

LX International (America), Inc.

Climate Change Report

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I. General Information

1. Reporting Entity and Reporting Standards

LX International (America), Inc. is a subsidiary of LX International Corp., a global trading company headquartered in Seoul, South Korea. LX International (America), Inc. has published this report to transparently disclose its Climate-related activities and performance in North America to stakeholders.

This report has been prepared in accordance with the Climate-related Financial Risk Disclosure Act (SB 261), enacted in California in October 2024, and includes content that complies with the "Minimum CARB requirement for disclosure" set forth in the "Climate-related Financial Risk Report Checklist" published by the California Air Resources Board (CARB) on November 17, 2025, and is based on the four disclosure areas (Governance, Strategy, Risk Management, and Metrics and Targets) outlined by the Task Force on Climate-related Financial Disclosures (TCFD).

2. Reporting Boundary

This report contains Climate-related information, including the results of LX International (America), Inc.'s assessment of Climate-related risks and opportunities. For the analysis of Climate-related physical risks, the scope of the analysis covers the logistics hub in Reynosa, Mexico, which serves as a key logistics hub for the Company's major logistics operations and is considered material to its business operations. Quantitative indicators, such as greenhouse gas emissions and energy consumption, are based on the California office where LX International (America), Inc.'s headquarters is located.

3. Reporting Period

Unless otherwise specified, all quantitative and qualitative data presented in this report reflects the activities and performance of LX International (America), Inc. for FY2025, covering the period from January 1, 2025, to December 31, 2025. To facilitate year-on-year comparisons, selected quantitative performance metrics are presented for both 2024 and 2025.

II. Governance

1. Climate-related Governance Structure and Oversight Framework

The Board of Directors of LX International (America), Inc. consists of the CEO, the CFO, and the Secretary. The CEO has ultimate authority and responsibility for Climate-related decision-making, while the Head of Administration oversees the review and monitoring of Climate-related risks and opportunities and regularly reports key issues and improvement actions to the CEO.

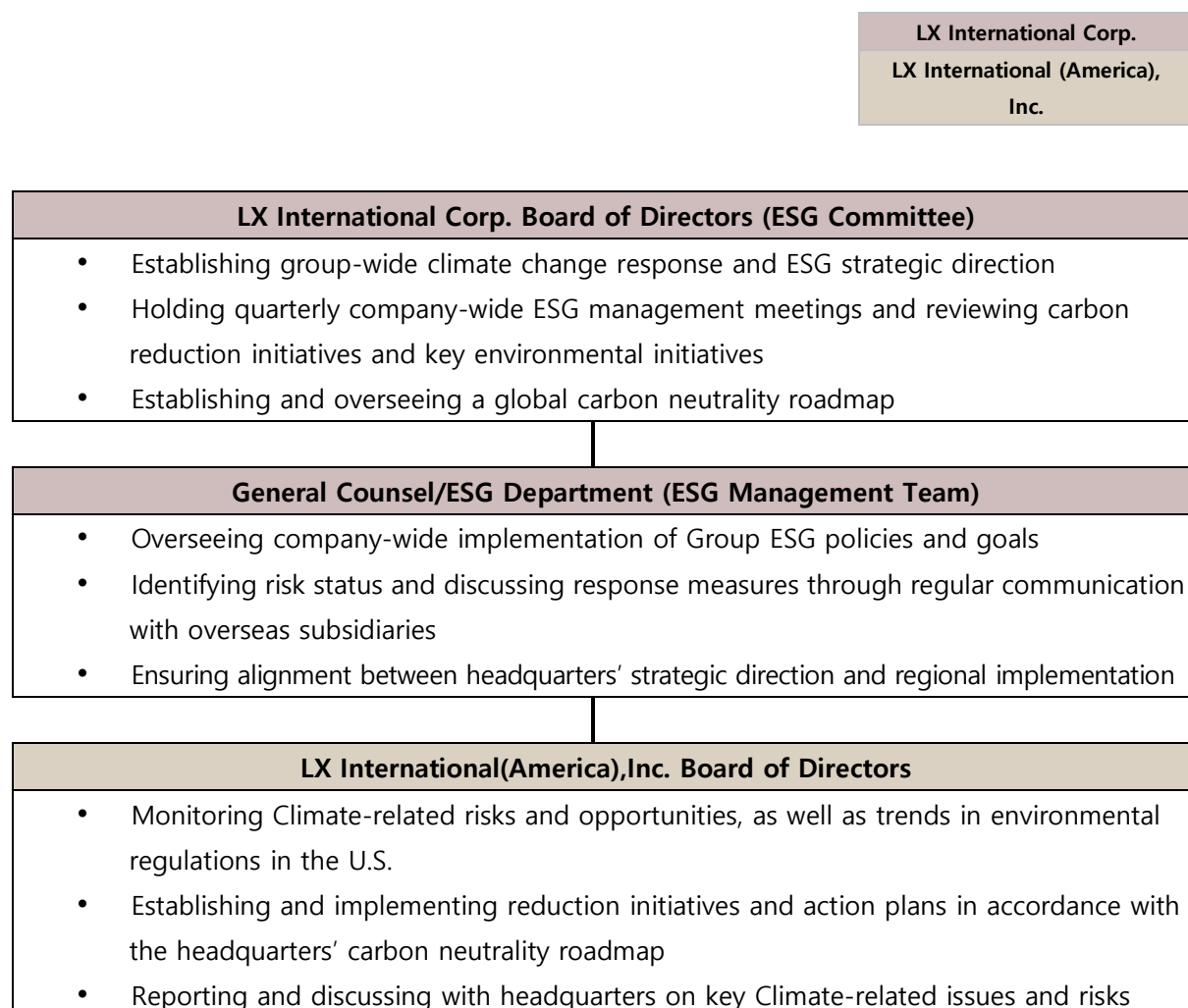
The Head of Administration regularly monitors Climate-related physical risks in the United States, including heat waves and heavy rains, as well as developments in environmental regulations, and reports the results to the CEO. The Company establishes and implements action plans in accordance with the carbon neutrality roadmap and ESG strategy established by LX International Corp.

