



**LX International**  
2021 Sustainability Report

# FUTURE IN BUSINESS SOLUTION





**LX**인터내셔널

2021 지속가능경영 보고서

## ABOUT THIS REPORT

### OVERVIEW

Since 2014, LX International has been disclosing sustainability management goals and achievements in the corporate's economic, social, environmental, and corporate governance sectors through the annual sustainability report. By identifying major environmental, social, and governance issues surrounding LX International and suggesting directions for the company, we aim to increase the value of the company from the stakeholder point of view, the company's trust value from the governance point of view, and the company's business value from the market's point of view. In this 2021 report, in particular, the interest and expectations of stakeholders in the material topics selected through the materiality assessment process were reflected. In addition, by disclosing the issue management direction, core performance, and mid- to long-term plans on important topics, we presented a sustainability management initiative linked to the company-wide vision and business strategy. In the future, LX International will achieve the sustainability of a healthy and mature company through continuous economic value creation, social value creation, and environmental value realization..

### REPORTING SCOPE

This report focuses on the economic, environmental and social performance and plans of LX International's headquarters and major overseas operating investment corporations.

### REPORTING PERIOD

This report covers LX International's sustainability performances and data from January 1 through December 31, 2020 spanning to the first quarter of 2021 for some material performances. In addition, data for the last three fiscal years from 2018 to 2020 was applied for time-series analysis

### REPORTING PRINCIPLE

This report was prepared in accordance with the Core Option of GRI (Global Reporting Initiative) Standards. Financial information was drawn up on the basis of K-IFRS (Korean International Financial Reporting Standards). It encompassed LX International and its 84 subsidiaries.

### ASSURANCE

The report was assured by Seohyun Accounting Corporation to ensure reporting principle and reliability of information. For more details, please refer to the assurance statements on page 58.

# FUTURE IN BUSINESS SOLUTION

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## ceo message

**Through rightful ESG management, LX International prepares for brighter and more hopeful**

Respected stakeholders of LX International, I would like to express my sincere gratitude to the stakeholders for their unwavering support and trust in the rapidly changing situation of LX International both internally and externally through the 2021 Sustainability Report.

The year 2020 will be remembered as a truly challenging year for all countries, businesses and people as the Covid-19 pandemic has hit the world. However, the strength to overcome and break through the crisis is already engraved in the DNA of the newly born LX International.

In 2020, LX International recorded improved sales performance compared to the previous year, by strengthening the operational capabilities of existing assets and entering new businesses such as health/sanitation. In addition, by selling non-operating assets such as real estate, we improved our financial soundness, made internal reorganization to develop new businesses, and carried on with our former successful investments. Also before a fresh new start with a new name and a new organization, we made efforts from various angles to share our vision with employees to form a broad and deep consensus.

Now is the time when it is more important than ever for companies to ensure economic reliability, environmental soundness, and social responsibility to its stakeholders. Even more, due to the Covid-19 crisis, the perspective of evaluating corporate value is shifting more thoroughly to risks related to supply chain, climate and environmental risks, human rights, and safety/environment.

From that viewpoint, Sustainability Report to publish in line with LX International holds more meaning and lets us bear more responsibility as a company.

LX International takes social responsibility, resilience and sustainability as the core values of ESG management. With these core values in mind, and from the perspective of the market and customer-oriented stakeholders, we will find the value of the company's existence, enhance the trust value of the company's risk management from the perspective of governance, and increase the business value of market competitiveness from the perspective of the industry ecosystem.

We will endlessly strive to create a value of trust from customers, investors, employees and society by achieving results with clear strategies and management goals.

**Jun. 2021**CEO of LX International  
**Yoon Chun Sung**



## General Info

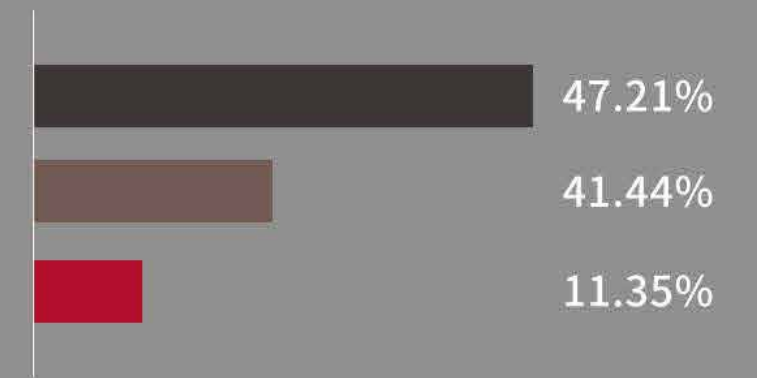


Company Name **LX International**  
 CEO **Yoon Chun Sung**  
 Date of Establishment **Nov. 26th, 1953**  
 HQ Location **LX International, 58 Saemunan-ro, Jongno-gu, Seoul**  
 Number of Employee **489 people** (as of Dec. 2020)  
 Organization Chart



Sales (as of Dec 31th, 2020)  
 : **KRW 11,282.6 Bil-**

【 Revenue Structure 】



■ Solution  
 ■ Living Resources  
 ■ Energy



# History

## 1953-1999

- 1953.11.** Established Lucky Industry Co., Ltd
- 1876.11.** Designated as a general trading company
  - 11.** Won the USD 100 Million Export Tower and Gold Tower Industrial Decoration
- 1983.03.** Participated in development of Ensham coal mine in Australia
- 1995.01.** Changed the company name to LG International Corp.
  - 11.** Won an award on Trading Day for Gold Tower Industrial Decoration
- 1998.07.** Won an order for oil refinery plant worth USD 700 million from Qatar

## 2000-2009

- 2003.11.** Won the USD 15 Billion Export Tower Award.
- 2004.05.** Won an order for polypropylene plant worth USD 180 million from Oman
- 2006.02.** Won an order for aromatics plant worth USD 150 million from Oman
- 2009.02.** Began commercial production in MPP coal mine in Indonesia
  - 11.** Acquired Indonesia’s Palm Plantation (PT.PAM), Entering the palm oil plantation business.
  - 12.** Won an order for gas treatment plant worth USD 1.5 billion in Turkmenistan

## 2010-2021

- 2011.09.** Began Production in Wantugou coal mine in China
- 2012.03.** Won an order for oil refinery plant modernization project worth USD 530 million in Turkmenistan
- 2014.05.** Won an order for petrochemical plant worth USD 3.4 billion in Turkmenistan
  - 07.** Completed a coal-to-chemicals plant in Inner Mongolia and began commercial production
- 2015.05.** Acquired Stakes in Pantos Logistics
- 2016.09.** Began production in GAM coal mine in Indonesia
- 2017.11.** Began operation of Musandam power plant in Oman
  - 12.** Began operation of Wuwei thermal power plant in China
- 2018.09.** Acquired stakes in a couple of palm plantation (GUM, TBSM) in Indonesia
- 2019.12.** MPC (Musandam Power Company) was listed on the stock market of Oman
- 2020.01.** Started operation of the Hasang hydroelectric power plant in Indonesia
  - 10.** Awarded for "Excellent Corporation" in ESG Sector 2020

2021.07. Corporate name has been changed from LG International Corp. to LX International Corp.







# WITH NATURE

## PALM & ENERGY BUSINESS

Climate change threatens humanity’s survival. Conversion of energy is the core of climate policy. LX International’s energy business is shifting its focus from securing the energy, to securing the climate.

From developing and operating Indonesia’s palm plantation, to carbon reduction business, LX International inspires to create “green synergy” with its main businesses.

Furthermore, using accumulated experience with trading and mine developing/operating, LX International is expanding its business area to nickel mine development, a core material for secondary battery.

LX International is making great strides in seeking new business in carbon reduction, and waste disposal, and will make ceaseless effort to expand and transition our business to more eco-friendly field.



# WITH NATURE





# BEST FOR WHO WE CARE

## LIVING RESOURCES FOR HUMAN-BEING

From industrial materials to our daily lives, LX International put people first.

This is what LX International always think about when considering what the best living resources are for our loved ones and neighbors.

Therefore, Both enviornmentally friendly industrial material and the health of our families and neighbors becomes the top priority in the development of living resources.



BEST FOR WHO WE CARE



**Utilizing 4th Industry Solution Biz**

Optimal integrated solution for a world where humankind and nature can coexist, starts with “Risk Management”.  
Through our existing, and more to come win-win partnership with many of world’s finest companies, we will give resilience to the corporate ecosystem.

SCM SOLUTION

ICT-BASED





Global Networks



HQ & Regional Head Office 2

- HQ Seoul
- Regional Head Office Indonesia



Overseas Corporation 6

- Japan
- Hong Kong
- US
- Singapore
- Shanghai
- Europe



Overseas Branch 15

- |               |           |             |
|---------------|-----------|-------------|
| • Beijing     | • Taipei  | • Ashkhabad |
| • Erdos       | • Yangon  | • Istanbul  |
| • Guangzhou   | • Bangkok | • Mumbai    |
| • Shenzhen    | • Dubai   |             |
| • Ho Chi Minh | • Muscat  |             |
| • Hanoi       | • Moscow  |             |



Liaison Office 6

- Qingdao
- Lanzhou
- New Deli
- Yakutsk
- Vladivostok
- Buenos Aires



Investments 20

- |               |          |
|---------------|----------|
| • Indonesia 6 | • Oman   |
| • China 5     | • India  |
| • Vietnam 2   | • Poland |
| • Australia   | • Russia |
| • Qatar       |          |
| • Kazakhstan  |          |



Defining LX International’s Stakeholders

LX International defines its main stakeholders as citizens and customers, shareholders and investors, domestic and overseas business partners, members of overseas business sites, employees, local communities and the government. Through relentless communication with our stakeholders, LX International strives to find and confront existing issues regarding environment, society, and governance.

LX International encourages and welcomes stakeholders to actively express their opinions via various communication channels.



【 LX International’s Stakeholder 】

Stakeholder	Communication Channel	Main Concern
People · Customer	- LX International Homepage - Sustainability Report	- CSR - Brand Recognition
Shareholders · Investors	- General Meeting of Shareholders - Business Report	- Securing Business for Sustainable Growth - Generating Stable Revenue
Domestic · Overseas Partner	- Business Meetings - Regular Evaluation - Workshop	- Fair Trade - Shared Growth with Small/Mid Sized Company
Overseas Business Sites’ Member	- Workshop - Meetings - Bulletin Board	- Fair Opportunity and Performance Evaluation - Empowerment of Staff’s Ability
Employees	- Bulletin Board - Meetings - Employee Survey	- Fair Opportunity and Performance Evaluation - Empowerment of Staff’s Ability - Welfare
Local Community · Government	- LX International Homepage - Local Residents Public Hearing	- Anti-Corruption and Complianc - Transparent Tax Payment - Revitalization of Local Economy

Planed and Inspected by ESG Experts



Establishment of ESG Strategy

# General Info



LX International conducted a materiality test for internal members and external stakeholders from february to may 2021, to diagnose the ESG management issues that LX International is currently facing and to establish mid-to-long-term strategy.



The issue pool for the <2021 materiality assessment> was composed by referring to gri standards and iso 26000, LX International's 2020 Sustainability Report, and ESG best practices of other companies in the same or related industry.



LX International's ESG management strategy for 2021, was established by deriving priorities among ESG issues to be addressed with, through online surveys, interviews, and opinions from internal and external stakeholders.

## 【Materiality Assessment process】

1 <sup>st</sup> Step	Examine & List Regarding Issue	<ul style="list-style-type: none"><li>- Examination of international standards. (GRI &amp; ISO26000)</li><li>- Consultation from ESG Experts</li><li>- Assessment of (former)LG International Corp.Ltd's Sustainability Report. (2020)</li><li>- Benchmarking.</li></ul>
2 <sup>nd</sup> Step	Prioritization	<ul style="list-style-type: none"><li>- Assessing the impacts on business regarding the listed issues (within LX International)</li><li>- Conduct a online-survey for stakeholders and expert Groups regarding listed issues.</li><li>- Analyze result.</li><li>- Prioritization for company's ESG.</li></ul>
3 <sup>rd</sup> Step	Selecting Report Issue	<ul style="list-style-type: none"><li>- Select issues for report based on prioritization.</li><li>- Revision by outside experts</li><li>- Revision by management &amp; final selection of the report issue.</li></ul>

## 【Materiality Assessment Schedule】

Schedule	2021
Mar. 1st~2nd Week	Examine & List Regarding Issue
Mar. 3rd~4th Week	Conduct a Stakeholder Survey
Apr. 1st~2nd Week	Survey Result Analysis / Prioritization
Apr. 3rd~4th Week	Selecting Report Issue / External Expert Revision / Management Revision / Final Selection



Establishment of ESG Strategy

## Selecting Priorities

Issues were prioritized into 3 groups, based on the materiality test scores, through which we were able to measure degree of recognition of our stakeholders, and possible impact on business.

