corporate growth toward organizational longevity and offering greater value to our stakeholders.

”

Distinguished stakeholders,  
My name is Bon Kyu Koo, and in 2022  
I was appointed as the new CEO of LS C&S.

Despite the unprecedented challenges to industry posed by the prolonged COVID-19 pandemic, LS C&S achieved record sales of USD 5,155 million in 2021 by focusing on new growth engines such as renewable energy and EVs. This achievement has allowed us to position LS C&S as a leading global enterprise.

In this regard, I would like to express my sincere appreciation to our stakeholders for your unwavering support and to LS C&S employees at home and abroad for your hard work and dedication.

In many countries we are starting to see people gradually returning to their normal lives. However, with the increased sense of urgency surrounding the issues related to climate change, we are moving towards a 'new normal' more characterized by a low-carbon economy, digital transition, global supply chain restructuring, non-face-to-face activities, and inflation risks. In order to identify new opportunities amidst this wave of change and secure the competitiveness needed to become a leader in the New Normal 2.0, our commitment is as follows:



**Firstly, we will strengthen our competitiveness based on the essentials of our business.**

Efforts will be concentrated on differentiating ourselves by focusing on our core businesses rather than seeking one-off achievements brought about by external environmental factors. In this regard, we became the first operation in Korea to secure a submarine cable production plant and a cable-laying vessel by initiating the construction of Submarine Cable Plant 4 in Donghae and launching the GL2030. In addition, we are offering customers new value-added EV and solar photovoltaic cables and parts. We will continue to innovate and challenge ourselves to create green cable solutions by building on these achievements.

**Secondly, ESG management will be implemented to promote corporate sustainability.**

To realize ESG values including environmental protection, social contribution, and compliance management, we have been conducting a range of activities to reduce GHG emissions in response to climate change issues and to clean up the sea environment to promote shared growth with local communities. Efforts are also being made to create a safe and pleasant working environment. An ESG Management Committee was formed to guarantee a rational and transparent decision-making process.

**Lastly, self-management and responsible management will be promoted.**

A business group-based autonomous management system will be emplaced across the entire process of our business activities in order to nimbly respond to environmental changes and make timely decisions. It will allow our organizations and employees to take the initiative within their roles and responsibilities, and performance-based compensation will motivate them toward growth. Efforts at internalizing the system as part of our organizational culture will continue to be made so that it can serve as an intangible asset boosting our competitiveness.

This year marks the 60<sup>th</sup> anniversary of LS C&S. Over the past six decades, the company has dedicated itself to the cable solutions business, overcome all challenges, and beat the odds to enable a cabled world.

On the occasion of our 60<sup>th</sup> anniversary, we will seek to renew ourselves and make our utmost efforts at promoting long-term corporate growth toward organizational longevity and offering greater value to our stakeholders. Throughout this journey, we look forward to your ongoing support.

Thank you.

CEO of LS C&S  
Bon Kyu Koo

# Company Overview and Status

## Company Overview

Since its foundation in 1962, LS C&S has developed, produced and provided cable solutions, contributing to industrial development by establishing power grids and communications networks at home and abroad. We have been developing state-of-the-art products, including submarine and superconducting cables, to lead a global market while pursuing sustainable growth. Going forward, we will continue our efforts at becoming a global cable solution leader through customer-oriented and green businesses that meet customer requirements.

Company name	LS Cable & System
Head office	13th-17th Fl. LS Tower, 127 LS-ro, Dongan-gu, Anyang-si, Gyeonggi-do, South Korea
Domestic worksites	Seoul office, plants in Gumi, Indong and Donghae, and Central Research Lab
CEO	Bon Kyu Koo
Date of establishment	May 1962
Primary products	Power/telecommunication/industrial cables and materials
Subsidiaries	13 domestic and 20 overseas subsidiaries
Website	www.lscns.co.kr

## Company information

• on a consolidated basis as of the end of December 2021



Capital  
USD **1,379**million



Sales  
USD **5,155**million



Employees  
**5,896**



Subsidiaries  
**33**



Corporate tax  
USD **35**million



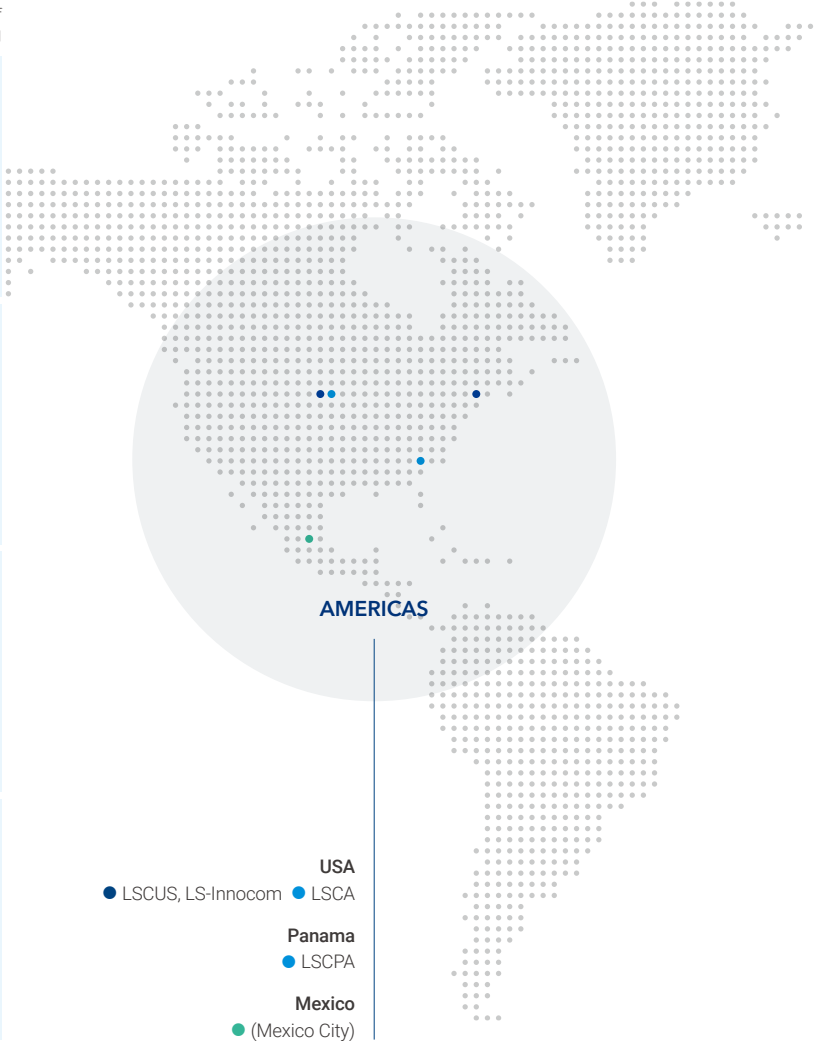
Overseas presence  
**21** countries



Suppliers  
**418**



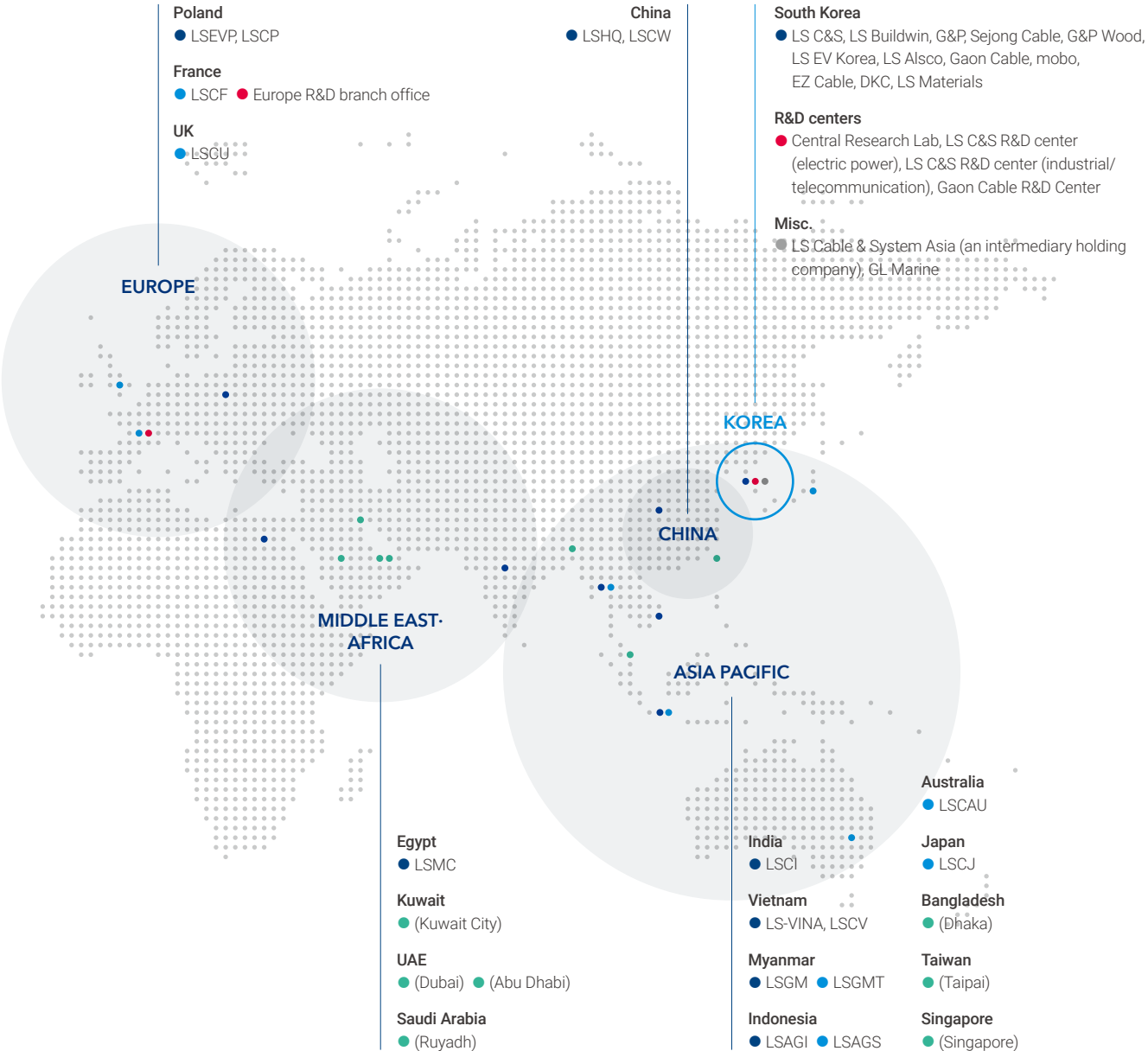
Credit rating  
CP **A1** Corporate bond **A+**



## Global Network

LS C&S has been relentlessly pursuing its goal of becoming a global company since its foundation. It is headquartered in South Korea and maintains five Regional Groups (China, Asia Pacific, Europe, Middle East/Africa and the Americas) to implement localization strategies and achieve balanced growth between advanced and emerging markets. As of the end of March 2022, we operate 26 manufacturing subsidiaries, 16 sales subsidiaries/offices, and four R&D centers.

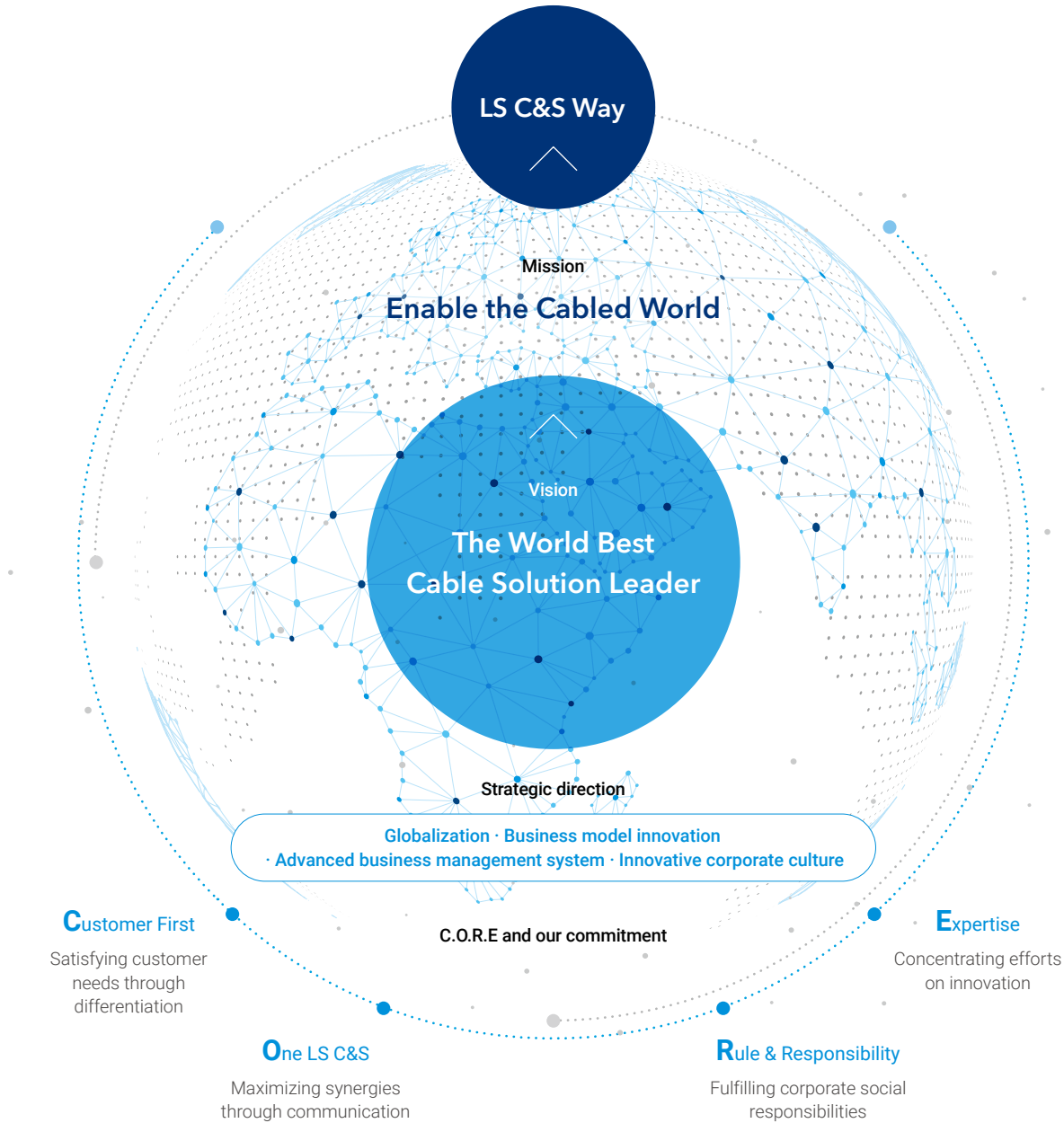
● Manufacturing subsidiary ● Sales subsidiary ● Sales office ● R&D center ● Misc.



# Vision and Philosophy

## Vision 2030

In 2020, LS C&S declared its Vision 2030: The World’s Best Cable Solution Leader. We have been setting strategic directions based on this vision to further promote our global business, reimagine our business model through innovation, motivate our employees based on autonomous management, and establish an advanced system for business operations. We will concentrate our efforts on successfully implementing these strategies and realize the vision so that all of our stakeholders can benefit from the new value created by our cable solutions.



## Management philosophy

All of the affiliates of LS Group share the group’s management philosophy of Greater Value Together as we strengthen our competitiveness at a time when companies are paying more attention to survival than to making a profit due to economic and social changes and the emergence of the new normal.

LSpartnership means employees achieve superior performance through mutual respect, care, and trust. They cooperate based on open-mindedness and grow together with our stakeholders. LSpartership was created with the participation of all members of LS Group and provides the philosophy upon which employees should act. It serves as a driving force that will bring about a new future.





History

Sixty years of challenge and innovation at LS C&S

Since its establishment in 1962 as Korea Cable Industry, LS C&S has contributed to national industrial development by establishing power grid and communications networks. Despite a difficult domestic environment, the company has constantly promoted technological development and business innovation to bring value to all humanity. Its technological prowess and efforts at making quality products have allowed the company to earn customer trust and position itself as a global cable leader.

1962



2014

1962~1982

Manufacturing cables that serve as industrial arteries in Korea



- 1962**  
Established as the Korea Cable Industry
- 1966**  
Opened the Anyang plant
- 1978**  
Opened the Gumi plant
- 1979**  
Introduced Korea's first SCR system at the Gumi Plant
- 1982**  
Opened the Anyang R&D center

1983~2002

Implementing change for growth



- 1983**  
Opened an HV/EHV VCV tower at the Gumi Plant
- 1984**  
Established Goldstar Optical Telecommunications, a joint venture for optical fiber production
- 1989**  
Won an HV/EHV turnkey project in Pakistan
- 1997**  
Opened the Indong plant in Korea and the LG-VINA cable plant (the current LS VINA Cable & System) in Vietnam

2003~2014

Laying a foundation for global busines



- 2003**  
Branched off from LG Group
- 2004**  
Developed the first superconducting cable system in Korea
- 2005**  
Renamed LS C&S  
Opened the LS Industrial Complex in Wuxi, China
- 2007**  
Opened the second plant in Vietnam  
Developed the first submarine HV/EHV cable in Korea
- 2008**  
Launched as LS Corp.

LS C&S began to increase its global presence in the 2000s. The company has concentrated its efforts on strengthening its competitiveness in the cable market and securing technology and product leadership in order to take the lead by developing superconducting cables, pioneering the submarine cable market, and crafting an advanced solutions business model. Our employees at LS C&S do not hold back for fear of failure and will continue to join forces and take steps toward a more sustainable future.

2015



2022

2015~2019

Becoming a global leader in cable solutions



- 2015**  
Declared the company vision LS C&S Way  
Conducted the world's first field verification testing of a DC superconducting cable system (80kV)
- 2016**  
LS C&S Asia listed on the KOSPI
- 2017**  
Established a power cable production subsidiary in the US  
Supplied submarine cables to the first offshore wind farms in the US  
Established LS EV Korea  
Began to provide monthly electrical safety checks in traditional markets
- 2018**  
Obtained the world's first certification for 500kV HVDC cables  
Opened a power cable production subsidiary in Myanmar
- 2019**  
Established production subsidiaries (for EV parts and telecommunications cables) in Poland  
Commercialized the world's first superconducting cable system  
Our AC/DC 500kV power system was designated as a national core technology



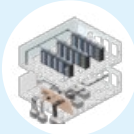
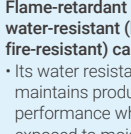

2020~2022

Moving forward to achieve organizational longevity



- 2020**  
Opened the Submarine Cable Plant 3 in Donghae, Korea and the Communication Harness Plant 2 in India
- 2021**  
Opened a power cable plant in Egypt  
Started the production of cables for 800V EV drive motors  
Announced ESG management
- 2022**  
Launched the cable laying barge GL2030  
Opened a power cable plant in Indonesia

Our Products

<div></div> <div>Power transmission/distribution and submarine cable systems</div>	<div><b>HV/EHV cable</b></div> <div><ul style="list-style-type: none"><li>• This efficiently transmits large-capacity power with a voltage of 154kV or higher.</li></ul></div> <div><b>Submarine cable system</b></div> <div><ul style="list-style-type: none"><li>• This can be installed along the ocean floor to allow electric power transmission and communications between islands or between the mainland and an island.</li></ul></div> <div><b>HVDC cable</b></div> <div><ul style="list-style-type: none"><li>• This supplies power by converting AC to DC.</li><li>• This supports long-distance transmission with reduced power loss.</li></ul></div> <div><b>Superconducting cable system</b></div> <div><ul style="list-style-type: none"><li>• This transmits and distributes large quantities of energy with little loss since there is minimal electrical resistance.</li></ul></div> <div><b>Power distribution cable</b></div> <div><ul style="list-style-type: none"><li>• This supplies power at 0.6/1kV to 22.9kV to residential and commercial buildings and industrial distribution circuits.</li></ul></div> <div><b>Overhead transmission line / Optical ground wire</b></div> <div><ul style="list-style-type: none"><li>• Overhead transmission line is mainly installed in steel towers for long-distance power transmission.</li><li>• Ground wire shields the line and intercepts lightning stroke.</li><li>• OPGW (optical ground wire) is overhead ground wire to which telecommunication features have been added.</li></ul></div> <div><b>Busduct system</b></div> <div><ul style="list-style-type: none"><li>• This has the advantage of distributing power efficiently in confined spaces with a high demand for electricity, such as factories or apartment buildings.</li></ul></div>	<div><b>Power transmission cable system</b></div> <div><div></div><div><b>HVDC cable</b></div><div><ul style="list-style-type: none"><li>• Two HVDC cables can send the same amount of electricity as three AC cables.</li><li>• LS C&amp;S has secured the technology for making 500kV HVDC cables.</li></ul></div></div> <div><div></div><div><b>AC 23kV superconducting cable</b></div><div><ul style="list-style-type: none"><li>• LS C&amp;S became the first company in the world to commercialize this product.</li><li>• This cable does not generate electromagnetic waves and allows the construction of compact substations.</li></ul></div></div> <div><div></div><div><b>HVAC export cable</b></div><div><ul style="list-style-type: none"><li>• Allows power generated by offshore wind turbines to be transmitted to land.</li></ul></div><div><div></div><div><b>HVAC inter-array cable</b></div><div><ul style="list-style-type: none"><li>• Used to connect offshore wind turbines.</li><li>• Dynamic cables for floating wind-power generation are applied for the inter-array cables.</li></ul></div></div><div><div></div><div><b>HVDC interconnection cable</b></div><div><ul style="list-style-type: none"><li>• Used for mid- to long-distance power transmission between land or islands.</li><li>• It requires no additional cost to connect underground systems as there is no need for the installation of equipment such as a DC converter.</li></ul></div></div><div><div></div><div><b>Data center busway (data-way)</b></div><div><ul style="list-style-type: none"><li>• As the first busway in Korea dedicated to data center servers, it allows real-time monitoring of both wattage and voltage.</li></ul></div></div><div><div></div><div><b>Low sag composite-core conductor (LSCC)</b></div><div><ul style="list-style-type: none"><li>• Power transmission is doubled compared to ACSR cable by increasing the maximum temperature from 90°C to 180°C.</li></ul></div></div><div><div></div><div><b>Flame-retardant and water-resistant (highly fire-resistant) cable</b></div><div><ul style="list-style-type: none"><li>• Its water resistance maintains product performance when exposed to moisture.</li><li>• As a highly fire-resistant cable that can withstand high temperatures (up to 950°C for 180 min.), casualties and property damage can be minimized in case of fire.</li></ul></div></div><div><div></div><div><b>Eco-friendly PP insulation power cable</b></div><div><ul style="list-style-type: none"><li>• By replacing cross-linked polyethylene (XLPE) with polypropylene, this recyclable product does not produce cross-linked by-products.</li></ul></div></div></div>
	<div><div><div>Telecommunications cable solutions</div><div><b>FTTA</b> <small>Fiber to the Antenna</small></div><div><ul style="list-style-type: none"><li>• This is installed in wireless base stations to efficiently send electric power and optical signals to an antenna.</li></ul></div><div><b>Optical fiber / Optical cable</b></div><div><ul style="list-style-type: none"><li>• This delivers large-capacity data rapidly and accurately by sending communication signals using light.</li></ul></div><div><b>FTTH</b> <small>Fiber to the Home</small></div><div><ul style="list-style-type: none"><li>• This provides high-speed internet service to homes using optical fiber cables.</li></ul></div></div><div><div><b>LAN</b> <small>Local Area Network</small> <b>cable</b></div><div><ul style="list-style-type: none"><li>• This allows high-speed telecommunications networking within limited geographic areas.</li></ul></div><div><b>Structured cabling system</b></div><div><ul style="list-style-type: none"><li>• This supports the planned installation and operation of cables used for communications equipment and personal computers within buildings.</li></ul></div><div><b>Coaxial cable</b></div><div><ul style="list-style-type: none"><li>• This stably transmits a high frequency signal from base stations to antennas using broadband.</li></ul></div></div><div><div><div>PP tube and PFM jelly cable</div><div></div><div><b>PP tube and PFM jelly cable</b></div><div><ul style="list-style-type: none"><li>• The first polypropylene-applied loose tube optical cable in Korea.</li><li>• Lighter and more flexible than conventional versions.</li></ul></div></div><div><div></div><div><b>Multi unit cable</b></div><div><ul style="list-style-type: none"><li>• Higher concentrations of optic fibers allow high-speed data transmission.</li><li>- 144-conductor sub unit structure.</li><li>- Up to 864 optic fibers can be inserted.</li></ul></div></div><div><div></div><div><b>Anti-hacking optical cable</b></div><div><ul style="list-style-type: none"><li>• Its special optic fiber and reinforced coating allows this cable to completely prevent any data leakage.</li></ul></div></div></div><div><div><div>Materials</div><div><b>Copper wire</b></div><div><ul style="list-style-type: none"><li>• This is high-purity copper wire made exclusively with electrolytic copper to minimize the loss of electricity.</li></ul></div><div><b>Aluminum</b></div><div><ul style="list-style-type: none"><li>• This is made of lightweight, high-strength aluminum with elevated conductivity.</li></ul></div><div><b>Magnet wire</b></div><div><ul style="list-style-type: none"><li>• This is used to convert back and forth between electric and mechanical energy in electrical or electronic devices.</li></ul></div></div><div><div></div><div><b>800V flat wire</b></div><div><ul style="list-style-type: none"><li>• This PI insulation wire was applied to 800V EVs for the first time in Korea.</li><li>• The durability of the motor voltage is ten times greater than with conventional wire.</li></ul></div></div></div></div>	
<div><div><div>Industrial harnesses and cables</div><div><b>Industrial cables</b></div><div><ul style="list-style-type: none"><li>• These are used to supply signals and power to electric and electronic devices and industrial robots.</li></ul></div><div><b>Military cable</b></div><div><ul style="list-style-type: none"><li>• This highly functional cable is used to supply signals and power to tanks, aircraft, and battleships.</li></ul></div><div><b>Rolling stock cable</b></div><div><ul style="list-style-type: none"><li>• This is used to power and control various rail vehicles, such as subway cars and high-speed electric trains.</li></ul></div><div><b>Wind power cable</b></div><div><ul style="list-style-type: none"><li>• This is used to transmit to transformers the electricity generated from onshore and offshore wind power generators.</li></ul></div></div><div><div><b>Marine and offshore cables</b></div><div><ul style="list-style-type: none"><li>• These are used to power and control ships and oil-drilling facilities, and also for telecommunications on such ships and facilities.</li></ul></div><div><b>Automotive cables and harnesses and modules for electric vehicles</b></div><div><ul style="list-style-type: none"><li>• These are used to provide power to all devices required in a vehicle.</li></ul></div><div><ul style="list-style-type: none"><li>* Products of LS EV Korea</li></ul></div><div><b>Ultra Capacitor</b></div><div><ul style="list-style-type: none"><li>• This is next-generation energy storage with ultra high-capacity energy output to supplement or replace storage batteries and fuel cells.</li></ul></div><div><ul style="list-style-type: none"><li>* Products of LS Materials</li></ul></div></div><div><div><div>Photovoltaic (PV) round wire</div><div></div><div><b>Photovoltaic (PV) round wire</b></div><div><ul style="list-style-type: none"><li>• The smaller surface area blocks less sunlight than flat wire, maximizing output from the solar module.</li><li>• LS C&amp;S became the world's first company to produce round PV wire.</li></ul></div></div><div><div></div><div><b>Wind power cable</b></div><div><ul style="list-style-type: none"><li>• The first MV cable for wind turbine towers in Korea.</li><li>• Cold-resistant, oil-resistant, and halogen-free.</li></ul></div></div><div><div></div><div><b>e-Flatex</b></div><div><ul style="list-style-type: none"><li>• Supplies power and transmits signals to factory automation equipment.</li><li>• Anti-static technology helps minimize the inflow of dust into precision instruments.</li></ul></div></div><div><div></div><div><b>Underwater photovoltaic cable</b></div><div><ul style="list-style-type: none"><li>• DC 1.5kV cable.</li><li>• Passed the first test in Korea simulating an underwater environment to verify product safety.</li></ul></div></div><div><div></div><div><b>AMP cable</b></div><div><ul style="list-style-type: none"><li>• Allows the provision of shore-side electricity to ships, addressing air pollution issues in the port area.</li></ul></div></div><div><div></div><div><b>High-voltage aluminum cable</b></div><div><ul style="list-style-type: none"><li>• A lightweight HV cable for EVs.</li><li>• LS C&amp;S is the only Korean company operating a dedicated production line for this type of cable.</li></ul></div></div></div></div>		



## 2021 Business Highlights

Despite the many difficulties and challenges in the 2021 business environment, all of the employees at LS C&S joined forces to implement systematic strategies and strengthen technological prowess under our Vision 2030. As a result, not only were we able to achieve robust growth in the cable business, but the competitiveness of our new renewable energy and EV products was acknowledged in the market.

### Signing an agreement with KDB to collaborate on developing the submarine cable business

Korea Development Bank (KDB) and LS C&S signed an agreement on an 'industry-finance cooperation program for nurturing the submarine cable business.' With the development of interstate power grid policies and the growth in the green energy sector worldwide, this USD 844 million in funding provided by KDG over the next five years will allow the company to finance renewable energy projects such as submarine cable production, facility expansion, and research and development.



### Preparing ourselves for broader opportunities



### Launching the cable laying barge GL2030

The acquisition of the company's first submarine cable laying barge, the 8,000-ton GL2030, has laid a foundation for the acceleration of its offshore wind power business at home and abroad. LS C&S is now the only company in Korea equipped with both a subsea cable manufacturing plant and a submarine cable laying barge, joining a select group of international companies with this capacity. The GL2030 is scheduled for domestic submarine cable projects in the first half of this year and will later expand its operations to projects in other Asian countries.

### Making capital investments to build Plant 4 for submarine cables

Following the opening of the dedicated submarine cable facility Plant 3 in 2020, which was required to increase production capacity, construction was begun on Plant 4. It is to be equipped with the tallest vertical continuous vulcanization (VCV) tower in Korea. This USD 157 million investment will increase production capacity by 1.5 times. Moreover, improved insulation quality and increased productivity is expected as the VCV tower allows the extrusion and cooling of extended-length cables. It is scheduled to begin operations in 2023, and an additional USD 67 million will be invested by 2025 to build cable storage facilities and R&D support buildings at a site near the plant.



### LS C&S selected as a preferred bidder for a USD 169 million project in Taiwan

LS C&S was selected as a preferred bidder in a USD 169 million project by CSBC-DEME Wind Engineering (CDWE) to supply submarine cables to Taiwan's Hai Long offshore wind farms by 2025. The completion of these 15GW offshore wind farms by 2030 is part of the Taiwanese government policy of expanding new and renewable energy. LS Cable has so far won all of the bids, including this one, for submarine cable supply to this Taiwan offshore wind farm. The cumulative orders currently amount to USD 675 million.