2. Management and Oversight of Climate-related Issues

We develop and implement climate change response and carbon neutrality strategies in alignment with the global ESG policies and objectives established by LX International Corp. Headquarters. Headquarters convenes quarterly ESG Committee meetings and company-wide ESG management meetings to regularly review carbon reduction, climate change response measures, and key environmental priorities and implementation plans. Within this framework, we report key risks to Headquarters and contribute to the Group's climate change response and ESG management framework.

This reporting structure is maintained through regular communication with the ESG Committee and the Legal & ESG Department at LX International Corp. Headquarters, ensuring alignment between the Group's strategic direction and regional execution. In the event of the introduction of new environmental regulations in the United States or the occurrence of a significant natural disaster, we promptly consult with the General Counsel & ESG Department at LX International Corp. Headquarters to determine appropriate response measures.

Figure 1 Climate-related Reporting Framework



III. Strategy

1. Process for Identifying Climate-related Risks and Opportunities and Assessing their Financial Impacts

(1) Assessment of Time Horizons

LX International (America), Inc. defines the time horizons over which Climate-related risks and opportunities are expected to have an impact as short-, medium-, and long-term, in accordance with the time horizon definitions set forth in the Korea Sustainability Disclosure Standards (KSSB), which are based on the ISSB Standards and applied by LX International Corp. These time horizons serve as the basis for identifying when Climate-related issues are expected to affect financial and strategic decision-making.

Figure 2 Time Horizons for Climate-related Risks and Opportunities

Short Term	Medium Term	Long Term
Within 1 year (-2026)	More than 1 year and up to 5 years (2027–2031)	More than 5 years (2032–2050)

(2) Identification of Climate-related Risks and Opportunities

LX International (America), Inc. conducted a Climate-related risk assessment following the Climate-related risk identification process established by LX International Corp. to systematically assess the impacts of climate change across its business. The assessment categorized Climate-related risks into physical and transition risks and applied methodologies tailored to the characteristics of each risk type. It also comprehensively considered the potential financial impacts and likelihood of occurrence across the short-, medium-, and long-term, taking into account their potential effects on the Company's operations, strategy, and financial planning.