Issues of core value that require an immediate resolution, were categorized as Tier 1. Issues which of primary value that requires short-term resolution, were categorized as Tier 2. Management issues that needs LX International’s long-term concern and resolution, were categorized as Tier 3.

- Tier 1

Recognized by internal/external stakeholders, as having a large impact on business, and yet lack resolving actions
- Tier 2

Despite of its impact on business, resolving actions by LX International is not fully recognized by stakeholders
- Tier 3

Resolving actions by LX International is proper and well recognized considering its impact on business

Priority	Issue
Tier 1. Issue	5. Investment and development of new businesses and new technologies
	6. Securing customer trust in the corporate brand
	11. Fair performance evaluation and compensation for employees
Tier 2. Issue	25. Risk Management Before/After Trading & Investment
	26. Social, economic and environmental risk management
	33. Efforts to Secure Soundness of Governance
	31. Establishment of corporate future strategy for sustainable management
	9. Vitalization of communication among employees
Tier 3. Issue	24. Vitalization of Stakeholder Communication
	30. International Compliance and Efforts for Compliance Management
	10. Efforts to Strengthen the Professional Competency of Employees
	37. Efforts to prevent environmental accidents and strengthen response capabilities
	40. Developing projects to respond to climate change and promote green culture
	2. Creation of global synergy through overseas subsidiaries and branches
	17. Fair partner selection and transaction
	29. Eradication of Fraudulent Transactions

### 【 LX International’s Response to ESG Items with Large Business Impact 】

CONTENTS	SCORE
30. INTERNATIONAL COMPLIANCE AND EFFORTS FOR COMPLIANCE MANAGEMENT	72.29
25. RISK MANAGEMENT BEFORE/AFTER TRADING & INVESTMENT	68.84
10. EFFORTS TO STRENGTHEN THE PROFESSIONAL COMPETENCY OF EMPLOYEES	64.39
26. SOCIAL, ECONOMIC AND ENVIRONMENTAL RISK MANAGEMENT	63.75
33. EFFORTS TO SECURE SOUNDNESS OF GOVERNANCE	61.62
37. EFFORTS TO PREVENT ENVIRONMENTAL ACCIDENTS AND STRENGTHEN RESPONSE CAPABILITIES	61.12
5. INVESTMENT AND DEVELOPMENT OF NEW BUSINESSES AND NEW TECHNOLOGIES	60.29
40. DEVELOPING PROJECTS TO RESPOND TO CLIMATE CHANGE AND PROMOTE GREEN CULTURE	60.14
6. SECURING CUSTOMER TRUST IN THE CORPORATE BRAND	60.12
31. ESTABLISHMENT OF CORPORATE FUTURE STRATEGY FOR SUSTAINABLE MANAGEMENT	59.79
11. FAIR PERFORMANCE EVALUATION AND COMPENSATION FOR EMPLOYEES	57.09
2. CREATION OF GLOBAL SYNERGY THROUGH OVERSEAS SUBSIDIARIES AND BRANCHES	56.58
17. FAIR PARTNER SELECTION AND TRANSACTION	56.24
29. ERADICATION OF FRAUDULENT TRANSACTIONS	55.46
9. VITALIZATION OF COMMUNICATION AMONG EMPLOYEES	54.83
24. VITALIZATION OF STAKEHOLDER COMMUNICATION	54.62

Social

Governance

Good

CONTENTS	SCORE
International Compliance and Efforts for Compliance Management	58.96
Efforts to comply with the Code of Ethics and strengthen ethical management activities	53.04
Efforts to strengthen anti-bribery and anti-corruption activities	53.04
Eradication of Fraudulent Transactions	51.40
Developing projects to respond to climate change and promote green culture	44.17
Efforts to Strengthen the Professional Competency of Employees	43.36
Efforts to prevent environmental accidents and strengthen response capabilities	43.18
Interest in greenhouse gas reduction and efficient energy use	40.40
Creation of global synergy through overseas subsidiaries and branches	38.61
Effort for employees’ work-life balance	38.09
Fair partner selection and transaction	31.25

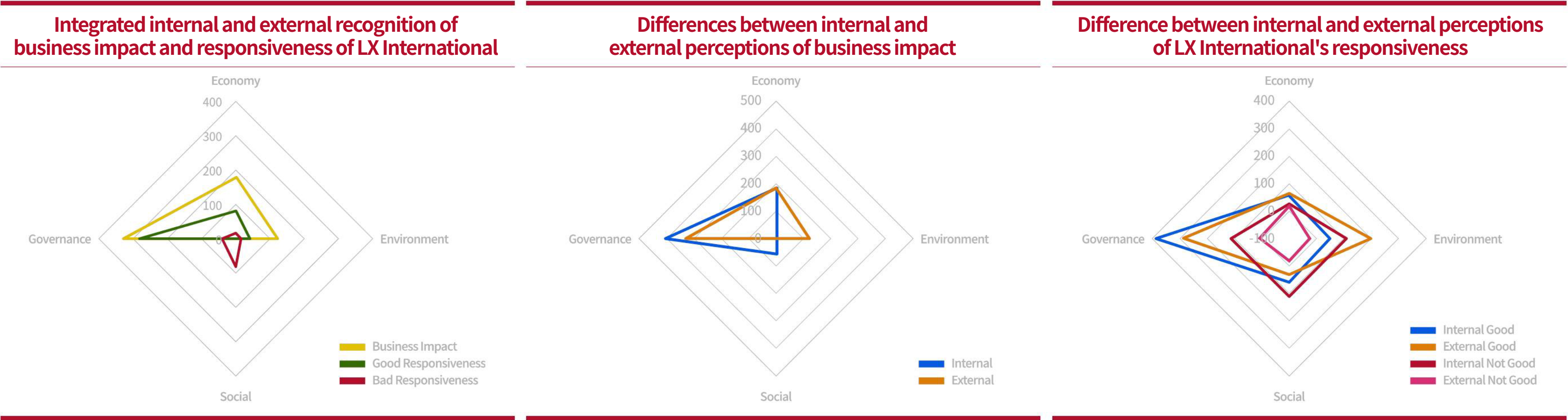
Not Good

내용	점수
Establishment and management of eco-friendly supply chain	-3.97
Development of products and services to increase social value	4.08
expand investment and development for social responsibility	10.48
Active investment for the development of domestic/international local communities	15.26
Investment and development of new businesses and new technologies	15.59
Efforts against discrimination and respect for diversity	15.90
Efforts to prevent consumer rights violations	16.25
Securing customer trust in the corporate brand	17.05
Efforts to foster SMES	18.87
Fair performance evaluation and compensation for employees	19.05
Efforts to build a sound labor-management culture	19.05
Efforts to prevent environmental pollution	19.69



Establishment of ESG Strategy

Materiality Assessment Results



As a result of the materiality test, external experts and internal employees both perceived LX International as responding well to issues regarding governance, but poorly to issues regarding environment and society. Also, we were able to derive from result that internal employees' awareness of the importance of ESG issues was somewhat lower than that of external experts. In the long term, LX International plans to actively conduct company-wide education and PR activities to increase ESG awareness.

Regarding LX International's governance, which is positively recognized both internally and externally, detailed contents are presented to help establish a governance strategy regarding business management.

Test result revealed to us, internal employees had low awareness of the relationship between LX International's business and environmental issues. To actively spread consensus, internally and externally, we have presented environmental considerations for the projects LX International is currently carrying out and planning for in the future.

In addition, CSR guidelines are presented in this report so that LX International can systematically implement “Corporate Social Responsibility”, which is essential when enhancing corporate brand image and managing legal and social risks.



## ESG Management Initiatives

LX International's ESG management initiatives was prepared through the combination with SDG with the CSR strategy as the central point, and is summarized into 3 core values, 4 business directions, and 5 key agendas.



### The three core values are

1)Responsibility, 2)Sustainability, and 3)Resilience.

#### Responsibility

> Fulfilling the responsibilities of the ESG (Environmental-Social-Governance) element of LX International's value chain.

#### Sustainability

> LX International's growth promises to continuously contribute to social value creation.

#### Resilience

> Realizing a vibrant future such as job creation through technology innovation and capacity building of internal and external stakeholders.

### The four business direction are

1)Information, 2)Innovation, 3)Sharing Social Value, and 4)Engagement.

#### Information

> Expansion of business opportunities via information industry

#### Innovation

> Leading green economy through technological innovation

#### Sharing Social Value

> Sharing social values through various partnerships

#### Engagement

> Utilize organic communication channels for business strategy

### The five agendas are

1)Policy Support, 2)Technological Innovation, 3)Management Innovation, 4)Green Finance, and 5)Win-Win Economy

Policy Support

Technological  
Innovation

Management  
Innovation

Green Finance

Win-Win Economy



## ESG Management Initiatives

LX인터내셔널의 지속가능경영 주요 Initiative는 SDGs와 CSR가이드라인을 구심점으로 하여 마련되었으며 3대 Core Value, 4대 Business Direction, 5대 Agenda 로 요약됩니다.

3 Core Values	E		S		G	
<b>Responsibility</b> : Internalization of social responsibility/value in <b>business management (performance)</b>	Risk	A need for a <b>company-wide environmental risk management plan</b> that recognizes <b>environmental risks</b> in terms of social responsibility.	Risk	<b>Increasing demands of the times for internalizing social responsibility</b> in the management system	Risk	Risk of <b>impairing the efficiency of business management</b> when the decision-making structure does not reflect the diversity of stakeholders
	Strategy	<b>Establishment of DB and inventory for each value chain</b> to restore and prevent damage caused by environmental crisis	Strategy	<b>Preparing a specific social responsibility response strategy</b> by classifying social impacts by value chain in detail	Strategy	<b>Diagnosis of social responsibility of business performance</b> by giving diversity to decision-making structure
<b>Sustainability</b> : <b>Business development</b> that guarantees the sustainability of the business model	Risk	<b>Necessary to analyze trends</b> in global environmental policy changes that are approaching us as regulations	Risk	Risk of <b>lacking awareness of social responsibility that inherently undermines sustainability</b>	Risk	<b>Organic communication and education and training are essential for the formation of corporate competency</b>
	Strategy	<b>Development of innovative technologies</b> necessary for green energy conversion and continuous discovery of eco-friendly projects	Strategy	<b>Developing a business model that leads a win-win economy</b> through an inclusive approach	Strategy	Securing business sustainability <b>through the use of various experts and education and training</b>
<b>Resilience</b> : Resilience of <b>Management Strategy</b>	Risk	Quantitative/qualitative <b>diagnosis and risk analysis</b> on environmental resilience for each project	Risk	A need to <b>understand the various classes and</b> consider ways <b>to enhance social value</b>	Risk	Improving the quality rather than the quantity of communication <b>actually contributes to the realization of the ESG management strategy</b>
	Strategy	<b>Establishment of action plan</b> that includes multifaceted efforts to address environmental crises	Strategy	<b>Providing opportunities for collaboration and partnership</b> with local communities through various partnerships	Strategy	<b>Establishment of future-oriented management strategy through organic communication channel operation</b>