### Supplying underwater cables for floating solar modules

We have utilized our expertise in submarine cables to develop watertight, flame-retardant, and salt-tolerant underwater cable as part of our efforts at strengthening our new and renewable energy product portfolio in line with the trend toward green energy and telecommunications transmission. DC 1.5kV underwater cables, 22.9kV cables, and 154kV cables for substation connection were supplied to more than 50 solar farms, including the Solaseado complex and the Goheung Bay floating solar power plant in Jeollanam-do Province. We will continue to develop products that meet market needs and thereby help us secure future growth engines.

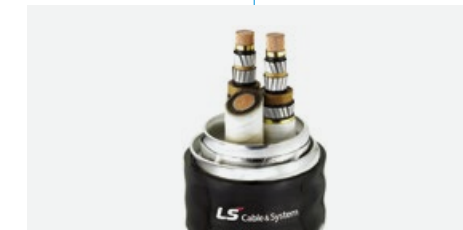
\* Watertightness: the capacity to withstand water pressure  
Flame retardancy: the capacity to inhibit the spread of fire by suppressing the chemical reactions in a flame  
Salt tolerance: the capacity to withstand salinity



### Concluding the first supply contract with National Grid

A USD 42 million contract was signed with the UK's National Grid to provide 400kV cables and install electricity infrastructure to supply power to Wales and England from Dinorwig Power Station. Construction is scheduled to be completed by December 2023. This contract is expected to allow us to expand our presence in the UK's HV/EHV market.

### Taking the lead with innovative technology



### Acquiring international certification for next-generation superconducting cable

After commercializing superconducting cable technology for the first time in the world in 2019, our partnership with KEPRI (an R&D subsidiary of KEPCO) succeeded in the development of 23kV three-phase coaxial cable (a next-generation super conducting cable). Transmission capacity is increased by 20 percent and production cost is 10 percent less compared to conventional cables. We obtained the first IEC certification among the three companies that have successfully developed this type of cable, allowing us to gain a competitive advantage in the market.



### Establishing a digital transformation-based sales system

LS C&S is concentrating its efforts on promoting smart work innovation and business competitiveness by utilizing digital technologies such as artificial intelligence and big data. As part of these efforts, we launched One-Pick, a one-stop online sales system allowing the real-time checking of inventory, quotation requests, purchasing, and shipment. The system is expected to reduce the time required by this process and will facilitate B2B marketing. Pilot operation for power distribution cable is scheduled to begin in key sales offices in major cities in South Korea and it will then be phased in for other products.

### Achieving global recognition



### Opening a power cable plant in Indonesia

A power cable plant was opened by our subsidiary LSAGI in Indonesia, one of the largest ASEAN cable markets with an ongoing construction boom due to the expansion of electrical infrastructure. It is expected that the relocation of the capital and the growing number of Korean companies doing business in the country will contribute to the recovery of this market after a dip due to the COVID-19 pandemic. Full-scale production is scheduled to begin at LSAGI in the second quarter of 2022, with the main products being overhead transmission and distribution lines and LV cables for buildings and plants.



# SUSTAINABLE MANAGEMENT

Sustainable Management System – ESG

Creating Shared Value

Corporate Governance

Integrated Risk Management

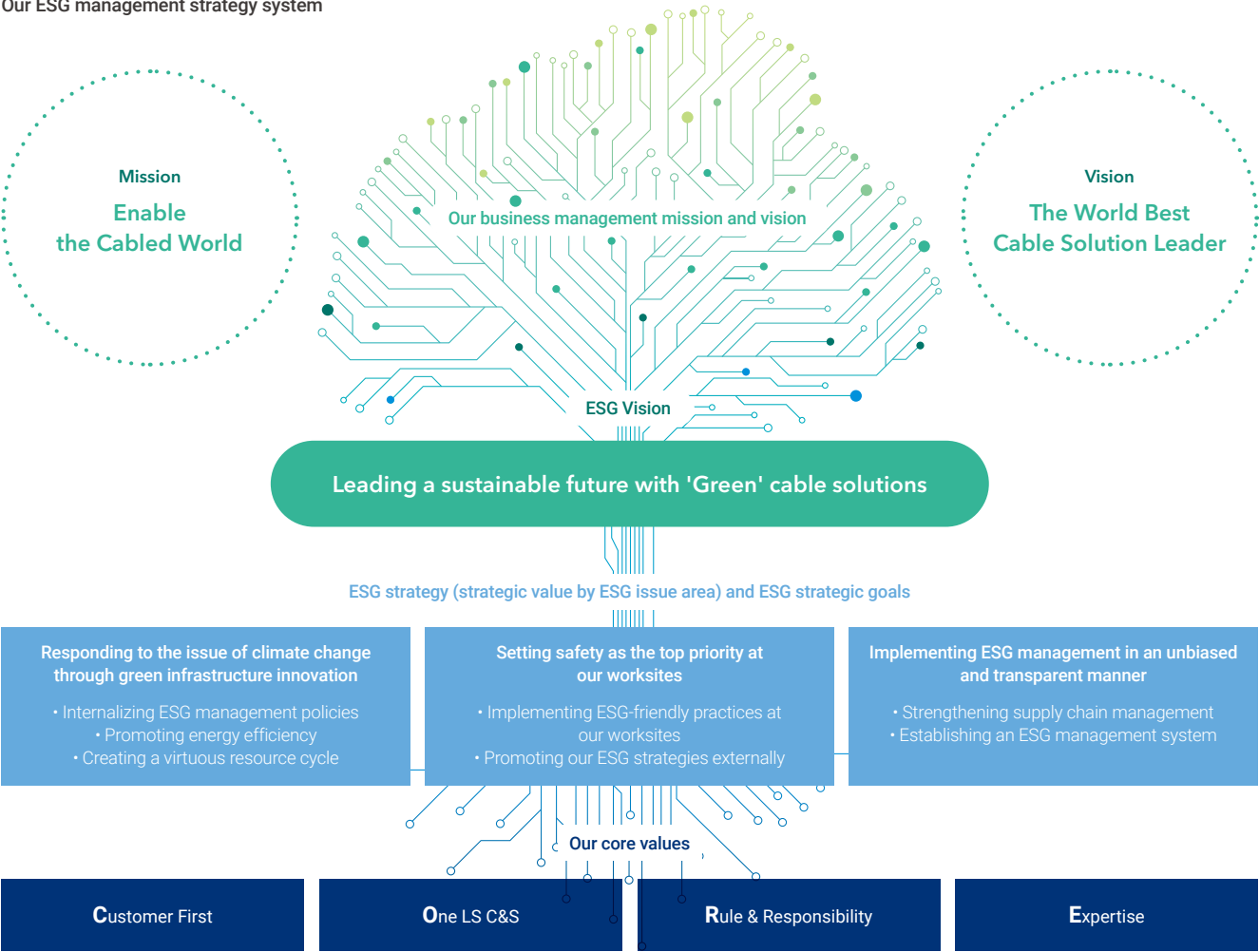
Selecting Reporting Themes



# Sustainable Management System - ESG

LS C&S is striving to achieve sound financial performance, fulfill its corporate responsibility, respond to climate issues, and communicate with our stakeholders in a transparent manner. As part of these efforts, in June 2021 we outlined our ESG vision and strategy in line with global standards. That year was the starting point at which a consensus was reached at the enterprise level to grow toward ESG management. Now it is time for us to implement the related action plans and produce results. To this end, a governance body and dedicated team were established to conduct key tasks and activities. We will continue our efforts to promote ESG management by fulfilling our corporate responsibility and enhancing corporate value.

Our ESG management strategy system



## 1. ESG strategy system

An ESG strategy system was established to achieve our ESG vision: Leading a Sustainable Future with Green Cable Solutions. Improvement activities by issue area were grouped under strategic goals, based upon which we identified tasks, built a mid-/long-term roadmap, and reflected the tasks in KPIs by business division. This system will help us have a positive impact on society and the environment while strengthening our competitiveness in the business field.

## 2. ESG management system

In June 2021, an ESG Management Team was set up under the CSO to implement ESG management and produce results. This group reviews the ESG tasks conducted by the pertinent teams and creates agenda items for the meetings of the ESG Management Committee, a special enterprise-wide decision-making body. In addition, it plays a pivotal role in building trust by responding to stakeholder needs through the transparent disclosure of the status and achievements of the tasks.

## 3. Basis for ESG management

We are always striving for ways to enhance corporate value from an ESG perspective. In particular, short- and mid-to-long-term ESG strategies are being systematically implemented under the ESG leadership of our top management to help create sustainable value.

Process	<ul style="list-style-type: none"><li>Identifying improvement tasks through diagnosis and environmental analysis</li><li>Establishing a roadmap for company-wide ESG improvement tasks</li><li>Checking the progress of task implementation in an ESG consultative body</li></ul>
Organization	<ul style="list-style-type: none"><li>Strengthening the operation of a dedicated team</li><li>Operating the ESG Management Committee under the CEO</li><li>Defining and managing KPIs by business group</li></ul>
Communication	<ul style="list-style-type: none"><li>Promoting the operation of ESG information disclosing channels (such as sustainability reports and the company website)</li><li>Joining LS Group's consultative body for sustainable management</li><li>Taking part in the activities of environment-related associations</li></ul>

## 4. Governance for ESG risk management

A variety of committees are being operated to strengthen the system for supporting ESG and sustainable management at the company level.

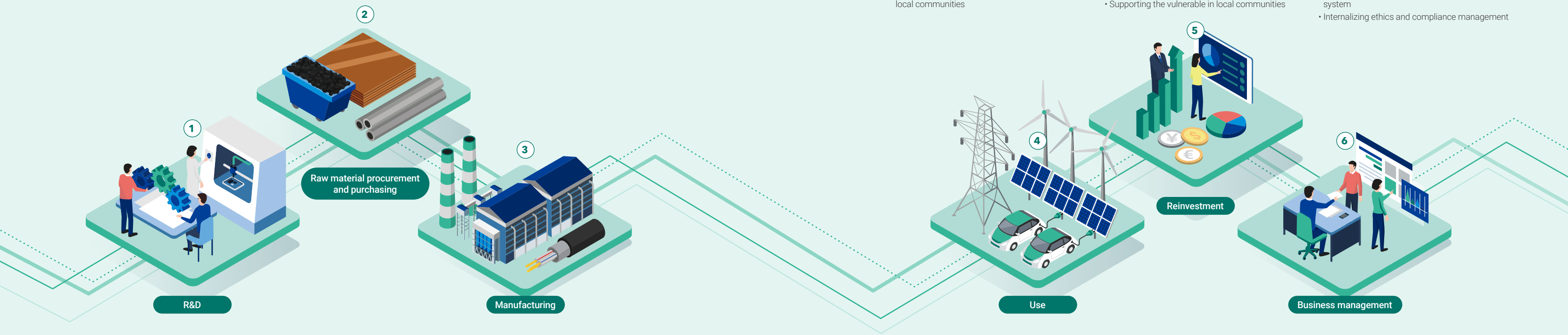
	<b>ESG Management Committee</b> Discussing ESG implementation tasks, making decisions, and monitoring related policies
	<b>Compliance Management Committee</b> Reviewing compliance-related issues, sharing best practices, and making decisions
	<b>Critical Accident Prevention Committee</b> Discussing policies and strategies related to the Serious Accidents Punishment Act and reviewing and implementing programs on safety culture
	<b>Industrial Health and Safety Committee</b> Reviewing and making decisions on key employee health and safety issues by representatives of labor and management
	<b>Information Security Committee</b> Discussing the corporate policy direction on information security and making decisions
	<b>Fair Business Transactions Review Committee</b> Reviewing business transactions to promote fairness and transparency
	<b>Risk Management Committee</b> Identifying global and geopolitical risks and making contingency plans
	<b>HR Development Committee</b> Discussing key organizational and HR management issues and making decisions



# Creating Shared Value

‘Creating shared value’ is based on the concept of harmonizing the economic value of companies with the social value of communities. We are sharing our technology and know-how through a variety of activities and means in an effort to create new value and achieve sustainability at the corporate and social levels.

## Our management system and operational activities



INPUT		
<b>Finance</b> Assets ——— USD 4,493 million Capital ——— USD 1,379 million Total issued stock ——— 22,323,565 shares Disclosing business status including shareholders’ meeting	<b>Manufacturing</b> Manufacturing ——— domestic 11, overseas 11 subsidiaries Tangible assets ——— USD 1,159 million	<b>Intelligence</b> R&D investment ——— USD 36 million Intangible assets ——— USD 60 million
<b>Human Resources</b> Domestic employees <sup>1)</sup> ——— 3,238 Training cost ——— USD 2 million Average training hours per employee ——— 54 hours International employees ——— 2,658	<b>Environment</b> Energy use ——— 2,534tJ Energy-saving investment ——— USD 643 thousand Investment in ——— USD 5,567 thousand the environment and safety Obtaining ISO 14001 certification	<b>Society</b> Global network ——— Production 12, Sales 9 Social contribution ——— USD 1,569 thousand A network loan ——— USD 42 million Membership fees ——— USD 310 thousand

1) LS C&S + domestic subsidiaries

- ① R&D**  
We focus on developing technology that allows us to create differentiated products. Projects are systematically managed by setting R&D goals, meeting deadlines, and strengthening data security.
  - Developing eco-friendly products
  - Complying with regulations on hazardous materials
- ② Raw material procurement and purchasing**  
We operate a purchasing process based on in-time and proper-quantity procurement and strive to engage only in fair and transparent business transactions with our suppliers.
  - Maintaining win-win programs with suppliers
  - Managing contracts and construction projects in a fair and transparent manner
- ③ Manufacturing**  
Our resource management-based production provides us with price competitiveness. In addition, an HSE management system is in place to ensure safe and eco-friendly worksites.
  - Increasing profitability through cost management
  - Managing worksite safety and environments
- ④ Use**  
We provide the world with cables and solutions for power generation, transmission and distribution, and telecommunications.
  - Ensuring quality and safety
  - Contributing to the development of industries and local communities
- ⑤ Reinvestment**  
We create sustainable jobs and invest in facilities, driving the growth of local economies. At the same time, social contribution activities are conducted to promote the public good.
  - Expanding employment in local communities
  - Supporting the vulnerable in local communities
- ⑥ Business management**  
We promote sustainability in finance, HR, ethics, compliance, and organizational culture and achieve our organizational goals by effectively utilizing our human and material resources.
  - Operating a company-wide risk management system
  - Internalizing ethics and compliance management

VALUE CREATION			
Sales ——— USD 5,155 million Operating profit ——— USD 194 million Net income ——— USD 98 million Debt ratio ——— 226%	Dividends ——— USD 27 million Payout ratio ——— 32.41% Corporate tax ——— USD 35 million Interest cost ——— USD 42 million Purchase from ——— USD 2,540 million suppliers	Employee wages ——— USD 166 million and benefits The percentage of ——— 16.1%, 5.2% female employees and managers Average employment ——— 13years period	Suppliers whose ——— Zero contracts were terminated due to corruption and irregularities Newly registered suppliers ——— 180 (in 2021)
Patent registration — 127cases (920) (cumulative) Setting a strategic direction by business group and getting an approval	Occupational ——— 0.14%/0.71% accident rate / Frequency rate Acquiring SCL <sup>2)</sup> certification in all of our construction sites	The 2021 quality ——— 297 domestic satisfaction survey 431 international companies	Waste charge ——— USD 330 thousand Reduction of ——— 1,389 tons hazardous chemicals Reduction of ——— 1,624 tons GHG emissions <sup>3)</sup> Voluntary calculation of Scope 3 GHG emissions

2) Safety Culture Ladder / 3) Scope 1-2



## Corporate Governance

A board of directors is in place at LS C&S and BOD meetings are convened to review items regarding company policy and businesses. The company is doing its utmost to ensure that decisions are made in consideration of the interests of stakeholders.

### Shareholder status

We listen to all of our shareholders to maximize their value. All of our shareholders exercise their rights in accordance with laws and regulations. Our major shareholder is LS.

#### Composition of shareholders

- LS Corp.
- Minority shareholders
- Affiliated persons



Shareholders	Number of stocks held	Percentage of shareholding (%)
LS Corp.	20,376,518	91.28
Minority shareholders	1,194,691	8.39
Affiliated persons	73,269	0.33

### Enhancing shareholder value

Dividends are paid by the resolution of the board of directors and the general meeting of shareholders. We have now paid dividends for eight consecutive years. The amount is determined within the profit available for dividends considering investment in the company's sustainable growth, enhancement of shareholder value, and the current business environment. In 2022, USD 27,389 thousand worth of cash dividends (on a non-consolidated basis) were paid, and the company's cash payout ratio based on consolidated financial statements stood at 32.41%.

	2019	2020	2021
Cash dividends total (USD thousand)	8,616	11,822	27,389
Cash payout ratio (on a consolidated basis) (%)	11.88	12.96	32.41

### Composition of BOD

Directors are appointed at the general meeting of stakeholders. Candidates are selected by the board based on their experience and expertise in industrial environments, finance, and law. The BOD features five inside directors. Directors make decisions in accordance with commercial laws and articles of association and promote the rights and interests of stakeholder, including shareholders. Chairman Koo Cha-Yub was appointed as a chair considering his expertise and responsibility. CEO Koo Bon-Kyu is serving as a director.

(as of March 2022)

Name	Position	Full-time (Y/N)	Responsibility	Transactions with the company	Relations with the largest shareholder
Cha Yub Koo	Inside director		Chair/Chairman		
Bon Kyu Koo	CEO		CEO/Vice President		
Hyung Won Kim	Inside director	Y	CHSEO/Vice President	N/A	Executive of the affiliate of LS
Sang Ho Lee	Inside director		CFO/Senior Managing Director		
Byung Ok Kim	Inside director		CSO/CDO/Managing Director		

### Board Meetings

The Board Meetings are held on a regular basis according to the Commercial Act and the pre-established annual plan. Special meetings are convened for prompt decision-making on major agenda items. In 2021, 14 board meetings were held at which a total of 41 items were resolved and five reporting items were submitted and reviewed. For further details, please refer to 'about the board of directors (key resolved items)' in our annual report.

	2019	2020	2021
Number of items	33	31	41
Number of meetings	18	12	14
Attendance (%)	90	96	91

\* Attendance calculation criteria: the average of the attendance rate of all of the directors in office during the year.

### Remuneration

Directors' activities and performance are regularly evaluated at the end of their terms, and the results are taken into account in decisions on their re-appointment. Remuneration is provided within the amounts approved at the general shareholders' meeting. Basic annual salary is determined by reflecting the job level as defined by the company, and incentives are paid by considering financial performance along with non-financial results, including their contribution to sustainable management and compliance management. In 2021, the remuneration limit at USD 12 million was approved in the meeting. In addition, if a director or auditor's remuneration is USD 0.4 million or more, this information is disclosed in the annual business report in accordance with related laws.

(unit: person; USD thousand)

	Number of people	Total remuneration	Average per person	Note
Registered director	4	5,544	1,386	-
Auditor	2	31	15	-

※ The above is the remuneration for the year 2021. The average remuneration per capita is based on the calculation of the total amount of remuneration divided by the number of people.

## Integrated Risk Management

As we provide products and services that meet the varying needs of global customers in a rapidly changing business environment, unpredictable risks impacting our business performance are growing. We will do our utmost to identify risks connected to uncertainties and potential losses so that an efficient response can be ensured in crisis situations and a stable business operation environment can be sustained. To this end, risk management procedures and a related system have been put in place to allow a proactive response, thereby enhancing corporate value and relations with our stakeholders.

### Operation of an integrated management system

#### Risk Management Committee

The company-wide Risk Management Committee reviews the risk status and makes a decision on response measures. The committee is led by the CEO as the chairperson and the head of IR/Finance Division as the Chief Risk Officer (CRO). Meanwhile, project bidding cases are deliberated on in the Bidding Review Committee; the Copper Futures Committee for copper management; and the Working-level Investment Review Meeting and Investment Risk Review Committee for major investments.

#### Risk Management Committee meetings

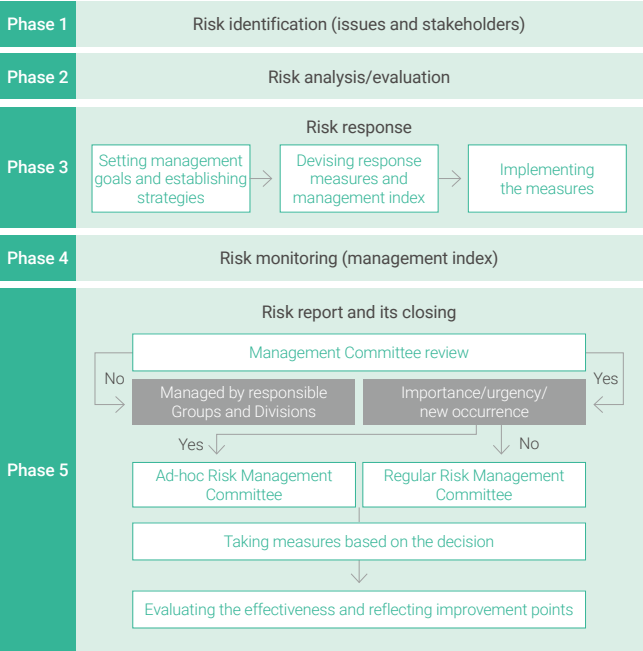
Meetings are held to review the risk status in detail, evaluate potential losses and establish response measures on a quarterly basis. If necessary, special committee meetings are convened for which the monitoring team is required to immediately provide the general management team with the report on the risk and its impact on the business.

#### Risk management organizations

To identify risks and draw up response measures before conducting businesses, our risk management activities are conducted by three groups: an execution team, monitoring team, and general management team. The execution team implements action plans and takes response measures when risks occur. The monitoring team makes a risk prevention plan at the Division or Group level and examines risks for prevention. When abnormal signals are detected, the team reports them to the general management team. The general management team establishes a risk management plan at the enterprise level, oversees its status, and operates the company-wide risk management committee.

Organization chart	LS C&S	
	Risk Management Committee Chairperson: CEO	
	CRO: Head of IR/Finance Division	
Business Group	Response to competitors' market entry and technological changes	Labor-management/Environment Environmental laws and regulations, serious accidents, and natural disasters
Quality	Customer complaints, system and product certifications, and customer audit	HR Labor-management issues, and labor-related government policy
Strategic planning	Strategic risks (changing direction of internal strategies)	Finance Currency and derivatives, liquidity, subsidiaries
Legal affairs	Compliance management, project contracts, and intellectual property	Purchasing and logistics Suppliers, raw material supply and quality

#### Risk management process



**Risk identification (issues and stakeholders)** — At this phase, potential cases that may affect the company are identified and then defined as opportunities or risks. Responsible teams host meetings to identify risks of each business process from quotation to contract, production, delivery, after-sales service, collection and hedging.

**Risk analysis/evaluation** — This is a phase of determining how much impact identified potential risks will have on our efforts to achieve goals. Qualitative or quantitative methods are used in assessing risks. In the qualitative evaluation method, the likelihood of risk occurrence is indicated as high, moderate, and low while the results using a quantitative method is indicated in the form of numerical value (amount), frequency and period.

**Risk response** — Risk response is a phase of establishing and implementing appropriate responses to eliminate or reduce identified risks. Risk responses are largely classified into four steps: acceptance, reduction, transition, and avoidance.

**Risk monitoring** — Risk monitoring is a phase of conducting a series of activities from review to supervision, observation, and management in order to identify abnormal signs for the defined risks. Monitoring activity items include start date, expected completion date, time of loss reflection, changes in risk amount and the status of risk cases.

**Risk report and closing** — Risks are reported to management through the Risk Management Committee for their closing. Based on the three criteria, importance, urgency, and new occurrence, decisions are made on whether pertinent risks are reported to the committee. Once the risk case is closed, results and completion date are documented.



Risk portfolios

We have created risk portfolios for four areas: disaster, financial, operational, and potential risks. Risks are evaluated based on the company's specific criteria, and risks categorized by area are managed in a proactive and continuous manner.

Disaster risks

To prevent disasters and occupational accidents and minimize the damage when they do occur, we are conducting management activities including response policy formulation and inspection, and implementation of improvement measures. For accident prevention at plants and construction sites, safety inspections are carried out on a regular basis. At the same time, we have established a management system and are maintaining a dedicated organization to prevent and respond to emergency situations to prevent unexpected accidents such as natural disasters and fire from negatively impacting our efforts to provide value to employees and customers. Even when production is disrupted by a disaster, we are still able to supply products from our overseas subsidiaries through cross-selling. In order to ensure that our subsidiaries provide comparable products, we operate an integrated Control Tower to support and manage the R&D, quality, and production technologies at our subsidiaries in a comprehensive manner. Under the Control Tower, technical management, quality management and equipment management teams are being operated.

Classification of disaster risk items

Category	Items	Impact	Related teams
Natural disaster	Natural disasters such as typhoons, floods, earthquakes, snowstorms, and thunderstrokes	Suspension of production and sales	All
	Fires and explosions	Loss due to fires, suspension of production, casualties, and disruption of process operations	Production
Accidents	Leaking of chemicals (toxic materials)	Casualties and tarnished corporate images	Production
	Serious accidents (including inhouse suppliers)	Disaster victims and disruption of process operations	All
Misc.	Wars and coups	Disruption of process operations	All

Pandemic risks

The Covid-19 pandemic has made us aware that the spread of infectious disease can serve as a business risk. We are making every effort to minimize any disruption to our business by establishing a prevention and emergency response system for infectious disease. For example, an action guide was drawn up for employees to follow. Work-from-home procedures and office floor plans have been established. We will continue to closely monitor changes in internal and external environments and plan our actions so that we can proactively respond to any potential threats and opportunities.

Financial risks

We strictly prohibit currency and derivatives trading for speculative purposes beyond essential risk management. Since price fluctuations in raw materials heavily affect our profit structure, such risks are mitigated through futures trading. In particular, the Copper Futures Committee regularly reviews related risks by sharing information, including copper commodity and futures related issues, operational performance, and market conditions by period. In addition, to minimize risks stemming from to fluctuations in foreign exchange rates, we implement a 100-percent foreign currency hedge policy when bidding on international projects. Our debt-to-capital ratio is reviewed on a monthly basis and improvement measures are taken as necessary to maintain capital-structure soundness.

Operational risks

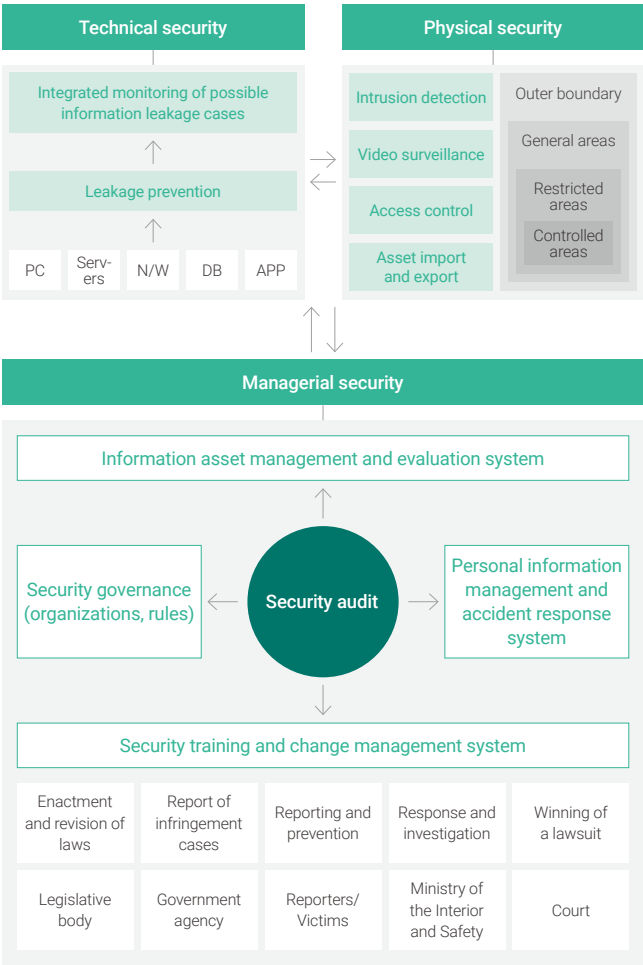
IT system stability and data security

In order to maintain the stability of the IT system, daily data backup for the entire system is conducted and the backup systems and data are stored in a vault to prepare for disasters or accidents. Measures in place to prevent the leakage of corporate and personal information include document encryption, authentication of external storage media, an approval process for exporting PCs, encryption systems, and firewalls. We have been implementing policy and taking technical protection measures to comply with domestic and international laws, including the Personal Information Protection Act, and the General Data Protection Regulation (GDPR). In particular, as part of the efforts at improving our security management, we became the first in the domestic cable industry in obtaining ISO 27001 for business stability and information security operation.

Ensuring stable equipment operation

In regards to production, regular equipment inspections are being conducted and a response manual has been established for any case of the disruption of equipment operation.

Personal information and corporate security system



Other risks

Strategic risks

The possibility that business uncertainty may lead to changes in the competitive environment and in strategic partners and a company's strategy may fail due to reputational damage are all managed as strategic risks.

Policy and regulatory risks

We also manage the risks of violating HSE laws and regulations. In particular, close attention is paid to legal compliance considering the elevated awareness of hazardous materials and the serious impact that any related violations could have on our business operations, such as restrictions on sales activities and worksite closure orders.

Refining risk management criteria

In March 2018, under a policy to refine risk management measures, specific guidelines and examples were provided to help identify risks. Classifications such as disaster, operational, and financial risks can feature room for subjective interpretation. To minimize subjectivity, we devised six new categories: collusion/litigation, debt, quality, withdrawal of business, subsidiaries, and miscellaneous. In addition, examples of cases identified as risks were provided to improve the efficiency of risk management and increase accuracy in profit and loss estimations.

Examples used as criteria

	Examples used as criteria	Risk (O/X)
Collusion/ Litigation	Penalties and fines handed down as administrative measures	○
	Legal claims for payment or damage	○
	Incidental expenses for court decomposition or litigation (legal fees)	X
Debt	Bad debts	○
	Overdue debts	X
	Overdue debts related to other issues, such as quality	○
Quality	Construction loss due to disputes with customers or contractors	○
	Construction loss due to cost overruns (including costs not reflected in the quotation price)	X
	Losses from inventory disposal due to a large volume of (unusual) defects in process (writing-down the value of inventory included)	○
	Inventory or loss from development and production activities (such as remaining PP, execution loss, and development samples)	X
	Quality claims raised by customers	○
Withdrawal of business	Asset impairment due to withdrawal of business	○
Subsidiaries	Impairment of securities, liquidation loss, and fund raising	○
Misc.	Delivery delay, exceeding planned construction duration, and unpredictable changes on the part of customers (such as contract termination, bankruptcy, and unreasonable requests)	○
	Expenses or losses from ordinary business activities (test/certification fees, taxes, and additional cable length required at the start and end of the manufacturing process)	X



# Selecting Reporting Themes

## Materiality assessment

We conduct a materiality assessment on an annual basis to identify the needs and interests of our stakeholders and effectively reflect them in our business activities. A comprehensive analysis was made of sustainability-related external evaluations, policies, regulations, best practices, and industrial trends. In addition, domestic and international press reports of LS C&S were examined. Notably, an online survey and interviews were conducted with internal and external stakeholders in order to collect their views and suggestions on high-priority sustainability issues. Moreover, we interviewed related teams to discuss their current status in terms of issue management and related plans.