Table 1 : Methodology for Identifying Key Climate-related Risks and Opportunities

Physical Risks	Transition Risks and Opportunities
Physical risks were identified by comprehensively assessing the relevance and exposure of the Company's facilities and business activities to Climate-related hazards. ① Using Jupiter Intelligence, LX International (America), Inc. assessed the relevance of eight acute hazards (typhoons, heat waves, heavy rains¹, hail, heavy snowfall, drought, wildfires, and cold waves) and three chronic hazards (rising average temperatures, changes in precipitation, and sea-level rise) based on the locations of its facilities and business activities. ② Based on the results of the Jupiter Intelligence assessment, hazards with a climate exposure rating of Medium or above were identified as material physical risks.	Climate-related transition risks and opportunities were identified by evaluating their business relevance and materiality. ① Reviewed the Company's climate-related risks and opportunities by assessing its dependencies on and impacts on natural, economic, and social capital for each business activity. ② Analyzed industry trends using relevant industry publications and domestic and international policy and market reports. ③ Benchmarked climate-related risk and opportunity disclosures of companies operating in similar industries. ④ Conducted a media analysis of climate- and industry-related news articles published in major domestic daily newspapers over the past two years.

¹ For the financial impact assessment, flooding was assessed as part of the broader heavy rains hazard, as it is considered a secondary hazard resulting from heavy rains.

2. Results of the Identification of Climate-related Risks and Opportunities

LX International (America), Inc. identified key Climate Variable relevant to its U.S. business operations based on LX International Corp.'s company-wide climate-related risk and opportunity identification process. The identification process comprehensively considered business characteristics, operating regions, the industry and policy environment, and stakeholder requirements. The analysis was conducted by categorizing factors into physical risks, transition risks, and opportunities.

Table 2 : Identified Climate-related Risks

Risk	Type	Climate Variable	Key Driver	Highest	High	Medium	Low	Lowest
				Time Horizons			Exposure ¹ and Financial Impact ²	
				Short-term	Medium Term	Long-Term		
Physical Risks	Acute	Heavy rains	Worsening Climate Change	●	●	●	Highest	
		Heat waves	Worsening Climate Change	●	●	●	High	
		Typhoons	Worsening Climate Change	●	●	●	Medium	
		Wildfires	Worsening Climate Change	●	●	●	Lowest	
Transition Risks	Policy	Carbon Emissions Regulations	Clean Competition Act (CCA)		●	●	High	
		Renewable Energy Policies	Strengthening Renewable Energy Policies and Growing Customer Demand for RE100		●	●	Low	
	Market	Changes in market demand	Growing Market Demand for Low-Carbon Products		●	●	Low	
			Increasing Raw Material Price Volatility			●	Low	
			Delays in passing through Rising carbon costs	●	●	●	High	
		Access to Capital	Growing awareness of Climate-related risks and evolving investor expectations		●	●	Low	
	Reputation	ESG Expectations	Increasing stakeholder requirements for ESG standards across the supply chain	●	●	●	High	

1 For Physical risks, identify key Climate-related risks based on exposure

2 For Transition risks, identify key Climate-related risks by assessing the expected financial impact

Climate-related opportunities were also assessed from the perspective of business operations and the market environment. However, considering the nature of LX International (America), Inc.'s business and its scope of operations, no Climate-related opportunities with a material financial impact were identified during the reporting period.

LX International (America), Inc. assessed the identified Climate-related risks by comprehensively evaluating their magnitude of financial impact and likelihood of occurrence. Based on the assessment, heavy rains and typhoons were identified as the Company's principal physical risks, while carbon emissions regulations, shifts in market demand, and increasing ESG expectations were identified as its principal transition risks. For physical risks, quantitative analysis was conducted for risks that could be reasonably quantified using scenario analysis. Where quantification was not feasible, the potential impacts were assessed through qualitative analysis. Transition risks were evaluated qualitatively due to current limitations in available data and analytical methodologies.

3. Scenario Analysis

(1) Scenario Selection

LX International (America), Inc. utilized the Shared Socioeconomic Pathways (SSP) scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) to assess the physical risks associated with Climate change. The assessment was based on three climate scenarios: SSP1-2.6, which assumes environmentally sustainable economic growth and a global temperature increase of 1.8°C above pre-industrial levels by 2100; SSP2-4.5, which assumes a moderate level of Climate change mitigation resulting in a 2.7°C temperature increase; and SSP5-8.5, which assumes continued fossil fuel-based economic development leading to a 4.4°C increase in global temperature. These scenarios were used to analyze the potential impacts of physical Climate-related risks on the Company's operations.