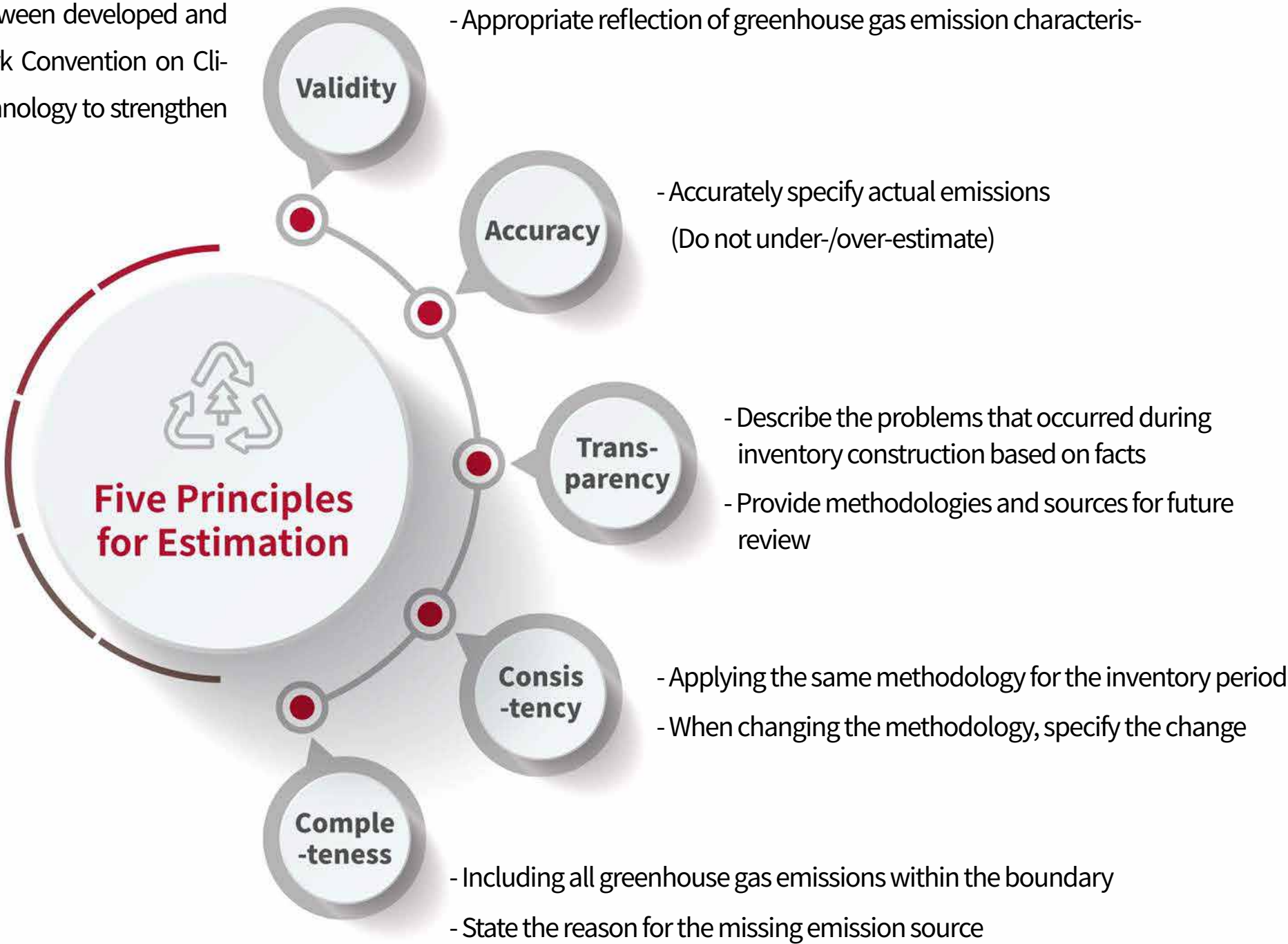


# LX International Cares for the Environment



# Efforts to reduce greenhouse gas emissions

In order to reduce greenhouse gas emissions, amount of greenhouse gases currently being generated must be firstly accurately measured. To this end, the scattered standards for each business site were unified, and the principles for accurate data measurement were unified and re-established. In July 2020, LX International joined the Climate Technology Center & Network (CTCN), an organization implementing technology mechanisms to promote cooperation in climate technology and the development and transfer of technologies between developed and developing countries, according to the decision of the Conference of the Parties to the United Nations Framework Convention on Climate Change. As a result, LX International began its earnest support for the development and transfer of climate technology to strengthen the ability of developing countries to respond to climate change.





## Efforts to reduce greenhouse gas emissions

Meanwhile, in the Gwanghwamun Building where LX International is located, we have replaced the luminaires with eco-friendly LED lighting and are striving to save energy by optimizing the schedule for using lights and lighting in common spaces.

LX International recognizes energy saving activities as part of its investment and plans to continue eco-friendly business management by introducing energy-efficient equipment and implementing continuous energy-saving policies.

### 【 Energy Comsumption 】

Category	2018	2019	2020
Water (Ton)	7,855	9,105	11,886
Gas (Nm <sup>3</sup> )	78,372	80,198	75,108
Electricity (kWh)	1,408,681	719,620	741,433

### 【 Greenhouse gas emissions 】

2018	2019	2020
849.0	507.22	498.05

### 【 Generated Waste 】

Category		2018	2019	2020
Daily Waste	Total amount (Entire Building)	12,829	36,346	183,260
	LX International amount	881	7,716	38,869
Recycling Waste	Total amount (Entire Building)	175,330	11,427	34,295
	LX International amount	12,045	2,426	7,274



01 Energy Business

PALM OIL

LX International first entered the palm plantation business in November 2009, with PAM palm farm in Indonesia.

With abundance of palm oil from production factory (constructed by October 2012), and from Indonesia’s GUM, TSBM palm farm (additionally acquired farm), LX International was able to penetrate Indonesia’s domestic retail market, actively developing our renewable-bio energy business.



Palm oil is generally used when cooking food across S.E. Asia, and more importantly, used as a source for biodiesel, an environment-friendly energy source. LX International views palm oil business as a future energy business that satisfies both food and energy security, and expects to expand our business beyond Southeast Asia to the global market in the future.



LX International improved supply stability by acquiring additional palm farms and expanding palm oil production facilities, and also secured price stability through trading. Trading is one of LX International's core competency, and we plan to thoroughly manage palm oil-related risks to secure economic feasibility and sustainability of our business.

【 LX International’s Palm Plantation Operating Status 】

ame of the Plantation	위치	허가 면적	운영형태
PAM	Indonesia	45,000 ha	Direct Operation (100% Ownership)
GUM			Direct Operation (100% Ownership)
TBSM			Direct Operation (100% Ownership)

【 LX International’s Palm Oil Production / Trade Status 】

(Unit : MT)

	2018	2019	2020
Production	81,000	140,000	170,000
Trading Volume	-	-	460,000



## 01 Energy Business

### Coal

From participating in the development of the Ensham mine in Australia in 1983, commencing production at the MPP coal mine in Indonesia in 2009, successfully starting commercial production at the Wantugou mine in Inner Mongolia China in September 2011, taking over operating right of Indonesia’s GAM coal mine in July of 2012, and starting commercial production in September of 2016, LX International has led series of successful coal business, which empowered LX International's internal and external strong growth.

LX International is and always has been concerned and preparing for negative impact of the coal business on the global environment and the future growth potential of the coal industry.

To minimize the risk of business performance, LX International is gradually shifting its profit model from direct investment/operation of coal mines, to indirect investment and trading. Based on the years of accumulated knowledge in the mining business, we are expanding our business to the secondary battery raw material such as lithium and nickel. To address the national task of energy transition policy, LX International is also reviewing business feasibility from various angles to discover eco-friendly energy business that can replace coal.



【 LX International’s Coal Mine Operating Status 】

Name of the Coal Mine	Location	Form of Operation
Ensham	Australia	Equity Investment (15% Ownership)
Wantogou	China Inner Mongolia	Equity Investment (30% Ownership)
GAM	Indonesia	Direct Operation (15% Ownership)
MPP	Indonesia	Direct Operation (75% Ownership)

【 LX International’s Coal Mine Product and Trading Status 】

(Unit : 10K MT)

	2018	2019	2020
Production	1,550	1,450	1,570
Trading Volume	1,203	1,603	1,954



## Eco & Green

LX International is actively participating in constructing and operating power plants that uses various forms of fuel, such as hydro-power, thermal-power, and coal cogeneration. In Hasang Sumatera, Indonesia, after signing a power supply contract through hydroelectric power on August 2015, power plant construction began in 2016, and successfully started operation in 2020. In Wuwei Gansu Province, China, after signing a joint venture contract for a cogeneration power plant in October 2015, operation began in December 2017. In Oman, on November 2017, Musandam Thermal Power Plant started operation, and in December 2019, Musandam Power Company (MPC) succeeded in listing on the local stock market.



【 LX International's Eco & Green Business Operation Status 】 (As of 2020, Unit : KW)

Location	Type of Energy	Form of operation	Production
Sumatra Hasang, Indonesia	Hydroelectric	Direct Operation (95% Ownership)	41,000
Wuwei, Gansu Province, China	Coal CHP	Equity Investment (30% Ownership)	700,000
Musandam, Oman	Thermal	Direct Operation (30% Ownership)	110,000
	Total Production		851,000

Environmental Value of LX International

## 01 Energy Business

## Metal



LX International has been engaged in continuous steel processing and sales business since it took over a steel coil center in China in 2010. LX International directly operates steel processing centers in Tianjin, China and Haiphong, Vietnam, and has invested in two other steel processing centers in India and Poland.

The core of the metal business is a one-stop service that can purchase, process, and sell steel coils. Based on the processing and trading experience accumulated in the metal business along with the existing coal business, LX International is actively examining the business feasibility to expand its scope to the development and supply business of nickel and lithium, a core materials for secondary batteries.

【 LX International's Steel Processing Center Operation Status 】

Name of Coil Center	Location	Form of operation
Tianjin Steel Coil Center	China	Direct Operation (100% Ownership)
Haiphong Steel Coil Center	Vietnam	Direct Operation (100% Ownership)
POSCO-IPPC	India	Equity Investment (35% Ownership)
POSCO-PWPC	Poland	Equity Investment (40% Ownership)

【 LX International's Steel Coil Production & Trading Status 】

	2018	2019	2020
Production (Unit : KMT)	65	65	65
Trading Volume (Unit : 10K MT)	71	71	60





02 Living Resources Business

Industrial Material

Through chemical plants around the world, LX International develops, produces and trades synthetic resin products (PP PE), one of main raw material of plastics, and chemical fertilizers (emulsified fertilizer)



Starting with obtaining contract for a PP/PE plant in Oman worth \$180 million in May 2004, LX International built an Aromatics plant in Oman in February 2006 (\$10 million), and a PP plant in Vietnam in November 2007 (\$170Million).

The petrochemical plant in Turkmenistan, a \$3.4 billion contract which was awarded in May 2014,





# Industrial Material



In order to diversify existing trading items centered around petrochemical products, in October 2013, we acquired a stake in the coal chemical urea plant in Inner Mongolia China, which was constructed in July 2014, and started commercial production.



To secure supply-based profit stability in the future, we are increasing equity investment in raw materials for the purpose of securing product rights. In addition, we are more actively taking social responsibility for LX International's investment activities by seeking ways to manage environmental risks throughout the entire supply chain and including resource recycling business, such as plastic recycling, in our investment portfolio.

## 【 LX International's Industrial Materials Plant Operation Status 】

Name	Form of operation
PE/PP Plant, Oman	Secured Sales Right for Produced Material
Aromatics Plant, Oman	-
PP Plant, Vietnam	-
PE/PP Plant, Turkmenistan	Secured Sales Right for Produced Material
Inner Mongolia Urea Plant, China	Part Ownership
Bohai PVC Plant. China	Part OWnership



## 02 Living Resources Business

# Health Care



The Covid-19 pandemic has once again confirmed the need for thorough risk management in the supply line. In particular, a smooth supply of diagnostic kits is absolutely essential to minimize the spread of Covid-19.

Using its supply chain and years of accumulated trading know-hows, LX International is promoting various business developments to meet the health needs of the local community, from participating in the diagnostic kit supply market to operating a diagnostic lab in Indonesia.

LX International is supplying “K-Module Lab”, a Korean-style quarantine system, to overseas regions that lack the Covid-19 diagnosis infrastructure. “K-Module Lab” a portable container type Covid-19 testing system developed by Macrogen in Korea, is a package of both quarantine and diagnostic technology. Not only can the inspection be carried out “one-stop” within a short time, but it can also be moved by a trailer, so it can be easily installed anywhere that it is needed.

After signing an export contract with Macrogen in September 2020, LX International installed and operated the first “K-Module Lab” in Jakarta, Indonesia in January 2021, and currently installed and operating in 3 locations in Indonesia, including airports and universities.



LX International plans to actively help small and medium-sized companies in Korea advance into the global health market by discovering medical and health supplies and non-face-to-face products. To this end, we are planning a diversified healthcare business such as establishing various supply channels and providing diagnostic solution services.

In addition, LX International continues to discover and invest in the Agro & Food business to expand the business value chain and establish a stable business structure by investing in logistics infrastructure and processing facilities such as cold chain in rice and grain trading.



## SCM Solution

LX International's provides a integrated SCM solution that manage the entire supply chain from purchase to procurement, customs clearance, warehousing, and transportation of electronic components and home appliances in production bases around the world owned by global IT companies such as Apple, DELL, HP, BOE, and Sharp.

The SCM solution consists of VMI (Vendor Management Inventory) service, JIT system, and Financing and Risk Management solution.

VMI is a supplier-driven inventory management service that supports transactions between sellers and buyers, and the JIT system is a system that utilizes hub warehouse and IT technology to produce and supply the goods ordered by customers in a timely manner.