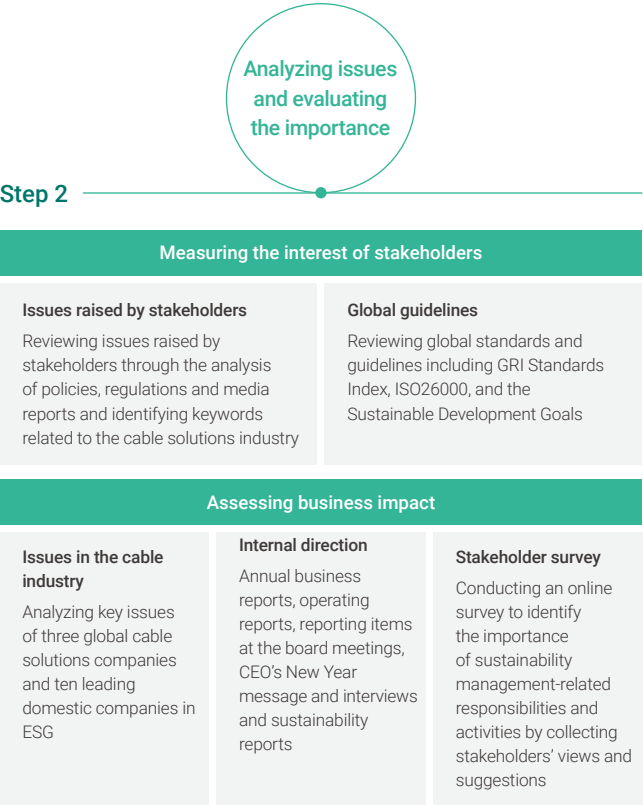
## Issue selection process

### Step 1

Firstly, we identified 55 issues related to sustainability by analyzing media research results, sustainable management standards and evaluation indices, policies, regulations, and best practices. Among them, 26 issues were selected in consideration of their internal and external relevance, significance, and likelihood of occurring.

Creating a pool of 26 issues in the context of sustainability
Economic responsibility: three issues Environmental responsibility: eight issues Responsibility for customers: three issues Social responsibility: six issues Responsibility for the members of the organization: six issues

### Step 2



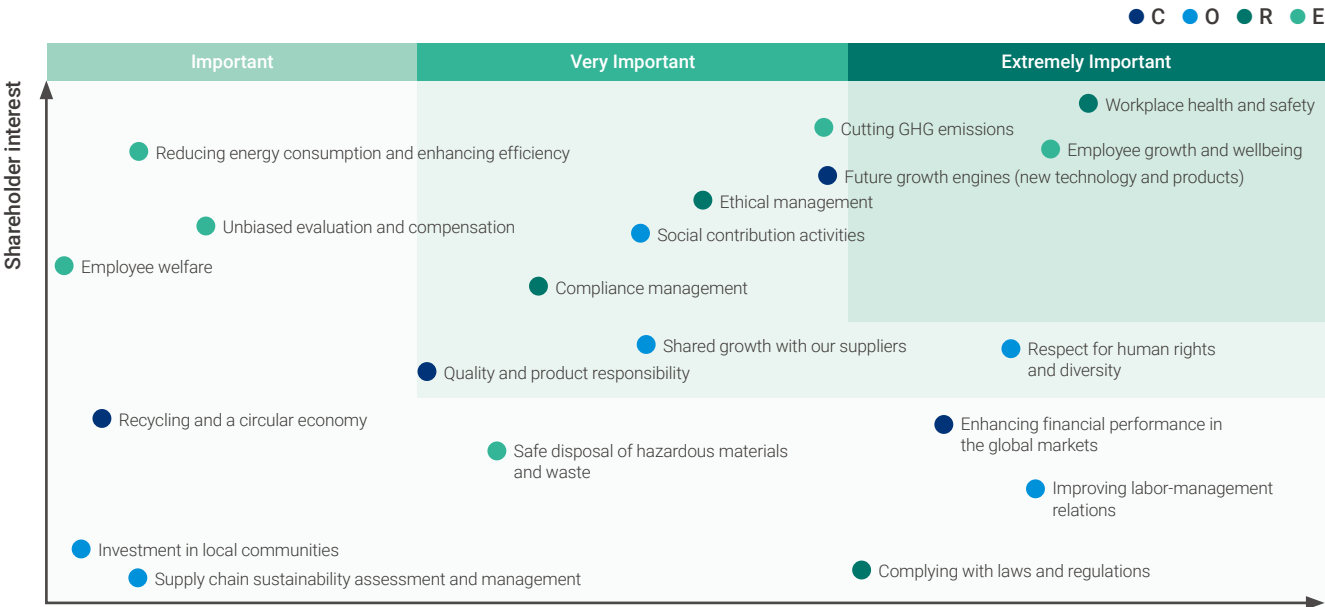
\* Survey period: March 14-18, 2022  
Measurement was made on a five-point scale and then converted to a 100-point scale.

### Step 3

Stakeholders assessed the materiality of our sustainability issues, based on which ten key issues were selected. In the environmental field, ‘cutting GHG emissions’ topped the list and garnered the most attention from external stakeholders. Regarding society, ‘workplace health and safety’ was ranked high, just as in the previous year. This appears to be mainly attributable to the rising interest among customers in the company's response to the Serious Accidents Punishment Act. Employee growth and wellbeing were also included as more emphasis is being placed on an organizational culture that increases satisfaction and meets social expectations at work.

Selecting key issues

## Material assessment results



Misc. (6): job creation; efficient use of raw materials and resources; promoting ethical management to suppliers; protection of water resources; development of green products and solutions; and responsible procurement

Core values	Key issues	Reporting themes	Those affected	GRI Index	Reporting page
Customer First	Future growth engines	· Expanding the scope of a product portfolio and launching green products · Increasing business competitiveness through digital transformation	Shareholders, investors, customers, subsidiaries	201 Economic performance	38p
	Quality and product responsibility	· Strengthening global competitiveness in quality	Customers, shareholders, suppliers, employees	416 Customer safety and health	43p
One LS C&S	Contribution to local communities	· Contributing to local communities	The government, local communities, future generations	413 Local communities	51p
	Shared growth with our suppliers	· Promoting practice of fair business transactions with suppliers · Pursuing shared growth	Shareholders, the government, suppliers	204 Procurement practices 414 Supplier social assessment	56p
	Respect for human rights and diversity	· Establishing win-win labor-management relations · Respecting diversity and ensuring equal opportunity	The government, employees, future generations	402 Labor-management relations 405 Diversity and equal opportunity 407 Freedom of association and collective bargaining	63p
Rule & Responsibility	Compliance management	· Strengthening compliance programs (CP) · Creating a culture of fair competition	Customers, shareholders, the government, suppliers, employees, future generations	206 Anti-competitive behavior 419 Socioeconomic compliance	70p
	Ethical management	· Improving ethics regulation to promote ethical management	Customers, shareholders, the government, suppliers, employees, future generations	205 Anti-corruption	74p
	Safety, our top priority	· Ensuring employee safety and health	Customers, shareholders, the government, suppliers, local communities, employees	403 Occupational health and safety	78p
Expertise	Employee growth and wellbeing	· Strengthening employee capacity and nurturing talent · Securing talent and promoting unbiased HR management	Shareholders, employees, future generations	401 Employment 404 Training and education	85p
	Environmental responsibility	· Conducting R&D and purchasing raw materials for green products · Responding to climate change issues and reducing GHG emissions · Managing toxic materials and chemicals in products	Shareholders, the government, local communities, future generations	301 Materials 302 Energy 303 Water and effluents 305 GHG emissions 306 Effluents and waste	94p



10 key topics based on  
our core values

CUSTOMER FIRST

- 1. Future Growth Engines
- 2. Quality and Product Responsibility

ONE LS C&S

- 3. Contribution to Local Communities
- 4. Shared Growth with Our Suppliers
- 5. Respect for Human Rights and Diversity

CORE

RULE & RESPONSIBILITY

- 6. Compliance Management
- 7. Ethical Management
- 8. Safety, Our Top Priority

EXPERTISE

- 9. Employee Growth and Wellbeing
- 10. Environmental Responsibility



HIGHLIGHT TOPIC 01

# Pursuing green values in our business operations

Technological innovation and industrial development have improved the quality of people’s lives in the 21st century, but they have also brought unexpected challenges. Environmental issues are no longer simply a risk in the distant future. They are becoming a matter of survival for both nations and businesses. Using green materials in cable manufacturing and developing raw material recycling technology will propel us toward greater business sustainability. We will continue our efforts at innovating and challenging ourselves to improve green management.

## Achieving ‘RE50’ at the Donghae Plant

- Consuming 74.4GWh of electricity generated by renewable energy
- Setting a goal of 75% of renewable energy use by 2023 and 100% by 2024

ISO 14001 certification  
(an environmental management system)  
**Obtaining certification in the construction sector**

Importing 1,000 tons or more of particular materials  
**Registered with the K-REACH<sup>1)</sup> portal: copper**  
1) The Act on Registration and Evaluation, etc., of Chemicals

Environmental Value

**Signing a MOU on carbon neutral technology development with the Korea Electrotechnology Research Institute**  
Conducting joint research on power transmission technology and materials

**「EPD Environmental Product Declaration」  
Setting a goal of receiving EPD certification (by 2022)**

Cutting GHG emissions by saving energy  
**1,624**tons





HIGHLIGHT TOPIC 02

# Promoting social values to achieve sustainability for our business and for society

We are moving forward to create economic value as a company. At the same time, we take sustainability seriously on behalf of the future of our society and are striving to create social value with our stakeholders. We will communicate and cooperate with them by fully utilizing our expertise and assets, thereby creating new value.

## Launching an ESG Management Committee

Holding committee meetings on a bimonthly basis (from June 2021)

**Operating social contribution programs to protect the environment**  
Marine environment protection activities

**Selected as a leading company in promoting the employment of those discharged from military service**

**Creating HR Innovation Journey, an HR management blueprint**  
Creating an organizational culture in which positive values are promoted

**Renovating communal spaces in the head office building in Anyang**

**Supporting the UN SDGs<sup>1)</sup>**  
17 goals and 169 targets  
1) SDGs: Sustainable Development Goals

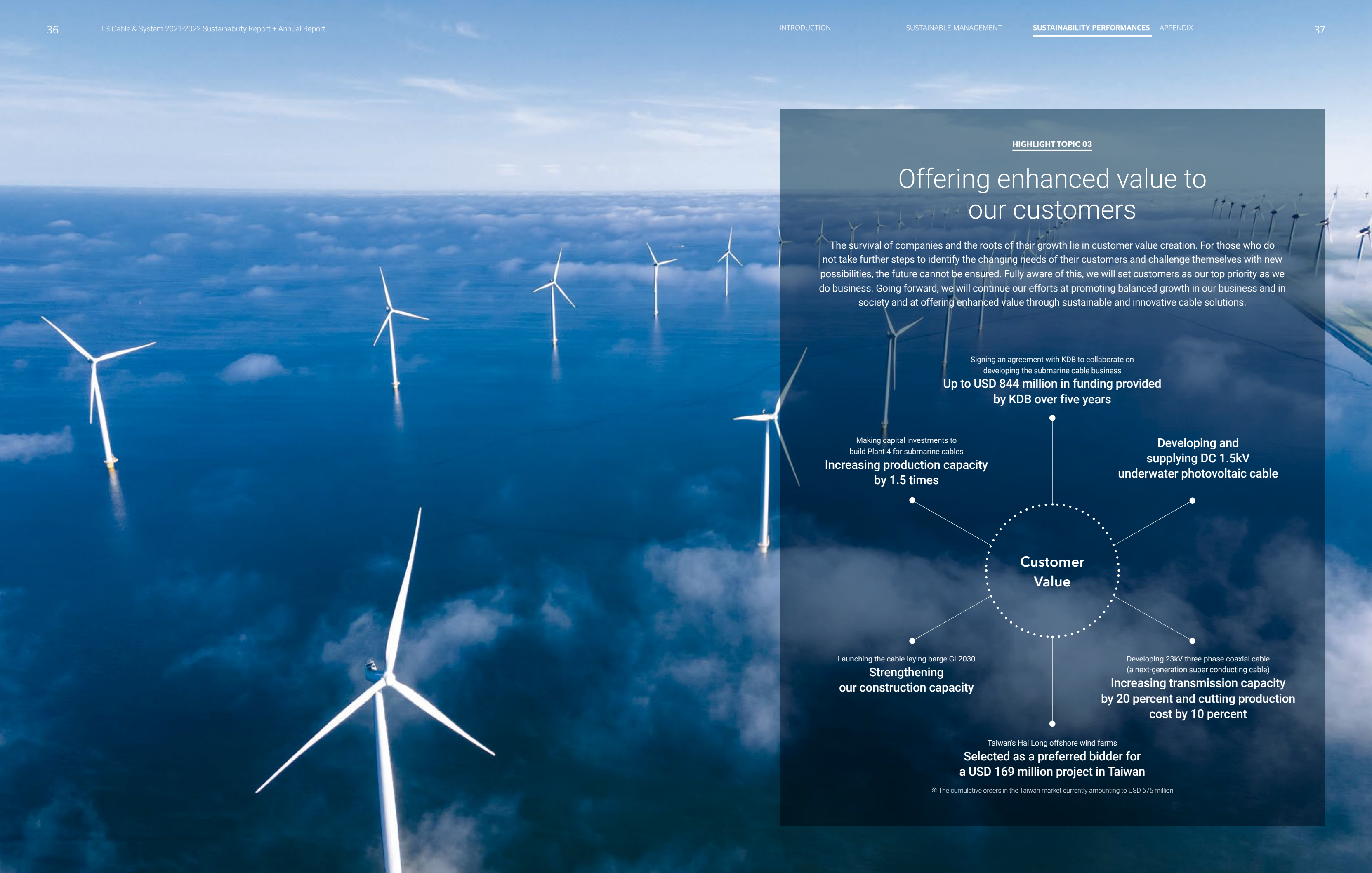
**Obtaining certification in the construction sector**  
The SCL (Safety Culture Ladder<sup>2)</sup>) certification

Worksites with no labor disputes  
No labor disputes over **33** years

2) Certification developed in the Netherlands to promote an organizational culture of safety

Social Value

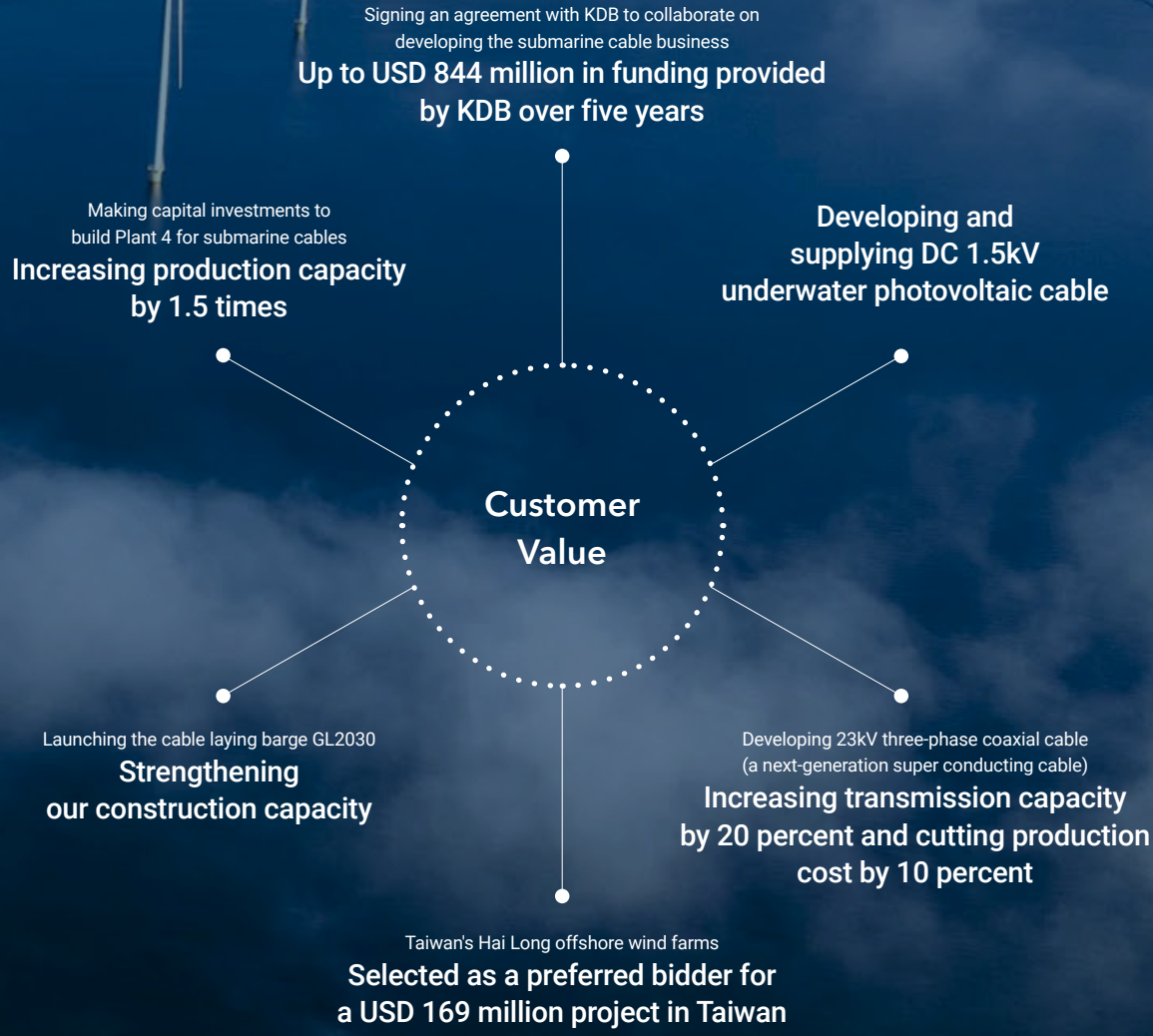




HIGHLIGHT TOPIC 03

# Offering enhanced value to our customers

The survival of companies and the roots of their growth lie in customer value creation. For those who do not take further steps to identify the changing needs of their customers and challenge themselves with new possibilities, the future cannot be ensured. Fully aware of this, we will set customers as our top priority as we do business. Going forward, we will continue our efforts at promoting balanced growth in our business and in society and at offering enhanced value through sustainable and innovative cable solutions.



※ The cumulative orders in the Taiwan market currently amounting to USD 675 million



# Future Growth Engines

We are concentrating our efforts on research and development in power, telecommunications, and industrial cables, including HV/EHV and submarine cables, in order to secure next-generation cable system technology. In particular, we have designated superconducting and submarine cable systems that allow highly efficient large-scale transmission without power loss, eco-friendly DC power grids, and EV parts as our growth engines for the future. We will do our utmost to create product value based on customer needs by securing technological competitiveness and providing our customers with innovative products and stable operations.

Management Approach

1  
Promoting market-leading business

• Developing next-generation HVDC cables and increasing production capacity

• Asset management system and cable line diagnosis system

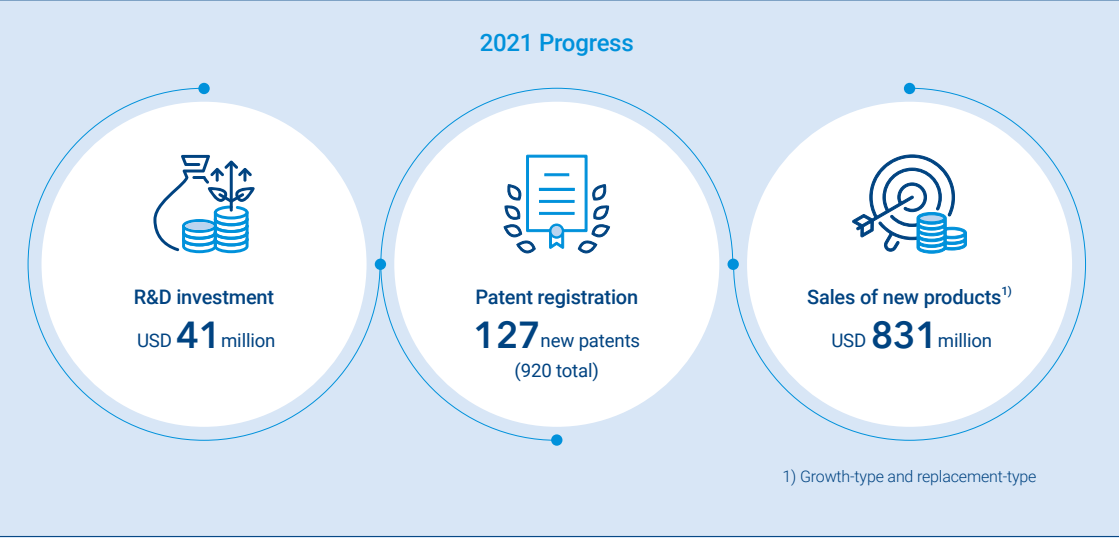
2  
Developing green products and technology

• Products and technology for storing, transporting and utilizing hydrogen

• Recycling technology of eco-friendly materials and resources

3  
Identifying new growth engines

• Technology consulting from international experts and an Open R&D technology competition



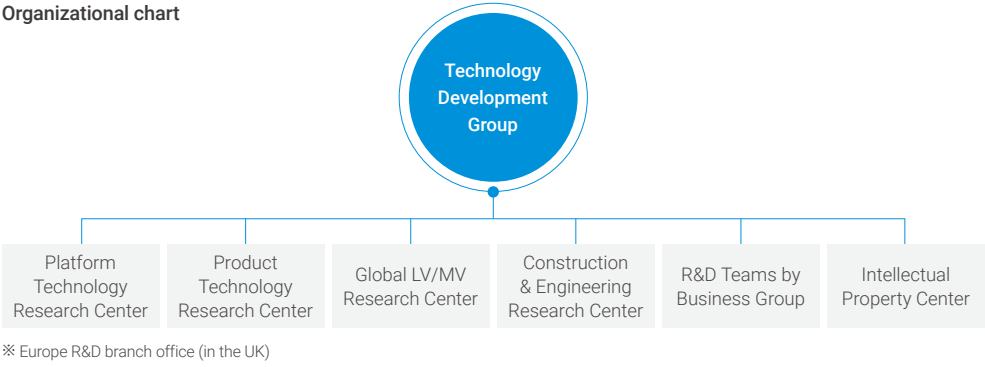
1) The resolution adopted at the 70th Session of the UN General Assembly to meet the goals of the 2030 Agenda for Sustainable Development

## 1. R&D areas and key activities

### R&D organization

Our Central Research Lab is conducting research and development on a variety of high-value-added products that meet the needs of markets and customers. The high-quality but price-competitive products being developed in the lab will lay a foundation for future growth engines. In response to tightening environmental regulations, the lab is focusing on the development of highly-efficient eco-friendly products in consideration of their lifecycle from design to manufacturing and disposal. In addition, the Technology Development Group is responsible for intellectual property management, including patents for cable solutions and installation, and is taking the initiative in securing future technology for a constantly changing environment.

Organizational chart



### R&D direction

We have been expanding the scope of our product and technology research to proactively respond to a range of environmental issues. We have also been conducting efficiency development activities for digital innovations to minimize cost and trial-and-error. Meanwhile, an overseas R&D branch office was set up to identify global technological and market trends, and an Open R&D technology competition is being held to explore new research themes from different perspectives in cooperation with in-house venture groups, industry, academia, and research centers.

Developing differentiated products and technology	Next-generation energy solutions	Diversification of a product lineup	Base technology and materials
	• Developing next-generation power transmission/distribution systems • Conducting a study of a submarine cable system and installation technology	• Diversifying a portfolio of wired and wireless telecommunications products • Developing industrial equipment, automotive, and specialty cables	• Conducting research on conductors in cable and polymer materials • Developing technology optimizing CAE/processes
Promoting future growth engines	Eco-friendly products and technology	Digital Transformation	
	• Studying eco-friendly cable materials • Developing non-cross-linked cable • Developing cable material recycling technology	• Cable diagnosis and monitoring technology • Utilizing AI technology in R&D	
Creating synergy	Open R&D	Global R&D	
	• Hosting an external technology competition • Conducting cooperative tasks among industry, academia, and research institutes	• Operating an R&D branch office in Europe • Promoting cooperation with international technology experts and institutions	

Key R&D activities in 2021

We strive to concentrate on proactive research and development to improve product competitiveness and supply products in a timely manner that meet customer requirements and expand our global markets. We maintain a DC product lineup from LV to HV by conducting verification testing of LVDC power distribution cables and obtaining certification for our 500kV HVDC cross-linked polyethylene cables. R&D activities have been conducted using AI to internalize our future innovation technology. Continuous investments have been made in green technology to respond to the increased social interest in the environment as well as strengthened regulations. We select the most promising R&D tasks and technologies developed over a year and employees in charge are given awards to maximize the synergy between technology and products and to help motivate our R&D employees.

Research task	Expected outcome
LVDC power distribution cable verification project	• Securing a technological advantage in DC power with increased distributed generation
Certification of 500kV HVDC cross-linked polyethylene cables	• Establishing a foothold for entering domestic and international markets with world-class technology
AI-based prescription of compounds	• Increasing the efficiency of R&D using AI technology and expanding the application scope
Eco-friendly remanufacturing and material cycle technology	• Expanding the scope of the recycling business and securing eco-friendly technology

Research and development cost (unit: USD thousand, %)

	2019	2020	2021
Total R&D cost	36,204	38,133	38,702
Government subsidy	83	110	509
R&D cost to sales ratio [Total R&D costs / Sales during the year *100]	0.93	0.93	0.80

Sales of new products (unit: USD million)

	2019	2020	2021
Growth-type new products	508	563	597
Replacement-type new products	363	260	234
Total	10,328	9,758	9,846

2. Strengthening external cooperation

Strengthening external cooperation

A variety of efforts are being made to promote external cooperation and secure technologies that distinguish us from others. As part of this program, we introduced our Open R&D technology competition in 2021 to create synergies utilizing external resources such as research institutes and colleges. Cooperative tasks have been identified and conducted to develop cable solutions technology. Meanwhile, we have been proactively cooperating with external research institutes and participating in national projects to secure innovative technology.

Technology competition



(in 2021)



(in 2022)

Signing an MOU between the Korea Electrotechnology Research Institute and LS C&S



Purpose: technology development to achieve carbon neutrality  
- Developing eco-friendly technology and materials in power transmission

Awards received in 2021

LS C&S received awards for its technological prowess in R&D in 2021, including a Best CTO award from the Korea Industrial Technology Association and a Science and ICT Minister's citation.

Award details		
Awardees	Awards	Achievements
Energy System Research Center	Best CTO award from the Korea Industrial Technology Association	Development of a DC 500Kv cable system and diagnosis and monitoring technology
Module Research Center	Best engineer award from the Korea Industrial Technology Association	Development of a R-Bar system for high-speed trains
Platform Technology Research Center	Best engineer award from the Korea Industrial Technology Association	Development of key materials for HV/EHV power cables
Global LV/MV Research Center	Science and ICT Minister's citation	Development of fire-resistant/flame-retardant cables

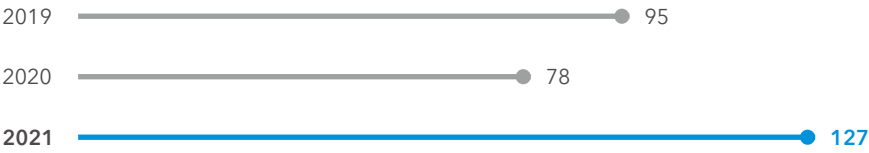


3. Intellectual property rights management

Patent strategies

We have been implementing patent strategies based on R&D cooperation by generating R&D ideas, analyzing patents, and proactively responding to IP risks. In 2021, we acquired patents for new products and technologies, including HVDC cables, connection technology for different types of conductors, an AI-based PD monitoring system, stranding-type LSCC, rollable ribbon optical cables, submarine optical cables, and busducts for data centers, providing us with a considerable competitive advantage in the market. In 2021, we registered 77 new domestic patents and 50 new international patents, bringing our accumulated total to 920.

Patent registration (unit: case)



		2019	2020	2021
Registration	Domestic	67	46	77
	International	28	32	50
	Total	95	78	127

※ Patents, utility models, and industrial designs included

IPR training and management

We provide annual IPR training programs as a mandatory course for R&D employees. Internal and external experts are invited to serve as lecturers for these on- and off-line programs. Among technologies with recognized business value that are based on intellectual property developed at work and through training, we apply for a patent if there is a need to secure the IPR. Technologies requiring confidentiality are managed as proprietary know-how. In addition, compensation is provided on a half-yearly basis for achieving patent application rights, reserved patent applications for know-how, and employee's patented inventions.

Quality and Product Responsibility

As our cable products are used for power and telecommunication transmission for industrial infrastructure and people's lives and applied to a variety of power devices, we are proactively conducting quality management activities to increase reliability and meet the requirements of eco-friendly products.

In addition, considering the impact of our products has on local communities and the country, we are striving to secure the best possible product quality and meet the needs of our customers and stakeholders by establishing a risk management system across the entire process.