(2) Analysis of Exposure to Climate-related Physical Risks

LX International (America), Inc. selected its logistics hub in Reynosa, Mexico, as the focus of its physical risk assessment, as the site was determined to be relatively more susceptible to business continuity disruptions in the event of a Climate-related disaster. To identify physical Climate-related risk factors, the Company utilized Jupiter Intelligence, a climate modeling tool, and assessed the potential impacts of heavy rains, heat waves, typhoons, and wildfires, which were identified as the primary physical risks relevant to its business operations. The assessment comprehensively considered future climate projections under the IPCC scenarios and annual exposure levels throughout the assessment period. Risk levels were determined based on the maximum projected exposure for each hazard.

The assessment found that heavy rains presented a High level of exposure, while typhoons presented a Medium level of exposure. As these hazards were considered capable of having a material financial impact on the Company's business operations and logistics activities, they were selected for financial impact assessment. Although heat waves also exhibited a High level of

exposure, they were excluded from the financial impact assessment because the Company's business activities have limited exposure to outdoor operations. Wildfires were also excluded from the financial impact assessment, as their exposure level was assessed as Lowest.

(3) Assessment of Financial Impacts of Risks and Opportunities and Scenario Analysis

LX International (America), Inc. conducted a scenario-based financial impact assessment to evaluate the potential impacts of the identified key Climate-related risks on its business operations and financial position. The assessment applied different approaches for physical and transition risks to reflect the distinct characteristics of each risk type. In addition, both the potential severity of impacts and the likelihood of occurrence were comprehensively evaluated across the short-, medium-, and long-term time horizons.

Table 3 : Financial Impact of Key Physical Risks

Category	Description
[Risk] Operational Disruptions and Asset Losses Due to Heavy rains	
Key Assumptions	If climate change increases the frequency or intensity of heavy rains, it could affect the asset value and operations of the Company's facilities. Because flooding is a secondary hazard resulting from heavy rains, it was incorporated into the broader heavy rains hazard for the financial impact analysis. The Company used the climate modeling platform Jupiter Intelligence to assess the potential financial impacts of heavy rains on its facilities under SSP scenarios. Estimated financial losses associated with heavy rains were calculated by considering loss coefficients derived through climate modeling using each facility's location and financial information, together with the corresponding asset value and revenue.
Financial Impact on the Business	• Reduced revenue due to disruptions in product sales
Response Strategies	• Monitoring facility flood risk assessments and the maintenance status of stormwater drainage systems • Installing flood barriers and flood protection boards at warehouses to prevent flood damage • Maintaining property all-risk and business interruption insurance coverage for facilities • Establishing and regularly testing Business Continuity Plans (BCPs) to prepare for natural disasters • Developing alternative transportation routes and emergency inventory plans to mitigate supply chain disruptions

[Risk] Operational disruptions and asset losses caused by typhoons																	
Key Assumptions	If climate change increases the frequency or intensity of typhoons, it could adversely affect the asset value and operations of the Company's facilities. The Company used the climate modeling platform Jupiter Intelligence to assess the potential financial impacts of typhoons on its facilities under SSP scenarios. Estimated financial losses associated with typhoons were calculated by considering loss coefficients derived from climate modeling based on each facility's location and financial information, together with the corresponding asset value and revenue.																
Financial Impact on the Business	- Reduced revenue due to disruptions in product sales - Increased labor costs due to overtime work and additional staffing unit: thousand USD <table><thead><tr><th>Time Period</th><th>SSP1-2.6 (1.8°C)</th><th>SSP2-4.5 (2.7°C)</th><th>SSP5-8.5 (4.4°C)</th></tr></thead><tbody><tr><td>Short-term ('26)</td><td>498</td><td>496</td><td>499</td></tr><tr><td>Medium-term ('27-'31)</td><td>528</td><td>525</td><td>530</td></tr><tr><td>Long-term ('32-'50)</td><td>541</td><td>543</td><td>547</td></tr></tbody></table>	Time Period	SSP1-2.6 (1.8°C)	SSP2-4.5 (2.7°C)	SSP5-8.5 (4.4°C)	Short-term ('26)	498	496	499	Medium-term ('27-'31)	528	525	530	Long-term ('32-'50)	541	543	547
Time Period	SSP1-2.6 (1.8°C)	SSP2-4.5 (2.7°C)	SSP5-8.5 (4.4°C)														
Short-term ('26)	498	496	499														
Medium-term ('27-'31)	528	525	530														
Long-term ('32-'50)	541	543	547														
Response Strategy	- Investing in protective measures to prevent damage to aging slate roofs - Conducting regular inspections of facilities and establishing emergency response procedures for typhoons - Managing the risk of asset damage and revenue loss through property all-risk insurance coverage for key facilities - Investing in structural reinforcement to improve resilience against extreme wind events - Maintaining disaster liability insurance coverage for facilities and regularly reviewing the scope of coverage																