Currently, we are promoting the advancement of the JIT system so that customers can check the transportation route of the ordered





## ICT-based New Business

In order to respond to the rapid market changes caused by the digital transformation of the ICT industry and the 4th industrial revolution, LX International is creating a new business based on the 4th industrial revolution technology, such as advancing domestic ICT solutions, educational contents, intellectual property rights, and promising business models to overseas market.

In order to actively support the overseas advancement of promising small and medium-sized venture companies and startups of Korea, With the ability to utilize the solid supply channels in the global market, which we have built over a long period of time, LX International has signed business agreements with the Ministry of SMEs and Startups, Korea International Trade Association, Korea Venture Investment, Gyeonggi Creative Innovation Center and domestic accelerators to promoting an incubating business that discovers and nurtures competent Start-Ups of Korea.





### 【 2018-2020 Revenue Trend for 3 Main Business Sector 】

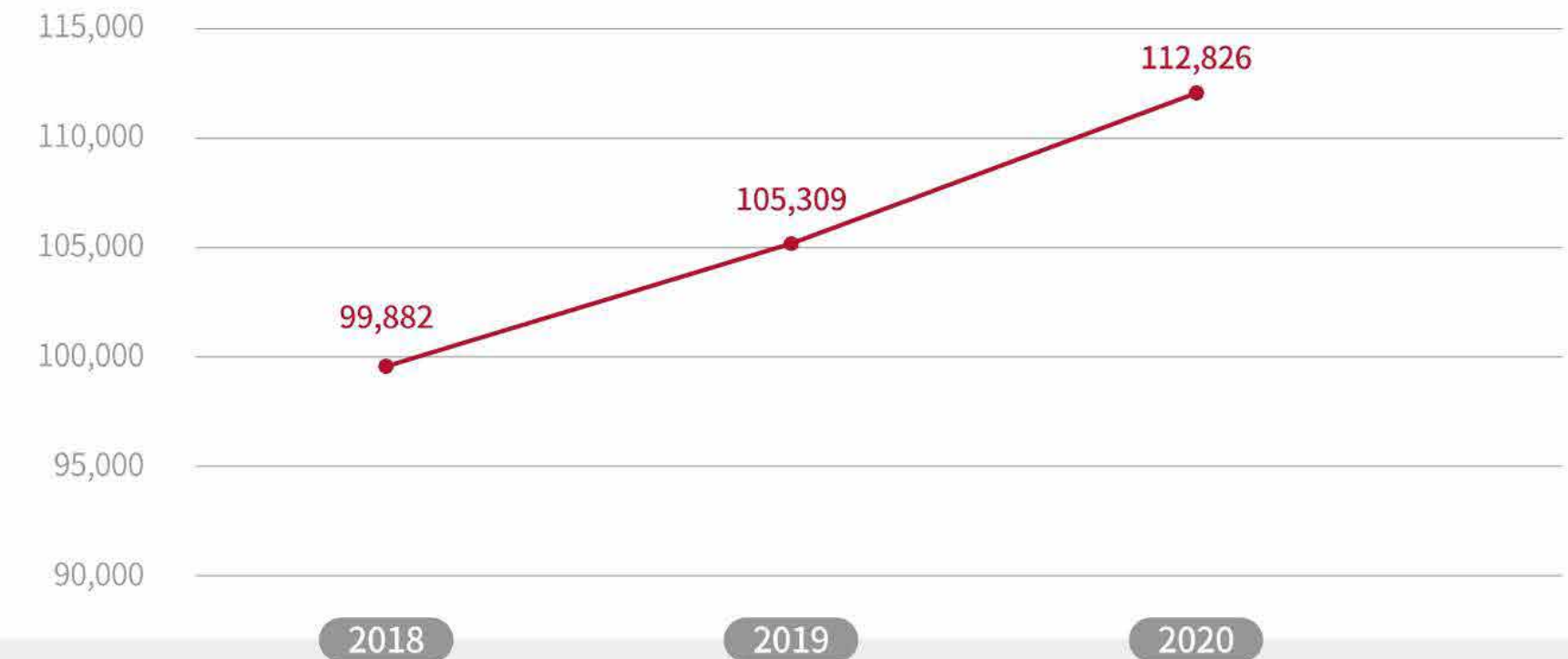


### 【 2018-2020 Revenue Share of 3 Main Business Sector 】

## Environmental Value of LX International Business Performances

### 【 2018-2020 LX International Revenue Trend 】

(Unit : KRW 100 million)



LX International maintains a constant number in the Energy/Palm sector by reducing the proportion of existing resource businesses that are not environmentally friendly (coal & oil), while gradually increasing the proportion of the palm business to minimize risks.

The Energy/Palm sector and the logistics sector have continued to grow for three years, resulting in LX International's stably growing sales number.

We will continue to discover environmentally and socially sustainable businesses and ICT-based new businesses that will lead the 4th industry, and respond quickly to the rapidly changing needs of the future society by gradually reducing the proportion of high-risk businesses among existing businesses, to continue to achieve stable growth in the future.

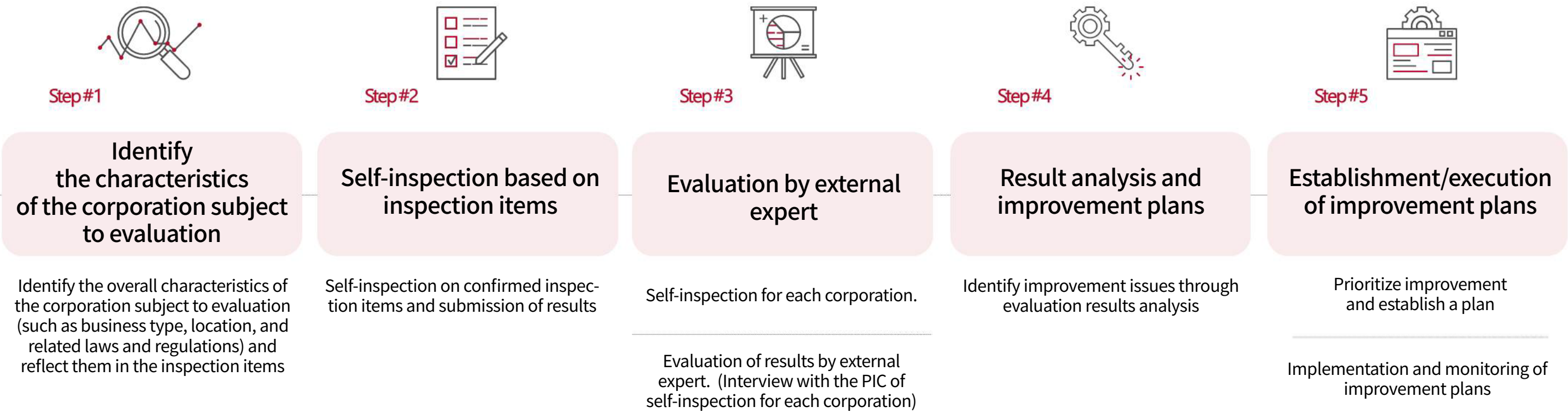


# Thorough Environmental Risk Management of Operating & Investment Corporations

LX International has been conducting regular safety environment evaluations for overseas operating and investment corporations in order to respond to safety, environmental, health and social risks that may occur in supply chains and production sites around the world. The safety environment inspection is a process in which each corporation determines the inspection items on its own, conducts inspections, and then evaluates the results by/with external experts. In order to prevent the safety environment inspection from being uniformly and mechanically performed, LX International makes sure that the characteristics of each operating corporation are reflected in the safety environment inspection item, so that the unique safety environment issues of each business site are identified, and be resolved autonomously according to each circumstances. local laws, and social condition.

We recognize LX International's safety and environment inspection system as an essential element for us to maintain sustainable operation and growth at our overseas business sites. By further upgrading the check items and processes, we plan to develop the safety and environment inspection system as a core competitiveness of LX International's sustainable management.

## 【 Safety Environment Inspection Process 】





【 Safety Environment Inspection Items 】

TYPE	ITEMS
SAFE WORKING INSTRUCTION	<div>- RISK ASSESSMENT</div> <div>- HEAVY LIFTING</div> <div>- WELDING/MELTING/CONSTRUCTION SAFETY</div> <div>- FIRST AID AND EMERGENCY RESCUE</div> <div>- ENVIRONMENTAL/SAFETY ACCIDENT MANAGEMENT</div> <div>- STANDARDS</div> <div>- CHEMICAL WARNING SIGN</div>
LEGAL REQUIREMENTS	<div>- ENVIRONMENT</div> <div>- CONSERVATION &amp; SAFETY</div> <div>- SOCIAL</div> <div>- MINING</div>
MANAGEMENT SYSTEM	<div>- POLICY</div> <div>- IDENTIFY RISKS AND IMPACTS</div> <div>- MANAGEMENT PROGRAMS</div> <div>- ORGANIZATION’S COMPETENCY</div> <div>- EMERGENCY PREPAREDNESS &amp; RESPONSE</div> <div>- MONITORING</div> <div>- STAKEHOLDER</div>
ENVIRONMENT	<div>- ENERGY AND RESOURCE EFFICIENCY</div> <div>- POLLUTION PREVENTION</div> <div>- PROTECTION AND CONSERVATION OF THE ECOSYSTEM</div>
HEALTH & SAFETY	<div>- SAFE WORK ENVIRONMENT</div> <div>- SAFETY EDUCATION PROGRAMS</div> <div>- EMERGENCY RESPONSE</div> <div>- HEALTH/SAFETY OF THE COMMUNITY</div>
CONSTRUCTION	<div>- IMPACT DURING CONSTRUCTION</div> <div>- AFTER MINE CLOSURE AND DEPLETION</div>
SOCIAL ASPECTS	<div>- LABOR/WORK-RELATED LAWS AND REGULATIONS</div> <div>- PROHIBITION OF CHILD LABOR AND DISCRIMINATION OF ANY KIND</div> <div>- LOCAL RESIDENTS</div> <div>- CULTURAL HERITAGE</div>

Environmental Value of LX International

Thorough Environmental Risk Management of  
Operating & Investment Corporations



【 Safety Environment Inspection Standard 】

Grade	<div> <b>A (≥90)</b></div>	<div> <b>B (≥70)</b></div>	<div> <b>C (≥60)</b></div>	<div> <b>D (&lt;60)</b></div>	<div> <b>×</b></div>
Criteria	A comprehensive and excellent operating system is in position	Improvements to be made, overall evaluation; satisfactory	Presence of nonconformities overall improvement is required	Overall improvement of the existing system is needed	Evaluation Unavailable
Rating	Excellent	Good	Conditionally Acceptable	Poor	Evaluation Unavailable





In 2020, due to the global Covid-19 pandemic, we faced great difficulties in performing on-site evaluation by external experts according to process.

However, LX International has experience in operating a flexible evaluation process to respond in a timely manner to such crisis situations. In 2020, on-site inspections for each corporation was be carried out as previous years, but the evaluation for the inspection was conducted separately at the LX International Headquarter in Seoul. In this way, we have maintained our safe environment Inspection system unwaveringly even in the face of a global pandemic.

In the special inspection in 2020, we conducted a self-evaluation through on-site observation and document record inspection for 30 items including safet, health and the environment, where risk issues that required improvement were clearly identified. The risk issues were finally reviewed by the safety and environment team at the headquarters to establish improvement plans for each corporation.

## Key Issues for Safety & Environment Inspection in 2020

### 【 Safety Environment Inspection Results and Plans (2020) 】

Overseas Corporation	Inspection Result and Plan
PAM (Palm Farm)	<ul style="list-style-type: none"><li>- Environmental impact assessment</li><li>- Indonesia Safety Environment Inspection (PROPER) Certification</li><li>- ISPO Certification</li><li>- Preparing for RSPO acquisition</li><li>- Operating two daycare centers to support childcare for local workers</li><li>- Ecosystem protection activities (Conservation and management of &lt;High-Conservation Value Area&gt; &amp;&lt;High Carbon Stock Area&gt;), (Requested by the local government)</li></ul>
TBSM/GUM (Palm Farm)	<ul style="list-style-type: none"><li>- Environmental impact assessment</li><li>- Preparing for new ISPO acquisition</li><li>- Preparing for RSPO acquisition</li><li>- Operating two daycare centers to support childcare for local workers</li><li>- Ecosystem protection activities (Conservation and management of &lt;High-Conservation Value Area&gt; &amp;&lt;High Carbon Stock Area&gt;), (Requested by the local government)</li></ul>
BNE (Hydro Power Plant)	<ul style="list-style-type: none"><li>- Environmental impact assessment</li><li>- Preparation to reduce greenhouse gas emissions</li><li>- Conduct eco-friendly management activities – Examination of water quality change and river ecosystem (Requested by the local government)</li></ul>
GAM (Coal Mine)	<ul style="list-style-type: none"><li>- Environmental impact assessment</li><li>- Indonesia Safety Environment Inspection (PROPER) Certification</li><li>- Implementation of safety management system for mine work (SMKP) including contractors</li><li>- Operating &lt;Coal Transporation Road Safety Management Center&gt;</li></ul>



# LX International Grows Social Value

1 TITLE

2 TITLE

3 TITLE

4 TITLE

5 TITLE

6 TITLE

7 TITLE



CSR SHARING VISION&VALUE WITH YOU

LX International

Sustainability, responsibility and resilience are the core values that form the basis of LX International's social responsibility.