1  
Operating a quality management system that meets customer requirements

• Obtaining international certifications by business area

• Conducting a satisfaction survey for domestic and international customers

2  
Strengthening capacity for quality differentiation

• Expanding the IT system for quality management

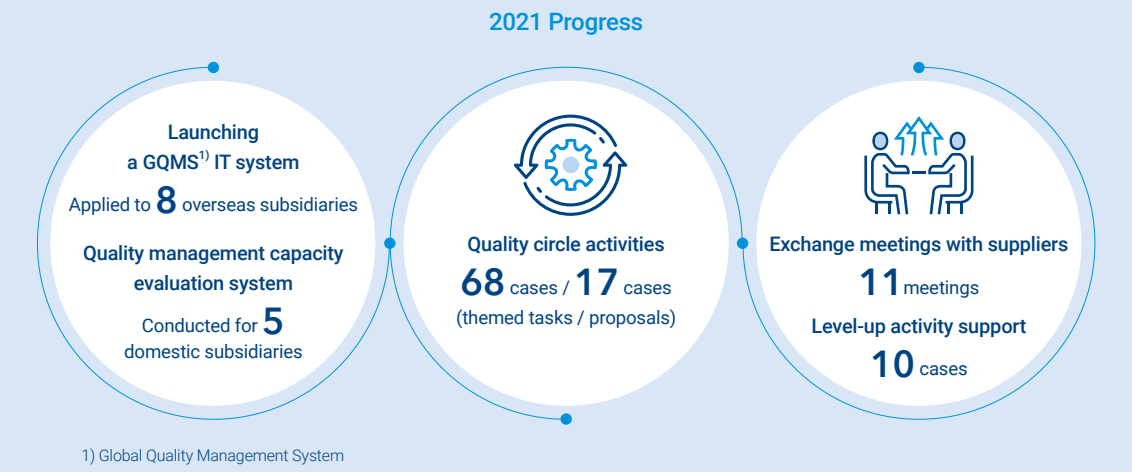
• Innovation activities by quality circles, and a 3R5S certification system

• Securing product quality evaluation technologies

3  
Operating the Quality Control Tower

• Quality management capacity evaluation system for subsidiaries

• Exchange meetings with suppliers




Link to 「UN-SDGs」



1. Operating a quality management system that meets customer requirements


Obtaining international certifications by business area

We operate an overall quality management system and specific processes for different business divisions based on IATF 16949 certification. The latest changes required for certification are constantly being reflected in the system in order to meet customer requirements and market needs in a timely manner. In addition, voice of the customer (VoC), related laws and regulations, and process improvements are reflected in the operation of the system to ensure that it is optimized for customer requirements and the characteristics of the product in question.




**ISO 9001**

- Power transmission/distribution and submarine cables and connection materials
- Industrial and telecommunications cables and power distribution materials
- Busducts, bare conductor manufacturing, and cables for industrial equipment
- HV/EHV underground and overhead systems, submarine cable systems, and nuclear power cable systems




**IATF 16949**

- Automobile (power lines, tubes, and magnet wires for automobiles)




**KEPIC**

- Nuclear power (industrial specialty cables)



**TL 9000**

- Telecommunications (optical communication)



**Product certification**

- Globally certified by respective industries, including CPR<sup>1)</sup>, railways, blast protection, structures, and shipbuilding

1) Construction Products Regulation

Customer satisfaction survey

As part of our efforts at offering high-quality products and service in a rapidly-changing and increasingly competitive business environment, we have been conducting satisfaction surveys to regularly collect customer feedback.

**Customer satisfaction survey in 2021**

- Domestic customers: 297 companies (Jan 27 – Feb 22, 2021)
- International customers: 431 companies (Jul 10 – Aug 30, 2021)
- Customers in our business areas by region
  - Business areas: energy, telecommunications/industrial solutions (equipment and industrial specialty cables), and materials
  - Regions: Korea, Asia Pacific, China, the Americas, Europe, and Middle East/Africa

**Survey items**

- The surveys focus on the five areas of quality, price/delivery, construction, new technology, and service. VoC was collected and reflected for each business area.



**Service**

- Purchasing process
- Customer convenience
- Positive attitude in customer service

**New technology**

- New technology demand survey
- Contactless service
- Cable line diagnosis technology

**Construction**

- Construction quality
- Turn-key projects

**Price and delivery**

- Price adequacy
- On-time delivery
- Customer communication

**Quality**

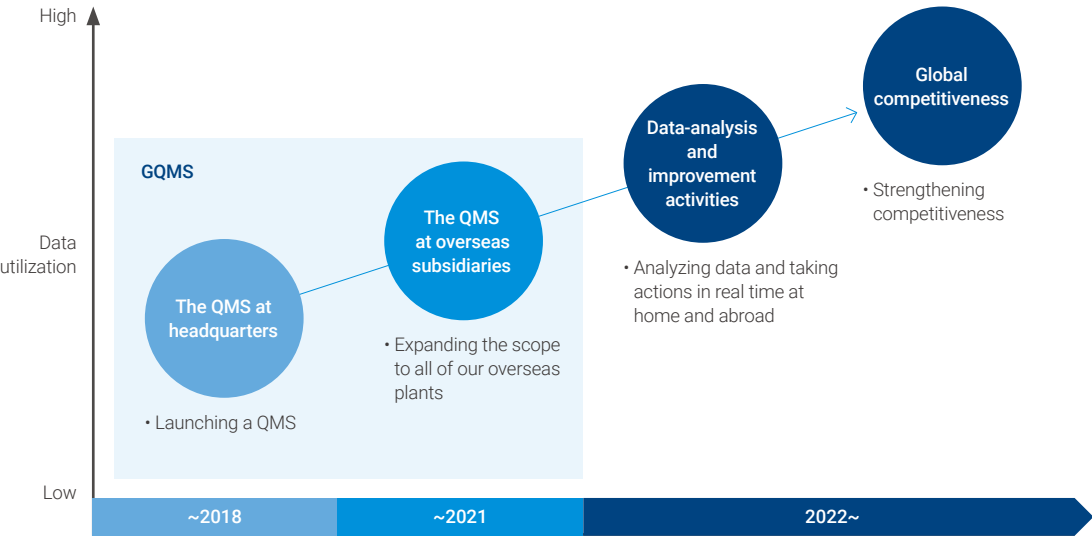
- Price competitiveness
- Customer response

2. Strengthening capacity for quality differentiation

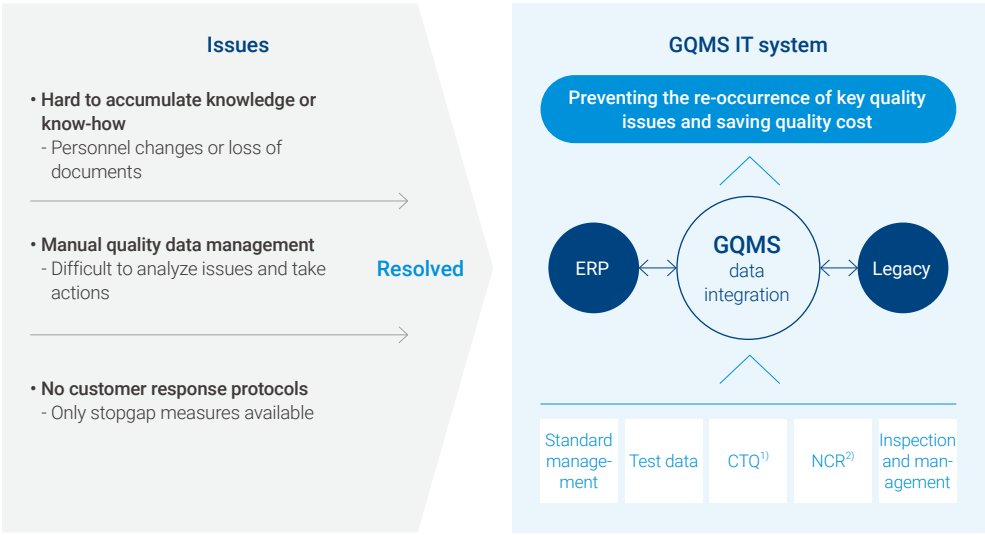
Launching a GQMS IT system

In November 2021, we launched a GQMS (Global Quality Management System) for IT at eight overseas production subsidiaries according to a roadmap for the integrated management of quality information. A QMS system was first introduced in 2018 to collect and manage quality-related information on product inspections, issues, and customer evaluations. The new GQMS, which is based on the original QMS, will help overseas subsidiaries enjoy the same level of quality competitiveness as headquarters.

The QMS IT system at headquarters → Establishing a GQMS for overseas subsidiaries based on the QMS



Integrating quality data and accumulating know-how → Preventing the re-occurrence of key quality issues



1) Critical to Quality: the key attributes of a product or service that customers have defined as being important.  
2) Non-conformance report



Innovation activities by quality circles

The innovation activities consist of themed tasks and proposals related to all processes and involve the participation of about 600 employees at our domestic sites. A total of 68 quality circles select themes such as quality, cost, and delivery and conduct related tasks to strengthen competitiveness at the worksite and raise awareness. Proposals are made to explore new ideas for improving the innovation activities or worksites. For proposals deemed to be outstanding ideas, action plans are devised for implementation. In addition, we have developed a quality circle management program in the QMS IT system. Quality circle improvement cases are put into a database so that they can be used as a reference for resolving issues.



3R5S certification system

As the quality of products is eventually determined at the plants, training and related activities at our sites are the key to quality management. Under the principle of sticking to the basics, the 5S activities of sorting, setting in order, shining, standardizing, and sustaining are being conducted at the Gumi, Indong, and Donghae Plants in order to enhance quality. They are designed to encourage quality circles to compete and benchmark each other, eliminating unnecessary waste, secure safety, and identify and award worksites with outstanding performance. Meanwhile, Quality Assurance Teams from each Business Group are carrying out onsite patrols to identify potential quality risks and take improvement measures.



3R5S certification

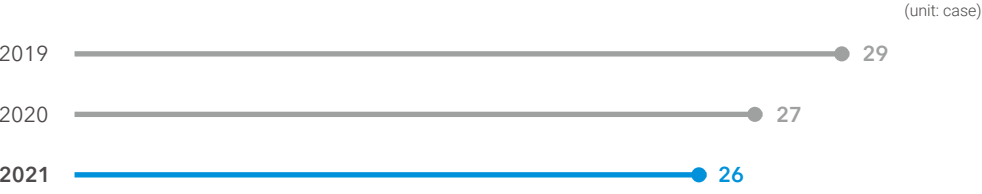


Quality circle members with the CEO

Securing product quality evaluation technologies

We are making continuous efforts at developing product performance evaluation technologies to guarantee that defects do not impact industrial sites or people's daily life. We have established evaluation technologies for long-term reliability and electrical and physical property tests to ensure product quality and enhance customer trust.

Evaluation technologies secured in 2021

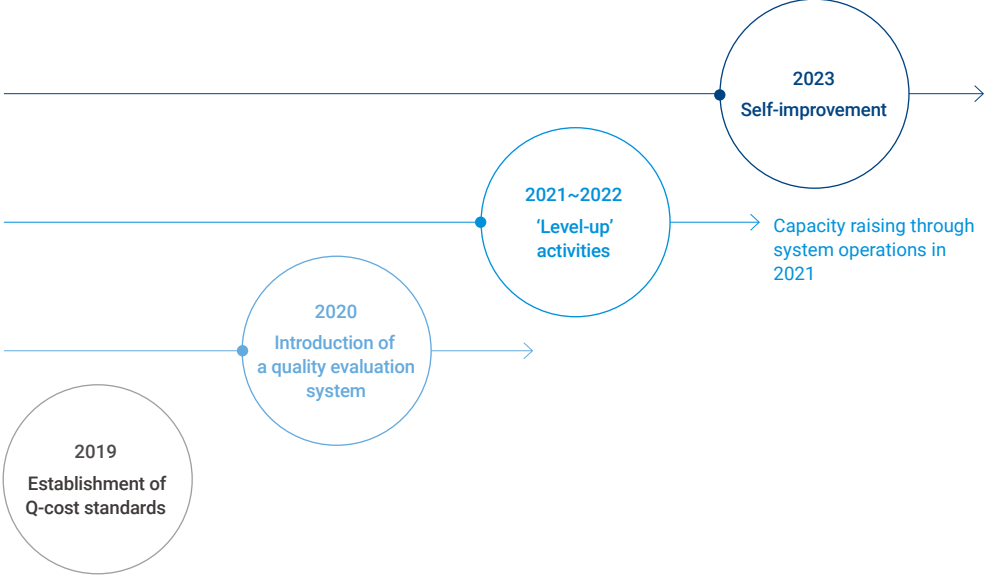


3. Operating the Quality Control Tower

Quality management capacity evaluation system for domestic subsidiaries

A quality management capacity evaluation system was implemented in 2020 to address any potential quality management risks at domestic subsidiaries and secure market competitiveness. In 2021, quality cost saving KPIs were measured and 64 requirements for meeting global standards were individually evaluated. In addition, we closely monitored the progress of the tasks identified in 2021 for strengthening quality management capacity at our subsidiaries. For tasks experiencing delays, we contracted for consulting services from an external agency to find solutions to addresses the related issues.

Mid- and long-term plans for the quality management capacity evaluation system



Supplier quality management

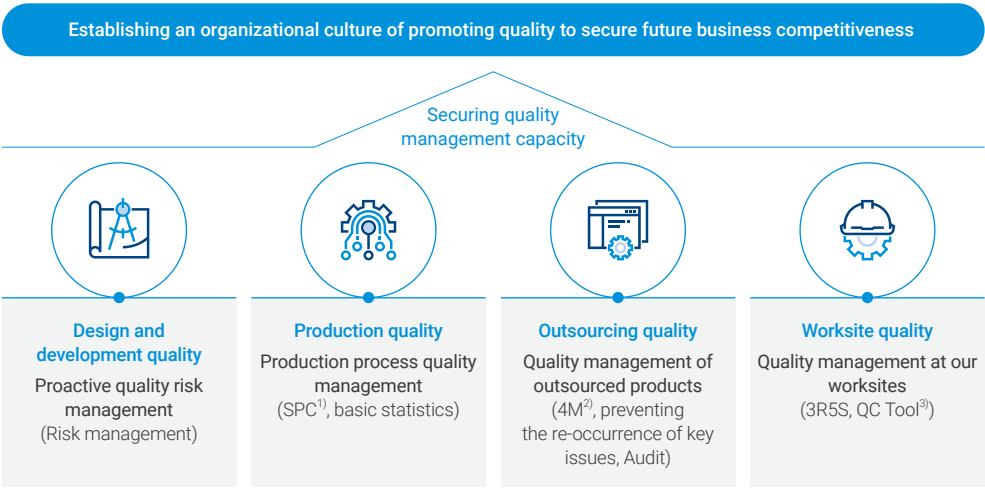
To promote win-win partnerships and enhance product quality, we hold exchange meetings with suppliers and provide support that is tailor-made to their needs. Best practices at LS C&S are shared for benchmarking at these meetings and our engineers visit to check the processes and discuss points for improvement that can ensure supplier quality. In addition, quality training is provided to share our process management and evaluation techniques and raise quality awareness.

4. Future plans

Operating a Quality Academy

As part of our efforts at strengthening the quality capacity of our engineers and establishing an organizational culture that promotes quality, we plan to open a Quality Academy in 2022 that can further foster quality management professionals.

Direction



1) Statistical process control  
2) Man, Machine, Material, Method  
3) QC Tool: techniques for improving quality such as data cleaning and analysis

Phases



Course planning: in-house training that meet the specific needs of the company

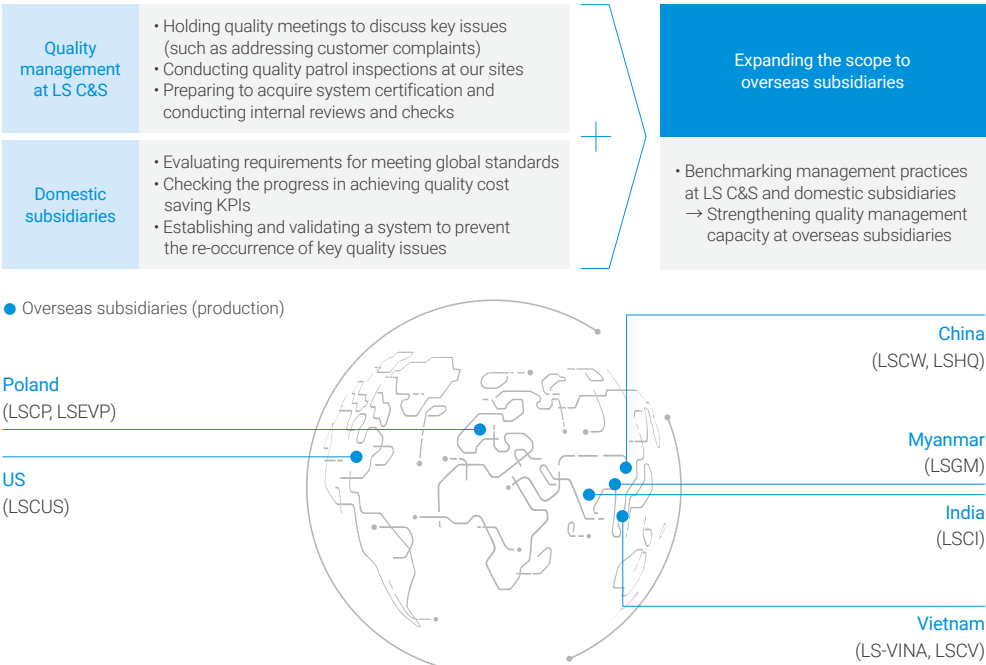
① Quality professional course	② Quality master course
<ul style="list-style-type: none"><li>• Providing the knowledge required by quality experts</li><li>• Program attendees: 24 engineers (from March to July in 2022)</li><li>• Granting "Quality Professional" qualification through an internal screening process</li></ul>	<ul style="list-style-type: none"><li>• Nurturing quality auditors and quality improvement experts</li><li>• Program attendees: engineers who have passed the quality professional course (in August 2022)</li><li>• Granting "Quality Master" qualification through evaluation by LS C&amp;S and domestic subsidiaries</li></ul>



Quality management capacity evaluation system for overseas subsidiaries

We plan to also introduce a quality management capacity evaluation system to our overseas subsidiaries in order to secure product reliability in global markets by minimizing potential quality risks. This system will be operated at four overseas production subsidiaries in 2022. LS C&S will serve as a control tower to provide support for the improvement of quality management capacity so that improvement tasks identified through evaluations can be promptly addressed and benchmarking points can be shared between LS C&S and its subsidiaries.

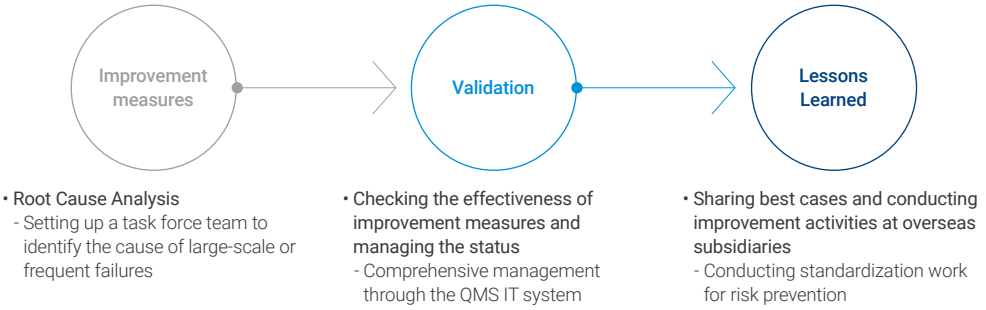
Global quality management capacity evaluation system



Rapid quality risk response system

We will establish a dedicated team at the head office to support an advanced customer response system by professionally responding to quality issues in the global market and serve as a control tower. At the same time, activities will be conducted to proactively prevent the re-occurrence of key quality issues, thereby enhancing customer satisfaction.

Preventing the re-occurrence of key quality issues and taking proactive measures



Contribution to Local Communities

Corporate social responsibility was once considered simply an optional cost, but is now one of key requirements in global business strategy and perceived as an investment in the future. LS C&S is striving to fulfill its corporate social responsibility and achieve shared growth with local communities by conducting activities considering our business characteristics, sharing events in partnership with local communities, and talent donation.

Management Approach

1  
Addressing environment and social issues

- Protecting the sea environment in local communities
- Support for employment programs in local communities
- Providing support to children who had experienced domestic violence

2  
Nurturing future talent

- Science class for children 「LS Dream Science Class」
- LS overseas volunteer group 「LS Dream School」

3  
Donation of talent

- Electrical safety checks and education in traditional markets
- Employee volunteer groups to support the vulnerable

2021 Progress



1. Addressing environmental and social issues

Cleaning up the ocean environment

After we announced our ESG management goals, we set the direction for our social contribution to promote shared growth with local communities by conducting activities suited to our business characteristics. As part of the efforts, we launched an event on the occasion of the 27th anniversary of South Korea’s Maritime Day to clean up the sea environment with participation from the private, public, and military\* sectors. About 120 people took part in collecting five tons of underwater and waterside waste at Mukho Port and Hanseom Beach in Donghae, Gangwon- do Province. An environmental clean-up campaign was conducted to promote the value of marine resources. We will continue our efforts at protecting the environment in cooperation with local communities to create social value.

\* Private: LS C&S; public: Donghae Maritime Police, Donghae Maritime Special Rescue Team, and Korea Marine Environment Management Corporation Donghae Branch; and military: Republic of Korea Navy First Fleet



Ocean clean-up activities on the 27th anniversary of Maritime Day

Job creation for local communities

We conduct CSR activities based on the belief that corporate sustainability can be ensured along with the ongoing development of local communities and wellbeing of their members. Our efforts aimed at creating social value are mainly concentrated around the locations of our plants in Gumi, Indong, and Donghae. We will continue our work to make a positive change in society and promote cooperation with the central and local governments.

Selected as a leading company in promoting the employment of discharged service members



CASE 01

After signing a business agreement on providing job support for people discharged from military service and encouraging their settlement in Donghae City with the Headquarters of the Republic of Korea Navy First Fleet in November 2020, LS C&S was selected as a leading company in promoting the employment of discharged service members. A total of twelve discharged soldiers were hired in 2021. The Ministry of Defense annually selects five leading companies based on their employment performance and recommendations from the Army, Navy, Air Force, Marine Corps, and the Military Outplacement Training Institute. This achievement is particularly meaningful as the result of tripartite efforts, including the commitment by LS C&S to proactively secure talented people and a program by Donghae City to provide job support to discharged soldiers and promote the inflow of population. We will continue to encourage economic benefits in Donghae.

Support for welfare organizations

Supporting the underprivileged

Since our submarine cable worksite was built in the city in 2009, a special bond has been formed between LS C&S and Donghae. We are striving to sustain our efforts to contribute to local communities through designated donation, scholarships and sharing activities by employees. LS C&S has been making an annual donation of USD 100 thousand to the city of Donghae since 2018 to support the vulnerable.

We have been donating since 2020 to support a project to provide medical assistance, including psychotherapy and emotion-focused therapy, for the recovery of children who have experienced domestic violence. The purpose is to help children become emotionally stable and restore family bonds so that they can return to more normal lives. We will continue our efforts to support children out of hope for their healthy growth and development.

Donation from monthly salary

All employees of LS C&S have voluntarily donated up to USD 1 from their monthly salary, and the company matches its employees’ charitable contributions. The funds collected through employee donation is used to support children living with their grandparents, people with disabilities, and senior citizens living alone. In 2021, we donated USD 41,500 to the vulnerable in Anyang, Gumi and Donghae where our worksites are located.

Employee volunteer groups

Employee volunteer groups at LS C&S are conducting activities on a regular basis to support the vulnerable. Chamsarang Society, a volunteer group established in 1999 at the Gumi and Indong plants consists of 600 employees, while 200 employees at the Donghae worksite are working as volunteers of Jeongnanum Society that was started in 2009. They visit local social welfare centers on a regular basis and conduct a variety of activities, including cleaning, repairs, birthday parties, sports events, free meals, and free haircut services. In addition, fuel and food support, scholarships to child breadwinners, and stream and cultural heritage protection are provided. At the end of the year, coal briquet delivery and kimchi making events for the vulnerable are held.



Donations to support the victims of child abuse in Donghae City



2. Nurturing future talents

Science class for children  
LS Dream Science Class

LS Group has been conducting social contribution activities based on its philosophy of providing a trusted partner supporting the dreams of our future generations. One case in point is the LS Dream Science Class program that has been encouraging children's interest in basic science and improving their access to education since 2013. As the prolonged Covid-19 situation has created a blind spot in childcare and exacerbated educational disparities, we held the 16th LS Dream Science Class to provide science experiment programs to fifth and sixth graders. To minimize the risks of Covid-19, all programs were operated online and free rental laptops were provided during class for those who did not have one at home.



The 16th LS Dream Science Class Online Vision Camp

LS overseas volunteer  
group LS Dream School

We have participated in the LS overseas volunteer group program and elementary school construction projects in developing countries, including Vietnam, India, Bangladesh, and Cambodia, to improve their educational environment. Since 2007, over 1,000 college students and employees (a team of 25 each) have joined these programs. In addition, as part of LS overseas volunteer group activities, LS Dream School buildings with eight to ten classrooms are being constructed every year, and a total of 18 have now been opened in Haiphong, Hai Duong, Ho Chi Minh, and Dong Nai cities in Vietnam. LS Group plans to operate its Dream School IT Class in Vietnam for third to fifth graders beginning in September 2022 as a response to the great interest among Vietnamese students and parents in IT education and the poor IT infrastructure at many of the country's schools. Classrooms in Dream School buildings No. 9 and 11 will be renovated into computer rooms and six-month robot coding and IT certificate programs will be provided to strengthen children's basic digital competencies.



The opening ceremony of the 17th LS Dream School

3. Donation of talent

Electrical safety checks in  
traditional markets

Based on our belief that growing together with local communities is corporate responsibility, we have been providing monthly electrical safety checks in traditional markets since September 2017. Employees with cable inspection expertise visit shops to check cable insulation performance, sheathing, and possible short-circuits and provide repair or exchange services. They offer education on the risks posed by cable misuse. Such activities had been conducted at 300 shops in 22 traditional markets not only in Anyang, Gunpo, Gumi, and Donghae where our worksites are located but also in Busan, Daejeon, Gwangju and Ulsan.



Electrical safety checks in traditional markets

# Shared Growth with Our Suppliers

As our suppliers are key business partners, we are striving to create a culture of win-win cooperation. We strictly comply with laws and regulations regarding fair business transactions as part of the cooperation based on our “Jeongdo” management philosophy. Moreover, a variety of technological and financial support programs are being offered to help them build business stability and strengthen competitiveness. Our efforts at win-win cooperation will be continued so that shared growth can be achieved.

Management Approach

1  
Operating a system for fair business transactions

- Procurement process
- Strengthening internal regulations to prevent unfair business transactions
- Operating a subcontracting review committee


2  
Operating a system for win-win cooperation

- Supporting suppliers to build business stability
- Joint efforts for technology development
- Support of suppliers in expanding their overseas sales

3  
Operating a supplier management system


- The AVL (Approved Vendor List) system
- A credit rating system

2021 Progress



Joint technology development


- LAN cable test equipment
- Specialty cables for automobile sensors



Operating a network loan worth USD **50** million for primary suppliers

Secondary and tertiary suppliers Shared-growth loan<sup>1)</sup>

1) a bill discounting system



Creating local supply chains in China, Vietnam and India

USD **351** million<sup>2)</sup>

2) Nonferrous metals not included

Link to 「UN-SDGs」



## 1. Operating a system for fair business transactions

### Procurement process

### Supplier selection

In order to select suppliers in a fair manner, the entire process from registration to final selection is managed through our e-Procurement system (<http://epro.lscable.com>). In principle, competitive bidding is always conducted except in special cases such as the application of new technologies or customer requests. Applicants are evaluated through both paper screening and on-site inspections. The results based on production capability, quality, price, environment (worksite safety), labor management and other evaluation criteria are announced to individual applicants in writing within 15 days of the final selection.

### Regular evaluation

We conduct evaluations of those suppliers making more than 10 annual transactions worth USD 500 thousand. Suppliers are grouped into four categories (strategic cooperation, continued relationships, reliability, and simple purchase) considering market competition and the importance of products. Then, evaluations are conducted in the areas of process, quality, labor, and financial management in accordance with detailed supplier evaluation and management rules. Feedback is provided to encourage suppliers to work on areas for improvement. Based on the result of the annual evaluation, ‘AVL suppliers’ are selected in December.



2. QCDS <sup>2)</sup> evaluation				
		Area	Description	Evaluation method
	Basic	Quality	Quality defect rate and improvement rate	System
		Price	Price improvement rate	System
		Delivery	On-time delivery rate	System
		Cooperation	Developing measures to respond to urgent delivery Cooperation and measures taken	Manual
	Additional points		Common improvement tasks Secondary supplier support	Manual

3. Reflecting results	Low-performing supplier management and their performance improvement
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1) EG (Evaluation Group) classification: grouping suppliers for evaluation by business and material characteristics  
2) QCDS: quality, cost, delivery, and service



Contract

We use a standard form of subcontractor agreement that includes the following information: payment amount; payment methods; and price adjustment conditions for raw material price fluctuations. In principle, contracting parties’ signatures should be included on the contract.

Pricing

We set a reasonable price by considering product quality, quantity, and delivery as well as market price. Unjustly lowering the unit price without sufficient reason is disallowed. Suppliers can file for a purchase price adjustment at any time. If a valid reason exists, a contract price can be adjusted based on mutual agreement between within 30 days from the date of request.

Delivery/Inspection

After delivery and service are completed, a confirmation slip is issued and an inspection is performed in accordance with the pre-agreed standards and procedures. We strictly comply with pertinent rules and inspectors’ duties and due diligence to prevent the return of supplied goods without sufficient cause.

Payment criteria

Payment criteria set according to transaction type and payment amount are available through the e-Procurement system (<http://epro.lscable.com>) allowing suppliers to make a predictable plan for bill collection. For suppliers that have signed subcontracting contracts, payment is made in cash and cash equivalents on 15th day of the following month after delivery.

Payment criteria

Supplier type	Amount	Payment
Subcontracting	USD 300 thousand or less	Cash (paid on 15th of the following month)
	More than USD 300 thousand	Cash paid in 45 days from the delivery date or the end of the delivery month
Non-subcontracting SMEs	USD 5,000 or less	Cash (paid on 24th of the following month)
	More than USD 5,000 and USD 20,000 or less	Cash paid in 60 days from the delivery date or the end of the delivery month
	More than USD 20,000	Cash paid in 90 days from the delivery date or the end of the delivery month
Large-sized companies	USD 5,000 or less	Cash (paid on 24th of the following month)
	More than USD 20,000	Cash paid in 90 days from the delivery date or the end of the delivery month

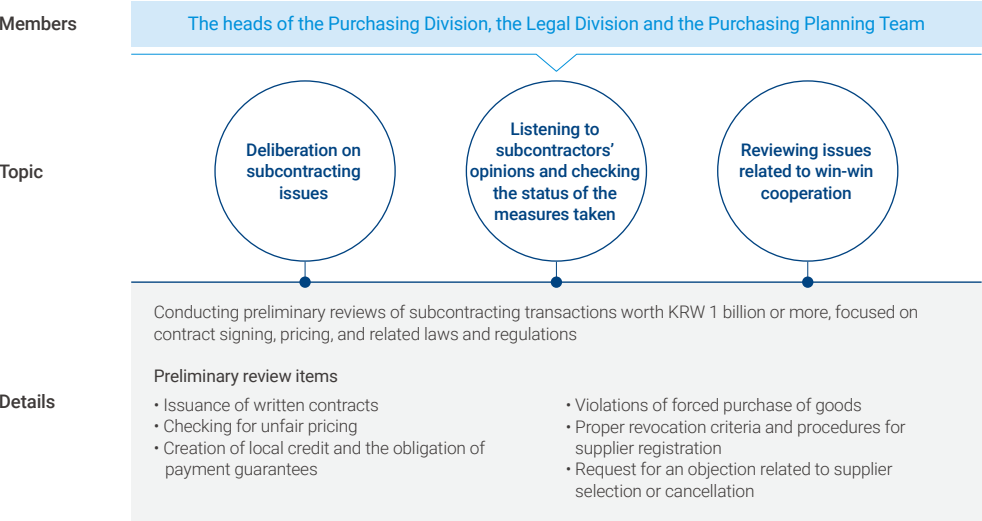
Strengthening internal regulations to prevent unfair business transactions

Our internal regulations have been tightened to prevent unfair business transactions. Firstly, our Guidelines for Contract Signing were introduced to promote fairness and discourage any potential standards violations among our employees and suppliers. Secondly, regulations on supplier registration were strengthened to ensure that our employees responsible for purchasing select suppliers in a fair and transparent manner based on a clear understanding of the selection criteria. In addition, our internal policy on these matters is available to all of our employees and suppliers through the e-Procurement system (<http://epro.lscable.com>) so that any potential unfair acts can be monitored both internally and externally.