Table 4 : Financial Impact of Key Transition Risks

Category	Details
[Risk] Clean Competition Act (CCA)	
Key Assumptions	The United States is considering the introduction of the Clean Competition Act (CCA), which would impose a carbon tax on the greenhouse gas emissions embedded in imported raw materials and finished products. As the Company operates a trading business with centralized inventory hubs supporting its Just-in-Time (JIT) supply services in Mexico, it may face increased carbon costs on imported products as well as greater supply chain management burden. Consequently, the Company may need to increase investments and operating expenditures to secure a low-carbon supply chain, manage product carbon emissions, and respond to customers' growing ESG expectations.
Financial Impact on the Business	- Increased transaction and operating costs due to the imposition of carbon costs - Increased investments to secure a low-carbon supply chain and reduce carbon emissions

Response Strategy	- Establishing an internal monitoring and management system for carbon costs - Discussing supplier diversification measures to secure a low-carbon supply chain - Strengthening supply chain greenhouse gas data management and implementing monitoring activities
[Risk] Changes in Market Demand	
Key Assumptions	As the transition to a low-carbon economy accelerates, global demand for low-carbon products and environmentally friendly materials is increasing, while price volatility in raw material markets continues to intensify. As the Company provides trading intermediary and Just-in-Time (JIT) supply services, it faces a growing need to adjust its product portfolio and procurement structure in response to changing customer demand for low-carbon products. At the same time, heightened raw material price volatility and contractual constraints may make it more challenging to manage operating costs and maintain profitability. As a result, the Company may experience higher procurement costs and increased fixed costs per unit, leading to reduced profitability and declining sales.
Financial Impact on the Business	- Increased fixed costs per unit associated with responding to growing demand for low-carbon products - Greater volatility in procurement and operating costs due to increased raw material price fluctuations - Reduced profitability and lower revenue resulting from delays in passing through higher carbon costs or constraints imposed by fixed-price contract structures
Response Strategies	- Monitoring customer demand trends for low-carbon products and changes in product portfolios - Diversifying the supply chain and improving procurement contract structures to mitigate raw material price volatility - Identifying new business opportunities through market intelligence on low-carbon products and sustainable materials
[Risk] Increasing stakeholder requirements for ESG standards across the supply chain	
Key Assumptions	Global customers and investors are placing increasing requirements on the level of ESG management across supply chains. As the Company operates through a broad network of supply chain stakeholders, it may be required to respond to customers' ESG assessments of its supply chain, provide transportation-related greenhouse gas (GHG) emissions data, and meet growing expectations for a low-carbon supply chain. As a result, operational complexity and related costs associated with supply chain ESG data management, supplier assessments, and the development of a low-carbon supply chain could increase.
Financial Impact on the Business	- Increased operating costs associated with strengthening ESG initiatives and supply chain management - Increased investment to meet supply chain ESG standards and support the transition to environmentally sustainable business operations
Response Strategy	- Monitoring customer supply chain ESG requirements and regulatory developments affecting North American supply chains - Implementing a supplier ESG self-assessment platform and strengthening sustainability risk assessments - Enhancing the supply chain ESG management framework by providing supplier consulting support and capacity-building programs