For the growth and development of LX International, not only the commitment of stakeholders, but also their continuous support and encouragement are essential. For this, a CSR strategy has been established. We believe that sharing our vision and values with our stakeholders is the most important strategy for sustainability. CSR will become the basis for LX International to realize future values.

However, it is not easy for companies to pursue sustainable social responsibility. LX International has established an action plan with five missions in order to make meaningful progress in CSR.

- Innovation

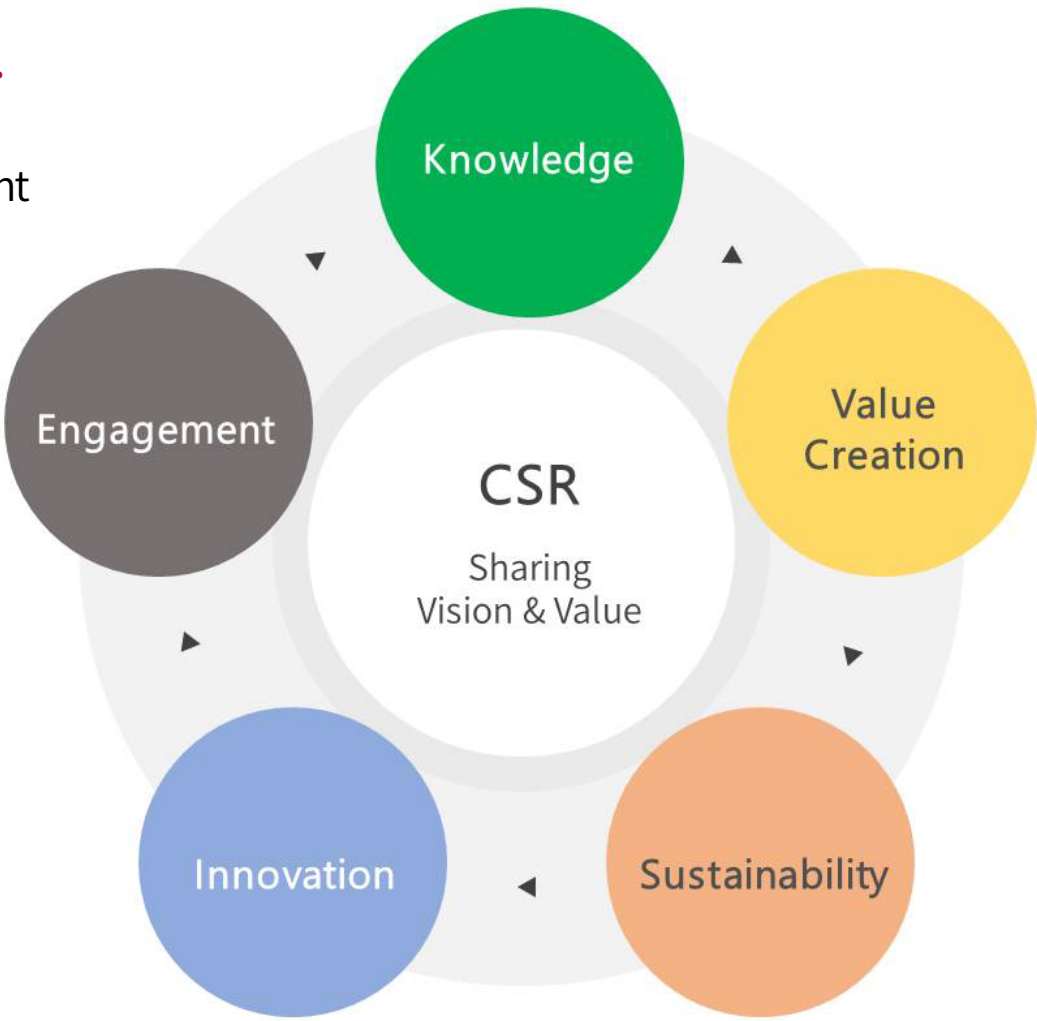
We present innovative solutions for our customers.
- Sustainability

We lead a more environmentally friendly energy transition.
- Knowledge

We share information and knowledge.
- Engagement

We strive for a healthy environment.
- Value Creation

We build low-carbon partnerships.





## Social role of LX International during Covid-19

In 2020, when the world was chaotic due to the unprecedented Covid-19 pandemic, LX International made tremendous efforts internally and externally to overcome Covid-19. Utilizing LX International's global network, we secured pandemic supplies, such as protective clothing, masks, and diagnostic kits from around the world, and supplied them commercially and sometimes when it was needed, for free.



In March 2020, when the spread of Covid-19 in Korea was accelerating, LX International secured medical protective clothing from, not only Taiwan and Indonesia, but also from Singapore, Australia, United States, and Bangkok, and supplies it domestically in vast quantity to be worn by medical personnel engaged in diagnosis and treatment, risking their lives for society.

In addition, LX International donated Indonesia with a corona diagnosis kit worth about 300 million won and a container-type diagnostic lab worth 200 million won (all equipment needed to perform Covid-19 tests), and donated diagnostic kits and masks worth 22 million won to Turkmanistan.



Overseas subsidiaries themselves provided rice and various relief items to help local people overcome difficulties caused by Covid-19.



CSR  
SHARING  
VISION&VALUE  
WITH YOU



## Support for Shared-Growth of SMEs

LX International has been selected as a 'Caring Company' by the Ministry of SMEs and Startups in 2020 to support domestic SMEs, ventures, and Start-Ups to advance into overseas markets.

'Caring Company' refers to a company that voluntarily cooperates with SMEs and small business owners by sharing the technology and infrastructure possessed by large enterprises.

LX International was the first, among the 15 'Caring Company', to support small and medium-sized enterprises by utilizing our own overseas networks.



LX International applied to 'Caring Company' with an active will to support market development and overseas expansion for Korea's small and medium-sized enterprises, venture companies and Start-Ups whose opportunities to advance into overseas markets were blocked due to the pandemic. In addition, by signing a joint agreement with the Korea International Trade Association, we expect synergy effects not only for our small and medium-sized enterprises to advance overseas, but also to discover small and medium-sized venture Start-Ups of LX International to invest. Taking this opportunity as a 'Caring Company', LX International will make effort to discover the demand for new technologies from 8 of Indonesian large enterprise & med-sized companies, and connects them with Korean startups, and fully support local demonstration opportunities for practical commercialization in Indonesia.

LX International plans to develop a new startup support model through public-private cooperation by making it possible to jointly use the ICT Innovation Center, overseas startup infrastructure of the Korea International Trade Association, and the K-Startup Center infrastructure and network of the Ministry of SMEs and Startups, which can provide the basic foundation for overseas expansion of startups. In addition, LX International will build a local off-line showroom for outstanding and promising SMEs directly selected by LX International, and promote a business linking online sales

Such actions by LX International, will dramatically lower the threshold for our small and medium-sized venture Start-Ups to advance into overseas market, and will be a good opportunity to share the know-hows and local networks of large enterprises. LX International will continue to discover sustainable business models that can be a "win-win" for both large enterprises and SMEs.



## Contribution Activities for Local Society



LX International operates many overseas business sites and contributes to the local society by creating numerous jobs. However, corporate social responsibility is not limited to job creation in the local area. LX International’s desirable corporate role is to ultimately contribute to the development of society through financial and non-financial support to the local community. Thus LX International's social contribution activities are not limited to charitable donations, but are expanding more into investment in infrastructure and education for children and youth. In the future, LX International will continue to engage in social participation and investment activities by promoting sustainable development while strengthening the capabilities of local communities in connection with the company's long-term vision and strategic goals.

LX International's Indonesian GUM corporation has provided active support to improve the convenience and quality of life of local residents, such as supporting local road section repair work, repairing sports facilities in police boxes, and supporting foundation work for village elementary school construction.



In addition, in order to provide a stable working environment for dual-income workers at palm farms in Indonesia, GUM and TBSM are operating daycare centers for preschoolers. The daycare center is equipped with classrooms, sleeping rooms, and an outdoor playground, and employs teachers and assistant teachers to provide comfortable and safe protection facilities and education to children.



Furthermore we are supporting various heavy equipment needed to build local community infrastructure, and we are continuing our efforts to prevent environmental pollution by providing toilets to prevent local residents from dumping unauthorized sewage into rivers. In addition to daycare centers for farm employees, we are also planning to support the construction and repair of kindergarten, elementary and middle schools to improve the poor educational environment of young people in nearby villages. and support scholarship program in the long term.



## Human Rights Protection & Promotion

LX International is diligently and faithfully taking all necessary measures to comply with local laws and regulations at overseas business sites and to protect and promote the human rights of local workers.

At GAM mines in Indonesia, a site where LX International’s subsidiary is operating, personnel management, safety environment management, and facility management are systematically conducted in accordance with the SOP (Standard Operational Procedure) established by local laws for the operation and management of mines.

【 Main Contents of SOP (Standard Operational Procedure) in Indonesia 】

Classification	Main Content
Human Affairs	New hires, employee salaries, wage increases, overtime work, vacation, resignation, etc.
General Affairs	Office management, restaurant management, housing management, mass riot response team, emergency evacuation, safety, security duty, security incident report, etc.
Environmental Safety	Hazard analysis, communication, collaboration and consulting, greeting visitors, personal protective equipment, How to record statistics/check the safety environment, response to emergency and crisis situations, Accident report and accident investigation, quarantine and tag out, feasibility study of operating equipment, Operation of equipment, traffic, fire extinguishers, penalties for violations of operating regulations, document management, Environmental restoration, work-related disasters, manpower-related disasters, etc.
Road Management	Road management, Coal transportation oad activities, drainage system, etc.
Facility - Machinery	Personal Protective Equipment, Internal Inspection/Audit, Machine Inspection, Removal of Machine Parts, Cleaning Machine Parts, Machine replacement, oil change, battery filling and maintenance, diesel generator operation, drilling rig operation, communication device operation, waste oil management, chemical waste management, hazardous chemical management, waste management, etc.
Facility - Construction	General construction, gravel application, site work, brick work, wall work, rebar corrosion cleaning, Cement pouring, column pouring, waste-rock management
Mine Operation	Waste-rock management, waste-rock activity, drainage system, mine activity, mining activity control, weekly planning, Daily production meeting, production planning, loading and transport of waste-rock, and land maintenance methods
Planning/Purchasing	Apply for goods, evaluate suppliers, receive and release goods, receive and release parts; Receiving and taking out oil vehicles, refueling in mines



To respond with the ever-so-fast-changing external environment and to enhance a macroscopic perspective, LX International is conducting a lot of training on its own.

We are planning and conducting various education programs so that the LX International’s employees can develop a broader view of the world,  
gain in-depth insight for the direction LX International should take, especially in the era of global pandemic.

We are making special efforts to re-create the value of human capital, such as training the existing coal business manpower and putting them into new businesses that are currently being discovered.

【 2020 LX International special lecture 】

Date	Special Lecture
Jul. 9 <sup>th</sup>	Covid-Sapiens Ecology & Humans
Jul. 29 <sup>th</sup>	Phonosapiens (How to Survive the 4th Industrial Revolution and Pandemic Shock)
Oct. 8 <sup>th</sup>	Trends & Changes in Platform Business with Covid-19
Nov. 2 <sup>nd</sup>	2021 Trend Korea
Nov. 12 <sup>th</sup>	DX Era, How Innovative Companies Respond to Change?
Nov. 26 <sup>th</sup>	New Business & Open Innovation in the Era of 4th Industrial Revolution

LX International has newly introduced the telecommuting system and the voluntary work time management system to support work-life balance. If telecommuting is judged to be more efficient depending on the work characteristics and an individual's life/work style, it is possible to can apply for telecommuting through a manager's agreement. In addition, by allowing employees to voluntarily set their own working hours within an average of “40 hours per week” per month, we empowered them to secure activeness and efficiency in their work voluntarily.