<p><b>LS C&amp;S Guidelines for Contract Signing</b></p> <p><b>Purpose</b> The purpose of the guidelines is to establish business transaction practices in which contracts between LS C&amp;S and its supplier are concluded in a reasonable and fair manner. In the guidelines, contract signing includes a standard form of a contract with suppliers as well as contracts on supplier selection for individual items and on pricing.</p> <p><b>Laying a foundation for contract signing</b> 1) Contract options: available options for suppliers are specified. 2) Operation of a means for companies to propose their registration as one of our suppliers</p> <p><b>Introducing a contract signing process</b></p> <p><b>Specifying matters to be observed and prohibited</b></p>	<p><b>LS C&amp;S Guidelines for Supplier Selection and Management</b></p> <p><b>Purpose</b> The purpose of the guidelines is to secure transparency and fairness in supplier selection and management so that fair business transactions can be ensured.</p> <p><b>Evaluation criteria</b> 1) Evaluation in five areas, including general business administration, and process, quality, environment and labor, and finance management 2) Pass (70 points or higher), Temporary Pass (60 to less than 70), Fail (less than 60)</p> <p><b>Equal opportunities for initiating business transactions</b> Equal opportunities for initiating business transactions Companies selected and registered as suppliers of LS C&amp;S are not prevented from or discriminated against being given opportunities to join a bid for business transactions.</p>
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Operating a subcontracting review committee

A subcontracting review committee is in place to ensure a culture of fair and transparent business transactions and to see that there is no violation of any related laws or regulations. The committee consists of the heads of the Purchasing Division, the Legal Division and the Purchasing Planning Team. The risks of unfair business transactions are reviewed in monthly committee meetings chaired by the head of the Purchasing Division.



2. Operating a system for win-win cooperation

Supporting suppliers to build business stability

To help suppliers minimize cash flow related risks, we operate financial support systems, including a network loan and Shinhan shared-growth loan. In addition, to help subcontractors secure cash flow, payment is made within 45 days, 15 days shorter than 60 days specified in the Subcontracting Act.

Network loan

We and the IBK (Industrial Bank of Korea) have operated a network loan worth KRW 50 billion that allows suppliers to secure loans using the credit of LS C&S. We plan to expand support by promoting this program to suppliers

Shinhan shared-growth loan

We signed a shared-growth loan agreement with Shinhan Bank that allows our secondary and tertiary suppliers to access secured loans for credit sales using the credit of LS C&S. This helps them to secure cash flow at a low interest rate and improve their financial soundness.

Joint technology development

We have been conducting technology exchanges and joint R&D activities with our suppliers in order to help them secure competitiveness and address difficulties related to production technology. These efforts have allowed us to develop parts and key components that used to be heavily dependent on imports, contributing to increased sales by our suppliers and cost savings through productivity and quality innovation.

Product development and technological cooperation with SMEs



CASE 01

LS C&S and network product manufacturer Gangwon Electronics jointly developed a piece of LAN cable test equipment known as LS-LAN-TA. With customer needs identified based on market information from Gangwon Electronics and development-phase technological expertise from LS C&S, synergies were created to develop a product with enhanced features and user convenience. LS-LAN-TA allows rapid testing for possible short circuits or wiring errors when a cable is inserted into a test terminal. It is powered only when the terminal is in operation and requires no power switch, automatically conserving battery life. A patent application was filed for the technology applied to this feature.



We partnered with the telecommunications cable maker Expantel to produce made-in-Korea specialty cables for automobile sensors that used to be imported from Japan. We shared our cable technology with Expantel to allow them to develop and produce 0.5mm specialty cables. Expantel is now seeking to diversify its business into automobile cables and enter the global market. Meanwhile, quality and product development engineers were dispatched to Expantel to provide technological support and help the company establish a quality management system.



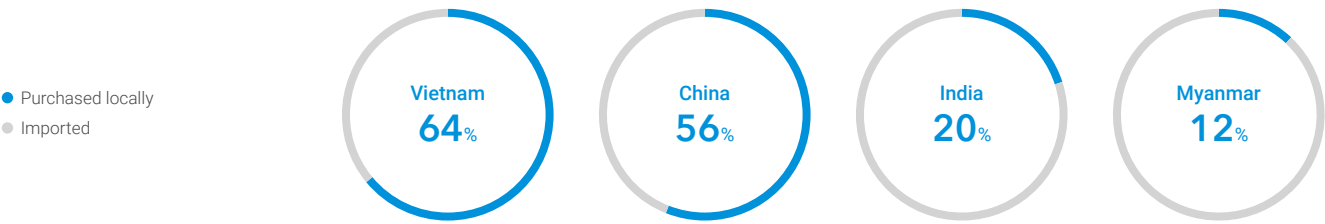
Support of suppliers in expanding their overseas sales

Not only do we help our suppliers operate their businesses in a stable manner through financial and technological support, but we also provide opportunities for them to achieve growth by supporting them in expanding their overseas sales. As part of these efforts, we share information with domestic suppliers on demand for raw and subsidiary materials by our overseas subsidiaries in China, Vietnam, and India. Moreover, selected suppliers with superior performance are given an opportunity to supply products to our overseas subsidiaries and increase their overseas sales. The establishment of a power cable plant in Indonesia and increased production capacity of the EV part plant in Poland in 2021 are expected to expand their business opportunities with overseas subsidiaries.

Local economic development

As part of the efforts to support our suppliers in expanding their overseas sales, selected suppliers with superior performance are given an opportunity to supply products to our overseas subsidiaries. At the same time, overseas subsidiaries in China, Vietnam, and India have created a supply chain to promote the local economies in our international locations. In 2021, raw materials worth KRW 350.8 billion were purchased locally, accounting for 55% of total procurement.

Raw material procurement by region (unit: USD thousand)



	Purchased locally	Imported	Total	Purchased locally (%)
Vietnam	161,367	89,582	250,949	64%
China	119,190	92,704	211,894	56%
India	15,183	59,300	74,483	20%
Myanmar	253	1,687	1,940	12%
Total	295,993	243,273	539,266	55%

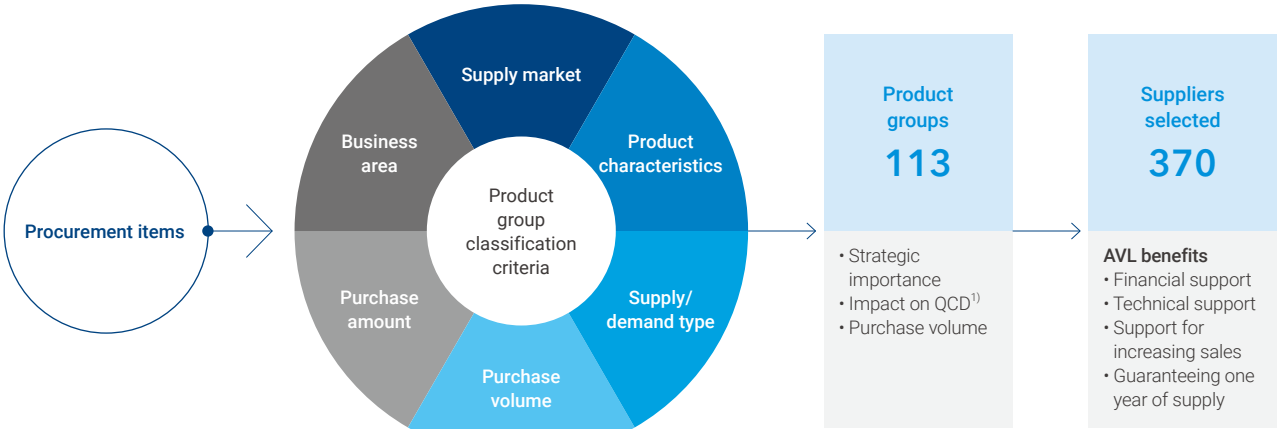
※ Nonferrous metals not included



3. Operating a supplier management system

AVL (Approved Vendor List) system

Since the AVL system was introduced in 2016 based on the belief that the competitiveness of our suppliers is one of our core strengths, we have been working to enhance the competitiveness of key suppliers and manage risks together. Companies selected as key suppliers under the AVL system are guaranteed one year of supply to LS C&S, allowing them to minimize uncertainties in sales. In addition, along with financial benefits, they receive support for conducting improvement activities that are identified together with LS C&S. In 2021, 370 companies were selected as AVL suppliers for a total of 113 product groups. We will continue our efforts to strengthen the foundation for achieving shared growth with suppliers.

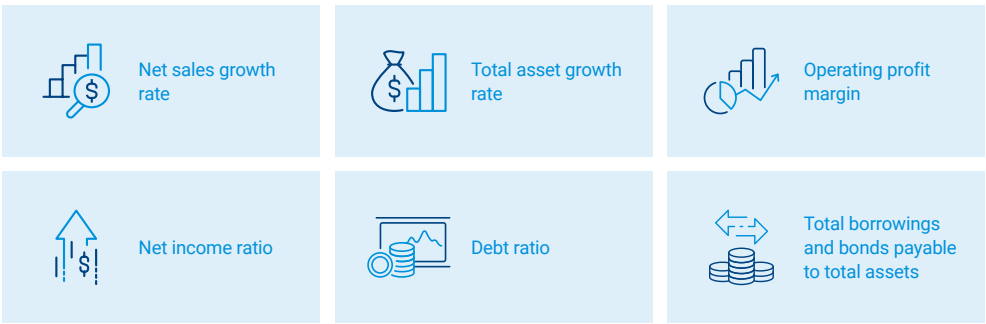


1) Quality, cost, and delivery

Credit rating system

We are regularly monitoring and evaluating the credit of our suppliers with high transaction volumes. The results are utilized as AVL supplier selection criteria. In 2021 the credit of 153 suppliers was evaluated. To ensure the transparency of evaluations, we cooperate fully with credit rating agencies. Based on suppliers' credit rating, we plan to support them in conducting improvement activities by providing business consulting services.

Evaluation items



Respect for Human Rights and Diversity

LS C&S works to integrate respect for human rights into all of our business activities in order to fulfill our corporate social responsibilities and communicate with a variety of stakeholders. Drawing upon the concept of horizontal partnership, we respect our employees and strive to treat them fairly. A range of support measures have been put in place to promote work-life balance. We have also dedicated considerable efforts to creating a more pleasant working environment. Our management and labor representatives are working in complete cooperation based on a sound relationship.

Management Approach

- 1 Respecting and protecting employee rights**
  - Providing human rights education
  - No discrimination. No child/forced labor
  - Employment of people with disabilities through the company established according to the 'subsidiary-type standard business system'
- 2 Ensuring employees' right to union activities**
  - Operation of a labor union
  - Labor-management communication
  - Annual worksite satisfaction surveys
- 3 Providing support to female employees**
  - Ensuring their return to work after maternity leave
  - Establishing a system to support employee work-life balance
  - Promoting employment equality and fair compensation

2021 Progress



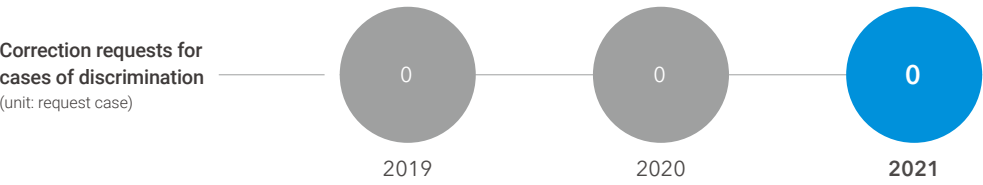
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1. Respecting and protecting employee rights

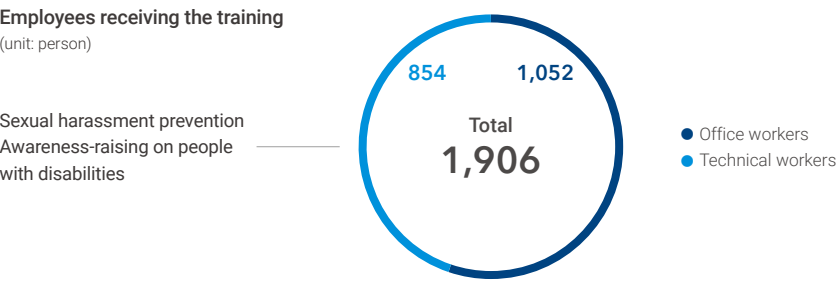
No discrimination

According to the Article 6 (Equal Treatment) of the Labor Standards Acts, all of our employees should be respected and treated fairly. Our Code of Ethics clearly states discrimination against employees. no employer should not discriminate against workers on the basis of gender, or give discriminatory treatment in relation to employment, promotion, compensation, training and retirement on the basis of nationality, religion or social status. All employees are given equal opportunities, and reward is made based on their performance. To prevent any unfair act, we operate support systems, such as the help center, grievance channel, cyber reporting channel and appeal against employee performance evaluation results where anyone can freely get counseling and report in anonymity.



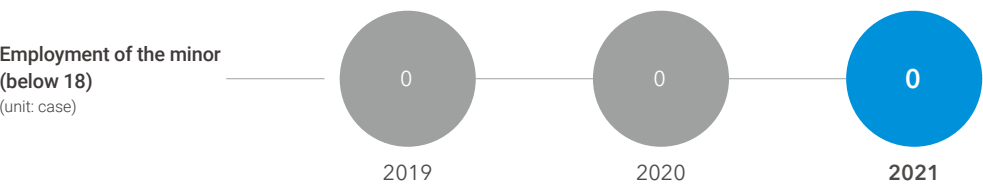
Education on human rights

In order to internalize an organizational culture in which social and cultural diversity is respected, we conducted educational sessions on human rights. In 2021, all of our employees participated in programs for improving awareness of people with disabilities and prevention of sexual harassment in the workplace. With the enforcement in 2020 of Article 76-2 of the Labor Standards Act regarding the prohibition of workplace bullying and harassment, we have strengthened related rules, shared with our employees the definition of workplace bullying and harassment, and offered example cases. In July 2019, Article 76-2 on Prohibition against Workplace Harassment was reflected in our Rules of Employment.



No child/forced labor

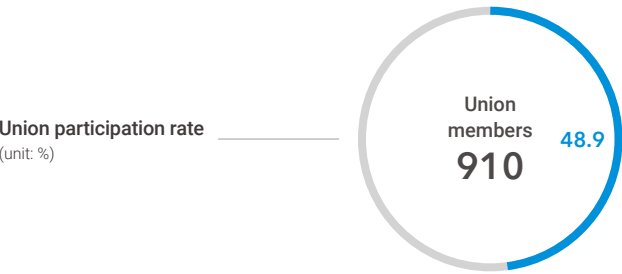
In accordance with the Labor Standards Act of Korea, we strictly prohibit any labor by children under 15 years old and have expanded restrictions on the employment of people below the age of 18 by strengthening our age verification procedures to prevent any possible ID forgery or tampering. Our employees work only based on their free will. We do not unfairly restrict our employees' mental or physical freedoms and will never force them to work. Exploitation of intermediaries is also strictly prevented.



2. Ensuring employees' right to union activities

Labor union

Our labor union has cooperated with the company to lead an organizational culture and fulfill corporate social responsibility based on mutual trust and respect since its launch of the labor union as the Anyang branch of the GoldStar chapter of the Federation of Korean Metal Workers Trade Unions in 1967. LS C&S honors freedom of association and collective bargaining, guarantees the right to organize and form workers' organizations, and respects employees' right to join a labor union. We communicate with each other not only in negotiations over working conditions, but also regarding major changes in our business such as the transfer of businesses and selling of equipment. There have been no labor disputes for the last 33 years since 1989. The union has 910 members as of the end of 2021.



Labor-management communication

The autonomy of our labor unions is guaranteed. Labor and management communicate with each other on business management activities and work environment matters. If there is a need to introduce or change systems, we listen to the voices of our employees and reflect them to promote win-win growth.

	Participants	Frequency	Activities
Monthly morning assembly	All employees	Monthly	Sharing information on business status, financial performance and pending issues
Participation and Cooperation Promotion Council meetings	Management with six persons including the CEO Labor with six persons including the head of the union	Quarterly	Sharing information on business status and performance, and negotiating over systems working conditions
Labor-Management working-level meetings	Management led by the head in charge of labor-management affairs Labor led by a member dedicated to the union	Monthly/As needed	Discussing how to improve working conditions and employee benefits

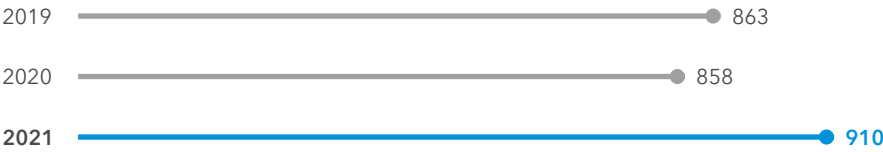
Worksite satisfaction survey

An annual worksite satisfaction survey is jointly conducted by the labor and management to diagnose and improve a working environment and organizational culture at our plants. Based on the survey results, improvement measures are devised for any issues identified so that employee satisfaction at work can improve. In 2021, worksite satisfaction decreased slightly due to a lack of communication opportunities brought by the prolonged COVID-19 pandemic.



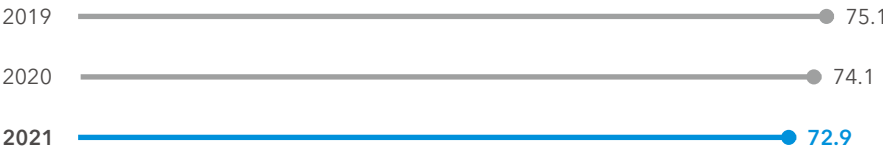


Labor union membership by worksite (unit: employee)



	2019	2020	2021
Seoul office and research centers	6	3	1
Anyang	459	442	428
Indong	256	238	239
Donghae	142	175	242
Total	863	858	910

Worksite satisfaction survey results (unit: %)



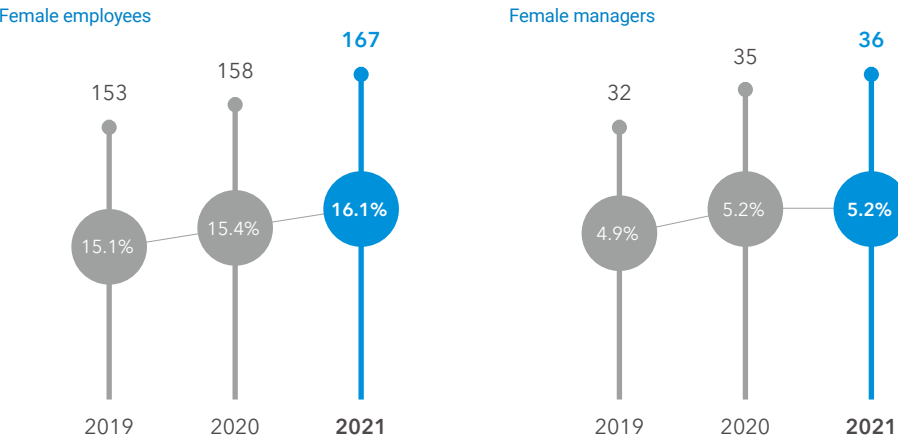
	2019	2020	2021
Worksite satisfaction	75.1	74.1	72.9
Gumi	72.6	71.8	70.9
Indong	76.9	75.3	74.8
Donghae	79.4	77.6	74.7

3. Supporting the development of female employees

Rising influence of female employees

Due to the characteristics of the cable manufacturing industry, female employees are a minority at the company, accounting for 16.1% of all employees and female managers for 5.2% of all managerial positions. We are making continued efforts at increasing the percentage of female workforce. In the 2021 recruitment, female applicants accounted for 11% of new hires. There is no gender pay gap and leadership training programs and child-care support for female employees are provided to create a women-friendly workplace

Female employees in managerial positions (unit: person)



\* Female employees (percentage): regular workers, and re-employed retirees (office workers only)  
\* Proportion of female mangers: the ratio of female managers to all managers

Number of new hires

	2019	2020	2021
Male	40 (88.9%)	47 (83.9%)	81 (89%)
Female	5 (11.1%)	9 (16.1%)	10 (11%)
Total	45	56	91

\* Employees transferred from domestic and overseas subsidiaries not included

Providing support for work-life balance

We provide support for maternity protection, including pregnancy checkups, working hour reduction, and pre- and post-maternity leave to reduce the burden of childbirth and child care on our employees and to help them balance work with family life. As our employees are strongly encouraged to take parental leave, the number of male employees using this benefit has been rising every year. In 2021, a total of 12 employees took the leave and seven employees took pre- or post-maternity leaves.

Safe workplaces free of sexual harassment

Annual training on the prevention of sexual harassment at workplace is provided to all of our employees. To ensure a safe workplace, sexual harassment prevention officers are appointed for each worksite (Gumi, Indong, and Donghae) and strict punishments are applied to employees who commit sexual assault.

LS daycare center

An LS daycare center that was established in Anyang at the end of 2014 helps employees reduce the burden of childcare and concentrate on their work. Currently, a total of 70 employees from LS Group subsidiaries are utilizing this daycare center.

Space for female employees

There are nursing rooms and lounges for female employees at our worksites. The female employee club Arom Society has been operated since 1975 to provide counseling and promote good fellowship among female employees.

Use of parental leave and returning to work

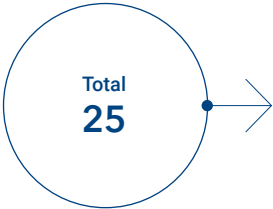
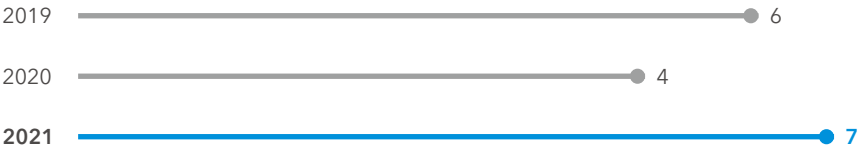
		2019		2020		2021	
		Leave	Returning to work (%)	Leave	Returning to work (%)	Leave	Returning to work (%)
Parental leave	Female employees	7	5 (71%)	8	2 (6 employees on leave)	8	4 (4 employees on leave)
	Male employees	2	2 (100%)	7	7 (100%)	4	2 (2 employees on leave)
		9	7 (78%)	15	9 (-)	12	6 (-)

Employment period of employees returning to work after parental leave over the last three years

Less than 6 months	6-12 months	12-18 months	18-24 months	24-36 months
5 employees (20%)	2 employees (8%)	3 employees (12%)	6 employees (24%)	9 employees (36%)

※ For the employees who took the leave two times, the period was calculated starting from the day after the second leave.

The use of pre- or post-maternity leaves over the last three years (unit: person)



Employment of people with disabilities

Consideration for employees with physical disabilities

As employees in the cable manufacturing industry are required to be more careful about their safety and health, the proportion of our employees with physical disabilities is relatively low. However, in accordance with the Act on Employment Promotion and Vocational Rehabilitation for Disabled Persons, we hire those who with physical disabilities at our plants. We actively support and help them successfully adjust to and do their jobs through guidance and preparatory training so that they can stand on their feet.

Increasing the number of employees with disabilities through indirect employment

We have been contributing to supporting people with disabilities through indirect employment in cooperation with Butyi since April 2017. The company was established to provide stable jobs to the socially vulnerable, including the disabled, according to the 'subsidiary-type standard business system' of the Korea Employment Agency for the Disabled and the Act on Employment Promotion and Vocational Rehabilitation for Disabled Persons. Employees are selected from the day-hospital center named Haeddeulnal within the Yongin Mental Hospital in Korea. They receive training prior to starting work, and all cases of trainees are managed to provide support them to continue working.

Employment of people with disabilities (unit: person)

		2019	2020	2021
Employment type	Direct employment	26	26	27
	Indirect employment (Butyi)	12	12	12
		38 (1.9%)	38 (1.9%)	39 (1.8%)



# Compliance Management

In order to fulfill our corporate social responsibility, one of the action promises for our Vision 2030 our compliance organization operates a wide range of compliance programs (CP) including the Compliance Management Committee, training and an online bulletin board. Our goal is to promote compliance to employees through the programs so that internal risks of violating laws and regulations can be eliminated and fair market competition can be promoted. We will continue to proactively implement compliance management to heighten our business sustainability and create a sound social environment.

Management Approach

1

Promoting fair business transaction

- Operating the Compliance Management Committee
- Raising employee awareness of fair business transactions
- Operating in-house training programs and a bulletin board

2

Dealing with in-house legal affairs

- Minimizing potential project contract risks
- Legal advice and contract review

3

Strengthening compliance programs (CP)

- Revising a CP handbook
- Strengthening compliance management expertise

2021 Progress

Customized compliance programs<sup>1)</sup>  
15 sessions

1) Programs for newly-hired career, non-career, sales, procurement, and R&D employees and seven subsidiaries

Operation of an in-house compliance management bulletin board<sup>2)</sup>  
22 postings

2) Definition of the Subcontracting Act, the Fair Trade Act, the Improper Solicitation and Graft Act, case studies, and examples

Domestic and international contract review  
480 cases  
Legal review  
7,121 cases

Link to 「UN-SDGs」



## 1. Promoting fair business transaction

### Operating the Compliance Management Committee

We launched the Compliance Management Committee in June 2020 to proactively respond to government policy changes impacting business operations, to answer social demands for compliance. The committee consists of internal and external experts and holds meetings bimonthly to discuss company policies and plans related to compliance management, evaluate the performance of related activities, and offer advice on points for improvement. It also provides a direction for and opinions on our compliance activities as a consultative body. We will be able to strengthen enterprise-wide compliance activities in various areas through this committee, including fair business transactions, ethical management, and industrial safety.

#### The organization of the Compliance Management Committee

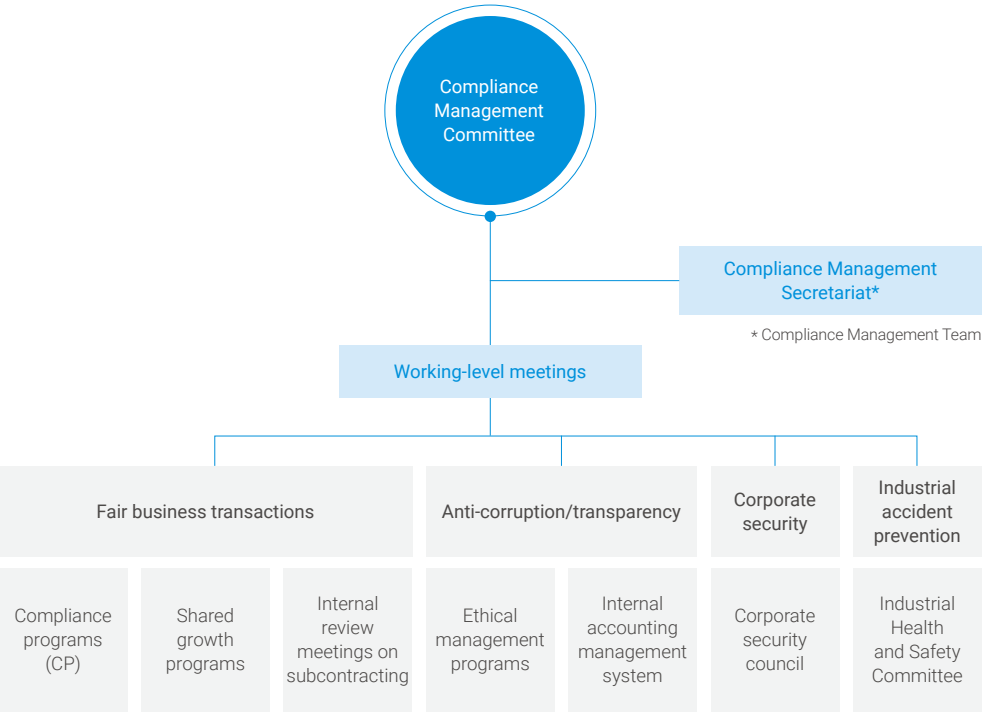
To ensure the independence and expertise of the committee, a total of six internal and external experts were appointed as members.

Co-chairs  
2  
External 1 / Internal 1

Members  
4  
External 2 / Internal 2

In order to implement the agenda items discussed in committee meetings, the committee operates working-level meetings in which teams in charge of a wide range of compliance programs regularly review the plans and check the status of the related activities.

#### Organization chart



Compliance training programs



Agenda items

In these committee meetings, agenda items such as actions plans, implementation and oversight, and response measures to government policy changes are discussed. Further discussion takes place at working-level meetings to formulate plans for implementation. In 2021, a total of six committee meetings were held.

We are providing customized compliance training programs to our employees. They are included in the introductory training course for newly-hired career and non-career employees, and are also provided to employees in charge of risk management at LS C&S and its domestic subsidiaries. Participants are surveyed at the end of the programs to better identify their needs and reflect their feedback in the future curriculum.