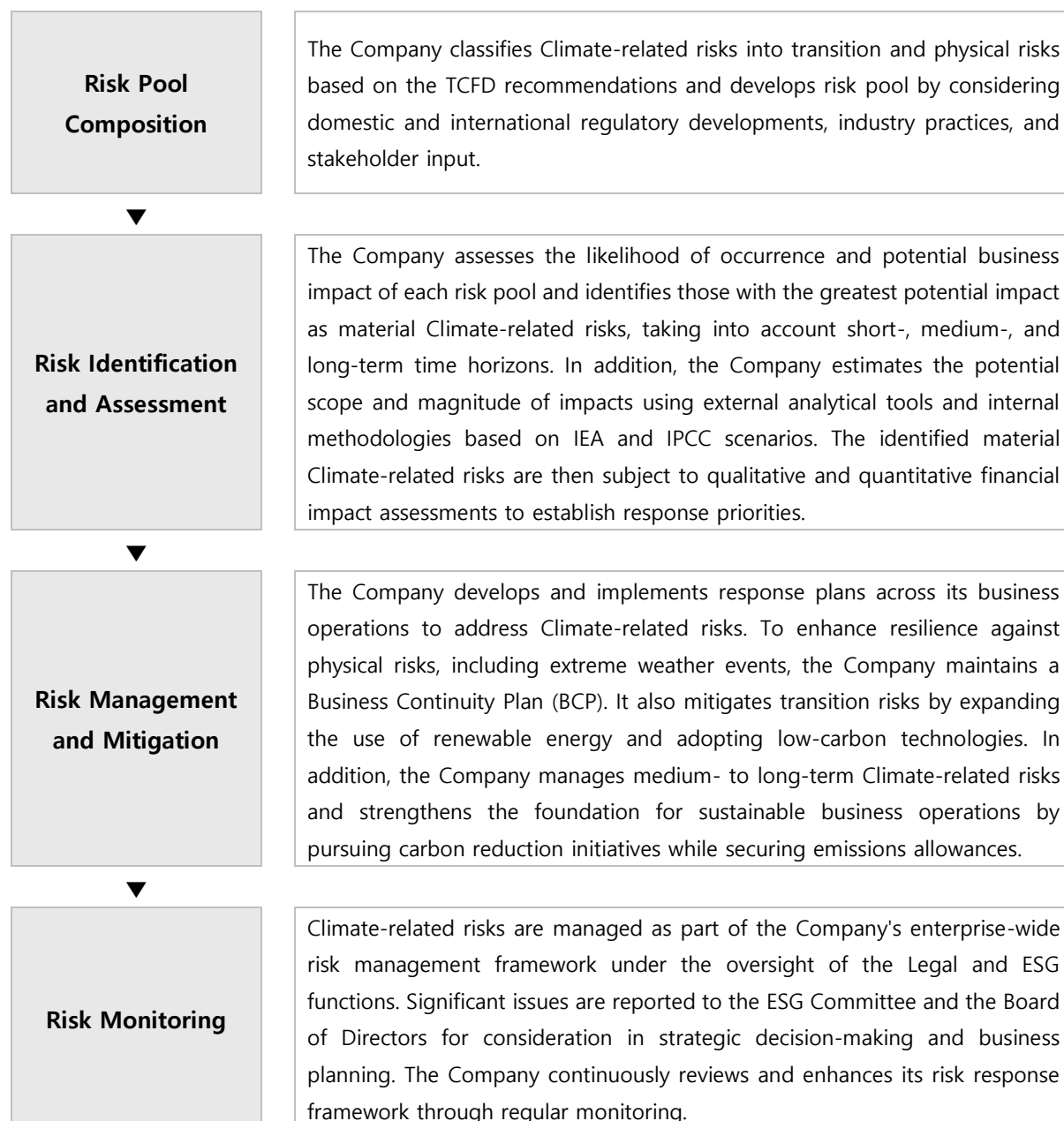
IV. Risk Management

LX International (America), Inc. manages Climate-related risks in alignment with the risk management framework established by LX International Corp. LX International Corp. continuously monitors compliance with environmental laws and regulations and assesses environmental risks across its domestic and international subsidiaries. The company also proactively responds to changes in environmental legislation and regulatory requirements. Where potential environmental compliance risks are identified, they are reviewed by the Legal Department and the executive responsible for ESG before being escalated to the CEO, the ESG Committee, and other relevant decision-making bodies to support timely risk mitigation.

LX International (America), Inc. maintains regular communication with the Legal and ESG functions at LX International Corp. to stay informed of Group-wide developments in environmental regulations and the overall direction of risk management. The Company also independently monitors emerging environmental regulations and Climate-related policy developments in the United States and reports its findings to LX International Corp. Through this process, the Company's Climate-related risk management process is integrated with the enterprise-wide risk management framework of LX International Corp.