# LX International creates a fair and warm organization





Governance Value of LX International

Corporate Governance

LX International not only guarantees the direct/indirect participation of shareholders, management, and internal employees in corporate management, but also realizing advancement of corporate governance by protecting the rights of shareholders, equal treatment to shareholders, definition of stakeholder roles, transparency in disclosure, and responsibilities of the board of directors.

LX International provides sufficient information for shareholders to exercise their rights in a timely manner, and ensures that they can exercise their rights through appropriate procedures.

As of the end of December 2020, the total number of issued shares of (former) LG International was 38,760,000, and the largest shareholder was LG Corp., which owns 24.7% of the issued shares.

【 LX International Shareholder Composition 】

(As of Dec. 2020)

Type	Shareholder	Number of Shares	Ownership Percentage
Largest Shareholder, etc.	Largest Shareholder and Related Parties	10,195,745	26.30%
	Self-owned	2,792,074	7.20%
Domestic Institutions	National Pension	3,766,524	9.72%
	Etc	2,091,427	5.39%
Foreigner	Numeric Amplified Emerging Markets Offshore Fund I L.P.	430,326	1.11%
	Etc	7,980,636	20.59%
Etc	Domestic Individuals, etc.	11,503,268	29.68%



The Board of Directors in charge of the execution and supervision of major management tasks of LX International is composed of a total of 7 directors, including 4 outside directors, 1 other non-executive director, and 2 inside directors including the CEO.

LX International maintains the independence of the Board of Directors by appointing 4 outside directors, a majority of 7 members of the Board of Directors.

【 Composition of LX International Board of Directors 】

(As of Dec. 2020)

Name	Type	Responsibilities	Main Career Background
Yoon Chun Sung	Chairman of the Board	CEO / Chairman of the Board	LG International Corp.
Min Byeong IL	Insider Director	CFO	LG International Corp.
Lee Won Woo	Outside Director	Audit Committee	Professor, Seoul National University Law School
Steven Sooil Chai	Outside Director	Audit Committee	Boston Consulting Group Korea Office Representative
Yang Ihl Soo	Outside Director	Audit Committee	Partner of E-jung Accounting Corporation
Heo Eunnyeong	Outside Director	Member of the Outside Director Candidate Recommendation Committee	Professor, Department of Energy \Systems Engineering, Seoul National University
Lee Jae Won	Other Non-Executive Directors	Member of the Outside Director Candidate Recommendation Committee	LG Corp. Executive

The Board of Directors is an institution in charge of decision-making and supervision of the company's business execution.

The Board of Directors of LX International (formerly LG International) held a total of 9 meetings in 2020 to deliberate on a total of 25 agenda items (17 resolutions, 8 reports).

The BOD consists of two committees: the Audit Committee and the Outside Director Candidate Recommendation Committee. The Audit Committee consists of three outside directors of LX International and performs the function of internal monitoring of the management. In addition, various supervisory tasks, including internal control, are assigned to enhance transparency of accounting information. In 2020, the Audit Committee held a total of 6 meetings to deliberate on a total of 14 items (4 resolutions, 10 reports), including the evaluation of the operation status of the internal monitoring system and the evaluation of the operation status of the internal accounting management system. The Outside Director Candidate Recommendation Committee consists of two outside directors and one other non executive director to ensure fairness and independence in the appointment of outside directors and the operation of the committee.

LX International seeks to secure fairness and independence by recruiting outside directors with expertise and competence in accordance with relevant laws and regulations. Outside directors are made up of experts with diversity and expertise in accounting, finance, management, law, and resource development.



Risk Management

“Risk management” is one of the key factors in determining the success or failure of a business for LX International due to the nature of general trading companies that have to deal frequently with various countries abroad.

LX International systematically prepares and inspects various risks, such as investment, credit, and foreign exchange, to which it may be exposed at all times.

LX International classifies possible risks into new business investment risk, credit risk, foreign exchange risk, and partner risk, and conducts management activities for each risk at all times.

<Investment Risk Management>

A new investment project proceeds to the stage where the final decision is made by the Board of Directors through the preliminary investment deliberation committee, due diligence and reporting, comprehensive inspection meeting, and investment deliberation committee after business discovery. Risks related to the business are inspected and managed at each stage, and risks that may arise in the course of business operation are predicted and prepared in advance by involving relevant departments from the due diligence stage. In addition, we check development plans and economic feasibility for projects that are already in progress, constantly monitor changes in asset values by project, and respond to issues by using self-inspections and external specialized agencies.

<Credit Risk Management>

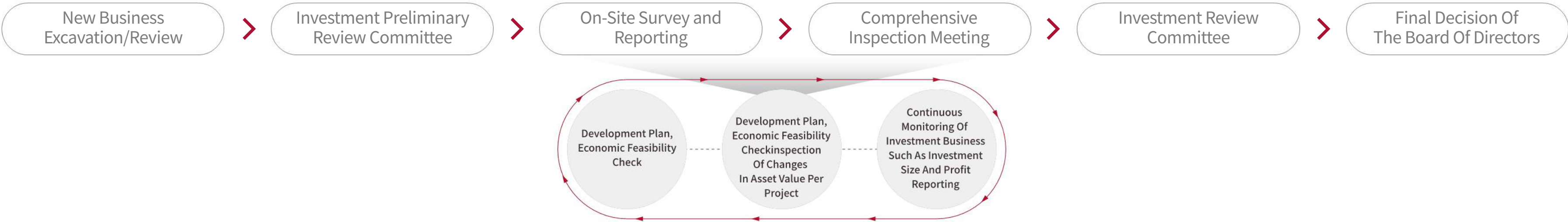
In the case of credit transactions, we stipulate and comply with procedures such as preliminary review of domestic and foreign companies that LX International does business with, credit investigation, and periodic inspection of customers. By setting limits for each customer, risk issues are defined in advance, management plans are established, and credit rating review standards for credit transaction companies are presented in advance to prevent risks such as non-collection of account receivables, thereby enhancing credit management execution ability.

<Foreign Exchange Risk Management>

Due to the nature of LX International's business, risks for foreign exchange exist, such as foreign exchange gains and losses due to inconsistencies in the exchange rates of deposits and withdrawals in the course of trade transactions or foreign currency translation gains and losses on the accounting books during the operation of overseas investment business. In order to secure stable recurring profits, all foreign currency denominated transactions occurring throughout the company are subject to risk management, and the foreign exchange risk management department resolves risks by concluding external transactions through in-house forward exchange.

<Partner risk management>

For selecting business partners, we operate a checklist for objective and fair trade and specify fair trade guidelines in the contract with all potential business partners. In the partner selection checklist, whether the potential partner has its own code of ethics, the history of incidents and accidents in the past 5 years, whether or not a warning has been received from the state or local government for causing environmental and safety-related problems in the past 5 years, whether the company has a formal permit to carry out relevant business, etc, and compare the contract price with nearby mines/farms to review price adequacy, and compare the size of the margin compared to other worksites that the potential partner is carrying out to review the adequacy of the profit margin.



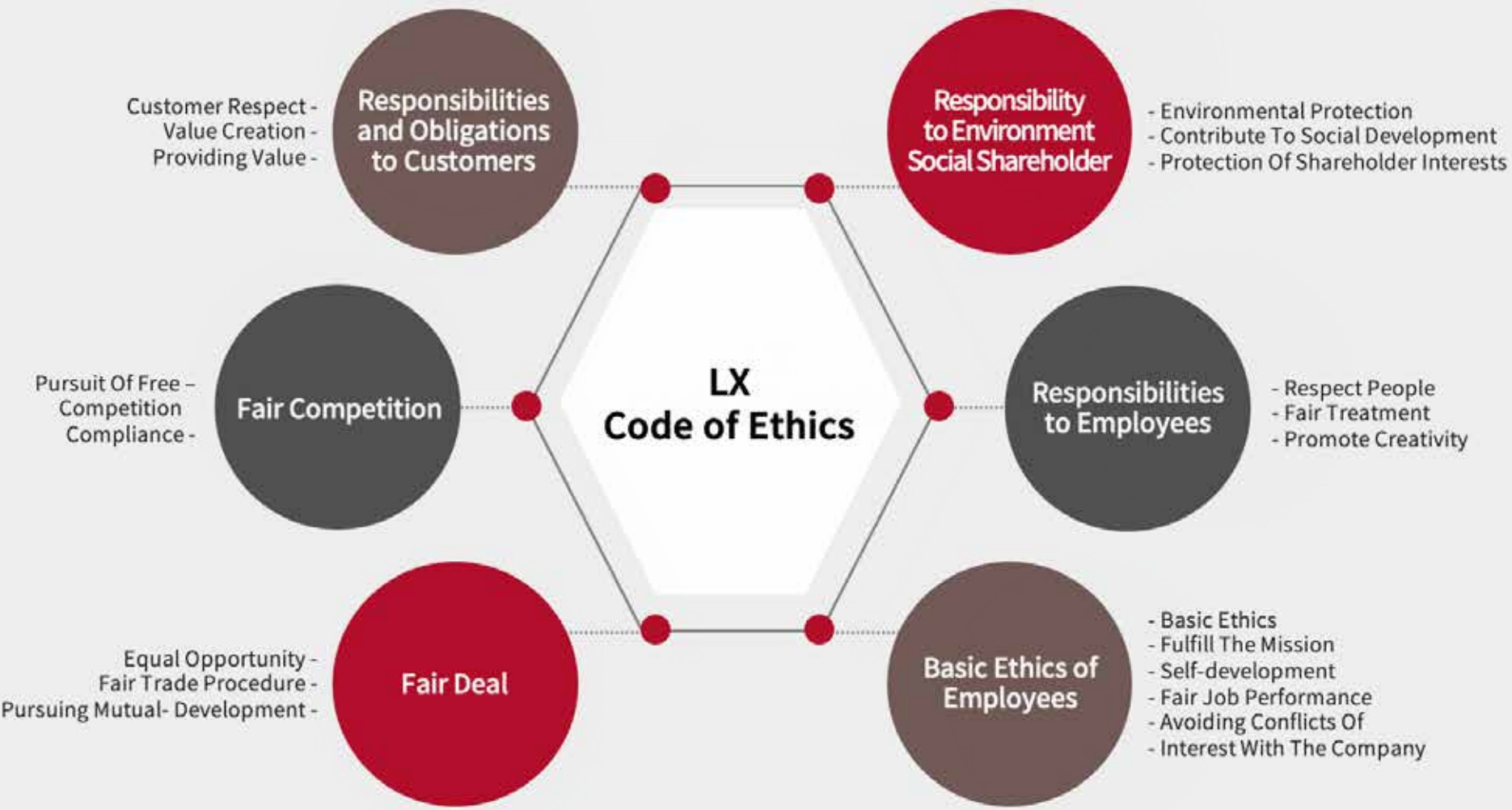


Governance Value of LX International

# “Jeong-Do” Management

The LX Code of Ethics is the standard for correct behavior and value judgment that all executives and employees must follow. LX Code of Ethics consists of responsibilities and obligations to customers, fair competition, fair trade, basic ethics for employees, responsibilities to employees, and responsibilities to the environment, society and shareholders.

LX International provides support through various activities so that employees can recognize and embody the LX Code of Ethics. Jeong-Do Management Alerts and quiz



In addition, KakaoTalk Plus Friends has been opened and operated so that employees can easily ask questions related to Jeong-Do Management. Gifts from stakeholders that are inevitably received can be reported directly through the Plus Friend channel.



Compliance

All policy establishment and control activities process that the company adopts to systematically identify all laws and regulations that the company must comply with in business operation and to prevent illegal acts in advance and systematically respond to various legal risks by self-inspecting whether or not employees comply with laws and regulations is called compliance. LX International, as a listed company with an asset of KRW 500 billion or more, is obliged to prepare compliance control standards and appoint a compliance officer in accordance with the Commercial Act and the Enforcement Decree of the Commercial Act that came into effect on April 15, 2012. Accordingly, by appointing a compliance officer through a resolution of the board of directors in May 2012 and establishing standards and procedures for compliance control, we are managing corporate legal risks and strengthening corporate competitiveness.

[ Compliance System ]



LX International strives for the efficient operation of the compliance control system under the mutual cooperation of internal executives and employees, the board of directors, and compliance support personnel. The Board of Directors establishes a system for evaluating and managing legal risks that may occur inside and outside the company, and the Compliance Officer categorizes major legal risks. Executives and employees establish an autonomous compliance inspection plan and regularly evaluate the self-inspection status to prevent violations from occurring at all times.