Compliance training in 2021

<b>New team leaders (annual)</b> <ul style="list-style-type: none"><li>• Training on fair business transactions and legal affairs (Jan. 6)</li></ul>	<b>Sales employees (annual)</b> <ul style="list-style-type: none"><li>• Training on the Fair Trade Act (June 22-23)</li></ul>	Offline training
<b>Newly-hired career and non-career employees (4 sessions per year)</b> <ul style="list-style-type: none"><li>• Training on fair business transactions and legal affairs (2 sessions)<ul style="list-style-type: none"><li>- Newly-hired career and non-career employees (Jan. 27)</li><li>- Interns in the second half of the year (Jun. 16)</li></ul></li><li>• Introductory courses at the LG Group level (May. 25 and Aug. 18)</li></ul>	<b>Procurement employees (annual)</b> <ul style="list-style-type: none"><li>• In-depth training on the Subcontracting Act</li></ul>	
<b>R&amp;D employees (annual)</b> <ul style="list-style-type: none"><li>• Training on the prohibition of technical data misappropriation (Mar. 30)</li></ul>	<b>Domestic subsidiaries (a total of 7 sessions (one session per subsidiary))</b> <ul style="list-style-type: none"><li>• Comprehensive training on fair business transactions (7 sessions)<ul style="list-style-type: none"><li>- LS Buildwin and LS EV Korea (May 24)</li><li>- LS AlSCO and LS Materials (May 25)</li><li>- Sejong Cable and G&amp;P Wood (Nov. 9)</li><li>- G&amp;P (Nov. 10)</li></ul></li></ul>	

Operation of an in-house compliance management bulletin board



As part of the efforts to help our employees understand laws and regulations related to fair business transactions and promote compliance management, we are maintaining a bulletin board\* on a range of themes including fair competition and violation cases. Practical and useful information is posted to encourage employees to apply it at work. To help employees better understand the postings in the board, case studies are included to illustrate the postings and legal terms are explained in an easy-to-understand manner.

\* 'Information for the implementation of compliance management' on our intranet Wels

2021 postings in a bulletin board

Jan.-Feb.	• The Fair Trade Act violation cases (3)	Aug.	• The Fair Trade Act violation cases (2)
Mar.	• Work planning at the Fair Business Transactions Committee (1)	Sep.	• Recent developments in the Fair Business Transactions Committee (1)
Apr.	• The Subcontracting Act violation cases (2)	Sep.-Oct.	• The Fair Trade Act violation cases (2)
May	• The highlights of revised Fair Trade Act and Enforcement Decree (2)	Oct.	• The highlights of the Improper Solicitation and Graft Act (1)
June	• The Subcontracting Act violation cases (1)		• The revised Fair Trade Act screening guidelines (1)
	• The Fair Trade Act violation cases (1)	• Work planning at the Fair Business Transactions Committee (1)	
	• Recent developments in the Fair Business Transactions Committee (1)	Dec.	• The Subcontracting Act violation cases (2)
			• The Fair Trade Act violation cases (1)

	The Fair Trade Act	The Subcontracting Act	The Improper Solicitation and Graft Act	Misc.	Total
Postings	12	5	1	4	22

2. Dealing with in-house legal affairs

Support for bidding on project contracts

LS C&S and its subsidiaries are participating in a variety of international projects around the world. For preventing potential risks at project sites, we have created a checklist of risks at each bidding stage. Since 2016 we have been providing training programs on the FIDIC (Fédération Internationale Des Ingénieurs-Conseils\*) contracts to international sales employees and will expand the scope in 2022 to employees in the construction sector.

\* The International Federation of Consulting Engineers

Legal advice and contract review

Our dedicated legal team of internal and external lawyers provides the support needed by our employees as they review contracts, laws, and regulations and provide legal advice in regard to risk identification. This approach is to help our employees remain fully in compliance with laws and regulations and serve as a basis for us to prevent economic loss to the company and to society.

Contract and legal reviews for the last three years (unit: case)

		2019	2020	2021
Domestic	Contract review*	173	181	192
	Legal review**	2,138	2,319	2,498
International	Contract review	245	273	288
	Legal review	4,320	4,417	4,623

\* The number of inquiries in the legal review system within the company website  
\*\* The number of emails sent

3. Strengthening compliance programs (CP)

Revising a CP handbook

We researched and analyzed the enactment and revision of international and domestic laws and recent trends in regulation, based on which our compliance rules were changed. In 2022 we plan to publish a revised CP handbook that provides division-specific details for sales/production, management/support, and R&D and allow employees to apply them at work.

Strengthening compliance management expertise

The Compliance Management Team is tasked with supporting employees, raising awareness, and faithfully meeting the requirements of stakeholders. The team organizes training programs, responds to legal issues related to compliance at worksites, and constantly monitors potential risks. To strengthen their expertise, they are provided annual training by specialized institutions and two working-level employees\* are studying to acquire CCP (Certified Compliance Professional) Level 1 certification.

\* They acquired CCP Level 2 certification in 2020.



# Ethical Management

Ethical management means companies are working to fulfill not only their economic and legal responsibilities, but are also promoting business ethics and taking into consideration the conventional ethical responsibilities that are commonly considered obligatory. Ethical management has been emerging as an important determinant of the global competitiveness of companies. International organizations such as the WTO, UN, and OECD have been implementing global standards to promote ethics in business activities. Many of the domestic and international companies that have been introducing and encouraging ethical management are market leaders in their respective fields.



Link to 「UN-SDGs」



## 1. Strengthening the foundation for ethical management

### Our Code of Conduct and implementation guidelines

We established our Code of Conduct as criteria for our employees to make decisions and take actions in ethically challenging situations at work. The Code of Conduct consists of six categories: responsibilities and obligations toward customers; basic ethics for employees; fair competition; fair business transactions; corporate responsibilities for employees; and responsibilities toward the country and society.

In addition, implementation guidelines help our employees understand and act upon our Code of Conduct. All of our employees strictly comply with the pertinent guidelines while doing their work. An ethics evaluation has been conducted on an annual basis to assess the utilization of the Code by employees and review the need for revisions or refinements to it and related guidelines. In line with the revision of related laws such as the Improper Solicitation and Graft Act, we regularly review the necessity of revising our Code of Conduct and related guidelines.

#### LS C&S Code of Conduct



## 2. Operating an organization and system for ethical management

### Counseling center

A counseling center is being operated for employees who face ethical issues or want to know about ethical management. They can not only have counseling on ethical conflicts at work but also get general information on ethical management and advice on how to interpret and apply the Code through the Cyber Reporting Channel, phones or emails. Reports are received and handled confidentially, and the center does not disclose the personal information of anyone reporting and the reported details without their consent.

### Ethical management website

To introduce ethics management and promote the implementation of its values, a dedicated website is being maintained. A full text of the Code of Conduct and the pertinent programs for its implementation, including the rewards for reporting, Clean Company, Cyber Reporting Channel and counseling center can be found on the website along with articles on ethical management.

### Cyber Reporting Channel

The Cyber Reporting Channel allows employees as well as stakeholders, including customers and suppliers, to make suggestions and report any unethical activities they witness or disadvantages they suffer. We keep personal information and reporting details of all reporters confidential. Even when reports are made anonymously, we investigate the case and provide a response as quickly as possible.

### Reporter protection programs

We operate reporter protection programs under which Identities of reporters, or any other information that could identify them are strictly kept confidential. We protect those who report violations from being disadvantaged or discriminated against in their teams or business relationships due to reporting, providing testimony, or submission of evidence.

### Rewards for reporting

To prevent unethical acts and create a sound organizational culture, those who report irregularities such as cases of bribery are offered a reward of up to five times of the amount of the bribe (USD 5,000 in maximum). Those who voluntarily report unethical acts are exempted from responsibility and the money they received is used for CSR activities.

### Clean Company

We established a system called Clean Company that helps employees voluntarily report any past acceptance of money or gifts based on the criteria for our employees to make decisions and take actions. Once they fill out a report form and submit it to the Ethical Management Secretariat, any money or gifts received are returned to the givers with an explanation regarding our ethical management policies. If there is a situation in which the received items are difficult to return, they are donated to social welfare facilities or to religious groups under the name of the giver.



Online counseling center



Clean Company

## 3. Raising stakeholder awareness

### Ethical management

To prevent any possible violation cases of the Code of Conduct, ethics training is provided to new hires and employees to be dispatched overseas before leaving. The training programs, including the concept of ethical management and violation cases, are provided to employees at overseas branches, sales manufacturing subsidiaries, and construction sites. We present our Code of Conduct, implementation guidelines, and internal ethical management programs to new hires.

### Promotional activities

We have been posting articles on ethical management, including the Code of Conduct, implementation guidelines and violation cases on the company intranet. In 2021, twelve articles on fair business transactions in international markets, shared growth, and ethical management were posted. They received total 3,842 hits.

### Promoting ethical management to suppliers

Before the Chuseok and Lunar New Year's holidays, we send an official document asking suppliers for cooperation in eradicating practices of giving and receiving gifts, entertainment, and money and informing them of our Code of Conduct and reporting channels. After the document is sent, it is also posted on the company purchasing intranet (<http://epro.lscable.com>) so that all of suppliers can check the information.

### Ethic evaluation

An ethics evaluation has been conducted for all employees on an annual basis to identify improvement areas for our ethical management activities. From Nov. 29 to Dec 10, 2021, an online survey was operated for all employees. The evaluation survey consists of 33 questions in three categories: the basis of ethical management, implementation of corporate ethics, and ethics being practiced in our workplaces. The results are used for strengthening ethical management training and for promotional activities and programs supporting its implementation.





# Safety, Our Top Priority

As close attention is paid to industrial accidents in our society, corporate responsibility is greater than ever. A variety of health and safety policies are put in place at LS C&S to ensure a healthy and safe environment for its employees. They faithfully fulfill their responsibility to promote a culture of safety and achieve organizational goals while communicating with local communities to ensure shared growth and cooperation.

Management Approach

1

Promoting an advanced HSE management system

- Operating an HSE governance body
  - International certifications
- An integrated HSE management system

2

Critical accident risk management


- Five high-risk work categories
- Safety diagnosis of worksites
- Establishment of a team dedicated to managing construction sites

3


Strengthening supplier management in industrial accident prevention efforts

- A safety and health consultative body and joint safety checks
- Win-Win cooperation programs


2021 Progress



SCL<sup>1)</sup> certification  
Obtaining certification  
in the construction  
sector



Safety Check Day  
Monthly  
Safety Moment<sup>2)</sup>  
Enterprise-level meetings



Investment in  
safety during high-risk work  
USD 6 million (2022)  
USD 13 million  
(three-year total)

1) Safety Culture Ladder (a certification developed in the Netherlands)

2) Six meetings including monthly morning assembly, and meetings at our construction sites

Link to 「UN-SDGs」

3GOOD HEALTH AND WELL-BEING

12RESPONSIBLE CONSUMPTION AND PRODUCTION

## 1. Promoting an advanced HSE management system

### Operating an HSE governance body

#### Critical Accident Prevention Committee

We established an internal committee to proactively respond to the strengthening of punitive actions leveled against companies in the Act on the Penalty of Fatal Accidents. Even stricter safety measures have been introduced and new operational rules were established and approved at a board meeting. The critical accident committee comprised of a chair and eleven standing members holds monthly meetings to review and make decisions on health and safety activities, including establishing a management system, taking accident re-occurrence prevention measures, and fulfilling legal obligations. Agenda items resolved in the committee are announced to all employees.

#### Occupational Safety and Health Committee

An occupational safety and health committee is operated at each worksite. Key health and safety issues are jointly reviewed and decided by representatives of labor and management through this committee. It is composed of 15 members from management, including a person responsible for safety management, and 15 labor representatives, including the head of the labor union. Key considerations include: making a plan to prevent industrial accidents; establishing and revising pertinent regulations; providing training to workers; checking and improving the working environment; managing employee health; and collecting statistics on industrial accidents. The committee meets on a quarterly basis to consider and vote on key issues. Approved items are announced to all employees.

#### HSE\* implementation meetings at worksites

HSE\* implementation meetings are held at our worksites (the plants in Gumi, Indong and Donghae, and all R&D centers) on a monthly basis to discuss decisions made by the Critical Accident Prevention Committee, examine the unit's own safety and health issues, establish short- and mid-/long-term tasks, and monitor the related progress.

\* Health, Safety, Environment System



Critical Accident Prevention Committee meeting

International certifications

ISO 45001 (a safety and health management system)

Our manufacturing plants in Gumi, Indong, and Donghae and domestic and international construction sites have obtained certifications for safety and health management systems and have identified and evaluated potential risks to ensure safe worksites. Every year, management reviews the performance over the previous year, sets goals for the current year, and operates programs for improvement. Each team internally establishes, implements, monitors and evaluates targets and plans in details, and conducts independent improvement activities. Our compliance status is evaluated by the certification organization DQS-UL on an annual basis to ensure we are meeting global standards for safety and health management.

Safety Culture Ladder

After acquiring the first SCL (Safety Culture Ladder) certification in Asia in 2020, all of our construction sites at home and abroad were similarly certified in 2021. This has provided us with a competitive edge in safety management in the manufacturing and construction sectors. The process consists of diagnoses of 18 items in six areas, including safety management governance and policy, on-site inspections and interviews for checking pertinent systems and procedures, and determination of employee awareness of and attitudes toward safety. This certification allows us to ensure reliability in our occupational safety and health management, and we will continue our efforts to ensure that safety can take firm root at worksites. The SCL certification was co-developed by TenneT, a Dutch state-run power company and the Royal Netherlands Standardization Institute and currently, over 1,000 European companies are SCL-certified.



Safety Culture Ladder certification



A Safety Culture Ladder worksite inspection

Safety awareness campaigns

Safety Check Day

Since January 2022, we have been holding Safety Check Day on the first Wednesday of every month as part of our joint labor-management campaign to raise awareness of safety and achieve the goal of zero industrial accidents at our production and construction sites. All of our employees participate in this monthly event to proactively identify any potential risks at worksites and conduct improvement activities.

Inspection criteria and organization

Criteria		Inspection organization	
Target	Details	Worksite inspection team	Joint inspection team
Cranes	• Checking lifting devices on cranes	• Led by team leaders • Managers (engineers) • group leaders	• Led by the head of a Business Group • The head of a business division • HSE Teams
Forklifts	• Checking the alarm devices on forklifts		
Rotating equipment	• Checking the installation of protection devices on rotating equipment	• Checking worksites using checklists • Identifying potential risks and taking improvement measures	• A patrol inspection of one worksite per month • Follow-up activities by team
Falls	• Checking fall danger zones		
Fires and explosions	• Checking the operation of fire extinguishers		

Safety Moment

As part of the efforts to establish a culture of safety, we are offering Safety Moment educational videos. Employees watch ten-minute videos and then meet to freely discuss safety and health issues.

Safety Moment in 2022

Feb.	• Safety awareness • Forklift safety	Apr.	• Ladder safety • Cases of fire and crush hazards
Mar.	• LOTO <sup>1)</sup> (safety management for equipment and facility locking devices and safety signs during repairs) • Mobile phone safety	May	• Crane accident risks • Rotating equipment accident cases

1) Lock-out, Tag-out

Integrated HSE management system

We are operating an HSE System as an information-sharing platform among the head office, worksites, and suppliers by integrating data into business administration, safety, health, chemicals, and common areas. The system allows employees to improve work efficiency, implement systemic safety management in line with the ongoing strengthening of HSE-related regulations, and monitor work progress in real-time through inquiry into data such as safety work permissions and MSDS (Material Safety Data Sheets). Employees can also identify harmful risks and quickly collect data at worksites via mobile phone using the system.



2. Critical accident risk management

Focusing on five high-risk work processes

We have been operating safety management activities by identifying five high-risk work processes involving: 1) cranes; 2) forklifts; 3) rotating equipment; 4) fire extinguishing equipment; and 5) fall. The HSE Planning and Diagnosis Team checks whether production activities at each workplace are conducted in line with safety work plans and work safety procedures and based on the results, improvement tasks are identified and implemented to prevent critical accident risks.



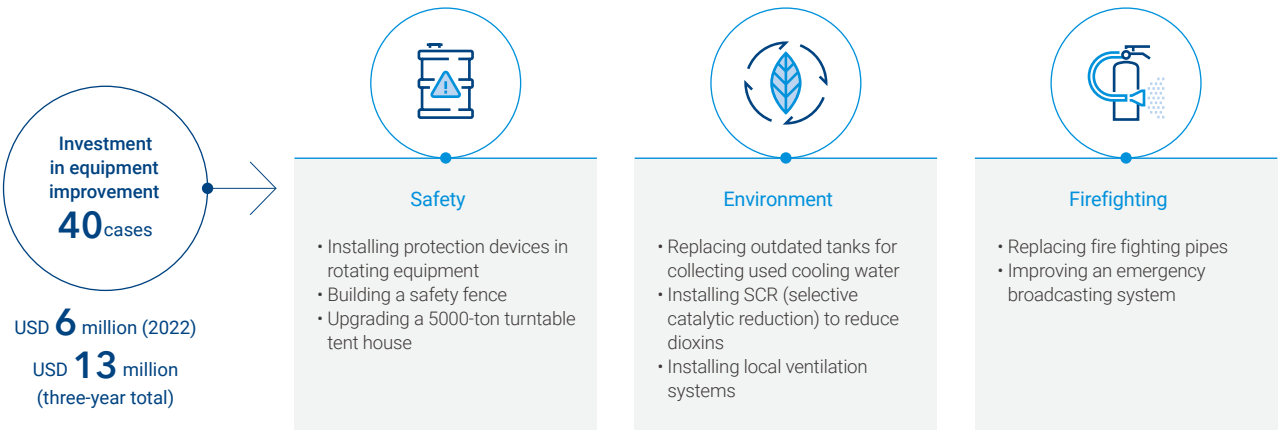
Safety Check Day



Safety diagnosis of folk lifts



Safety diagnosis of rotating equipment



Safety diagnoses of worksites (by external agencies)

To ensure objectivity in safety management, diagnoses of our domestic worksites in Gumi, Indong and Donghae were conducted by the Korea Industrial Safety Association and the Korea Fire Safety Institute. We have established comprehensive safety and health measures outlining system improvement and supplier capacity-building. The results of the diagnoses will be reflected in our safety management system.

Establishing a team dedicated to construction management

We have recently established a dedicated inspection team to strengthen safety management at our power transmission and distribution and submarine cable and busduct installation sites. Safety checks conducted by the teams allow the identification of potential safety and health risks, the prevention of critical accidents, and the creation of safe worksites. Special safety checks were conducted in summer and winter to prevent accidents at our construction sites. Nineteen construction sites were investigated in 2021 and 93 improvement points were identified and addressed.

Winter safety management	General safety management
<ul style="list-style-type: none"><li>• Fire prevention (sand and fire extinguishers)</li><li>• Fire prevention training and promotional activities</li><li>• Prevention of slipping accidents</li></ul>	<ul style="list-style-type: none"><li>• Preventive measures against fire or suffocation in a sealed space</li><li>• Preventive measures against falling during elevated work</li><li>• Preventive measures against traffic accidents</li></ul>



Safety check at construction sites

Accident statistics

		2019	2020	2021
Number of accidents (case)	Gumi	1	0	0
	Indong	0	0	2
	Donghae	0	2	0
	Construction sites	0	0	0
	Total	1	2	2
Enterprise-wide occupational accident rate (%)		0.07	0.15	0.14
Occupational accident rate in the cable industry (%)		0.35	0.72	0.80

		2019	2020	2021
Frequency rate of accidents <sup>1)</sup> (%)	Gumi	0.74	0	0
	Indong	0	0	3.01
	Donghae	0	4.45	0
	Construction sites	0	0	0
Enterprise-wide frequency rate of accidents		0.38	0.78	0.71

1) (Number of accidents / Annual work hours) x 1,000,000

3. Strengthening supplier management in industrial accident prevention efforts

Safety and health consultative body and joint safety checks

We are making utmost efforts to ensure a safe work environment for all workers by strengthening supplier management in industrial accident prevention. Safety management meetings with on-site suppliers are held on a monthly basis and quarterly safety diagnoses are conducted to identify risks and take improvement measures. Knowing that safety at our suppliers directly impacts our safety, we will continue to strengthen our partnerships to lay a foundation for promoting an overall culture of workplace safety.



Above: a safety and health consultation meeting / Below: a joint safety check

Employee Growth and Wellbeing

Talented employees are what fundamentally provide companies with their competitiveness. A bright future for a company can be ensured by not just utilizing them as human resources but by supporting their capacity-building. We will continue to promote corporate growth, development, and sustainability through talent management. At the same time, a variety of campaigns and systems will be implemented to motivate employees to be creative and help them concentrate on their work.

Management Approach

- 1

Recruitment and unbiased performance management

  - The talent LS C&S is looking for 「C.O.R.E.\_GRIT」
  - Strategic Performance & Competency Management (SPCM)
  - Employment welfare system in six areas
- 2

Operating a system to nurture professionals

  - Fostering future business and innovative leaders
  - Strengthening global and digital capability
- 3

Internalizing an organizational culture characterized by communication, autonomy and responsibility

  - Activities in the LS C&S Way
  - Meetings with the CEO and business group leaders
  - A series of corporate culture campaigns

2021 Progress



Link to 「UN-SDGs」





1. Securing talent and promoting unbiased HR management

The talent LS C&S is looking for and its recruitment process



SPCM (Strategy Performance Competency Management)

To find talented people based on our four C.O.R.E. principles from LS C&S Vision 2030, our recruitment process reflects GRIT (Guts, Resilience, Initiative, Tenacity), a predictor of ability to achieve goals. A job-based application form and occupational value survey are used in this process. To verify the job competency of applicants, the scope of internships has been expanded for newly-hired non-career employees, and newly-hired career employees must conduct tasks. We also have a year-round recruitment program that manages a pool of applicants and industry-academia scholarship students.

The talent LS C&S is looking for (C.O.R.E.\_GRIT)

<b>Customer First</b> LS C&S is always thinking about its customers. We work to understand their needs, put ourselves in their place, and stand at their side. To strengthen customer-oriented management, employees with outstanding sales performance are awarded the Customer First Prize.	<b>One LS C&amp;S</b> LS C&S values benefits that are shared by all. We listen to one another and work together for sustainability. We are one. The One LS C&S Prize goes to employees who produce substantial results through support/cooperation on behalf of all LS C&S.	<b>Rule &amp; Responsibility</b> LS C&S sticks to the principles and fundamentals for all processes. We take initiative, work honestly, and learn lessons from failures. To enhance compliance with principles and basics, we award the Rules & Responsibilities Prize to employees with excellent performance in production/development.	<b>Expertise</b> Expertise provides the foundation of LS C&S. We are professionals committed to innovation and to challenging ourselves to go beyond the bounds of what had been considered possible. The Expertise Prize is designed to strengthen the expertise and is granted to employees who contribute to business performance through R&D activities.
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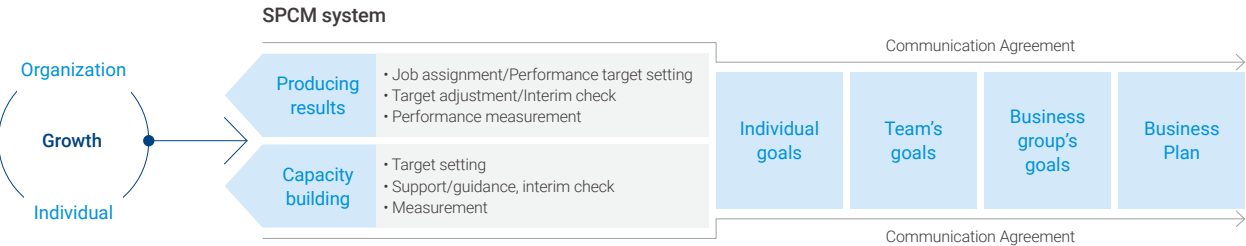
We operate the SPCM system to achieve outcomes that align the company's goals with individual goals. Once key tasks are set to ensure each functional organization and team achieves its management goals, employees establish a development plan for the competencies required for reaching performance targets for the defined key tasks. The advantages of SPCM are as follows: employees feel more responsible for their work when they take part in the setting of performance targets. They are motivated to determine a direction for their career development in a systematic manner by analyzing their strengths and identifying what needs to be improved and developed.

Unbiased evaluation through coaching and progress check

We follow a pre-defined evaluation process and strictly prohibit discriminatory treatment of workers on the basis of gender, particularly in relation to salary, evaluation, and promotion. In order to evaluate performance in an objective manner, coaching and progress check (in July) are provided to help employees produce results and develop capacity. The results are released to the pertinent employees, teams, or divisions to ensure transparency and they are allowed to raise their objections to the results. While doing so, employees become more receptive to evaluation results.

Performance-based compensation

Employee performance is evaluated in qualitative and quantitative terms at the end of the year and the results are used for training and compensation. To motivate employees and increase their sense of accomplishment, compensation is provided based on the evaluation results for individual performance, contribution, and job level as defined by the company. Employees with outstanding performance are provided with overseas training and awards as well.



2. Operating an employee welfare system

Employee welfare benefits

We provide a variety of benefits, including health care, housing, and tuition support to help employees improve their work satisfaction and promote work-life balance. Employees are provided free recreational facilities such as the Baekam training center, and an LS daycare center is operated to reduce the burden of child care on our employees and allow them to concentrate on their work.

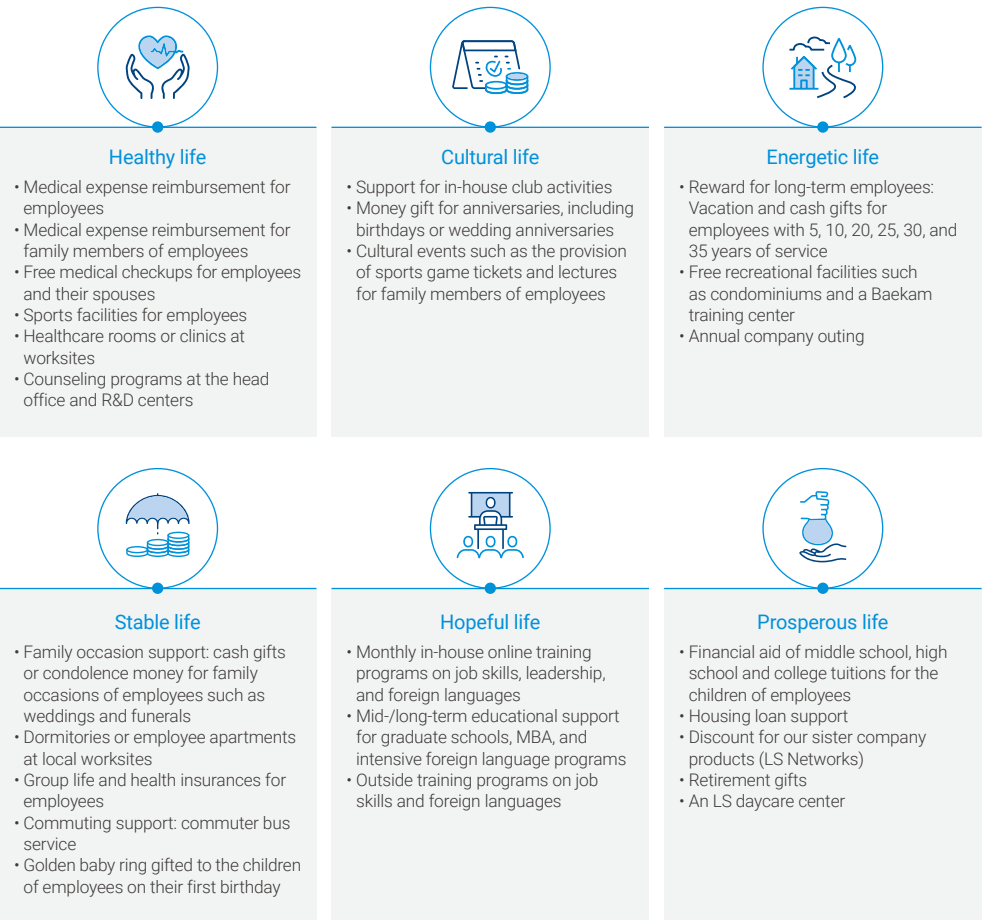
Retirement pension system

Since 2011, a retirement pension system has been operated for all employees. They can choose between DB (defined benefit) and DC (defined contribution) plans.

Efforts for preventing the spread of COVID-19

We have created a COVID-19 emergency response manual to protect employee health. All employees and visitors have their temperature checked at the entrance of company buildings or plants. Daily cleaning and disinfection are conducted at our worksites. Hand sanitizer and thermometers have been installed in offices and thermal camera stations are being operated. Pregnant employees were preferentially subject to working from home, and mandatory work-from-home measures were implemented for employees at headquarters and the Seoul office.

Employee welfare benefits



Employee welfare expenses				
		2019	2020	2021
Medical expenses of family members of employees	Number of persons (person)	385	326	373
	The amount paid (USD)	593,167	587,263	586,672
School expenses	Number of persons (person)	333	267	223
	The amount paid (USD)	1,684,200	1,192,060	1,364,742

Creating and sharing an HR Innovation Journey



CASE  
01

In order to present our vision for HR management and organizational culture, we held a meeting with all of our employees to share our management blueprint known as "HR Innovation Journey" and listen to feedback. Taking the perspective of HR management, HR Innovation Journey outlines tasks and action plans, including the improvement of the performance evaluation system, starting from 2022. This will be followed by incentives, compensation, employment refinements, the implementation of a digital transformation in HR in the mid- and long-term, and ultimately the establishment of an individual annual salary system. A range of programs are being provided for HR management that promotes positive values and flexible operation of the organizational base in terms of autonomy, responsibility, and communication. Through this HR management blueprint, we will make every effort to support our employees as they maximize their capacities, grow with the company, and maintain a vision for the future, ultimately contributing to improving the quality of life in the broader society.

3. Operating a system to nurture professionals

Fostering innovative leaders

Future innovation course for executives

This course targeting our executives from the director to managing director level aims to help them gain insight into future management environments characterized by globalization and digitalization and take the lead in innovation. The role of executives is defined through the seven areas of ① futurists, ② investors, ③ digitalists, ④ designers, ⑤ communicators, ⑥ strategists, and ⑦ humanitarians. Specific roles have been identified for each area.

Leadership Challenge Program (LCP)

The LCP is designed to strengthen capacity for business operation, organization management and leadership. In 2021, five employees participated in capacity-building for future leaders through the program by taking courses on business performance management, business model creation, and leadership development.

Leadership training

In an age that has been described as VUCA\* - which stands for volatility, uncertainty, complexity, and ambiguity - the role of leaders in identifying changes in the internal and external environments and making timely decisions is more important than ever. In this regard, we have provided team leaders with two sessions of our People Leadership course on the direction of innovation over the coming decade, HR trends, and the key roles we call 'People Leader, Performance Leader, and Change Leader'.

\* Volatility, uncertainty, complexity, and ambiguity

Mid- and long-term talent nurturing

We provide professional training to our key talent as a means to support employee development that leads to organizational growth. Twelve employees are currently in master's and doctoral programs, four are in the Professional Engineer license program, and nine are in the in-house MBA course. Through our systematic training programs that allow employees to create their own capacity-building roadmap, we can concentrate our efforts on fostering talent and strengthening corporate competitiveness in the rapidly changing business environment.

OPEN\* programs for new hires

We provide our OPEN (ownership, pioneering, energizing, and networking) programs to support recent hires as they adapt to their new environments and to help them gain a sense of belonging at work. They are given fourteen days of introductory courses at the LS Group level and five additional days at the company level in order to promote their understanding of both organizations. This is followed by three months of mentoring activities with senior employees and biweekly one-on-one coaching with team leaders. In addition, on- and off-line job training programs are offered and work improvement tasks are conducted with mentors in order to further nurture them as professionals.