The Company categorizes Climate-related risks into physical and transition risks within this headquarters-led risk management framework and identifies risk factors relevant to its business characteristics based on the TCFD classification framework. The Company conducted a financial impact analysis of the identified risk factors and plans to use the results to support integrated Climate-related risk management and the development of medium- to long-term business strategies.

Figure 3 Climate Risk Management Process



V. Metrics and Targets

1. Metrics for Managing Climate-related Risks and Opportunities

LX International (America), Inc. monitors and manages greenhouse gas (GHG) emissions and energy consumption as key metrics for assessing and managing Climate-related risks and opportunities, as well as measuring the effectiveness of its mitigation and adaptation efforts.

(1) Greenhouse Gas Emissions

The Company annually quantifies and manages its Scope 1 and Scope 2 greenhouse gas (GHG) emissions across its organizational boundary using the operational control approach in accordance with the GHG Protocol. Based on the GHG accounting methodology established by LX International Corp., the Company's primary sources of GHG emissions are electricity consumption associated with leased office space and fuel consumption from company vehicles.

The Company's greenhouse gas (GHG) emissions for the past two reporting years are presented in the table below.

Table 5 Greenhouse Gas Emissions¹

(Unit: tCO₂-eq)

Category	2024	2025
Total	13.48	12.76
Scope 1	1.87	1.74
Scope 2 ²	11.61	11.02

¹ LX International (America), Inc. does not currently quantify Scope 3 greenhouse gas (GHG) emissions but plans to manage and disclose them as its GHG inventory continues to mature.

² Region-based

(2) Energy Consumption

The Company has identified energy consumption, together with greenhouse gas (GHG) emissions, as a key performance metric. Energy consumption is a key area directly affected by Climate-related risks and serves as an important indicator for measuring the financial outcomes of the Company's transition to a low-carbon economy. The Company monitors and manages fuel (gasoline) and electricity consumption.

The Company's energy consumption for the past two reporting years is presented in the table below.

Table 6 Energy Consumption

(Unit: MWh)

Category	2024	2025
Total	39.98	37.79
Fuel	7.32	6.81
Electricity	32.66	30.98

2. Targets for Managing Climate-related Risks and Opportunities

LX International Corp. has established its 2050 Carbon Neutrality Roadmap in alignment with the Paris Agreement goal of limiting the increase in the global average temperature to 1.5°C above pre-industrial levels. To achieve this goal, the Company has implemented an internationally recognized greenhouse gas (GHG) inventory system and established a management framework for Scope 1 and Scope 2 GHG emissions. In addition, it has identified practical emissions reduction measures tailored to each subsidiary, including replacing aging equipment, introducing high-efficiency facilities, and transitioning to electric vehicles (EVs). The Company also provides regular training on the importance of carbon neutrality and practical actions for achieving it, thereby enhancing employees' awareness of and engagement in carbon neutrality initiatives.

LX International (America), Inc. establishes and implements its own greenhouse gas (GHG) reduction initiatives and action plans in accordance with the 2050 Carbon Neutrality Roadmap and emissions reduction targets established by LX International Corp. These targets apply across the parent company and its overseas subsidiaries, and the Company continuously improves operational efficiency and reduces energy consumption based on this framework.

Table 7 Greenhouse Gas (GHG) Emissions Reduction Targets and Progress

Category	Unit	2024	2025
Base Year Emissions	tCO ₂ -eq	13.35	13.35
BAU Emissions	tCO ₂ -eq	13.71	14.08
Actual GHG Emissions	tCO ₂ -eq	13.48	12.76
Reduction from the Base Year	%	1.7	9.4
Reduction from BAU	%	-1.0	4.4

LX International (America), Inc does not currently establish or track progress against entity-level greenhouse gas (GHG) emissions reduction targets independently. Instead, its GHG emissions are managed as part of LX International Corp.'s Group-wide emissions reduction framework. The Company annually compiles and reports its GHG emissions and energy consumption data to the

parent company, thereby contributing to the achievement of the Group's emissions reduction targets. As the GHG inventory system continues to be enhanced, the Company plans to establish entity-level emissions reduction targets and disclose progress against those targets in future reporting.

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