[ LX International's Compliance Control Activities ]

Category	Subject	Contents
Assessment of legal risk	BOD	Establishment of legal risk assessment and management system
	Compliance Officer	Types of major legal risk activities
Management of legal risks	Employees	Compliance with compliance control standards / Report any violations immediately
	Compliance Officer	Measures to avoid escalating legal risks
Compliance education & operating training program	Compliance Officer	Design and implement systematic compliance education and training programs
		Compliance education and training for employees
		Operating a counseling system for employees who are highly exposed to legal risks
Day-to-day compliance support	Compliance Officer	Provide legal advice to employees at all times
Compliance check	Employees	Each department to establish an autonomous compliance inspection plan
		Regular self-inspection status evaluation
	Compliance Officer	Inspection of compliance of all executives and employees with compliance control standards
		Periodic inspection and special inspection on specific legal issues
		Report the inspection results to the board of directors
Whistleblower	CEO	Installation of an internal reporting system that allows executives and employees to directly report illegal matters to the compliance officer
In case of violation	Compliance Officer	Upon discovery of an illegal act, it is to be notified to the head of the department or reported to the CEO.
		Request measures such as suspension, improvement, correction, and sanctions
		Prepare countermeasures and prevent recurrence in consultation with relevant departments



【 LX International's Information Protection System 】

Category	Contents
Information Security Governance	Appointing a Chief Information Security Officer (CISO)
	Communication support for top management
	Establishment and evaluation of information security business plan
Information Security Management	Approval of information protection policy
	Approval of company-wide risk management
	Establishment and evaluation of information protection policy
	Establishment and evaluation of company-wide risk management
	Education and training on information security
Information Security Guarantee	Ensuring compliance with laws and regulations and audit activities
	Regulatory response and cooperation with relevant departments
	Support for performing security audits
Implementation & Operation Of Information Protection Measures	Implementation of information protection measures and ensure operation
	Implementation of physical and environmental security, access control and operational security
	Implementation and operation of electronic financial transaction security
	Implementation and operation of information protection measures when introducing, developing, and maintaining IT technology
Information Security Emergency Response & Preparedness	Ensure emergency response and preparedness
	Establishment and evaluation of measures to secure business continuity for risks
	Incident response and cooperation

Information security incidents are emerging as the company's greatest risk, and LX International is building a systematic information protection compliance system by comprehensively considering the company's business characteristics and related laws and standards, and strives to maintain and respond to changes.

In order to minimize information security-related risks, it is essential to establish a document storage system that proves that they have fulfilled their duty of care.

Accordingly, LX International has established a record preservation system to systematically store related electronic documents and e-mails, and is strengthening the security tasks of its employees by providing education on related laws and precedents.



# APPENDIX

1 TITLE

2 TITLE

3 TITLE

4 TITLE

5 TITLE

6 TITLE

7 TITLE



Consolidated Financial Statements (1)

Item	2018	2019	2020
Assets			
I . Current assets	2,558,402,868,071	2,484,044,501,643	3,162,826,736,744
Cash and cash equivalents	342,013,992,404	423,581,791,797	689,987,899,873
Short-term financial instruments	14,162,013,217	10,552,836,690	67,836,868,878
Trade receivables	1,067,921,473,575	994,064,187,873	1,298,737,649,401
Account receivables	384,168,984,053	289,0984,340,310	193,441,735,441
Accrued revenue	9,457,973,679	10,199,217,924	1,866,400,106
Advance payment	103,599,886,677	46,913,377,393	78,101,498,077
Prepaid expense	68,453,367,396	63,052,373,224	90,451,848,603
Fixed contract assets	-	-	-
Other current assets	53,407,666,364	76,215,196,494	81,729,804,922
Inventories	514,101,141,007	519,298,712,032	645,123,144,139
Assets held for sale	1,116,369,700	51,082,467,906	15,549,887,304
II . Non-current assets	2,479,669,592,792	2,391,937,802,442	2,233,115,467,185
Investment assets	218,213,725,783	217,458,042,429	159,677,226,876
Investments in affiliates	368,192,699,304	316,607,000,893	279,425,748,760
Tangible assets	669,022,391,781	764,608,220,991	742,371,969,439
Investments in real estate	30,157,578,479	5,981,907,360	4,609,240,236
Intangible assets	876,122,801,297	726,860,446,499	694,845,769,399
Deferred income tax assets	137,997,149,813	153,816,283,240	140,041,436,362
Other non-current assets	179,963,246,335	206,605,901,030	212,144,076,213
Total assets	5,038,072,460,864	4,875,980,304,085	5,395,942,204,029



## Consolidated Financial Statements (2)

Item	2018	2019	2020
<b>Liabilities</b>			
<b>I . Current Liabilities</b>	<b>2,167,354,736,562</b>	<b>2,126,279,483,022</b>	<b>2,518,314,786,513</b>
Short-term borrowings	63,317,560,005	136,375,156,003	106,803,953,905
Trade payables	1,184,019,999,147	1,103,969,979,358	1,547,819,753,668
Account payables	389,073,758,434	295,439,182,816	253,884,534,923
Advance received	65,890,848,087	47,151,642,694	40,293,577,765
Advance deposit	34,252,534,209	29,986,902,722	33,484,375,905
Current tax liabilities	30,145,693,432	28,146,404,705	31,286,703,440
Accrued expenses	92,515,509,752	110,925,950,752	117,484,569,852
Current long-term liabilities	243,581,947,033	222,880,167,406	225,629,836,195
Advance revenue	56,004,014,606	56,229,514,668	73,682,710,125
Fixed contract liabilities	-	-	-
Guarantee received	8,554,871,857	5,090,375,765	4,707,045,514
Lease liabilities	-	59,148,489,387	68,804,209,793
Liabilities associated with assets held for sale	-	30,935,716,746	14,433,515,428
<b>II . Non-current liabilities</b>	<b>1,321,180,091,742</b>	<b>1,201,086,771,228</b>	<b>1,119,296,419,947</b>
Debenture	389,222,416,113	319,544,373,061	359,306,593,794
Long-term borrowings	734,528,629,860	635,988,729,575	506,566,523,889
Retirement benefit liabilities	26,416,807,433	22,445,534,426	14,276,698,861
Deferred tax liabilities	98,342,352,062	70,014,955,461	57,329,142,073
Provisions	-	88,055,567,597	117,403,234,321
Lease liabilities	64,825,474,337	50,465,580,278	41,067,046,407
Other non-current liabilities	7,844,411,937	14,572,030,830	23,347,180,602
<b>Total liabilities</b>	<b>3,488,534,828,304</b>	<b>3,327,366,254,250</b>	<b>3,637,611,206,460</b>



Consolidated Financial Statements (3)

Item	2018	2019	2020
Equity			
I . Share capital	193,800,000,000	193,800,000,000	193,800,000,000
II . Share premium	101,163,277,682	101,192,803,384	101,153,211,005
III. Other capital	-1,578,948,670	-1,578,948,670	-41,300,239,270
IV. Accumulated other comprehensive loss (gain)	-45,031,500,470	-19,173,139,045	-102,425,945,955
V . Retained earnings	880,144,431,936	897,241,049,531	1,186,950,661,958
Total equity attributable to stockholders of the company	1,128,497,260,478	1,171,481,765,200	1,338,177,687,738
Non-controlling interest	421,040,372,082	377,134,284,635	420,153,309,831
Total equity	1,579,537,632,560	1,548,616,049,835	1,758,330,997,569
Total liabilities and equity	5,038,072,460,864	4,875,982,304,085	5,395,942,204,029



## Consolidated Income Statements

Item	2018	2019	2020
I . Sales	9,988,224,865,921	10,530,857,111,717	11,282,632,389,570
II . Cost of sales	9,277,167,228,160	9,817,350,113,252	10,550,255,568,000
III. Gross profit	711,057,637,761	713,506,998,465	732,376,821,570
IV. Selling and administrative expenses	545,398,288,115	578,722,570,642	-572,541,350,734
V . Operating profit (loss)	165,659,349,646	134,784,427,823	159,835,470,836
VI. Non-operating income	-9,063,970,612	-210,068,649,650	296,027,899,037
Financial income	198,620,956,796	222,796,313,943	292,143,072,815
Financial costs	-247,320,908,443	-271,967,418,117	-358,176,426,188
Gains (losses) from equity method	109,092,905,080	-6,055,222,086	339,422,155,232
Other non-operating income	-69,456,926,045	-154,842,323,390	22,639,097,178
VII. Profit before income tax (loss)	156,595,379,034	-75,284,221,827	455,863,369,873
VIII. Income tax expense	192,586,783,124	-60,423,260,523	94,256,870,951
IX. Net profit (loss)	-35,991,404,090	-14,860,961,304	361,606,498,922
Profit (loss) attributable to			
Stockholders of the Company	-70,364,878,626	28,575,012,358	297,586,971,040
Non-controlling interest	34,373,474,536	-43,435,973,662	64,019,527,882
Earnings (loss) per share			
Basic	-1,820	739	7,932
Diluted	-1,820	739	7,932



## Consolidated Statements of Comprehensive Income

Item	2018	2019	2020
Net profit (loss)	-35,991,404,090	-14,860,961,304	361,606,498,922
Other comprehensive income	9,964,794,991	35,750,940,829	-93,894,060,316
Items that will be reclassified to profit or loss subsequently	8,532,021,626	46,681,724,380	-57,477,953,369
Gain on evaluation of available-for-sale financial instruments	-	-	-
Net gain (loss) on valuation of derivatives for cash flow hedge	1,730,785,964	-6,982,981,662	-7,537,708,001
Change in equity method	-1,389,899,537	-1,689,523,853	-9,382,956,616
Loss on valuation of equity method	-2,717,195,779	-378,228,942	10,125,194,460
Gain (loss) on overseas operations translation	10,908,330,978	55,732,458,837	-50,661,639,170
Items that will not be reclassified to profit or loss subsequently	1,432,773,365	-10,930,783,551	-36,416,106,947
Remeasurements of net defined benefit liabilities	-5,487,515,020	-3,051,385,206	2,677,527,551
Gain (loss) on financial assets/liabilities at fair value through other comprehensive profit (loss)	6,920,358,385	-7,879,398,345	-39,093,634,498
<b>Total comprehensive income (loss)</b>	<b>-26,026,609,099</b>	<b>20,889,979,525</b>	<b>267,712,438,606</b>
Total comprehensive income for the year attributable to:			
Stockholders of the Company	-60,866,707,671	52,619,791,270	218,054,580,217
Non-controlling interest	34,840,098,572	-31,729,811,745	49,657,858,389



## OTHER ESG PERFORMANCES

## 【Economic Value Distribution Details】

(Unit: Million KRW)

Item		2018	2019	2020
Shareholders	Dividend	9,665	11,598	14,387
Employees	Salary	58,708	59,705	63,106
	Retirementbenefit	6,819	4,686	5,389
	Welfarebenefit	9,830	9,658	10,274
	Total	75,357	74,049	78,769
Government	Corporate tax	192,587	-60,423	94,257

## 【Employee Training】

Classification	Unit	2018	2019	2020
Training hours per employee	Hour	72	99	79
Training expenditure per employee	Mil.KRW	2.2	3.9	3.5

## 【Training on Sexual Harassment Prevention】

Classification	Unit	2018	2019	2020
Employees who completed the training	person	452	469	516
Rate of completion	%	100.0	100.0	100

## 【Employment】

Category		Unit	2018	2019
Employment type	Total number	person	470	474
	Male	person	361	376
	Female	person	109	98
	Regular position	person	646	469
	Non-regular position	person	6	5
	Turnover rate	%	3.8	7
	New employees	person	26	62
	New college graduates	person	16	20
	Career position	person	10	42
Diversity	Classified by Age	person	470	474
	Under the age 30	person	90	88
	Between the age of 30-50	person	336	337
	Over the age 50	person	44	49
	Global Staff	person	340	330
	Employees with disabilities	%	1.5	1.5
	Employees of national merit	%	2.3	2.3
	Female managers	%	8.3	9.8



Appendix

OTHER ESG PERFORMANCES

【 Parental Leave 】

Classification		Unit	2018	2019	2020
Rate of return to work after parental leave		%	100	100	100
Employees who worked more than one year after return to work from parental leave		Person	4	8	8
Rate of over 1-year service after parental leave		%	80	89	89

【 Retirement Pension Support 】

Classification		Unit	2018	2019	2020
1) Operation amount	2) Defined Benefit Plan (DB)	100 Mil.KRW	344	331	328
	3) Defined Contribution Plan (DC)	100 Mil.KRW	-	-	-
Subscribers	Defined Benefit Plan (DB)	Person	401	380	358
	Defined Contribution Plan (DC)	Person	17	19	27

- 1) Accumulated amount as of the end of year
- 2) DB: Lump sum payment upon retirement
- 3) DC: Retirement payment in installment annually