\* OPEN: It stands for ownership, pioneer, energizer, and networking. The programs aim to nurture future talent with a sense of ownership, challenge spirit and positive attitude.



Strengthening global and digital capabilities

Fostering in-house data analysts

Since 2020, we have been providing a professional data analysis course to our employees to help them manage and utilize rapidly increasing data volumes. In 2021, individual job competencies and work system environments were diagnosed for sixteen data management employees. Based on the results, a total of nine sessions (40 hours) of machine learning tool training was conducted and solutions for six work-related issues were identified.

Nurturing digital professionals

There is a growing need for talented employees who can contribute to our efforts to integrate AI and big data into the traditional manufacturing sector and identify future business models. In response, we established our DT Academy in 2018 to systematically nurture professionals and provide digital transformation programs by job level. In 2021, fourteen employees were given digital capacity-building programs ranging from data preprocessing to visualization, including on data analysis using Python, Google Analytics, and Excel; coding basics; and Power BI. Moreover, as part of our efforts at strengthening digital manufacturing capabilities and applying cable system diagnosis technology, we provide overseas training for employees seeking to become data science experts.

Support for employees dispatched overseas

To strengthen the competitiveness of our overseas subsidiaries, we select employees for overseas dispatch (nine employees in 2021) and provide training by area, including global business, production, finance, and quality. They are also offered programs for learning about local culture and tips for living abroad. For those returning to Korea (eight employees in 2021), an on-boarding program is operated to help them readjust and convert their overseas experience into assets.

Strengthening global sales competencies

In order to increase customer-oriented sales, marketing, and negotiation skills, we provided thirty sales employees in the power distribution and overhead transmission line business group with two sessions of programs on core negotiation principles. In addition, a workshop on proposal writing was given to thirty-nine sales employees in the energy business group (underground and submarine cable system). We will continue to operate training courses tailored to each job group to strengthen the sales competencies of our employees.

Care programs for assistant managers

Employees' physical and mental health is one of the key elements underlying the performance of organizations. In this regard, we are operating care programs for assistant managers to help them develop self-leadership and a positive mindset. In 2021, a total of 91 employees took this three-session course. The response by the attendees was positive, including feedback that the program helped them rein in negative thoughts, gain a positive mindset, and strengthen communication skills and self-leadership. The overall satisfaction scores averaged 4.72/5, and we are now reviewing the extension of the program to other job positions.

Healing workshops for executives

Our healing workshops are designed to provide opportunities for executives to reflect on their patterns of behavior as leaders of the organization and refresh themselves after the stress and strain of daily life. In 2021, two workshops were held at the Healice Seonmaeul healing resort in Hongcheon-gun, Gangwon-do Province with 40 attendees, including 17 executives, 21 directors, and two heads of subsidiaries. They practiced meditation and were given lectures on mental health from psychiatrists, taking a thorough rest and enjoying time away from work.

Supporting employees' mental health

Changes in employee training methods due to COVID-19

To address the prolonged COVID-19 pandemic, we established a no-contact employee training environment based on digital technology to allow our employees to continue their capacity-building under any conditions. Real-time video education infrastructure for large numbers of employees and online platforms such as ZOOM are being utilized. In addition, an in-house e-learning site known as the LS Learning Platform, was upgraded in 2021 to allow employees to take courses tailored to their needs at any time and place.

Employee training over the last three years

	2019	2020	2021
Average training hours per employee (hour)	54	58	54
Total training expenses (USD thousand)	2,615	2,109	2,278


Our HR development system

● Miraewon ● LS C&S ● LS C&S/LS Group ● LS C&S/External

	Value		Business management and leadership			Job		Global	Misc.												
			Newly-promoted employees and leadership	Key talent	Common	Specialized															
Execu-tives	Vision and core values (for all employees)	LS partnership	New entry (for newly-hired career employees)	Future innovation course for executives	AMP (Advanced Management Program)	Business management and leadership seminars															
Programs for newly-appointed executives																					
LCP(Leadership Challenge Prg.)				Mid-/long-term	Master's and doctorate degree courses <ul style="list-style-type: none"><li>• LS - (T) MBA</li><li>• Core technology overseas training</li><li>• Professional qualifications (Expert Engineer)</li></ul>					Capacity building – Production engineers	Capacity building – Submarine cable installation	Capacity building – Power cable installation	Capacity building – Tech sales	Training roadmap by job (sales, R&D, and quality)	Programs for employees dispatched overseas	In-house/external foreign language programs	Intensive- Chinese / English / China Biz Academy	Short-term English programs	Quality training	Environmental safety training	Patent training
Capacity-building programs for team leaders																					
On-boarding programs																					
Programs for newly-promoted team leaders																					
Promotional training - General manager																					
Promotional training - Deputy general manager																					
Promotional training - Manager																					
Promotional training - Assistant manager																					
Rank-and-file employees	New Entry (OPEN)																				

Renovating the head office building in Anyang

CASE 02



The head office building in Anyang was renovated over the course of five months in order to create a more pleasant and smarter work environment and provide a variety of convenience spaces, improving work efficiency and promoting employee wellbeing. Currently, the offices of LS C&S, LS Electric, LS Mtron, and Gaon Cable are all housed within the building.

Prior to the renovation, an online survey was conducted to analyze the current use of space and identify the needs of employees, a critical matter considering how they can spend up to one-third of each day in the building. The results showed an inefficient flow of movement and poor use of space in the employee cafeteria, a lack of meeting rooms, and no spaces for meetings with visitors.

From a work perspective, we focused on creating spaces that promote a proactive horizontal organizational culture by establishing a smart office system with an advanced digital-based office environment. In terms of employee welfare, we upgraded the health office, added a nursery room and rest spaces equipped with massage chairs, and installed both an office and locker room for business travelers.


The renovation of shared spaces is part of our efforts to build a new future based on innovation. To this end, we will do our utmost to promote employee wellbeing and strengthen corporate competitiveness.

The direction of renovating communal spaces

Multi-purpose and multi-use space

allowing employees to work together efficiently


Open reception lounges, space for casual meetings, cafés, working lunch rooms, and spaces for writing on the board



Digital space

allowing employees to concentrate on their work


Mobile desks, a guest Wi-Fi network, a dedicated 5G network, and monitors



Space for exchanges

allowing employees to take breaks and communicate with each other

lounges for re-energizing, cafés, rest spaces, and smoking rooms



INTRODUCTION

SUSTAINABLE MANAGEMENT

SUSTAINABILITY PERFORMANCES

APPENDIX

93

4. Activities in the LS C&S Way

#OpenCommunication #AwarenessRaising #Autonomy #EnhancingEmployeeValue #Responsibility

#HappyEmployees #CorporateCulture #HappyWorkplace #IndividualGrowth

Our 2022 direction for our organizational culture is based on communication, autonomy, and responsibility. A flexible organizational culture rooted in communication and an autonomous work environment will serve as a basis for creating outstanding performance and lay a foundation for the company's sustainable growth. Our efforts at employee growth and wellbeing will continue to fuel a virtuous cycle deeply integrated into our corporate culture.

CEO Sol-Talk to spark new changes in communication

Happy work life ‘So Happy’

All our executives, including the CEO and team leaders, are striving to promote horizontal communication with employees in a number of places and ways. Under the principle of ‘we listen and listen’, CEO Sol-Talk and Leader Sol-Talk events are being held by the CEO and team leaders: the CEO visits worksites every week and meets with employees to encourage them and listen to their ideas and proposals. Leaders also create opportunities to meet, talk with, and listen to their team members on a weekly basis. Moreover, team leaders hold quarterly face-to-face conversations with team members to support their career development and growth.

We have been operating a series of ‘Work life Sohwakhaeng’ (meaning small but certain happiness) programs. Employees are encouraged to propose ideas that promote a happy and healthy work life. Support is provided to launch ideas adopted by the company as enterprise-wide campaigns. These programs are designed to enhance the work environment, facilitate communication, and improve the organizational culture, helping employees create a positive and happy work environment.

Inhouse bulletin board for anonymous postings

Allowing employees to freely express their thoughts and ideas on the organization

EV rentals

Providing employees with opportunities to experience eco-friendly electric vehicles

Day without our leaders

Giving team leaders a chance to refresh themselves and letting team members take the initiative in doing their work

Replacing restroom fixtures

Installing more convenient and effective personal hygiene fixtures

Providing taxi fare to new hires on their first day of work

Helping new hires' commutes feel comfortable and special on their first day of work

Let's have lunch together

Groups of employees, such as a team or company club, have lunch together at the in-house VIP restaurant.

Wearing casual clothes to work

Improving work efficiency and creating a flexible organizational culture

Organizational competence survey

Company-wide diagnoses of organizational culture are part of our organizational development activities designed to measure employee perceptions of the company, identify improvement points, and create a positive organizational culture. The 2021 survey showed an overall improvement in employee perceptions, which was mainly attributed to activities conducted to support a positive work environment, including the improvement of work methods and the taking of initiative by leaders.

Survey areas			
Areas	① Organizational competence	② Organizational vitality	③ Corporate culture improvement
Questions	<ul style="list-style-type: none"><li>Organizational direction</li><li>Functional and system capacity, and leadership</li><li>Competencies of members</li></ul>	<ul style="list-style-type: none"><li>Confidence and pride</li><li>Producing results based on cooperation</li></ul>	<ul style="list-style-type: none"><li>Work productivity</li><li>How we work</li></ul>
Three-year score trends	56 → 57 → 72(+15)	72 → 72 → 80(+8)	66 → 67 → 78(+11)



# Environmental Responsibility

The international community and our stakeholders have been continuously calling for green business activities to mitigate environmental challenges such as global warming, other forms of climate change, and resource depletion. Based on the awareness of our corporate social responsibility toward the environment, we apply pollutant management standards that surpass the legal requirements. To realize our value of Customer First, we continue to provide eco-friendly cable products and solutions, thus contributing to a sustainable future for our customers.

Management Approach

1

Reducing environmental impact in cable design and raw material procurement

- Green product research and development
- Management of hazardous materials and chemicals
- Green purchasing

2

Reducing environmental impact in product manufacturing

- Using renewable energy for power generation
- Energy saving and GHG emission reduction
- Minimizing water and air pollutants

3

Reducing environmental impact in product use and disposal

- Complying with the extended producer responsibility
- Plastic recycling and waste management

2021 Progress



The Donghae Plant

Achieving 'RE50'

- Consuming 74.4GWh of electricity generated by renewable energy (2021-2022)



ISO 14001 certification (an environmental management system)

Obtaining certification in the construction sector



Key products

Setting a goal of receiving EPD certification by 2022

- Power cables (4), and telecommunications cables (5)



Registration of imported particular chemical materials with the K-REACH<sup>1)</sup> portal:

1,000 tons or more

- Registered with the K-REACH portal: copper

1) The Act on Registration and Evaluation, etc. of Chemicals

Link to 「UN-SDGs」

## 1. Advancing a green management system

Environmental management policies

We are steadily promoting green management programs based on our policy of becoming a leading HSE company by caring about people and the environment. All of our worksites are proactively managing HSE by making efforts to minimize environmental impacts throughout the product lifecycle and applying pollutant management standards that surpass the legal requirements.

Environmental management organization

To proactively respond to legal and stakeholder requirements, we have been operating an HSE<sup>1)</sup> structure. There is an HSE Office and HSE Planning and Diagnosis Team under the Labor Relations and Compliance Division. The HSE Office has three HSE teams dedicated to our worksites in Gumi, Indong, and Donghae. The HSE Planning and Diagnosis Team is responsible for management and support of construction sites and R&D centers.

1) Health, Safety, Environment



Environmental management system

Since receiving our first ISO 14001 certification in 1997, we have been maintaining the certification through a surveillance audit on an annual basis and are working on further improvements. LS C&S operates an enterprise-wide environmental management system to meet international standards by complying with related laws and regulations, managing performance, and reducing pollution. In 2021, we obtained certification in the construction sector.

Environmental management system certification status

Certification standards	• ISO 14001: 2015
Scope	• All of our production plants (in Gumi, Indong and Donghae) • Construction sites (new)
Details	• An environmental management system and processes related to the design, distribution and use of power transmission and distribution cables (Gumi), telecommunications and industrial cables (Indong), submarine and industrial specialty cables (Donghae)
Validity period	• Production: Sep. 13, 2021 – Sep. 12, 2024 • Construction: Sep. 27, 2021 – Sep. 26, 2024
Certification agency	• DQS Inc.

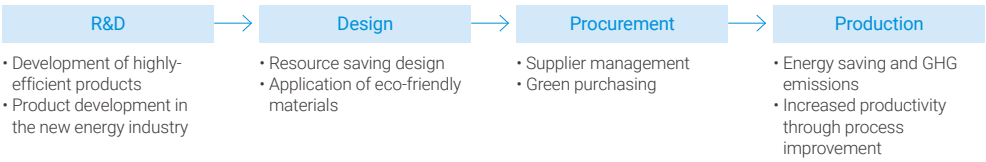
\* Our domestic and overseas subsidiaries operate their own environmental management system certification processes.

- Domestic: G&P, LS EV Korea, LS AlSCO, and LS Materials
- Overseas: LSCW, LS-VINA, LSCV, LSGM, LSCI, LSEVP, LSCP, LSMC, and LSAGI

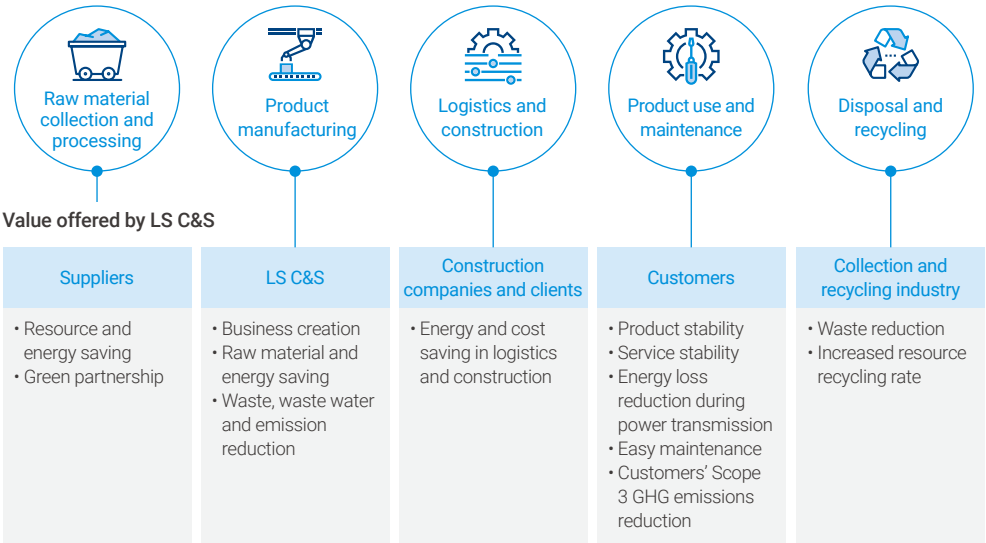
Management of the full product cycle

To reduce our environmental footprint across the overall process of the product value chain, we consider environmental impact during product design, production, logistics, construction, use, and disposal. Since a range of elements, including environmental impact and quality, are determined at the design stage, we reflect HSE-related laws and customer requirements in product design to fulfill our corporate responsibility toward the environment.

Activities at LS C&S



Product life cycle



Setting a goal of receiving EPD certification for key products

In order to quantitatively prove the effectiveness of our company-wide carbon reduction activities, we plan to conduct a life-cycle environmental impact assessment of our key products and obtain EPD (Environmental Product Declaration) certification by 2023 (for submarine and HV/EHV cables by the third quarter of 2022). In addition, life-cycle assessment (LCA) will be conducted to quantitatively measure environmental impact and produces results that can be used for future reduction planning. An internal system for conducting LCA on all products will be established to expand the scope of our low-carbon products and lay a foundation for securing green competitiveness.

Products subject to EPD certification

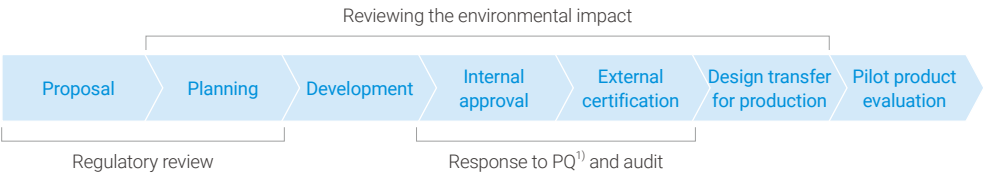
Type	Number of certification	Note
Power transmission cable	2	320kV, 525kV HVDC
Submarine cable	2	320kV, 525kV HVDC
Optical cable	2	Micro Unit (144F, Aerial), Micro ABC (144F, 250um)
Structured cabling system	3	Cat5e, Cat6 N-filler, Cat6 X-filler, Cat6A X-filler

2. Reducing environmental impact in cable design and raw material procurement

Green product research and development

During product research and development, environmental impact is considered at each stage of the design review (DR) process. In the planning stage, customer requirements and regulations are reviewed. In addition, we are developing products that can increase energy efficiency, conserve and recycle resources and energy and replace hazardous materials. With the currently increasing Extended Producer Responsibility, we are working on recycling technology for XLPE within waste cables.

Product design review (DR) process

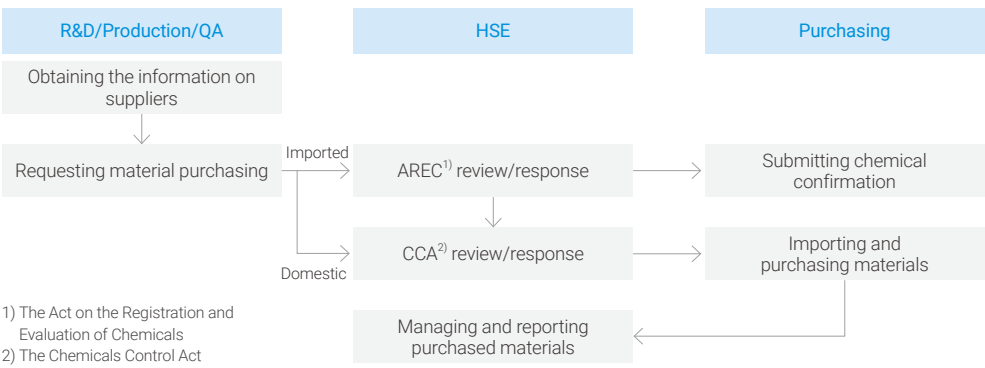


1) Prequalification: a preliminary examination of bidding qualifications

Chemical management process

We manage the overall process from purchasing to disposal using an internal HSE system that ensures product stability in the application of chemicals. When purchasing chemicals for worksites, employees responsible for procurement should request a preliminary evaluation from the HSE system to gain approval. In 2021, a total of 110 preliminary evaluations were conducted for domestic worksites. Once chemicals are received, the entire process is tracked from the amount of chemicals used to their inventory and disposal. There are separate procedures for appropriately disposing of used chemicals. Meanwhile, we registered copper with the K-REACH portal since the use of 1,000 tons or more of a particular imported material is subject to registration.

Company-wide chemical review and approval process



1) The Act on the Registration and Evaluation of Chemicals  
2) The Chemicals Control Act

Green purchasing

Since issues triggered in a supply network can impact the entire value chain, the corporate social responsibility required of suppliers is greater than ever. For the environmental impact assessment of our supply chain, we are conducting supplier evaluation in the areas of HSE systems and leadership, environmental management status at worksites, and hazardous materials and chemicals management. Our worksites in Gumi, Indong, and Donghae are regularly providing environment-related technical support to their on-site suppliers. Meanwhile, a waste disposal company management process is in place to prevent any possible violation of environmental regulations, including onsite inspection, contract signing and registration, and post-check.



3. Reducing environmental impact in product manufacturing

Transition to renewable energy

We aim to use 100% renewable energy at our worksites as part of our pursuit of carbon neutrality. To this end, the status of energy use was identified at each plant, R&D center, and office and a roadmap for achieving ‘RE100’ was created for the Donghae Plant. A goal was set for 50% renewable energy use (RE50) by 2021, 75% (RE75) by 2023, and 100% by 2024. In 2022, we purchased 38.7GWh of renewable energy through KEPCO’s Green Premium program, allowing the Donghae Plant to achieve the goal of RE50 and the Indong Plant to secure 25% of its electric power as renewable energy. In order to achieve RE100 at all our worksites by 2050, we will proactively join the renewable energy system and promote a range of measures including in-house power generation and the purchase of REC (renewable energy certificates).

Renewable energy purchase (unit: GWh)

	2020	2021	2022
Donghae	-	19.3	20.6
Indong	-	16.4	18.1
Total	-	35.7	38.7

Energy use and GHG emissions

Energy consumption

About 97% of this energy is used at our worksites in Gumi, Indong and Donghae, and is mostly attributable to the consumption of major energy sources, including electricity, LNG, and steam. By energy source, electricity accounts for the largest share at 74%, followed by 20% for LNG and 5% for steam. As on-site management and participation are essential for energy saving, employees in charge of each type of equipment are designated and awareness-raising efforts are being made.

Energy consumption and intensity (unit: TJ; TJ/sales (KRW 100 million))

	2019	2020	2021
Electricity	1,802	1,772	1,882
LNG	547	525	518
Steam	135	119	133
Total	2,484	2,416	2,534
Intensity	0.077	0.074	0.061

※ Electric energy conversion factors: 9.6MJ/kWh (loss from power transmission/distribution and production included)

GHG emissions

At LS C&S, Scope 1 and 2 GHG emissions are calculated, verified by a third party, and reported to the government on an annual basis. Emission sources include the energy consumed by the head office, R&D centers, the Seoul office, sales agencies, and worksites in Gumi, Indong, and Donghae, and some processes. The reported emissions data is publicly disclosed at ngms.gir.go.kr (the National Greenhouse Gas Management System). Upon the request of customers, we also provide information on our responses to climate change through the CDP (Carbon Disclosure Project) Supply Chain. We have internally calculated some of our Scope 3 emissions since 2013 and plan to obtain third-party verification to ensure the accuracy and objectivity of the results.

Scope 1·2 GHG emissions and intensity (unit: tCO<sub>2</sub>eq; tCO<sub>2</sub>eq/sales (KRW 1 million))

	2019	2020	2021
Scope 1	30,663	29,530	29,551
Scope 2 Location-based/market-based	94,652	92,376	97,078/80,677
Total	125,315	121,907	126,625/110,224
intensity	0.039	0.037	0.031/0.027

· Scope 1: direct emissions (fuel combustion, process emissions, and mobile combustion)  
· Scope 2: indirect emissions (electricity, and steam)

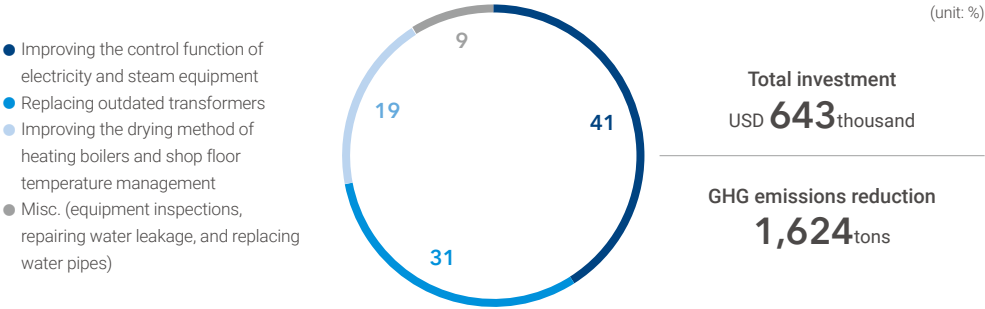
Scope 3 GHG emissions (unit: tCO<sub>2</sub>eq)

	2019	2020	2021
Purchased goods and service	787,466	888,704	808,213
Waste disposal	2,843	2,107	2,540
Fuel/energy production	4,522	4,317	4,311
Leased assets	18,412	11,897	12,779

※ Calculation is internally made based on domestic and international criteria

Energy saving and GHG emissions

We are making equipment investments to meet the annual target while strengthening on-site energy management. In 2021, we completed a total of eleven tasks, including improving the control function of electricity and steam equipment and replacing outdated facilities, resulting in a decrease of 1,624 tons of annual GHG emissions.



4. Reducing environmental impact in product use and disposal

Plastic recycling

To fulfill our responsibility as a producer of plastic products and packaging, we signed a voluntary agreement on plastic waste collection and recycling with the Ministry of Environment and have been proactively participating in its EPR (Extended Producer Responsibility) programs. In addition, we are sharing materials information with recycling companies to promote the recycling of plastic from power/communication lines and packaging. Our XLPE recycling technology was developed in 2020 through a national project. It is currently partially applied to shaped filters in submarine cables and we are working to expand the scope of its application.

Extended Producer Responsibility

Voluntary collection and recycling of plastic from power/communication cable wastes in Korea (unit: ton, %)



	2019	2020	2021
Plastic used in power/communications cables	22,700	24,961	20,600
Plastic collected and recycled (ton)	4,688	5,741	4,987
Plastic collected and recycled (%)	20.65	23.00	24.21

※ The 2021 recycling rate may change depending on the aggregation which will be done by the Ministry of Environment in August 2022.

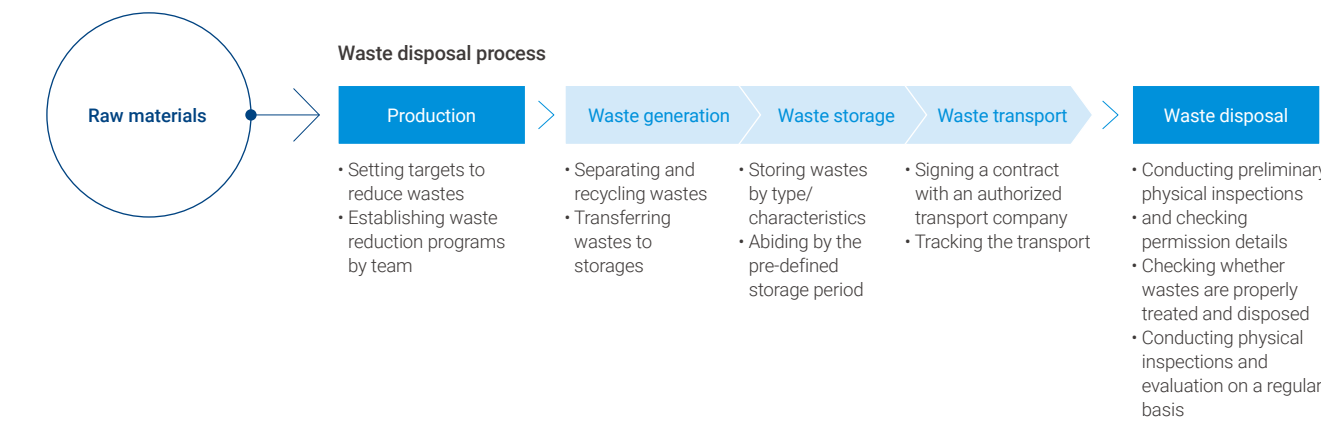
Voluntary collection and recycling of plastic packaging in Korea (unit: ton)

	2019	2020	2021
Plastic packaging delivery volume	229	242	-
Required recycling volume	181	201	-
Recycling volume	278	216	-

※ The 2021 recycling volume will be aggregated in the second half of 2022.

Waste management

To minimize wastes and protect the environment in local communities, we keep in place a waste disposal process from product development to final disposal and continue our efforts at increasing our waste recycling rate. Wastes generated during our HV/EHV and optical communication cable manufacturing processes are made of plastic such as HDPE and PVC, and they are categorized into general wastes. In 2021, wastes totaled 13,306 tons, an increase of 1,539 tons from the previous year. Recycled wastes rose by 312 tons year-on-year to reach 11,330 tons. Our recycling rate decreased from 93.6% in the previous year to 85.2% as unrecyclable synthetic resin waste increased due to a variety of issues, including product defects.



Waste volume and intensity (unit: ton; ton/production volume (1,000 tons))

	2019	2020	2021
Designated wastes*	2,134	1,947	2,322
General wastes**	9,690	9,820	10,984
Total	11,825	11,767	13,306
Intensity	32.3	33.3	36.3

\* Designated wastes: waste oil, waste organic solvent, paint waste, and waste acid

\*\* General wastes: cable scrap, waste synthetic resins, rubber wastes, and residential wastes

Waste disposal (unit: ton)

	2019	2020	2021
Incineration	1,263	1,362	1,675
Landfill	348	344	343
Recycling volume	10,954	11,018	11,330
Recycling rate (%)	92.6	93.6	85.2

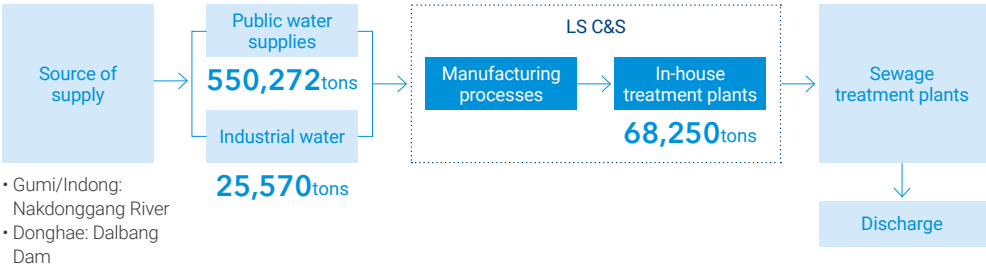


5. Environment management at worksites

Water resource management

Water resources are used as cooling water for the cable extrusion process or in the electrolytic copper smelting furnaces at our plants. It is also required for human uses such as drinking and sanitation. Used water is re-used for a period and then discharged as waste in consideration of its impact on product quality and whether it can be internally treated. There was zero use of groundwater in 2021 as a result of water conservation activities. However, due to investment in production facilities at our Gumi and Donghae worksites, total water consumption rose by 25% over the previous year and water use intensity increased by 20%. Based on the understanding that the depletion of water resources is an environmental risk, we plan to establish mid- and long-term targets for water resource conservation to allow us to use it in a sustainable and economically-beneficial manner.

Water resources flowchart



Water use and intensity (unit: ton)

	2019	2020	2021
For human uses	429,202	439,760	550,272
For industrial uses	17,933	22,886	25,570
Underground water	1,365	0	0
Total	448,500	462,646	575,842
Water use intensity [the amount used (ton)/ production volume (ton)]	1.23	1.31	1.57

Pollutant management

Air pollutants

We have conducted air measurement and raw materials and process analyses, upgraded outdated facilities, and invested in advanced air pollution control facilities. The air pollutants we produce are mainly dust, NOx, HCl, and HF. In 2021, the investment in a dedicated production line for flat wire for EV drive motors led to an increase in NOx. The average dust discharge concentration was similar to the previous year due to the upgrade of facilities to prevent air pollution through the SCR process. However, a rise in discharge flow rate increased dust emissions year-on-year.

Primary air pollutant emissions (unit: kg, kg/production volume (1,000 tons))

	2019	2020	2021
Dust	969	960	2,342
NOx	14,387	13,491	17,032
HCl	947	722	1,748
HF	80	50	36
Total	16,383	15,223	21,158
Intensity	47.8	47.8	83.5

Water pollutants

We discharge wastewater generated in the cable manufacturing process by applying in-house limits on water contaminants that are stricter than the legal limits. Despite the increase in both the use of water and wastewater generated in the operation of new production processes in 2021, the contamination level in our discharged wastewater was less than 10% of the legal limit. Although none of our worksites are located in or near water source protection areas, restricted zones, special management zones, or biodiversity protection areas, we have worked continuously to reduce water contamination by effectively operating wastewater treatment plants.

Primary water contaminants discharged and intensity (unit: kg, kg/production volume (1,000 tons))

	2019	2020	2021
BOD	42	60	160
COD	311	497	984
SS	97	105	124
T-N	206	314	422
Total	656	976	1,690
Intensity	2.3	3.3	4.6

Chemicals management

We strictly manage chemicals at our worksites in order to protect the environment, our employees, and local communities from potential accidents. As part of these efforts, a CMS (chemical monitoring system) was introduced to our HSE system to systemically manage the entire cycle from chemical use to disposal at our Gumi, Indong, and Donghae worksites. Meanwhile, the use of lead surged in 2020 because of the lead sheathing process for submarine cables at our worksite in Donghae. In response, activities were conducted to stabilize the related processes and minimize the use of hazardous chemicals in 2021, resulting in a roughly 12% decrease in total use from the previous year. We gained approval for our processes using lead from the Ministry of Environment by conducting off-site risk assessment and supplying all employees handling chemicals with pertinent training. We are also maintaining an emergency response system for any possible chemical-related accidents.

Use of hazardous chemicals (unit: ton)

	2019	2020	2021
Volume of hazardous chemicals	6,184	11,542 <sup>1)</sup>	10,153

1) The lead sheathing process for submarine cables added at the Donghae worksite

APPENDIX

Statement of Financial Position

· Income Statement · Cash Flow Statement

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LS C&S and the UN SDGs

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GHG Verification Statement

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Additional Information

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Independent Assurance Statement

Consolidated Statements of Financial Position

(unit: USD in thousands)

		2019	2020	2021
Assets	Current assets	2,342,689	2,668,840	3,005,183
	Cash and cash equivalents	288,641	413,642	278,320
	Financial deposits	25,531	36,973	35,754
	Trade receivables	1,113,881	1,050,921	1,309,333
	Other receivables	64,040	49,631	64,235
	Financial assets at fair value through profit or loss	3,456	12,850	11,447
	Derivative financial instruments	20,632	99,117	98,279
	Firm commitment assets	44,651	54,414	51,378
	Inventories	567,582	744,473	974,008
	Other current assets	214,274	206,820	182,429
	Non-current assets held for sale	39,657	36,973	27,318
	Non-current assets	1,162,182	1,271,022	1,460,327
	Property, plant and equipment	932,906	976,198	1,159,132
	Intangible assets	48,647	91,028	60,092
	Investment property, net	7,645	7,357	46
	Right of use assets, net	41,051	36,379	34,471
	Financial deposits	994	934	861
	Trade receivables	56,318	69,216	41,272
	Other receivables	14,881	14,986	14,732
	Investments in joint ventures	38,457	41,019	129,739
	Financial assets at fair value through profit or loss	1,606	1,487	3,292
	Financial assets at fair value through other comprehensive	751	1,033	757
	Derivative financial instruments	14,525	23,380	6,569
	Firm commitment assets	504	159	236
	Deferred tax asset	3,440	7,329	2,587
	Net defined benefit assets	0	0	6,095
	Other assets	455	516	446
Total assets		3,544,528	3,976,835	4,492,828
Liabilities	Current liabilities	1,658,355	2,044,017	2,296,554
	Trade payables	621,717	720,975	788,547
	Borrowings	666,387	821,670	995,924
	Derivative financial liabilities	26,317	27,955	26,223
	Firm commitment liabilities	29,265	123,645	120,222
	Other payables	125,884	129,107	138,350
	Current income tax liabilities	4,022	23,090	15,933
	Provisions	19,747	9,586	3,208
	Lease liabilities	9,362	8,727	8,881
	Other liabilities	155,653	179,262	199,266
	Non-current liabilities	892,730	858,466	817,343
	Borrowings	818,141	753,656	711,890
	Derivative financial liabilities	960	17,116	14,131
	Firm commitment liabilities	1,315	21,482	4,237
	Other payables	175	151	887
	Net defined benefit liabilities	8,597	1,178	-
Deferred income tax liabilities		43,338	44,784	69,654



		2019	2020	2021
	Provisions	21	4,107	4,434
	Lease liabilities	20,182	15,992	12,110
Total liabilities		2,551,085	2,902,482	3,113,897
Equity	Equity attributable to owners of the Parent Company	751,373	800,093	1,118,355
	Share capital	80,974	79,082	94,153
	Share premium	468,629	457,679	628,106
	Accumulated other comprehensive income	(14,782)	(25,630)	64,365
	Other components of equity	310,391	303,150	273,653
	Accumulated deficit	(93,839)	(14,189)	58,078
	Non-controlling interests	242,069	274,260	260,576
Total equity		993,443	1,074,353	1,378,931
Total liabilities and equity		3,544,528	3,976,835	4,492,828

Consolidated Statements of Comprehensive Income

(unit: USD in thousands)

		2019	2020	2021
Continuing Operations	Revenue	3,975,467	4,075,486	5,155,097
	Cost of sales	3,580,545	3,673,638	4,635,915
	Gross profit	394,922	401,848	519,182
	Selling and administrative expenses	249,474	259,970	316,013
	Impairment loss (reversal)	5,018	2,777	8,859
	Operating profit	140,430	139,102	194,310
	Other income	234,286	437,049	440,663
	Other expenses	230,054	450,057	471,247
	Finance income	4,518	3,792	2,684
	Finance costs	53,533	47,081	42,071
	Share of profit of equity method investment, net	1,660	641	(2,682)
	Other non-operating income (expenses)	10,619	38,748	10,775
	Profit before income tax	107,925	122,196	132,434
	Income tax expense	30,812	25,964	34,902
	Profit from continuing operations	77,113	96,229	97,530
Discontinued operations		2,225	-	-
Loss from discontinued operations, net of tax		2,225	-	-
Profit for the year		74,889	96,229	97,530
Profit is attributable to	Owners of the Parent Company	68,163	83,732	84,521
	Profit from continuing operations	70,388	83,732	84,521
	Loss from discontinued operations	2,225	-	-
	Profit (Loss), attribute to owners of Parent Company	68,163	83,732	84,521
	Non-controlling interests	6,726	12,497	13,011
	Profit from continuing operations	6,726	12,497	13,011
	Loss from discontinued operations	-	-	-
	Profit (Loss), attribute to non-controlling interests	6,726	12,497	13,011
Other comprehensive income	Items that will not be reclassified to profit or loss	(3,450)	1,842	83,445
	Remeasurement of post-employment benefit obligation	(3,157)	1,803	(1,776)
	Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net	(293)	39	730
	Revaluation surplus	-	-	84,417
	Items that may be subsequently reclassified to profit or loss	3,992	(7,707)	13,811
	Cash flow hedges	(468)	(628)	867
	Changes from equity method	(53)	(261)	1,861
	Exchange differences	4,513	(6,818)	12,817
Other comprehensive income (loss) for the year, net of tax		542	(5,865)	97,256
Total comprehensive income for the year		75,431	90,364	194,787
Total comprehensive income for the year attributable to	Owners of the Parent Company	70,807	74,172	173,113
	Non-controlling interests	4,624	16,194	21,674
Earnings (losses) per share	Earnings per share from continuing operations	\$3.8	\$4.5	\$4.3
	Losses per share from discontinued operations	\$0.1	\$0.0	\$0.0
	Basic earnings per share	\$3.6	\$4.5	\$4.3

Consolidated Statements of Cash Flows

(unit: USD in thousands)

	2019	2020	2021
Cash flows from operating activities	50,480	130,623	(177,738)
Cash generated from (used in) operations	122,550	183,350	(101,610)
Interest received	4,154	3,438	1,519
Dividends received	67	418	72
Interest paid	(49,480)	(45,497)	(40,968)
Income taxes paid	(26,809)	(11,086)	(36,751)
Cash flows from investing activities	(95,593)	(142,321)	(182,235)
Decrease (increase) in financial deposit	21,357	(4,552)	(6,156)
Decrease (increase) in other receivables	(1,139)	693	(5,486)
Proceeds from disposal of financial assets at fair value through profit or loss	7,810	4,660	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	210	13,016
Proceeds from disposal of property, plant and equipment	15,333	2,107	1,216
Proceeds from disposal of intangible assets	1,633	506	62
Proceeds from disposal of other investment assets	54	2	95
Payment for acquisition of property, plant and equipment	(127,517)	(128,714)	(140,910)
Payment for acquisition of intangible assets	(8,468)	(9,152)	(10,068)
Payment for acquisition of other investment assets	-	(15)	-
Payment for acquisition of financial assets at fair value through profit or loss	(7,773)	(14,116)	(15,511)
Payment for acquisition of financial assets at fair value through other comprehensive income	-	(17)	-
Loss of control over subsidiaries	24,484	23,647	-
Payment for acquisition of investments in subsidiaries, associates and joint ventures	(8,640)	(17,580)	(18,493)
Decrease (increase) in derivative financial instruments	(12,728)	-	-
Cash flows from financing activities	155,952	147,002	215,588
Proceeds from (Repayments of) short-term borrowings (excluding CP)	(16,416)	157,228	32,024
Proceeds from short-term borrowings (CP)	544,135	84,353	893,716
Repayments from short-term borrowings (CP)	(604,595)	(101,223)	(830,451)
Repayments from long-term borrowings	(65,257)	(112,763)	(138,733)
Proceeds from long-term borrowings	160,151	136,059	173,626
Proceeds from issuance of debentures	276,386	194,800	151,835
Repayment of bonds issued	(103,645)	(183,796)	(215,099)
Issuance of exchangeable bond	-	-	25,306
Repayments of currents lease liabilities	(8,348)	(10,042)	(11,960)
Cash outflows from consolidated equity transactions	(12,339)	(2,436)	-
Dividends paid	(13,057)	(16,695)	(15,660)
Paid-in capital increase	-	-	185,497
Decrease (increase) in derivative financial instruments	-	2,409	1,097
Acquisition of treasury shares	-	-	(35,072)
Others	(1,064)	(892)	(538)
Net increase (decrease) in cash and cash equivalents	110,840	135,303	(144,388)
Cash and cash equivalents at beginning of the year	172,623	281,896	413,642
Effects of exchange rate changes on cash and cash equivalents	5,178	(3,558)	9,066
Cash and cash equivalents at end of the year	288,641	413,641	278,320

Separate Statements of Financial Position

(unit: USD in thousands)

		2019	2020	2021
Assets	Current assets	1,615,355	1,867,427	2,033,902
	Cash and cash equivalents	200,388	334,790	190,344
	Financial deposits	5,314	4,097	1,583
	Trade receivables	822,237	748,272	1,001,307
	Other receivables	57,906	57,774	65,188
	Derivative financial instruments	16,092	74,337	72,866
	Firm commitment assets	40,531	50,339	48,600
	Inventories	294,626	431,093	516,003
	Other current assets	178,260	166,725	138,012
	Non-current assets	1,002,835	1,071,342	1,260,635
	Property, plant and equipment	443,494	463,327	601,734
	Intangible assets	36,851	41,331	46,250
	Investment property, net	5,496	6,342	7,026
	Right of use assets, net	19,921	16,486	13,762
	Financial deposits	17	17	17
	Trade receivables	56,110	68,676	41,111
	Other receivables	7,806	7,433	7,247
	Financial assets at fair value through profit or loss	181	178	178
	Financial assets at fair value through other comprehensive income	448	405	1,554
	Derivative financial instruments	14,181	20,515	6,502
	Firm commitment assets	359	152	222
	Investment in Subsidiaries	392,552	422,272	449,819
	Investment in joint ventures	25,022	21,158	78,328
	Deferred tax assets	-	2,661	-
	Net defined benefit assets	-	4	6,573
	Other assets	395	385	312
Total assets		2,618,190	2,938,769	3,294,536
Liabilities	Current liabilities	1,073,567	1,432,527	1,565,102
	Trade payables	486,533	578,076	619,597
	Borrowings	297,948	442,599	543,469
	Derivative financial liabilities	21,233	20,255	21,233
	Firm commitment liabilities	26,271	100,585	95,433
	Other payables	96,612	110,402	101,720
	Current income tax liabilities	1,167	19,038	11,310
	Lease liabilities	5,697	5,448	5,839
	Provisions	8,126	981	1,681
	Other liabilities	129,980	155,143	164,820
	Non-current liabilities	793,450	722,651	627,464
	Borrowings	770,819	675,914	578,417
	Derivative financial liabilities	650	12,593	13,153
	Firm commitment liabilities	1,295	18,616	4,209
	Other payables	442	550	909
	Deferred income tax liabilities	400	-	18,642
	Net defined benefit liabilities	5,542	-	-



		2019	2020	2021
	Lease liabilities	14,303	11,267	8,369
	Provisions	-	3,711	3,764
Total liabilities		1,867,017	2,155,179	2,192,566
Equity	Share capital	80,974	79,082	94,153
	Share premium	468,629	457,679	628,106
	Accumulated other comprehensive income	(12,177)	(18,068)	76,951
	Other components of equity	182	178	(34,951)
	Retained earnings	213,564	264,720	337,712
Total equity		751,173	783,591	1,101,971
Total liabilities and equity		2,618,190	2,938,769	3,294,537

Separate Statements of Comprehensive Income

(unit: USD in thousands)

		2019	2020	2021
Continuing Operations	Revenue	2,800,802	2,770,397	3,488,593
	Cost of sales	2,540,950	2,513,271	3,165,820
	Gross profit	259,851	257,126	322,773
	Selling and administrative expenses	156,048	151,070	181,611
	Impairment loss (reversal)	6,948	925	6,826
	Operating profit	96,856	105,131	134,336
	Other income	184,461	362,384	357,403
	Other expenses	183,921	374,713	380,354
	Finance income	3,494	2,257	1,557
	Finance costs	36,426	32,159	26,261
	Share of profit of equity method investment, net	43,679	7,536	19,439
	Other non-operating income (expenses)	(17,361)	9,240	180
	Profit before income tax	90,781	79,676	106,300
	Income tax expense	21,747	17,135	21,373
	Profit from continuing operations	69,034	62,541	84,927
Discontinued operations		2,225	-	-
	Loss from discontinued operations, net of tax	2,225	-	-
Profit for the year		66,809	62,541	84,927
Other comprehensive income	Items that will not be reclassified to profit or loss	-	-	-
	Remeasurement of post-employment benefit obligation	(2,215)	1,094	(1,292)
	Remeasurement of post-employment benefit obligation of subsidiaries and others	(439)	417	(42)
	Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net	-	167	871
	Revaluation surplus	-	-	63,886
	Items that will not be reclassified to profit or loss	-	-	-
	Cash flow hedges	(296)	(298)	(1,108)
	share of other comprehensive income (loss) of subsidiaries and others	2,918	(6,046)	31,620
Other comprehensive income for the year, net of tax		(33)	(4,666)	93,935
Total comprehensive income for the year		66,776	57,875	178,862
Earnings (Losses) per share		\$3.6	\$3.3	\$4.3
	Earnings per share from continuing operations	\$3.6	\$3.3	\$4.3
	Losses per share from discontinued operations	\$0.1	\$0.0	\$0.0
	Basic earnings per share	\$3.6	\$3.3	\$4.3











Separate Statements of Cash Flows

(unit: USD in thousands)

	2019	2020	2021
Cash flows from operating activities	38,058	150,666	(149,137)
Cash generated from (used in) operations	78,581	175,854	(104,235)
Interest received	2,930	1,464	627
Dividends received	4,515	5,210	6,075
Interest paid	(31,119)	(30,047)	(25,123)
Income taxes paid	(16,848)	(1,816)	(26,481)
Cash flows from investing activities	(49,020)	(91,387)	(123,804)
Decrease (increase) in financial deposit	2,817	1,092	2,514
Decrease (increase) in other receivables	16,944	252	(363)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	202	-
Proceeds from disposal of property, plant and equipment	1,233	1,045	274
Proceeds from disposal of intangible assets	1,645	-	-
Proceeds from disposal of other investment assets	56	-	80
Loss of control over subsidiaries	26,663	25,306	12,653
Payment for acquisition of investments in subsidiaries, associates and joint ventures	(47,924)	(44,445)	(36,927)
Payment for acquisition of property, plant and equipment	(56,030)	(66,960)	(93,999)
Payment for acquisition of intangible assets	(6,998)	(7,879)	(8,036)
Decrease (increase) in derivative financial instruments	12,572	-	-
Cash flows from financing activities	110,067	79,804	128,527
Proceeds from (Repayments of) short-term borrowings (excluding CP)	15,523	90,179	(16,639)
Repayments from short-term borrowings (CP)	(604,595)	(84,353)	(573,598)
Proceeds from short-term borrowings (CP)	544,135	84,353	615,774
Repayments from long-term borrowings	(64,778)	(42,176)	(97,242)
Issuance of exchangeable bond	-	-	25,306
Paid-in capital increase	-	-	185,497
Proceeds from long-term borrowings	60,727	33,741	113,437
Proceeds from issuance of debentures	276,386	194,800	126,529
Repayment of bonds issued	(103,645)	(183,796)	(198,229)
Repayments of currents lease liabilities	(4,528)	(6,553)	(6,860)
Dividends paid	(8,096)	(7,907)	(10,849)
Decrease (increase) in derivative financial instruments	-	2,408	1,096
Acquisition of treasury shares	-	-	(35,072)
Others	(1,063)	(892)	(623)
Net increase in cash and cash equivalents	99,106	139,081	(144,413)
Cash and cash equivalents at beginning of the year	101,912	195,706	334,790
Effects of exchange rate changes on cash and cash equivalents	(631)	3	(33)
Cash and cash equivalents at end of the year	200,388	334,790	190,344


LS C&S and the UN SDGs

LS C&S strives to contribute to the UN SDGs by conducting a variety of activities based on our ESG strategy and core issues.

UN SDGs	Activities at LS C&S	Reporting page
 <b>Good Health And Well-Being</b>	<ul style="list-style-type: none"><li>• Disclosing a list of restricted substances</li><li>• Offering medical checkups and operating health facilities, including an in-house fitness center and counseling center</li></ul>	78page
 <b>Quality Education</b>	<ul style="list-style-type: none"><li>• Providing employees with educational programs and training courses to strengthen their expertise in their respective work areas</li><li>• Operating the LS Dream Science Class program to encourage children’s interest in basic science</li><li>• Establishing LS Dream School buildings in developing countries to improve the educational environment</li></ul>	51page 85page
 <b>Gender Equality</b>	<ul style="list-style-type: none"><li>• Supporting childbirth and childcare among our employees (parental leave and the LS Daycare Center)</li><li>• Prohibiting discriminatory treatment in employment, evaluation, compensation, and promotion on the basis of gender</li></ul>	63Page
 <b>Affordable and Clean Energy</b>	<ul style="list-style-type: none"><li>• Contributing to the global new and renewable energy sector by producing and supplying offshore wind power and photovoltaic cables</li><li>• Reviewing a variety of measures to introduce renewable energy based on meeting the goal of RE50 in 2021 at the Donghae Plant</li><li>• Implementing energy conservation tasks at the enterprise level</li></ul>	38page 94page
 <b>Decent Work and Economic Growth</b>	<ul style="list-style-type: none"><li>• Supporting the capacity-building of suppliers through joint technology development</li><li>• Operating a web portal to improve the convenience of suppliers</li></ul>	56page
 <b>Reduced Inequalities</b>	<ul style="list-style-type: none"><li>• Increasing the number of employees with disabilities through indirect employment in cooperation with Butyi</li></ul>	63page
 <b>Sustainable Cities and Communities</b>	<ul style="list-style-type: none"><li>• Operating air pollution control facilities at our worksites</li><li>• Conducting activities to reduce defect rates in the manufacturing process and minimize waste</li><li>• Conducting social contribution activities to promote community development in Gumi, Indong, and Donghae where our production plants are located (cleaning up the marine environment in 2022)</li></ul>	51page 94page
 <b>Responsible Consumption and Production</b>	<ul style="list-style-type: none"><li>• Conducting a life-cycle assessment (LCA) of all key products by 2022 to analyze and reduce their environmental impact</li><li>• Establishing an integrated HSE management system to address issues related to safety, health, the environment, and disaster prevention</li></ul>	85page 94page
 <b>Climate Action</b>	<ul style="list-style-type: none"><li>• Conducting systematic activities to reduce our environmental impact by setting a goal of a 100% transition to renewable energy by 2050</li><li>• Establishing a process for the collection, recycling, and re-use of cable wastes to minimize the impact of our products on the environment</li></ul>	94page
 <b>Peace, Justice and Strong Institutions</b>	<ul style="list-style-type: none"><li>• Promoting a culture of compliance by strengthening the role of our internal compliance organization and systematically operating related programs</li></ul>	70page 74page



GHG Verification Statement



# Verification Statement

Verification No : KQA-T2208  
Company : LS Cable & system  
Representative : Myung Roe-Hyun  
Business Registration No : 138-81-47634  
Address : 127, LS-ro, Dongan-gu, Anyang-si, Gyeonggi-do, Republic of Korea

KQA confirms that the verification result of GHG emissions and energy consumption reports of above company is proper.

Verification Standard : Guidelines on the verification for the operation of emission trading scheme  
Verification Scope : 2021 GHG emissions and energy consumption reports  
Assurance level : Reasonable assurance (reliability level: over 95%)

※ GHG emissions and energy consumption

Year	GHG Emission (tCO2_eq)			Energy Consumption (TJ)			
	Scope1	Scope2	Total	Fuel	Electric	Steam	Total
2021	29,552	97,078	126,625	518	1,882	133	2,530

※ Remark ; The reason why the total is different from the sum of each number is that the total is the sum of decimal point round-off.

Verification Term : 29 Sep 2021 ~ 31 Mar 2022  
Date of issue : 28 Jun 2022

Korea Quality Assurance



(GHG · Energy verification body '2011~3rd, accredited by the ministry of environment.)

※ The details regarding the range of this Verification Statement and requirement of the GHG and Energy target scheme guidelines can be obtained by requesting to the relevant organization.

KQA Address : 2Fl., Hojeong Bldg., 49, Manan-ro, Manan-gu, Anyang-si, Gyeonggi-do, 14034, Republic of Korea

GRI Standards Index

1. Universal Standards

Topic		Disclosure	Page	Assurance
Organizational Profile	102-1	Name of the organization	8	●
	102-2	Activities, brands, products, and services	8, 14-15	●
	102-3	Location of headquarters	8	●
	102-4	Location of operations	8	●
	102-5	Ownership and legal form	24	●
	102-6	Markets served	8-9	●
	102-7	Scale of the organization	8	●
	102-8	Information on employees and other workers	8, 85-93	●
	102-9	Supply chain	56-62	●
	102-10	Significant changes to the organization and its supply chain	About this Report	●
	102-11	Precautionary Principle or approach	25-27	●
	102-13	Membership of associations	22	●
	102-14	Statement from senior decision-maker	6-7	●
Strategy	102-15	Key impacts, risks, and opportunities	-	●
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	75	●
	102-17	Mechanisms for advice and concerns about ethics	74-77	●
Governance	102-18	Governance structure	24	●
	102-22	Composition of the highest governance body and its committees	24	●
	102-23	Chair of the highest governance body	24	●
	102-24	Nominating and selecting the highest governance body	24	●
	102-30	Effectiveness of risk management processes	25	●
	102-32	Highest governance body's role in sustainability reporting	20-21	●
	102-35	Remuneration policies	24	●
	102-36	Process for determining remuneration	24	●
Stakeholder engagement	102-37	Stakeholders' involvement in remuneration	24	●
	102-40	List of stakeholders groups	22-23, 29	●
	102-41	Collective bargaining agreements	117	●
	102-42	Identifying and selecting stakeholders	22-23, 29	●
	102-43	Approach to stakeholder engagement	22-23, 28-29	●
Reporting practice	102-44	Key topics and concerns raised	22-23	●
	102-45	Entities included in the consolidated financial statements	16-17	●
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2. Topic-specific Standards

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	103-2	The management approach and its components	28-29	●
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	201-4	Financial assistance received from government	117	●
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	117	●
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	51-55	●
	203-2	Significant indirect economic impacts	22-23	●
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	23, 61	●
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	205-3	Confirmed incidents of corruption and actions taken	74	●
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	117	●
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GRI 301: Materials	301-1	Materials used by weight or volume	98-99, 102	●
	301-2	Recycled input materials used	100	●
	301-3	Reclaimed products and their packaging materials	100	●
GRI 302: Energy	302-1	Energy consumption within the organization	99	●
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	302-3	Energy intensity	99	●
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GRI 303: Water	303-1	Water withdrawal by source	102	●
	303-2	Water sources significantly affected by withdrawal of water	102	●
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	99	●
	305-2	Energy indirect (Scope 2) GHG emissions	99	●
	305-3	Other indirect (Scope 3) GHG emissions	99	●
	305-5	Reduction of GHG emissions	99	●
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	103	●
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	103	●
	306-2	Waste by type and disposal method	101	●
	306-3	Significant spills	103	●
	306-5	Water bodies affected by water discharges and/or runoff	103	●
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	117	●
GRI 400: Social topics				●
GRI 401: Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	87	●
	401-3	Parental leave	68	●
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	117	●
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	79	●
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	83	●
	403-4	Health and safety topics covered in formal agreements with trade unions	79	●

Topic		Disclosure	Page	Assurance
GRI 400: Social topics				●
GRI 404: Training and Education	404-1	Average hours of training per year per employee	91	●
	404-2	Programs for upgrading employee skills and transition assistance programs	89-91	●
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GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	65-69	●
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GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	64	●
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	64	●
GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	64	●
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	117	●
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GRI 412: Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	117	●
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	51	●
GRI 414: Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	62	●
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Additional Information

Indicators	Additional information				
102-41	All employees are subject to the results of collective bargaining agreements.				
102-42	<b>Key stakeholders</b> Our key stakeholders are: (1) those who are affected by business activities; (2) those who affect business performance; and (3) those who are legally, financially, and operationally responsible. We listen to their voices through a variety of communication channels and reflect them in our business activities.				
201-4	<b>Government subsidies</b> (unit: USD thousand)				
	Tangible assets		<b>2019</b>	<b>2020</b>	<b>2021</b>
		Land	13,967	15,436	-
		Buildings	2,018	2,191	1,941
		Machines and equipment	732	708	553
	Intangible assets	Development cost	269	406	882
202-1	The ratio of entry level wage to legal minimum wage is 167%.				
205-1	None of our worksites were found to have risks of any corruption cases according to the analysis results.				
206-1/419-1	We are striving to promote transparent and fair competition. However, some violation cases that occurred before implementing our compliance programs are still under investigation and subject to lawsuits. For further details, please refer to our 2020 audit report. Going forward, we will further strengthen our efforts to promote compliance activities of our employees and prevent any violations that could lead to market disruptions.				
303-2	Our water resources are from the Nakdong River for the Gumi/Indong plants, the Paldang Dam for the Anyang plant, and the Dalbang Dam for the Donghae plant. They are purified by the K-Water and provided through water supply offices in each area.				
306-3/307-1	There were no cases of harmful substance leakage and environmental violations in 2020.				
402-1	We disclose key information and major changes regarding management and employee welfare in real time through our website.				
405-2	Employees with the same positions and jobs are equally paid. There is no wage discrimination for reason of gender.				
411-1	There were no violations involving the infringement of the rights of local residents during the reporting period.				
412-3	When deciding new investment, including the establishment of a worksite, acquisition, and joint venture, we review and consider local labor practices. As of now, there have been no human rights issues. However, if newly invested worksites do not meet the international human rights standards, actions will be immediately taken to address these issues.				



## Independent Assurance Statement

To readers of LS Cable & System  
2021 - 2022 Sustainability Report & Annual Report

### Introduction

Korea Management Registrar (KMR) was commissioned by LS Cable & System to conduct an independent assurance of its 2021-2022 Sustainability Report & Annual Report (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of LS Cable & System. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with LS Cable & System and issue an assurance statement.

### Scope and Standards

LS Cable & System 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 the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process;

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - Management approach of Topic Specific Standards
  - GRI 201: Economic Performance
  - GRI 204: Procurement Practices
  - GRI 205: Anti-Corruption
  - GRI 206: Anti-Competitive Behavior
  - GRI 301: Materials
  - GRI 302: Energy
  - GRI 303: Water and Effluents
  - GRI 305: Emissions
  - GRI 306: Effluents and Waste
  - GRI 401: Employment
  - GRI 402: Labor/Management Relations
  - GRI 403: Occupational Health and Safety
  - GRI 404: Training and Education

- GRI 405: Diversity and Equal Opportunity
- GRI 407: Freedom of Association and Collective Bargaining
- GRI 413: Local Communities
- GRI 414: Supplier Social Assessment
- GRI 416: Customer Health and Safety
- GRI 419: Socioeconomic Compliance

As for the reporting boundary, the engagement excludes the data and information of LS Cable & System'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 Cable & System to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

### Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with LS Cable & System 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 Core Option of 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 Cable & System 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 Cable & System 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 Cable & System 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 Cable & System' actions.

### Impact

LS Cable & System 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

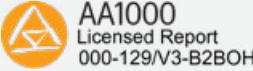
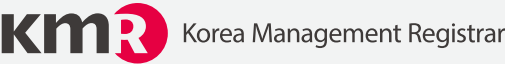
In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well 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 Cable & System and did not provide any services to LS Cable & System that could compromise the independence of our work.

Aug. 2022 Seoul, Korea  
CEO

E. J. Hwang





Our Report since 2010



2021-2022 LS cable & System Sustainability Report + Annual Report

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As a company supporting industries that deliver energy and information through cable products just like the circulatory system running through a body, we have initiated ESG management as part of our efforts to create a cleaner and healthier planet while promoting corporate social value.

Whenever we have confronted challenges over the last six decades, we have renewed ourselves through innovation. Amid growing uncertainty in the business environment, we will remain committed to achieving sustainable growth by implementing ESG management that allows us to forge a better future for coming generations.

”

June 14, 2021

An excerpt from the message of the BOD Chair Cha Yub Koo at the ESG management declaration ceremony



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CABLE SOLUTION LEADER**

**LS** Cable & System