【 Salary, Retirement Benefit, and Welfare Benefit 】

Classification	Unit	2018	2019	2020
Salary	Mil. KRW	58,708	59,705	63,106
Retirement benefit	Mil. KRW	6,819	4,686	5,389
Welfare benefit	Mil. KRW	9,830	9,658	10,274
Total	Mil. KRW	75,357	74,049	78,769

【 Occupational Safety and Health 】

Classification	Unit	2018	2019	2020
Accident rate	%	2.26	0.00	0.00
Number of accidents at work	Cases	1	0.00	0.00

\* Source: “Confirmation of Industrial Accident Rate” published by the KOSHA  
(Korea Occupational Safety and Health Agency)



Appendix

AWARDS & CERTIFICATIONS

【수상 실적】

Award	Year	Hosted by
Minister Citation of Trade, Industry & Energy (LGI’s Japan subsidiary)	2018	Korea International Trade Association
Citation of merit for the development of overseas resources	2017	Energy & Mineral Resources Development Association of Korea
1 <sup>st</sup> place in the trading sector of KSI (Korea Sustainability Index)	2017	Korean Standards Association
Deal of theYear (award for excellent project financing)	2016	IJ Global (Project Finance & Infrastructure Journal)
Minister Award of Trade, Industry, and Energy at the “Indonesia CSR Award”	2015	The Embassy of Korea in Indonesia, KOTRA, Indonesia Investment Coordinating Board, andSmall and Medium Business Administration of Indonesia
Citation of merit for the development of overseas resources	2014	Energy & Mineral Resources Development Association of Korea
Prime Minister’s Citation at theTrade Day	2013	Korea International Trade Association
Minister Award of Trade, Industry, and Energy at the Trade Day	2013	Korea International Trade Association
1 <sup>st</sup> place in the trading sector of KSI (Korea Sustainability Index)	2013	Korean Standards Association
Minister Award of Knowledge Economy at the Trade Day	2012	Korea International Trade Association



Appendix

AWARDS & CERTIFICATIONS

【Certifications】

Certification	Certification No.	Details	Certified by	Certification Date	Validity
CEIV_Pahrma	CEIV-PIL-20-0100	Incheon Airport Center	IATA	2020.05.31	2023.5.31
Pharmaceutical Distribution Quality Management Standard (KGSP) Eligible Businesses	End-19	Sihwa MTV Logistics Center, GC Seo Icheon Center	Ministry of Health and Welfare	2019.09.16	-
ISMS-P	ISMS-P-KISA-2019-013	All domestic business sites	Korea Internet & Security Agency	2019.09.25	2022.09.25
TAPA	BK1300018/16	Incheon Airport Logistics Center	BV	2013.01.26	2022.1.8
Excellent logistics company	CELC-11-CILC-1	All domestic business sites	Ministry of Land, Infrastructure and Transport	2016.09.22	-
Excellent green logistics practice company		All domestic business sites	Ministry of Land, Infrastructure and Transport	2014.01.25	2021.12.11
ISO28000	S 004	Pantos Logistics/Incheon Logistics Center	KRS	2019.10.04	2022.10.04
OHSAS18001	C 0097	Pantos Logistics, Incheon Logistics Center, Pyeongtaek Center, Display Gumi Center, Display Paju Center	KRS	2018.07.10	2021.08.02
ISO14001	B 0041	Pantos Logistics, Incheon Logistics Center, Sihwa MTV Logistics Center	KRS	2018.07.10	2020.10.01
ISO13485	KR12/01807	GC Seoicheon Center, Sihwa MTV Logistics Center	SGC	2020.04.15	2023.04.15
ISO9001	KR16/02728	GC Seoicheon Center	SGC	2019.11.02	2023.04.26
ISO9001	A 0807	Pantos Logistics, Changwon Plant Pyeongtaek Logistics Center, Paju Logistics Center, Gumi Logistics Center, City Logistics Center, Incheon Airport Logistics Center, Busan Logistics Team, Suwon Center	KRS	2018.07.10	2020.10.01
AEO_bonded area operator	KRAE03418011	Domestic business sites (12 business sites other than Pantos Logistics)	Customs Office	2019.01.01	2023.12.31
AEO_freight forwarder	KRAE03613001	Domestic business sites (11 business sites other than Pantos Logistics)	Customs Office	2013.05.15	2023.05.14



【 Universal Standards 】

Category	GRI INDEX	DESCRIPTION	PAGE
GRI 102 General Disclosures			
Organizational Profile	102-01	Name of the organization	p.5
	102-02	Activities, brands, products, and services	p.7~9
	102-03	Location of headquarters	p.5
	102-04	Location of operations	p.10
	102-05	Ownership and legal form	p.40
	102-06	Markets served	p.10
	102-07	Scale of the organization	p.5
	102-08	Information on employees and other workers	p.52
	102-09	Supply chain	p.10
	102-10	Significant changes to the organization and its supply chain	p.10
	102-11	Precautionary principle or approach	p.42
	102-12	External initiatives	p.55
	102-13	Membership of associations	p.55
Strategy	102-14	Statement from senior decision-maker	p.4
	102-15	Key impacts, risks, and opportunities	p.13
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	p.43
	102-17	Mechanisms for advice and concerns about ethics	p.43



【 Universal Standards 】

Category	GRI INDEX	DESCRIPTION	PAGE
GRI 102 General Disclosures			
Governance	102-18	Responsible committees for decision-making on all economic, environmental and social impacts, including the highest decision-making body	p.41
	102-22	Composition of the highest decision-making body and the board of directors	p.41
	102-23	Whether the chairman of the supreme decision-making body concurrently holds a managerial position	p.41
	102-24	Procedures and criteria for appointment and selection of the highest decision-making body	p.41
	102-26	The role, value, and strategy of the supreme decision-making body	p.41
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Reporting Practice	102-45	Entities included in the consolidated financial statements	p.47~49
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	102-47	List of material topics	p.2
	102-50	Reporting period	p.2
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Appendix  
GRI Standards Index

【 Topic-specific Standards 】

Category	GRI INDEX	DESCRIPTION	PAGE
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	201-03	Defined benefit plan obligations and other retirement plans	p.53
Indirect Economic Impact	203-01	Infrastructure investments and services supported	p.34
	203-02	Significant indirect economic impacts	p.34~38
Anti-corruption	205-01	Operations assessed for risks related to corruption	p.29~30
	205-02	Communication and training about anti-corruption policies and procedures	p.43
	205-03	Confirmed incidents of corruption and actions taken	p.43
GRI 300 Environment			
Energy	302-01	Energy consumption within the organization	p.19
	302-04	Reduction of energy consumption	p.19
Water	303-01	Water with drawal by source	p.19
Emission	305-01	Direct (Scope1) GHG emissions	p.19
	305-02	Energy indirect (Scope2) GHG emissions	p.19
wastewater and waste	306-02	Waste by type and disposal method	p.19
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Appendix

GRI Standards Index

【 Topic-specific Standards 】

Category	GRI INDEX	DESCRIPTION	PAGE
GRI 400: Society			
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	401-02	Welfare benefits provided only to full-time employees	p.53
	401-03	Parental leave	p.53
Occupational Health and Safety	403-01	Occupational health and safety management system	p.29~31
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	403-09	Occupational Accidents	p.29~31
Training and Education	404-01	Average training hours per worker per year	p.38
	404-02	Programs for strengthening workers' capabilities and managing their careers	p.38
Diversity and Equal Opportunity	405-01	Diversity within the governance organization and employees	p.52
Forced Labor	409-01	Measures to ban forced labor and workplaces and suppliers identified as having a high risk of occurrence	p.37
Human Rights Assessment	412-01	Number and percentage of workplaces subject to human rights review or human rights impact assessment	p.31
Local Communities	413-01	Percentage of workplaces that participate in local communities and carry out impact assessment and development programs	p.31
Supplier Social Assessment	414-02	Significant, actual or potential negative impacts on labor practices in the supply chain and actions taken	p.29~31
Socioeconomic Compliance	419-01	Amount of major fines and number of non-monetary sanctions for violations of laws and regulations	p.44



# Independent Verifier's Verification Report

## Introduction

Seohyun Accounting Firm verified 'LX International 2021 Sustainability Report' prepared based on LX International's information from January 1 to December 31, 2020 (including information up to June 2021 according to the report content) (hereinafter referred to as the report).

LX International has full responsibility for the contents of the report, and Seohyun Accounting Firm's responsibilities in performing this task are limited to the contract details and the agreed scope of work. The verification was conducted based on the assumption that the data and information provided to Seohyun Accounting Firm are complete, sufficient and true.

## Purpose and Scope

This verification is planned to provide limited assurance on whether LX International's report has been presented fairly and appropriately in accordance with the Global Reporting Institute (GRI) Sustainability Reporting Standards from the viewpoint of materiality. This verifier does not provide verification of the feasibility of LX International's goals or expectations. We have verified that the financial information in the report has been properly extracted from LX International's audited financial statements. For a complete understanding of LX International's business performance and financial position, please refer to the financial statements audited by an external auditor as of March 10, 2021.

## Responsibilities

The verifier does not have any interest with LX International that may affect the independence and impartiality of the verification other than the task of providing third-party verification services. Although this verification report has been issued for the management and stakeholders of LX International, if an individual or organization makes a decision based on this assurance statement, there is no liability for compensation or joint responsibility for the result.

## Independence

We comply with the Code of Ethics of the International Federation of Accountants (IFAC) and prohibit independent assurance activities, including report preparation, and other work that may affect the expression of opinions. Seohyun Accounting Firm has an appropriate system and process for preventing independence issues and monitoring compliance with the Charter of Ethics.

## Verification Criteria

Activities for verification were conducted based on ISAE3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information AA1000AS issued by the IAASB. This standard includes requirements for the independence of the verifier and related ethical requirements, as well as requirements for planning and conducting limited verification to ensure that the report is properly prepared.

## Restrictions

Limited verification is different from the scope of reasonable verification, and we may not be aware of all important matters that can be confirmed through rational verification. Therefore, we do not draw any reasonable verification conclusions. This verifier's Verification Report has been published solely for LX International in accordance with the contract. The verifier is not responsible for the results of the verification and conclusions made through the verification report to persons other than LX International.

## Main Verification Procedures

Limited verification of the report includes the questioning of the person responsible for preparing the information in the report, appropriate analysis, and other evidence-gathering procedures. The procedure included the following:

- Confirm that the financial information in the report is properly extracted from the audited financial statements of LX International
- Inquiries about the process of selecting material issues to key stakeholders
- Conducting interviews with executives responsible for providing report materials at the company-wide or business sector level
- Review of materiality issue analysis process and confirm suitability to determine verification priorities
- Reading the report and judge whether it is consistent with the Assurer's overall knowledge and experience of LX International's non-financial value creation performance



## Independent Verifier's Verification Report

### Verifiers' Opinion

The Principle of Inclusivity LX International operates communication channels with major stakeholders: shareholders/investors, customers/dealers, employees, business partners, local communities (environment/NGO), government/local governments, and the media. Through the review of the report preparation process, we did not find any major stakeholder groups excluded from the stakeholder engagement process.

The Principle of Materiality LX International applies a materiality assessment process that determines the core report content when preparing the report. LX International formed a pool of 40 internal sustainability management issues and selected material issues through internal and external stakeholder surveys, ESG expert group evaluations, and management reviews. The verifier confirmed that the material topics selected through the materiality test are reflected in the report.

The Principle of Responsiveness LX International discloses the management direction for on-going issues, key performance, and mid- to long-term plans on important topics that reflect stakeholders' interest and expectations. In particular, ESG-related decisions are being made in connection with the company-wide vision and business strategy based on the newly established ESG governance in 2020. In addition, we are transparently disclosing the performance of each field according to the ESG management activities carried out on the basis of aforementioned management direction.

The Principle of Impact Impacts on stakeholders related to material topics should be identified, monitored and assessed. LX International identified the direct and indirect impact of material topics identified through the materiality test and included them in the report. LX International has selected GHG emission reduction, shared growth support for SMEs, local social contribution activities, worker human rights protection, human investment, Jeong-Do management, Compliance, and information protection as ESG priority areas, and reports on its risks and opportunities, impacts and performance.

Completeness LX International applies the reporting scope, boundary, and time standard when preparing the report.

The verifier has confirmed that this report is appropriate for stakeholders to evaluate LX International's socially responsible management performance in terms of the above criteria.

Sustainability Context LX International has secured continuity by establishing a process to reflect the accurate status of CSR issues and improvements to management's decision-making and management plans of

July 29, 2021

Seohyun Accounting Firm CEO **Bae Hongki**

瑞賢 배홍기  
Logos & WISE

